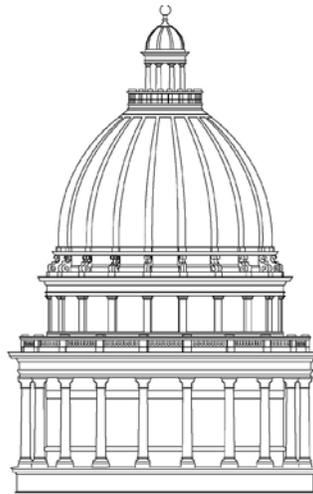


REPORT TO THE
UTAH LEGISLATURE

Number 2018-01



**A Performance Audit of the
Division of Juvenile Justice Services**

January 2018

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

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JOHN M. SCHAFF, CIA
AUDITOR GENERAL

January 2018

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of the Division of Juvenile Justice Services (Report #2018-01)**. A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

A handwritten signature in black ink that reads "John M. Schaff". The signature is stylized and cursive.

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of A Performance Audit of the Division of Juvenile Justice Services

Juvenile Justice Services (JJS) is a division of the Department of Human Services. JJS is responsible for all youth committed to it by the juvenile courts. The mission of JJS is “to be a leader in the field of juvenile justice by changing young lives, supporting families and keeping communities safe.” JJS offers early intervention programming, community placement, and correctional facilities to fulfill its mission. This audit looks at the efficiency and effectiveness of JJS operations. In addition, we were asked to determine why JJS’s expenditures have not decreased with the overall decrease in the juvenile population in its care.

Chapter II Despite Decreasing Juveniles Served, Cost Per Juvenile Has Increased

Population Declines Correspond with National Trends. The decrease in Utah’s juveniles served corresponds with national trends. Research suggests this decrease could be due in part to early intervention, changes in police policy, sentencing reform, or alternative treatment methods. Figure 1 shows the monthly average nightly count for juveniles served by JJS.

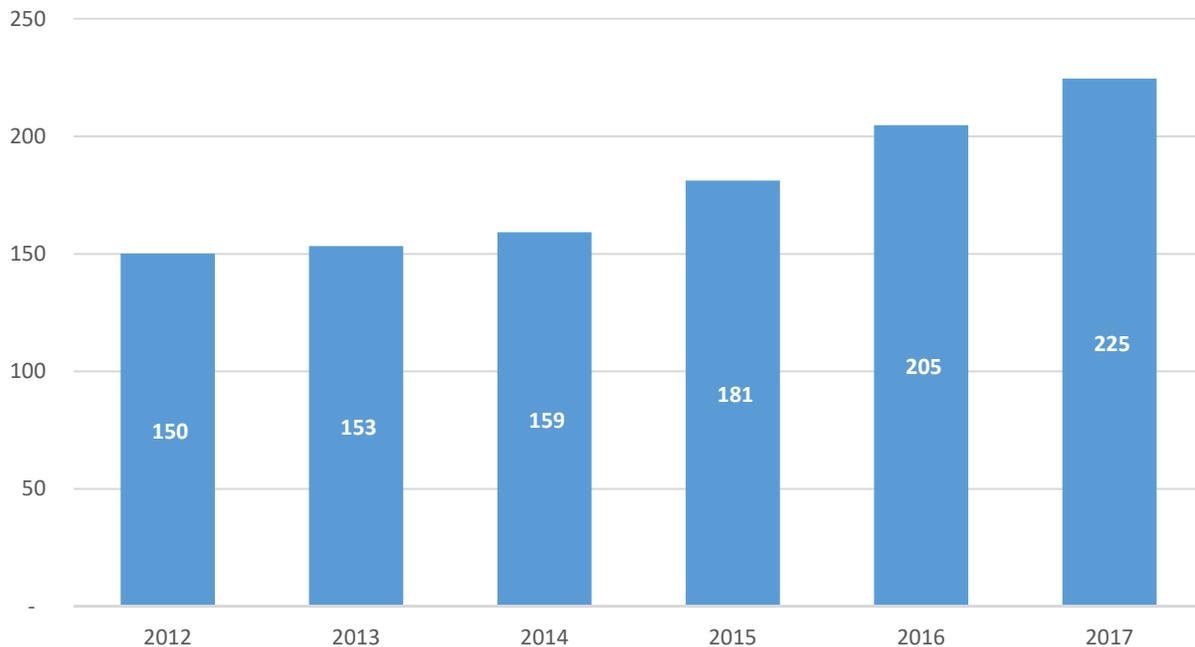
Figure 1 All JJS Service Populations Have Decreased. Total juveniles served has decreased 35 percent.



Source: Auditor Analysis of Juvenile Justice Services Data

Juvenile Justice Services Cost Per Juvenile Has Significantly Increased. Cost per juvenile has increased by 50 percent since 2012. During this time, appropriated funds and carry-forward funds have both increased. Thus, the Legislature could consider steps to control increasing costs. Figure 2 illustrates JJS's costs per juvenile since 2012.

Figure 2 Total Cost Per Juvenile Served Has Increased by Nearly 50 Percent Since 2012. Cost per juvenile has increased more significantly since fiscal year 2014.



Source: Auditor Analysis of JJS Data

JJS Operating Expenses Have Increased, Despite Decreasing Juveniles. While the number of juveniles served has decreased, JJS's appropriations and spending have increased. Between fiscal years 2012 and 2017, appropriated funds have increased five percent from \$92.9 million to \$97.5 million. Actual expenditures increased three percent, from \$91.5 to \$94.2 million. While total expenditures have increased by three percent, JJS personnel costs have increased by nearly 22 percent or \$11.3 million. This increase coincided with a 40 percent or \$11 million decrease in pass-through expenditures, (most of which goes to private providers). This shift has resulted in a 22 percent or \$13.8 million increase in operating expenses. We are concerned that JJS has increased expenditures even though its service population has decreased by 35 percent. This increase in total internal operating expenses has been driven by an increase in JJS full-time equivalents (FTEs) and a decrease in pass-through expenditures.

New Programs Have Maintained Budget Despite Decreasing Population Served. We are concerned that JJS has added new programming without a formal and documented cost-benefit analysis. While we acknowledge that JJS has created the new programming to benefit juveniles, it should ensure programs provide the best benefit at the best cost. In

2015, JJS cancelled a private provider contract resulting in an increased cost of nearly \$375,000 in fiscal year 2016 and \$900,000 in fiscal year 2017. Although, these increases in expenditures include capital improvement costs. We believe these actions have resulted in JJS maintaining its budget despite increasing costs per juvenile. We acknowledge that quality care is essential, but are concerned that JJS has not taken sufficient steps to ensure state resources are used efficiently and effectively.

Chapter III

Juvenile Justice Services Needs To Improve Management Functions

JJS Should Improve Measures Used to Facilitate Decision Making. JJS should better utilize management tools to improve decision making and transparency. Cost per juvenile is increasing and may have been understated by the agency. Cost per juvenile has increased by 74 percent for secure facilities and 54 percent for detention centers from fiscal year 2012 to 2016. In addition, JJS has not reduced capacity at the same rate as the decrease in the juvenile population. Finally, the agency only tracks recidivism for one year for secure care, detention, observation and assessment, and case management.

