

**IMPACT OF MCF-RED WING
PER DIEM CHANGES
ON COUNTIES AND
OTHER JUVENILE FACILITIES
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BACKGROUND

Prior to the end of the 2000 legislative session, the population at the Minnesota Correctional Facility (MCF)-Red Wing reached a low of 121. The facility is budgeted to house and treat 196 juveniles. The legislature took steps to reduce the per diem cost to counties so that cost would not function as an incentive for counties to send juveniles who meet the admissions criteria at the MCF-Red Wing to an out-of-state facility. The legislature's intent was to encourage courts to place appropriate juvenile offenders at the MCF-Red Wing who would otherwise be placed in out-of-state facilities. The legislature defined Red Wing as the appropriate placement for youth that meet the criteria and have exhausted local resources.

LEGISLATIVE DIRECTIVE

The 2000 Minnesota Legislature directed the commissioner of corrections to report to the legislature information related to changes in per diem charges to counties for juveniles placed at the MCF-Red Wing and the resulting reduction in juvenile residential treatment grants.

The report is to address any impact on the populations at other public or private juvenile residential facilities and any effect on the population of Thistledeew Camp caused by the per diem reduction at Red Wing. The report is to recommend approaches, based on consultation with and input from counties, to achieve financial stability at the MCF-Red Wing.

MCF-RED WING PER DIEM COSTS

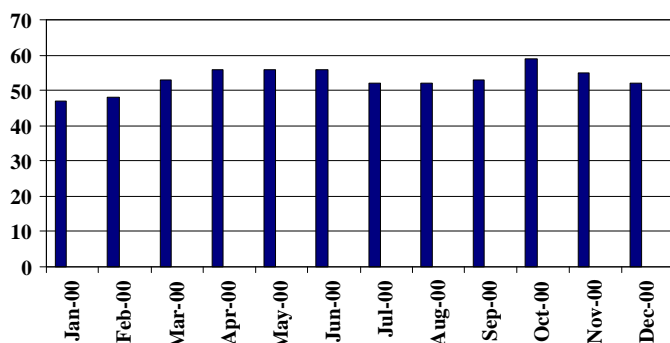
Until June 30, 2001, when the legislative provision sunsets, counties will be charged 65 percent of the actual per diem costs of confinement (excluding educational costs and non-billable services), and 35 percent of the per diem costs of confinement will be the responsibility of the department of corrections. Currently, this translates into an actual per diem cost to counties of \$95.

The reduction in revenue to the state that is represented by the 35 percent share of per diem was offset in FY2001 by a reduction in the juvenile residential treatment grant and the auto theft prevention fund.

IMPACT ON OTHER JUVENILE FACILITIES

Whether reductions in the MCF-Red Wing per diem had a positive or negative impact on other juvenile facilities is a difficult variable to isolate. There are many other factors that may account for increases or decreases in facility populations. However, with that said, only one of the sampled facilities reported a small decrease in their population that they believe was due to the MCF-Red Wing per diem reduction (Many Rivers in Rochester). Three facilities reported an increase, and the rest reported either no change or no significant change in their facility populations due to per diem changes at Red Wing. Thistledeew Camp reported no significant change in population (Appendix A).

Thistledeew Population



Future Financial Stability Of the MCF-Red Wing

The Institute on Criminal Justice's study on "Serious and Chronic Juvenile Offenders" (December 2000) contains some principles regarding the role and future of the MCF-Red Wing. First of all, "state juvenile facilities (except Thistledeew) should be used for serious and chronic offenders who have exhausted local or regional correctional resources and that out-of-state placements should be discouraged." Almost without exception, county representatives said that "a juvenile correctional facility, operated and/or contracted for/by the state, be retained for serious and chronic juvenile offenders as a backstop to Minnesota's local and private sector juvenile facilities." However, the report also recommends that the juvenile commitment status be eliminated and, along with it, the current juvenile parole system. The state would still be responsible for certain profiles of serious and chronic juvenile offenders and have authority over the youth during placement and furlough. It was postulated by county representatives that a simplification of these procedures and a refining of the state's role in juvenile corrections could result in increased referrals to the MCF-Red Wing

while reducing unnecessary administrative procedures.