JJS Should Ensure Information Reported is Consistent and Transparent. We found that JJS does not report recidivism in a consistent way to stakeholders. Additionally, JJS has requested one-time money to fund a detention center, while moving money from the detention center's budget to a new program and has not been transparent about internal cost savings. Finally, JJS provided inaccurate or incomplete information to the Legislature.

Division Needs to Improve Long-Term Planning. JJS needs improved long-term planning. The division has not consistently conducted cost-benefit analyses before requesting capital development funds. As a result, a \$21.1 million facility was funded by the state without formal consideration of feasible alternatives within JJS's current infrastructure. In addition, the division lacks a strategic plan to drive decision-making and promote transparency.

Chapter IV

JJS Should Improve Partnership With Private Providers

JJS Failed to Consider Private Providers When Creating Costly New Internal Programming. JJS funds used to pay private providers have decreased significantly since 2014. We are concerned that JJS has created new, costly internal programs without considering all possible options or completing a cost-benefit analysis. JJS estimates that these new programs will cost approximately \$5 million. We also believe these programs

compete with private providers. Since 2014, the number of private providers has decreased by 61 percent and pass-through funds used to pay for services performed by private providers decreased by 40 percent.

JJS Practices May Be Hampering Private Providers. The number of private providers has decreased since its peak in 2014. It is concerning that JJS continues to add new programming, while decreasing the number of private providers it contracts with for services. JJS also mandates stricter requirements for private providers than it does for its own programs. In addition, JJS needs to determine if some of the service rates being paid to private providers are too low. We are also concerned there has not been a sufficient number of juveniles sent to private providers for them to operate efficiently.

JJS Lacks Transparency with Private Providers. The division needs to do more to involve private providers in the division's overall goals in order to improve transparency. In addition, the division needs to provide meaningful feedback to private providers using data collected from the private providers. By incorporating these changes, the transparency and working relationship between the division and private providers should improve.

REPORT TO THE UTAH LEGISLATURE

Report No. 2018-01

A Performance Audit of the Division of Juvenile Justice Services

January 2018

Audit Performed By:

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Chapter I

Introduction

The Division of Juvenile Justice Services (JJS or division), a division of the Department of Human Services (DHS or department), is responsible for all youths committed to it by the juvenile courts. JJS offers multiple programs for juvenile offenders as well as intervention services. According to *Utah Code* 62A-7-104 the division shall:

- Establish and administer a continuum of community, secure, and non-secure programs for all youth offenders committed to the division;
- Establish and maintain all detention and secure facilities and set minimum standards for those facilities;
- Establish and operate prevention and early intervention youth services programs for non-adjudicated youth placed with the division; and
- Establish observation and assessment programs necessary to serve youth offenders in a nonresidential setting.

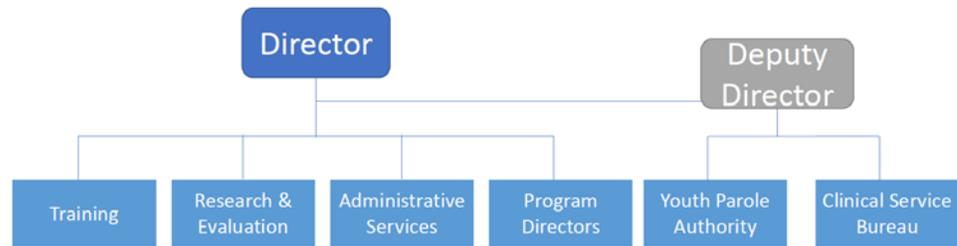
Most JJS funding for these services is provided from state general funds, while approximately five percent is funded through federal funds and other collections.

JJS Provides Preventative Services and Programming to Youth Offenders

The mission of JJS is “to be a leader in the field of juvenile justice by changing young lives, supporting families and keeping communities safe.” JJS offers early intervention programming, community placement, and correctional facilities to fulfill its mission. Figure 1.1 shows the organizational chart for JJS.

The mission of JJS is “to be a leader in the field of juvenile justice by changing young lives, supporting families and keeping communities safe.”

Figure 1.1 Organizational Chart for the Division of Juvenile Justice Services. JJS administers a large array of programs, from secure care to early intervention programs, that provide services and programming to juveniles.



Source: The Division of Juvenile Justice Services

JJS has four program directors who oversee programming for early intervention, community placement, correctional facilities, and rural programs. The director of rural programs oversees early intervention, correctional facilities, and community programs in the rural areas of the state.

JJS Offers Early Intervention Programming

JJS offers multiple programs for juveniles in the early stages of delinquency under the direction of the early intervention program director. These programs help prevent juveniles from further entering the system, and include oversight of 11 detention centers. Detention centers are short-term facilities for juveniles awaiting adjudication or placement, or who are serving a sentence issued by a judge. In addition, the early intervention program director oversees receiving centers, diversion, in-home observation and assessment, school outreach, and other youth services, such as crisis intervention and counseling.

JJS Is Responsible for Operating Secure Care

JJS oversees the operation of six secure care facilities statewide. Once a juvenile is sentenced to secure care, his/her length of stay is determined by the Youth Parole Authority. JJS provides clinical support, education, vocational training, and skills-based groups at these secure facilities.

JJS operates juvenile secure and detention facilities in Utah.

A Number of JJS Programs are Assessed on a Yearly Basis

JJS contracts with the Social Research Institute (SRI) at the University of Utah to conduct evaluations of JJS programs using the Correctional Program Checklist (CPC). SRI started reviewing some JJS programs on a yearly basis beginning in 2012. SRI reviewed 11 of 46 JJS programs in 2017 and none of the 24 private providers, although two private providers were reviewed in 2015 and 2016. JJS reports that it plans on eventually reviewing all 46 JJS programs using the CPC evaluation process.

CPC is intended to provide a detailed review of JJS programming and services offered, and compare the structure of the programs with research on best practices in juvenile and correctional interventions. The review process is designed to determine the overall integrity and quality of the program. JJS programs have shown improvement in the seven different areas reviewed by CPC evaluations. It should be noted that the CPC evaluation is used to ascertain how closely correctional programs meet known principles of effective intervention. SRI's review does not evaluate program outcomes and JJS and SRI decide which programs to evaluate.

Private Providers Offer Additional Services for the Juvenile Justice System

To better serve juveniles and provide individual treatment, JJS may contract with private service providers. These services include residential treatment and proctor care. Residential treatment facilities provide treatment and programming for substance abuse issues, sex offenders, mental health issues, and behavioral disorders. Proctor homes provide an array of home settings to help juveniles transition from JJS services to everyday living. While JJS contracts out many of these services, it has recently created programming similar to that offered by private providers, which will be further discussed in this report.

JJS contracts with the Social Research Institute to review their programs. In 2017, 11 of JJS's 46 programs were reviewed.

To better serve juveniles and provide individual treatment, JJS may contract with private service providers.

Primary Source of JJS Funding is the State General Fund

JJS receives most of its funding from the state's general fund. In 2017, JJS received over \$97.5 million from the general fund, while receiving just over \$3 million from federal funds. The biggest portions of non-state money that go directly to JJS come through Title XX Social Services Block Grant and Title IV-E Foster Care funds. JJS also benefits from Medicaid, although it does not receive those funds directly. While federal funding has decreased, most of the decrease can be attributed to forces beyond the division's control such as cuts in Medicaid reimbursement rates which occurred in fiscal year 2011 and decreasing juveniles served. However, JJS has made policy decisions that have decreased the amount of federal funds JJS can draw down.

Medicaid and Foster Care Reimbursement Rules Limit the Amount of Federal Funds that JJS Can Receive

JJS receives most of its direct federal funds in the form of Title IV-E Foster Care and the Social Services Block grant and Medicaid funding. However, because the Department of Health (DOH) assumed responsibility for some JJS administrative functions in 2010, DOH now handles all medical claims, including Medicaid reimbursements, and bills JJS quarterly. Thus, while JJS benefits from federal Medicaid dollars, it does not directly receive any Medicaid funds.

To be eligible for Medicaid, children must be categorically eligible for Medicaid and reside in an unlocked facility with 16 or fewer beds. The rule is similar for Title IV-E; however, the bed limit is 25 beds. Children residing in unlocked facilities co-located with locked facilities are not eligible for these funds, per federal law. This restriction includes unlocked facilities that are located on the same grounds as a locked facility, even if the facility is not physically attached to the locked facility.¹

Medicaid Funds Have Decreased Over Time

While some agency decisions reduced the number of eligible juveniles, most of the decrease can be attributed to federal changes in

¹ This rule is stated in Medicaid policy 215-6.

JJS received over \$97.5 million in state funding in fiscal year 2017.

To qualify for Medicaid reimbursement, juveniles must reside in an unlocked facility with 16 or fewer beds.

which care and supervision ceased to qualify as Medicaid eligible services. In the past, the Centers for Medicaid and Medicare Services approved Medicaid coverage for certain residential treatment services for delinquent youth. The division estimated that it lost almost \$9 million after the change took effect in fiscal year 2011, which the state replaced in full in fiscal year 2012. In subsequent years, the state has not fully reimbursed these funds.

In addition to the loss of care and supervision funds, the Federal Medical Assistance Percentage (FMAP) has also decreased from 71.7 percent to 69.9 percent from 2010 to present. FMAP is the portion of medical costs that the federal government will cover for Medicaid eligible youth.

There are some agency decisions that have led to a decrease in the amount of federal funds it is eligible to collect. Gemstone is an unlocked, 16-bed facility. Because it is co-located with the Salt Lake Valley Detention Center, youth in the facility are not eligible for Medicaid. However, the agency believes that the loss in Medicaid funds is less than the cost savings associated with the elimination of a lease for Gemstone. However, we urge the agency to continue to consider the effect that adding residential programming has on the state's ability to receive reimbursement from the federal government.

JJS Likely Lost Federal Funds by Co-Locating Residential Observation and Assessment with Locked Facilities

Likely the biggest JJS-generated loss in potential federal funds came from residential Observation and Assessment (O&A) facilities that were co-located with detention centers in multi-use facilities. If residential O&As were not located with a locked facility, many youths served would have been eligible for Medicaid. In the past, there were at least five residential O&As co-located with detention centers, mostly in rural areas. The division contends that the loss of Medicaid dollars was probably less than the cost of buying or renting a separate building, especially in the four rural multi-use facilities. Regardless, H.B. 239 has eliminated residential O&A, making this issue moot.² The state should still not expect to see an increase in federal funds for youth placed in in-home O&A because most of these youths are not in

Medicaid reimbursements have been decreasing since 2010.

The biggest JJS-generated loss in potential federal funds came from residential Observation and Assessment facilities that were co-located with ineligible detention centers in multi-use facilities.

² H.B. 239 was passed in the 2017 General Legislative Session.

JJS custody and thus their medical expenses are not the state's responsibility.

The Department of Human Services and JJS Report to Different Legislative Committees

While JJS is a division of the Department of Human Services (DHS or department), it reports to a different appropriation subcommittee than the rest of the department. JJS reports to the Executive Offices and Criminal Justice Appropriations Subcommittee. All of the other DHS divisions report to the Social Services Appropriations subcommittee. This means that JJS receives its budget from a separate committee than the rest of DHS. The director of DHS told us that there would be pros and cons if JJS reported to the same appropriations committee as other Human Services divisions. However, JJS's reporting appropriations subcommittee is the sole discretion of the Legislature.

Audit Scope and Objectives

We were asked to review the efficiency and effectiveness of JJS's facilities currently used for juveniles in its care. In addition, we were asked to determine why JJS's budget has not decreased with the overall juvenile population in its care, which has been decreasing over the last five years. Specifically, our audit objectives were as follows:

- Review JJS's budget and determine why the budget has not decreased with the juvenile population in its care, which has been decreasing over the last five years.
- Determine if youth programs are being added without utilizing federal fund reimbursements.
- Determine if the division is building or remodeling facilities without determining if there is a real need.
- Determine if the division is creating or running programs similar to private providers at a higher cost.
- Determine possible internal savings with the passage of H.B. 239.

JJS receives its budget from a separate legislative committee than the rest of Department of Human Services.

Chapter II

Despite Decreasing Juveniles Served, Cost Per Juvenile Has Increased

The Division of Juvenile Justice Services (JJS) has increased its staffing and budget despite a decreasing number of juveniles served. From fiscal years 2012 to 2017, the number of juveniles served decreased 35 percent while actual expenditures from 2012 to 2017 increased by three percent. The decrease in juveniles served corresponds with national trends. We are concerned that cost per juvenile has increased significantly. In addition, JJS expenditures and appropriations have increased three and five percent respectively, despite the decrease in juveniles served. JJS has also created new programming that resulted in maintaining its budget despite serving a decreasing number of juveniles. Given these concerns and other issues addressed in this audit report, we recommend the Legislature consider whether steps should be taken to control increasing costs per juvenile at JJS.