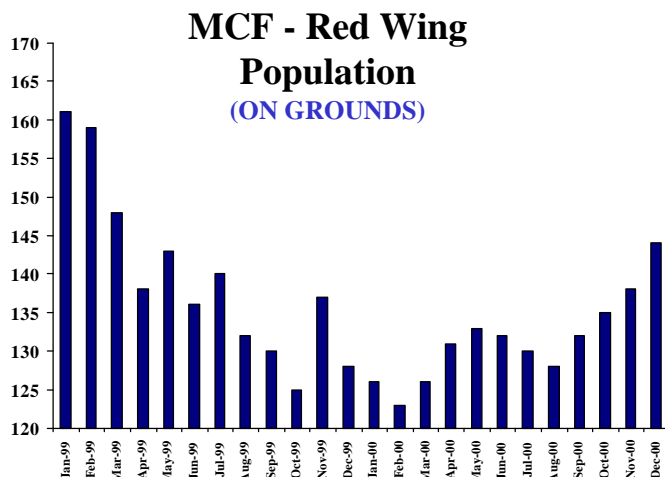
The report further identifies a number of untapped revenue sources that could be accessed or claimed at a higher rate by state and county corrections departments in cooperation with state and local human service departments. The department of corrections has outlined a plan for dedicating staff resources to create and implement a revenue generation plan and thereby maximize the amount of revenue available to the state and counties from various federal, state, local and private sources. Given the flexibility the department of corrections has been granted by the legislature in calculating per diems for state juvenile facilities, additional revenues may lower actual per diem costs to the counties and lower the net cost to counties of juvenile correctional services. This plan has been reviewed favorably by 50+ individual county stakeholders (see Revenue Generation Plan, Appendix B).

Some county representatives suggest that the state should resume its pre-1999 practice of 100 percent funding of the MCF-Red Wing with no charge-backs to the counties for per diem costs. Representatives from three of the county associations have signaled their intent to lobby to restore full funding to the juvenile residential treatment grant. This would require that alternative revenue sources be targeted if a reduced per diem arrangement (e.g. 65% county cost, 35% state cost) is extended by the legislature beyond June 30, 2001.

OTHER ISSUES

Implicit in the legislature's efforts last session was that the MCF-Red Wing become more fiscally stable and

programmatically effective over time. The statistical trends at Red Wing in the last five months indicate that the facility population is steadily growing.



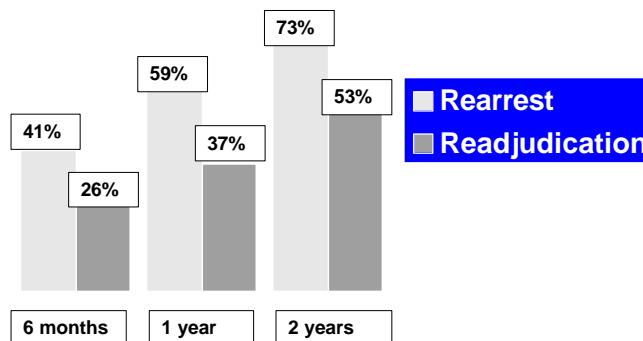
If current trends are maintained, the facility should reach a population of 180 by July 2001 and be at its budgeted capacity of 196 by November 2001. However, this presumes that the state maintain per diem incentives for counties to use Red Wing rather than out-of-state facilities and that Red Wing maintain its aggressive marketing and public relations campaigns. If parole and commitment requirements are relaxed or reformulated, this may have an accelerated effect on population growth. However, some caution should be read into these projections since factors such as serious juvenile crime trends may have a dampening effect on the MCF-Red Wing population.

It is still too early to determine whether judges have reduced their use of out-of-state facilities. As of this date, the Minnesota Sentencing Guidelines Commission has not received the reports from the courts required by MS 260B.199. The newness of these provisions and this process may account for the lack of reporting thus far; it takes time for the entire system to orient to new

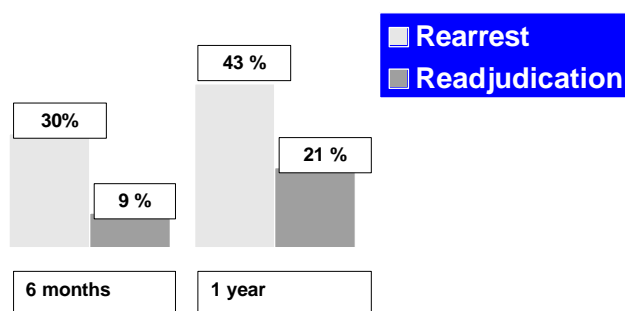
procedures. It should be noted that an informal survey by the department of corrections indicated that some judges are dissatisfied with the imposition of new requirements regarding required placements at the MCF-Red Wing versus other child placement options as well as accompanying required paperwork to the Guidelines Commission justifying their decisions. This expressed dissatisfaction appears to be separate from their feelings regarding the MCF-Red Wing as a program and facility, which are generally positive.