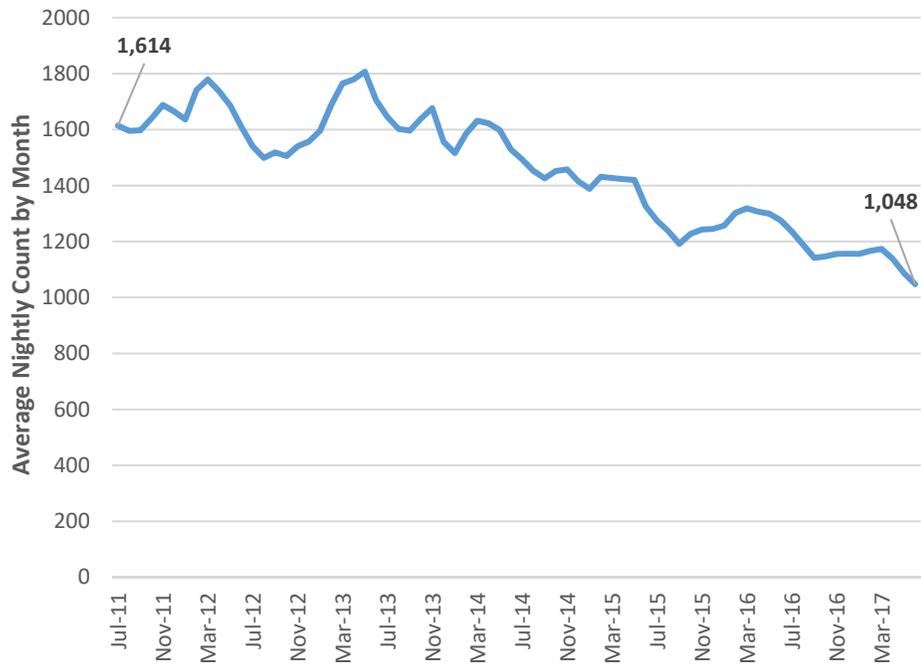
Population Declines Correspond With National Trends

The decrease in Utah's juveniles served corresponds with national trends. Research suggests this decrease could be due in part to early intervention, changes in police policy, sentencing reform, or alternative treatment methods. Figure 2.1 shows the monthly average nightly count for juveniles served by JJS.

Total juveniles served have decreased 35 percent, while actual expenditures have increased 3 percent.

The decrease in Utah's juveniles served corresponds with national trends.

Figure 2.1 All JJS Service Populations Have Decreased. Total juveniles served has decreased 35 percent from fiscal years 2012 to 2017.



Source: Auditor Analysis of Juvenile Justice Services Data

Juveniles served specifically by private providers have decreased 60 percent, while the population of JJS operated facilities has decreased 21 percent.

Overall, the total number of juveniles served by JJS and its contracted providers has decreased 35 percent, reducing the average daily population served from 1,614 to 1,048 juveniles from fiscal years 2012 to 2017. Juveniles served by private providers have decreased 60 percent, from an average daily population of 604 to 244 juveniles,³ while the population of JJS operated facilities has decreased 21 percent from an average daily population of 1,011 to 803 juveniles since the start of fiscal year 2012 (July 2011). While it is a positive sign that the number of juveniles entering the juvenile justice system is decreasing, it is concerning that JJS has not decreased expenditures.

Juvenile Justice Services Cost Per Juvenile Has Increased Significantly

Cost per juvenile has increased by 50 percent since 2012. During this time, appropriated funds and carry-forward funds have both

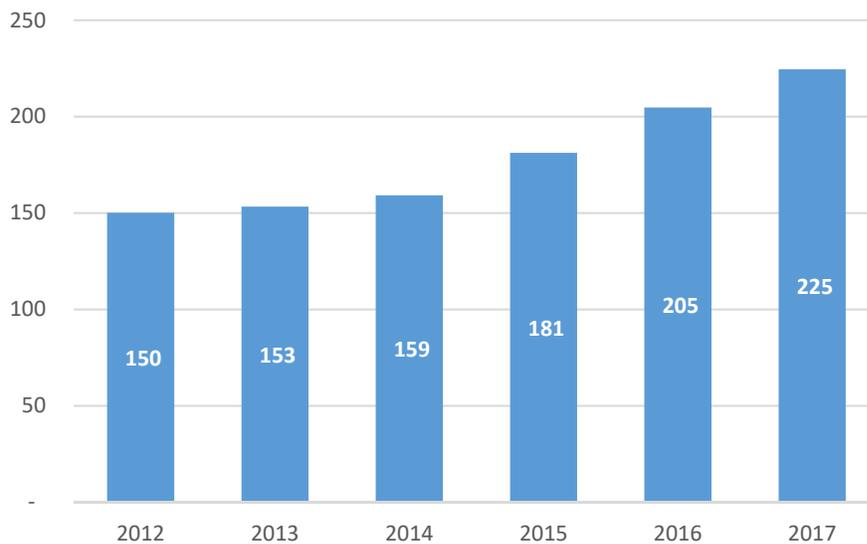
³ This includes juveniles in detention centers and observation and assessment facilities operated by private providers. JJS took over the operation of these facilities in the middle of fiscal year 2016.

increased. Thus, the Legislature could consider steps to control increasing costs.

Cost Per Juvenile Served Has Increased Significantly Since 2014

Cost per juvenile has increased significantly since fiscal year 2012. The majority of this increase occurred after fiscal year 2014. Figure 2.2 shows the total increase in the cost per juvenile served; this is an analysis that JJS has not conducted or reported in the past.

Figure 2.2 Total Cost Per Juvenile Served Has Increased by Nearly 50 Percent Since 2012. Cost per juvenile has increased more significantly since fiscal year 2014.



Source: Auditor Analysis of Juvenile Justice Data

Overall, the cost per juvenile served has increased by nearly 50 percent from fiscal years 2012 to 2017. Forty-one percent of this increase occurred after 2014. The increase is largely due to the decrease in juveniles served and increases to the JJS budget. From fiscal years 2012 to 2017, average nightly population decreased 35 percent, while JJS expenses increased three percent. The increase in cost per juvenile is concerning and we believe JJS should evaluate its current operations. Idaho, Arizona, and Colorado all report they track cost per juvenile. Moreover, the Utah Department of Corrections reports their average cost per inmate. We believe JJS should use this cost ratio to help ensure it is operating as efficiently as possible.

Cost per juvenile has increased 50 percent since fiscal year 2012. The increase is largely due to the decrease in juveniles served and increase to the JJS budget.

JJS should track and report cost per juvenile.

JJS's carry-forward fund increased to over \$3 million in fiscal years 2016 and 2017.

JJS Does Not Spend All Appropriated Funds

As outlined in this chapter, JJS's spending has not matched its appropriations. This has led to JJS's carry-forward fund rising to over \$3 million in fiscal years 2016 and 2017. We are concerned that JJS's service population has continued to decrease, while JJS has maintained its spending by adding new programming. As will be discussed in Chapter III, JJS can improve management operations and long-term planning. Additionally, in Chapter IV we address concerns regarding JJS's relationship with private providers and the new programming JJS has created that appears to be contributing to a decrease in the use of private providers. Given the concerns in this chapter and other issues addressed in this report, we recommend the Legislature consider whether steps should be taken to control increasing costs per juvenile at JJS.

JJS Operating Expenses Have Increased, Despite Decreasing Juveniles

While the number of juveniles served has decreased, JJS's appropriations and spending have increased. Between fiscal years 2012 and 2017, appropriated funds have increased five percent from \$92.9 million to \$97.5 million. Actual expenditures increased three percent, from \$91.5 to \$94.2 million. While total expenditures have increased by three percent, JJS personnel costs have increased by nearly 22 percent or \$11.3 million. This increase coincided by a 40 percent or \$11 million decrease in pass-through expenditures, (most of which goes to private providers). This shift has resulted in a 22 percent or \$13.8 million increase in operating expenses. These concerns will be addressed in the following sections and in Chapter IV of this report. We are concerned that JJS has increased expenditures even though its service population has decreased by 35 percent. This increase in total internal operating expenses has been driven by an increase in JJS full-time equivalents (FTEs) and a decrease in pass-through expenditures.