Feedback from county representatives has also been very positive about the programming and future direction of Red Wing. Recidivism statistics appear to justify this optimism about the facility. Changes in programming made in the mid-1990s appear to have resulted in reductions in recidivism and rearrest compared to the 1991 MCF-Red Wing cohort studied in the 1995 Legislative Auditor's Report. Furthermore, changes made since 1997 appear to have resulted in even greater reductions in rearrest and recidivism rates.

Rearrest and Readjudication Rate- Red Wing-1997



Rearrest and Readjudication Rate- Prepare-1998



SUMMARY AND CONCLUSIONS

Although only five months have passed since enactment of the 2000 legislative solutions regarding the MCF-Red Wing, there appear to be positive and affirming trends. Allowing youth to be placed at the MCF-Red Wing on a “non-commit” status has been a popular change. Over 50 percent of new referrals are sent to Red Wing on a “non-commit” status. The reductions in per diem cost to counties appear to be having a similarly positive impact on population trends. Furthermore, these increases in population have apparently been achieved without a negative impact on other juvenile facilities in the state.

Nevertheless, there are a number of lingering questions regarding the MCF-Red Wing. First of all, the requirements in the new law put strictures on judicial decisions regarding out-of-home child placements as it relates to Red Wing. Some judges have expressed a desire to be consulted by state agencies involved and the legislature on any strictures that are being considered regarding their discretion in matters related to out-of-home child placement decisions before any guidelines or controls are enacted.

There are also unresolved questions regarding the future funding arrangement for the facility. The 65/35 per diem cost-share split sunsets on June 30, 2001. County associations will likely express concern over continued reductions in the juvenile residential treatment grant fund and advocate that the legislature restore the fund to its original amount (\$8 million).

The department of corrections has a revenue generation plan that will link juvenile services operations and work towards integration of all state juvenile services within a framework of full partnership with the counties. This plan will allow for a literal restructuring of some services to meet eligibility requirements or for juvenile justice activities to be reimbursable via various funds. This plan will also allow the state to fill some of the gaps in the current continuum of juvenile correctional services that are not being met fully by the counties or private providers (e.g., some culturally-specific, gender-specific, mental health, transition and aftercare services). In this way, the state will spread costs out over multiple operations, increase the amount of reimbursable (revenue-generating) activities, and lower the net costs to the counties while staying true to the department’s role within the juvenile correctional system.

Finally, the advisory group for the Institute on Criminal Justice’s study regarding serious and chronic juvenile offenders recommends elimination of the current commitment status and the parole process for juvenile offenders and that, in essence, the state and the counties operate as one juvenile correctional system with the state, counties and private providers serving their respective roles.