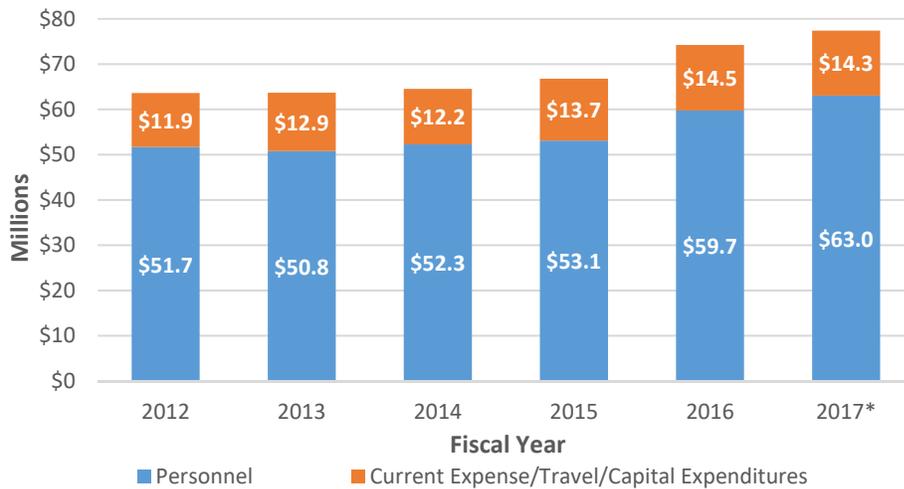
JJS personnel costs have increased by \$11.3 million, while pass-through expenditures have decreased by \$11 million (most of which goes to private providers) since fiscal year 2012.

JJS Personnel Costs Have Increased Nearly 22 Percent

We are concerned with the large increase in JJS personnel expenditures. Personnel expenses increased 22 percent from fiscal years

2012 to 2017, an \$11.3 million increase. Figure 2.3 shows the total change in JJS operating expenses which includes personnel, current expense, travel, and capital expenditures.

Figure 2.3 JJS Personnel Expenses Have Increased. Personnel expenses have increased by 22 percent, driving an increase in total operating expenses.



Source: FINET

Note – These expenditures do not include transfers to DFCM. In fiscal year 2016 JJS transferred \$1.1 million, and \$2.5 million in 2017.

* Fiscal year 2017 may be subject to change.

Since 2012 total operating expenses increased by nearly \$13.8 million (22 percent). Most of this increase is due to the significant increase in personnel expenses. JJS management states that the increase in personnel costs is due to agency-wide pay increases in fiscal year 2017, based on the results of a pay study. Still, we found that much of the increase is due to additional FTEs added in fiscal year 2016. Between fiscal years 2015 and 2016, personnel expenses increased \$6.6 million due to an increase in personnel. The increase in fiscal year 2017 was only \$3.3 million. This large increase is concerning since the number of juveniles served by JJS programs has decreased by 21 percent. In addition, pass-through funds have decreased during this same period. Figure 2.4 shows the decrease in pass-through expenditures.

JJS personnel expenditures have increased 22 percent since fiscal year 2012.

Figure 2.4 Pass-Through Funds Have Decreased by 40 Percent. Pass-through funds have decreased by \$11 million since 2012. Most of these funds go to private providers.



Source: FINET
 *Fiscal year 2017 may be subject to change.

It is concerning that spending on private providers has decreased while JJS's personnel expenditures have increased.

JJS has decreased its total spending on pass-through funds to private providers by 40 percent since 2012, amounting to an \$11 million decrease. It is concerning that spending on private providers has decreased significantly while JJS expenditures for its own personnel and internal programs have been increasing. The costs of these internal programs will be further discussed in Chapter IV of this report.

JJS Staffing Has Driven the Increase In Personnel Expenditures

From fiscal years 2012 to 2017, average annual FTEs increased by over seven percent, increasing from 1,073 to 1,151. Between fiscal years 2012 and 2015, the average annual FTEs decreased by 4.4 percent. In contrast, JJS average annual FTEs increased from fiscal years 2015 to 2017 by 12.2 percent. This increase was primarily due to JJS taking over operations of Salt Lake Valley Detention Center (SLVD) and Farmington Bay Youth Center (FBYC) in fiscal year 2016. JJS added over 130 new employees to run SLVDC, FBYC, and Genesis work camps at SLVDC. These facilities were previously run by a private provider, but JJS terminated its contract with the private provider. The increase in FTEs is the largest factor explaining the nearly \$10 million increase in personnel expenditures from fiscal years 2015 to 2017.

Since fiscal year 2015, JJS FTEs have increased 12.2 percent.

New Programs Have Maintained Budget Despite Serving Decreasing Population

We are concerned that JJS has added new programming without a formal and documented cost-benefit analysis. While we acknowledge that JJS has created the new programming to benefit juveniles, it should ensure programs provide the best benefit at the best cost. In 2015, JJS cancelled a private provider contract resulting in an increased cost of nearly \$375,000 in fiscal year 2016 and \$900,000 in fiscal year 2017. We believe these actions have helped to maintain the JJS budget despite increasing costs per juvenile. We acknowledge that quality care is essential, but are concerned that JJS has not taken sufficient steps to ensure state resources are used efficiently and effectively.

Taking Over Two Facilities Operated by A Private Provider Resulted in Higher Costs Overall

In September 2015, JJS assumed operation of two detention facilities that were previously run by a private provider. JJS ended these contracts without cause; however, the termination was preceded by an investigation into an escape from one of the facilities.

JJS estimated that taking over the two privately operated detention centers would save over \$400,000. However, this decision resulted in larger expenditures and an increase in FTEs. The decision to operate these facilities internally, instead of having a private provider operate them, resulted in an increase in expenditures of nearly \$375,000 in fiscal year 2016 and over \$900,000 in fiscal year 2017.⁴ JJS estimated savings were based on budgeted amounts for operations and did not account for capital improvement projects. Capital improvement projects totaled over \$480,000 in fiscal year 2016 and nearly \$510,000 in 2017. However, a large portion of the capital improvement projects in fiscal year 2016 were directly associated with JJS physically taking over the two detention centers.

After the contracts were terminated JJS stated that the cancellation of the contracts was due to quality of care issues, maintenance concerns, and the need to improve evidence based programming. JJS could not produce documentation that the private provider did not maintain the facilities. Annual facility audits showed that the private

JJS increased expenditures over \$1.2 million after terminating a private provider contract.

⁴ See Appendix A for more detail

provider passed the audits with a score of 90 percent or better as outlined in the contract. Additionally, JJS did not complete required quarterly facility audits as outlined in the contract. We acknowledge that quality of care is a significant concern and that JJS had expressed concerns with operations of the private provider in internal emails. However, JJS did not provide documentation that quality of care is better in JJS run facilities than facilities operated by private providers.

JJS Reinvested Funds to Create Internal Programming Without a Cost-Benefit Analysis

Through House Bill 239 (H.B. 239), JJS created new internal programming. H.B. 239 was a major overhaul of the juvenile justice model that passed during the 2017 Legislative General Session. H.B. 239 mandated that work camps and observation and assessment (O&A) can no longer be operated in a residential setting.

Additionally, JJS reinvested the savings from the elimination of work camps, residential O&A, and the estimated reductions in numbers at detention centers, secure care, and residential community placement. The estimated savings totaled \$12.4 million. JJS reinvested the savings to create three Adult (male) Living Transitional Achievement programs, seven day-treatment programs, in-home O&A, alternatives to detention, school outreach programming, performance based contracting, additional community placements, and expansion of other programming. This totaled just over \$12 million. After reviewing ALTA, day-treatment, and Gemstone (a girl's residential community placement) we found these programs were created without a formalized cost-benefit analysis. This concern will be further discussed in Chapter IV of this report.

JJS created new programming without cost-benefit analyses.

Quality of Care Is Essential

We agree with JJS that quality of care is a critical aspect of service. It is also important that JJS use state resources efficiently. This report addresses the rising cost of services, the lack of planning, and a lack of cost-benefit analyses. In addition, this report address concern with the increase in internal JJS programming and decrease in the number of private providers. With the rising costs, JJS has been unable to provide documentation that it provides better service than private providers. JJS should take steps to ensure that it is using state resources efficiently and effectively while providing quality care to juveniles.

Recommendations

1. We recommend that the Legislature consider whether steps should be taken to control the increasing cost per juvenile at the Division of Juvenile Justice Services.

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Chapter III

Juvenile Justice Services Needs To Improve Management Functions

Management of the Division of Juvenile Justice Services (JJS or division) needs to improve to ensure that the division is run efficiently and effectively. Through this process, JJS needs to improve its use of decision-making management tools, such as long-term cost analyses and performance measures. JJS also needs to increase transparency with the Legislature by ensuring it presents accurate information. Additionally, JJS needs to formalize and enhance long-term planning.

JJS Should Improve Measures Used to Facilitate Decision Making

JJS should better utilize management tools to improve decision making and transparency. Cost per juvenile is increasing and may have been understated in division reports. Cost per juvenile has increased by 74 percent for secure facilities and 54 percent for detention centers from fiscal years 2012 to 2016. JJS has not reduced capacity at the same rate as the decrease in the juvenile population. Finally, the division should track recidivism for more than one year for secure care, detention, observation and assessment (O&A), and case management.

Cost Per Juvenile Bed Has Increased More Rapidly Than Agency Reporting Has Reflected

Even with decreasing juvenile numbers served, the costs to run detention centers and secure care facilities has increased from fiscal years 2012 to 2016. The cost of secure care has increased by nearly 12 percent from \$15 million to \$16.8 million. Detention center costs have increased by two percent from \$21.5 million to \$21.9 million. The increased costs, in combination with a decrease in juvenile population served, has increased the cost per juvenile. In addition, JJS has reported decreasing capacities at secure facilities and detention centers, despite increased expenditures. Between fiscal years 2012 and 2016, JJS reduced staffed secure beds from 202 to 186 (eight percent) and staffed detention beds from 346 to 280 (19 percent).

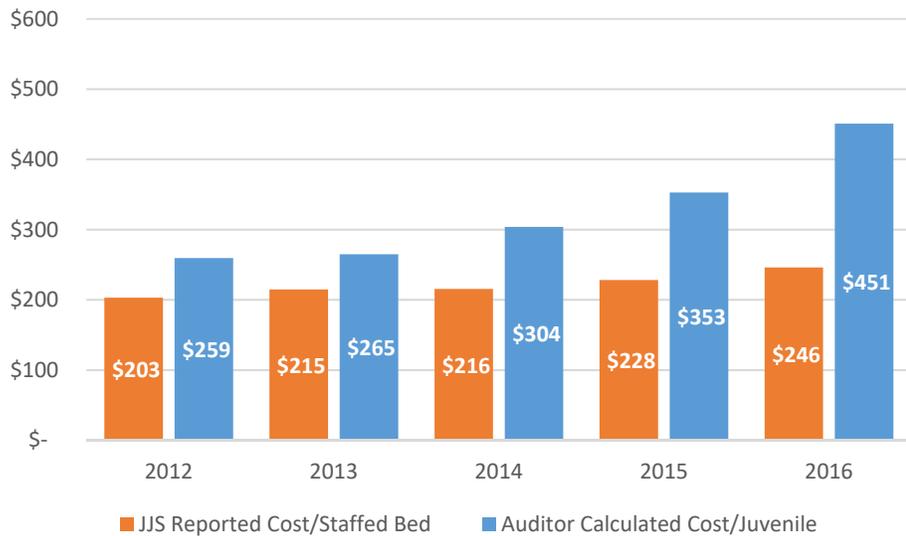
Cost per juvenile has increased 74 percent for secure facilities, and 54 percent for detention centers from fiscal years 2012 to 2016.

As the number of juveniles served has decreased, the cost of secure care has increased nearly 12 percent and the cost of detention has increased two percent.

On average in fiscal year 2016, detention centers operated at 57 percent of staffed capacity and secure facilities operated at 55 percent of staffed capacity.

In its 2016 annual report, JJS reported a cost per bed of \$246 for secure care. This number is based on the total number of staffed beds available, and not the number of juveniles at the facility. This can be misleading since the facilities rarely reach staffed capacity. On average in fiscal year 2016, detention centers operated at 57 percent of staffed capacity and secure facilities operated at 55 percent of staffed capacity. Thus, the cost per bed reported in the annual report understates the true cost of housing and treating one juvenile. Figure 3.1 shows the increase in both the cost per staffed bed reported by the division, and the auditor calculated cost per juvenile for secure care.

Figure 3.1 Fiscal Years 2012 to 2016 Secure Care Nightly Costs Per Bed and Juvenile. Cost per juvenile served has increased 74 percent in the last five years. The orange bars are JJS calculations and blue bars are auditor calculations.