Appendix A

Survey Response: Impact of Per Diem Legislation

Agency	County	Telephone number	Capacity (males unless noted)	In Use 9/19/00	In Use 12/00	Trends	Effect of Legislation
MCF-Red Wing	Goodhue	651-267-3600	206	133	145	more mental health kids	not significant
Catholic Charities	Stearns	320-532-4005	75	77	70	no change	no
Central MN Detention Center	Crow Wing	218-282-6150	24	12		no response	no response
Dakota County Juvenile Center	Dakota	651-438-4970	40	33	29	no change	no change
Elmore Academy	Faribault	507-943-3440	100	72	97	no change	increase
Hennepin County Home School	Hennepin	612-949-4531	168	159	144	tougher sentences	no change
Hennepin County Juvenile Center	Hennepin	612-348-8013	75m, 12f		90m, 16f	no change	not significant
Leo Hoffman Center	Nicollet	507-934-6122	68	52	50	uncertain	not significant
Many Rivers	Olmsted	507-287-1581	25	17	8	younger offenders	small decrease
Mesabi Academy	St. Louis	218-258-2274	67	67	66m, 8f	serious female offenders	small increase
Mille Lacs Academy	Mille Lacs	320-532-4005	94	76	78	uncertain	small increase
Northwestern MN Juvenile Center	Beltrami	218-751-3196	65	67	68	no change	no change
Omegon	Hennepin	612-541-4738	26	26	22	slight decrease	not significant
Prairie Lake Corrections Center	Kandiyohi	320-231-1729	46	44	37	uncertain	not significant
St. Croix Camp	Pine	320-384-7919	50	48	44	longer sentences	not significant
Thisteldew Camp	Itasca	218-376-4411	72		59	no change	not significant
Timberland Adolescent	Hennepin	612-870-4300	24	12	10	no change	not significant
Totem Town	Ramsey	612-292-6262	40		21	uncertain	not significant
West Central Regional Detention Center	Clay	218-299-5150	36	24	20	increase sex offenders	not significant
Willmar Treatment Center	Kandiyohi	320-231-5906	42		34	increase sex offenders	not significant
Woodland Hills	St. Louis	218-724-8528	66	61	64	no change	not significant

Appendix B
Community & Juvenile Services Division
Revenue Generation Plan
As of January 3, 2001

<i>Fund</i>	<i>% of Eligible Cases</i>	<i>Possible Revenue</i>	<i>Current Revenue</i>	<i>Difference</i>	<i>Strategies</i>
Title IV-E: Not currently being accessed through LCTS	55%	\$7 million	-0-	\$7 million	Enter into interagency agreement with DHS
Title XIX: (Medical Assistance) Entitlement for treatment services for children in out-of-home placements	Unknown	\$9.5 million (Taken from 1999 Institute on Criminal Justice Study of Juvenile Offenders in Minnesota)	-0-	\$9.5 million	DOC could simultaneously with Title IV-E begin claiming process for Title XIX
ASFA-Adoption and Safe Families Act		No funding available. Failure to comply could impact Title IV-E and Title IV-B funding			
TANF-Temporary Assistance to Needy Families	Unknown	Unknown	\$116 million	Unknown	DOC proposal submitted to state task force
Title XXI: (Also known as SCHIP)	Estimated 48,000 uninsured children	\$120 million (3-year potential) including 10% for new or expanded services	\$100,000	Depends upon federal approval of MN waiver	Support DHS waiver application to federal government
Federal Part B of IDEA: Special Education Funding	Estimated 8.25% of children ages 6-21	Unknown	\$73,287,209 federal; \$932,340,534 state and local	Unknown	Accurate counts of children with disabilities; accurate reporting of expenditures reimbursable by the state; increased billing to third party insurers; and participation in LCTS by all school districts
Title IV-B: Family Preservation	Fixed grant that has been decreasing in amount each year	\$4.6 million in 2000	\$4.6 million		Title IV-B is all children of which IV-E is a subset. According to DHS, the only revenue enhancement possibilities are IV-E and M.A.

<i>Fund</i>	<i>% of Eligible Cases</i>	<i>Possible Revenue</i>	<i>Current Revenue</i>	<i>Difference</i>	<i>Strategies</i>
MR/DD		No federal block grant available for this population. There is reimbursement under Title XIX for covered services.			
Juvenile Justice Federal Block Grant	Formula grant based on under 18 population	\$3.96 million (75% must pass to local communities)	\$3.96 million Analysis of 12/15/00 Congress final budget not completed yet	-0-	
Community Mental Health Block Grant	Formula grant. 25% must go to tribes. State maintenance of effort required and 2-year plan to federal government	\$4.5 million for adult and juvenile. \$1.5 million to juvenile.	Unknown	Unknown	Participate in biannual plan development with DHS.
Construction		\$6.3 million			
Substance Abuse: Block, match and general revenue	Formula grant for adult and juvenile. 20% must be spent on prevention, 35% on treatment, 45% state determines. State maintenance of effort required.	\$20 million	\$20 million	\$9 million potential – assuming that 45% is state discretion with federal approval	Federal application required, M.S. 254A authorizes the State Alcohol and Drug Advisory Council that recommends block grant spending.
LCTS: Local Collaborative Time Study Title IV-E and Title XIX	63%	Unknown	\$37.9 million	Unknown	Increase the number of eligibility determinations; increase statewide participation in collaboratives.