Source: Auditor analysis using JJS data

Figure 3.1 presents both the cost per juvenile served⁵ (auditor calculation based on number of juveniles at each facility in blue) and the cost per staffed bed⁶ (calculated by the agency and reported in its annual report in orange). Both ratios have increased over the five-year period. However, cost per juvenile has increased much more rapidly, because the reduction in staffed capacity has not kept pace with the decrease in juveniles served. From fiscal years 2012 to 2016, cost per

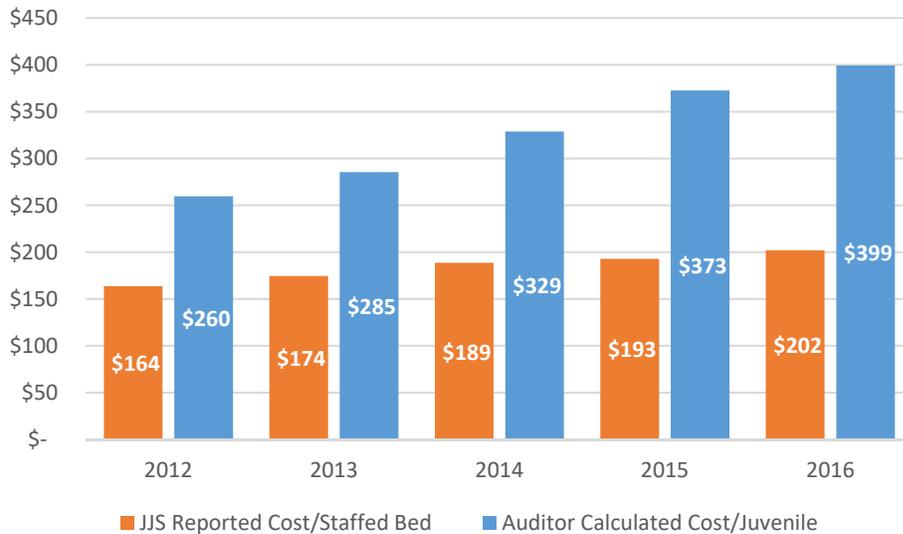
⁵ $\frac{\text{Total Cost of facilities}}{\text{Total Juvenile Bed Days}}$

⁶ $\frac{\text{Total Cost of facilities}}{\text{Total staffed beds} \times 365}$

JJS reports cost per staffed bed, as opposed to cost per juvenile.

juvenile served increased by 74 percent. In contrast, cost per staffed bed only increased by 21 percent. Figure 3.2 shows a similar trend for detention centers.

Figure 3.2 Fiscal Years 2012 to 2016 Detention Center Nightly Costs Per Bed and Juvenile. Cost per juvenile served has increased 54 percent in the last five years. The orange bars are JJS calculations and the blue bars are auditor calculations.



Source: Auditor analysis using JJS data.

The cost per juvenile served has increased by 54 percent in five years. However, using the division’s calculation of cost per staffed bed, the increase is only 23 percent. By fiscal year 2016, the cost per juvenile served was almost double the cost per staffed bed.

Our concern is that JJS is not aware of the significant increase to cost per juvenile served. Cost per staffed bed does not reveal inefficiencies because JJS divides the number of staffed beds (both occupied and empty) into the total cost of the facility. Cost per juvenile is calculated using only occupied beds divided by the total cost of the facility. Cost per staffed bed always understates the actual cost ratio, unless the facility is full. For example, if a facility is staffed for 16 juveniles, the cost per staffed bed will be the same whether there is one juvenile in the facility or 16. In our opinion, that is one reason why the orange bar (cost per juvenile served) is increasing much more rapidly than the blue bar (cost per staffed bed).

Cost per juvenile has increased more rapidly at both secure care and detention facilities than the cost per staffed bed.

The cost per staffed bed ratio always understates the actual cost ratio, unless the facility is full.

Several surrounding states track cost per juvenile.

In fiscal year 2017, on average, detention centers were 40 percent full.

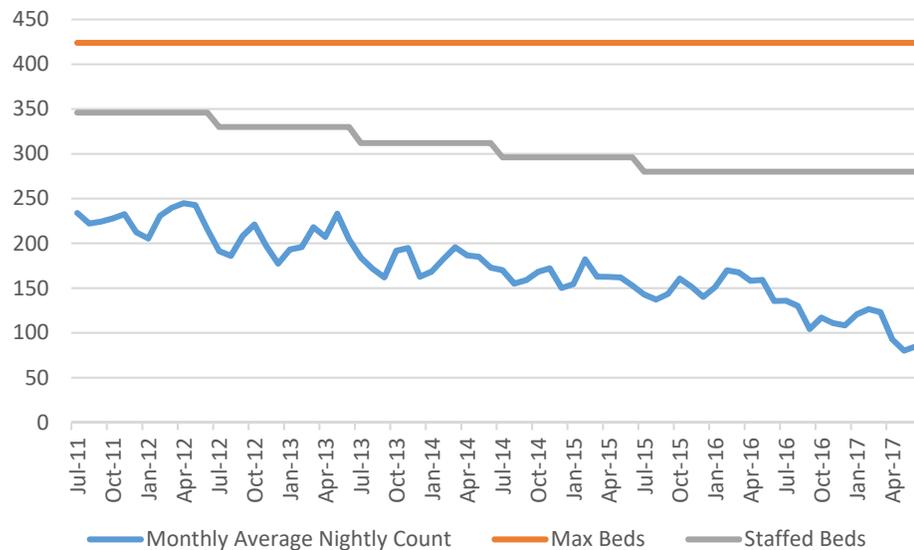
Staffing reductions have not kept pace with declining juvenile counts.

By reporting cost per staffed bed, the division is reporting what the hypothetical cost would be if the facility was operating at maximum capacity every day, which rarely happens at most facilities. In contrast to JJS, the Department of Corrections (DOC), a comparable agency, reports cost per inmate. We contacted several surrounding states and found that Idaho, Arizona, and Colorado all track and report cost per juvenile. To improve oversight and transparency, we recommend that JJS also report cost per juvenile to the Legislature, along with other performance indicators.

JJS Has Not Reduced Capacity at the Same Rate as the Decline in Service Population

While JJS has made some reductions to staffing at detention centers, it has not kept pace with decrease in service population. Figure 3.3 shows the average nightly population by month at detention centers compared to max number of beds and staffed beds.

Figure 3.3 Juvenile Population Is Decreasing Faster Than Reductions in Capacity in Detention Centers. In fiscal year 2017, on average, detention centers were 40 percent full.



Source: Auditor analysis using JJS data

While we acknowledge JJS has taken some action to reduce capacity, it has not kept pace with the decreasing numbers of juveniles served. For example, JJS did not reduce staffed capacity in its rural or urban facility in fiscal year 2017, even though the service populations continue to decrease. Urban detention centers' average nightly counts

have decreased 37 percent and rural facilities have decreased 40 percent since June 2016. This decrease has created a large difference in the number of staffed beds, and actual juveniles served by each facility.

JJS Should Track Recidivism For More Than One Year

One of JJS’s goals is to “Improve short-term and long-term outcomes for our youth.” However, JJS does not have any long-term measures of outcome improvement. JJS only measures recidivism for 360 days. Tracking long-term outcomes can improve JJS’s ability to evaluate and improve its programming.

The Council of Juvenile Correctional Administrators recommends that that the time frame for measurement should be at least 24 months. JJS currently tracks recidivism for just under one year. Figure 3.4 shows PEW Charitable Trust research results, which found that 24 of the 32 states that responded to PEW’s questions track recidivism for longer than 12 months.

Figure 3.4 Maximum Recidivism Follow-up Period. There are at least 24 states that track recidivism longer than Utah.

Maximum Follow-up Period (Month)	Number of States
12	8
24	5
36	19

Source: The PEW Charitable Trusts

Research conducted by Juvenile Justice Geography, Policy, Practice and Statistics (JJGPS) had similar results. JJGPS’s research shows that 22 states track recidivism longer than Utah. JJS should use its available resources to track recidivism for at least two years. JJS has the resources and ability to report this information.

JJS Should Ensure Reported Information is Consistent and Transparent

We found that JJS does not report recidivism in a consistent way to stakeholders. Additionally, JJS has requested one-time money to fund a detention center, while moving money from the detention center’s budget to a new program and has not been transparent about

JJS only measures recidivism for 360 days, less than most other reviewed states.

JJS should use its available resources to track recidivism for at least two years.

JJS has presented different recidivism measures in its annual report, reports to the Legislature, and reports to the Governor's Office.

internal cost savings. Finally, JJS provided inaccurate or incomplete information to the Legislature.

JJS Reports Inconsistent Recidivism Numbers

JJS has not clearly defined recidivism in the past. During the 2015 Legislative General Session, JJS management defined recidivism as any new felony or misdemeanor arrest. However, JJS presented a different type of recidivism in its annual report and a different presentation to the Legislature. JJS reports multiple types of recidivism to the Governor's office, but these statistics only capture 90 days. While we recognize that utilizing different definitions of recidivism may be a useful tool internally, we are concerned that reporting different definitions for recidivism could lead to confusion or distortion.

Juvenile Offender and Victims: 2014 National Report by the National Center for Juvenile Justice states the importance of reporting clear recidivism measures to develop benchmarks and determine the impact of programs and practices.

To emphasize the importance of clear recidivism reporting as well as using measures consistently, in 2017 JJS presented secure care recidivism information that only used felony arrests to the Legislature. This information showed that the rate decreased by 0.9 percent from fiscal year 2015 to 2016. However, had JJS presented both felony and misdemeanor recidivism as it has in the past, the Legislature would have seen an increase in recidivism of 9.2 percent. The basis of this total increase is a larger increase in misdemeanors. While we recognize that JJS has put more emphasis on the reduction of felony recidivism, we are concerned that the Legislature may be unaware of the increase in what the division has historically defined as recidivism and that JJS was using different components of recidivism and not the complete measure.

JJS should be aware of the effect of the Justice Reinvestment Initiative (JRI) on future reported recidivism rates. JRI went into effect in the second quarter of fiscal year 2016 and downgraded drug possession charges from felonies to misdemeanors. We believe that this may lower the felony recidivism rate while increasing the misdemeanor recidivism rate in the future. Because of the classification changes, we believe the division should consistently report recidivism as all new felony and misdemeanor arrests, as it has defined recidivism to the Legislature in the past.

Requests for One-Time Funding Lacked Transparency

We are concerned about a lack of transparency when JJS requested one-time funding during the 2015 Legislative General Session. This funding was for Weber Valley Detention Center (WVDC), and occurred while JJS was simultaneously moving money previously budgeted for detention centers to fund a new internal program. Additionally, the division realized no savings when it cut total staffed beds by 21 percent, despite implying to the Legislature that the cuts were made, at least partially, to find internal savings to fund WVDC.

JJS Moved Money Budgeted to Detention Centers to Create a New Program. Using money previously budgeted for detention, JJS created a 16-bed work camp. This new program was established during the same period of time that JJS was requesting and utilizing one-time money from the Legislature to operate WVDC. The work camp operated for about two years before being eliminated by H.B. 239 in 2017. During operation, the 16-bed facility averaged 3.6 juveniles per night. We cannot speak to the necessity or effectiveness of this new program; however, we question the decision to divert money from detention centers to create a new program, while simultaneously requesting one-time funding from the Legislature to continue to operate a detention center.

JJS Misled Legislators in Discussions About Cost Savings Related to the Reduction of Staffed Beds. In two separate meetings of the Executive Offices and Criminal Justice Appropriations Subcommittee in the 2014 and 2015 Legislative General Sessions, JJS management discussed efforts to streamline operations and find internal savings to fund WVDC. In each discussion, management spoke of the on-going reduction in beds at several detention centers, stating that staffed beds have been reduced by 84 beds, or 21 percent since 2009. However, the division never quantified the savings associated with these cuts. In January 2015, the JJS Director stated in response to an inquiry from a Legislator:

Legislator's Question:

If you're having more need in Weber than elsewhere, is there somewhere you have less need where you could scale back and take care of Weber without any additional appropriation?

JJS moved money previously budgeted for detention centers to fund a new internal program, while requesting additional funding for detention centers.

Expenditures for all detention centers increased 4.3 percent despite reported cost savings.

Requests for one-time funding resulted in JJS appropriations of over \$3.5 million between fiscal years 2014 and 2016 for the operation of the Weber Valley Detention Center.

JJS reported that Gemstone was full when it actually averaged only three girls per night in the 16-bed facility.

Division Director's Answer:

We have already reduced our detention capacity by 21 percent in the last several years and so we have scaled back in a variety of ways, closed down bed units, and we're just not able to find the resources that are needed to be able to fund Weber.

While the reductions presented to the committee are fairly accurate, the implied cost savings did not occur. Between 2009 and 2016, expenditures for all detention centers actually increased by almost \$893,000, or 4.3 percent.

These requests for one-time funding resulted in JJS appropriations of over \$3.5 million between fiscal years 2014 and 2016 for the operation of WVDC.

JJS Provided Inaccurate Information to the Legislature

We are also concerned about inaccurate or incomplete information contained in JJS's response to an email sent by the Legislative Fiscal Analyst on behalf of a Legislator in February 2017. The Legislator posed a series of questions to JJS. We identified two significant inaccuracies and one instance in which the division failed to answer the question. According to JJS management, it did not intend to provide incomplete or inaccurate information to the Legislature. In an attempt to provide information quickly during the legislative session, management provided the following responses.

JJS Misrepresented the Utilization of Gemstone. JJS stated that Gemstone, a 16-bed girls' residential treatment facility, was full at the time the email was sent.

Question: Will all of JJS residential treatment beds be used?

Answer: We only have the Gemstone program and it is currently full.

At the time the email was drafted, there was one girl in Gemstone. Between January and February 2017, Gemstone averaged 3 girls per night. In fact, Gemstone has never reached capacity and has, at most,

housed 12 girls at one time, most recently on November 29, 2016.⁷ Overall, Gemstone has only exceeded half capacity 15 percent of the time.

In addition, during this audit, JJS management told us that Gemstone is staffed for 12 girls. However, this statement contradicts an internal JJS document and two discussions with the director of Gemstone, which all maintain that the program is staffed for 16 girls.

JJS Claimed That Its Decision to Take Over the Operation of Two Detention Centers Saved Money. In response to the Legislator’s questions, JJS claimed that the 2015 takeover of the Salt Lake Valley Detention and Farmington Bay Youth Center saved the state money. By February 2017, when the email was sent, JJS management should have been aware that predicted savings did not occur.

Question: Couldn’t JJS contract out services to reduce real estate needs?

Answer: JJS operates detention and long-term secure facilities. We previously contracted with a private provider to operate SL Valley Detention and Farmington Bay Youth Center. The contract was cancelled more than a year ago because of poor service quality. The provider allowed two escapes, the facility was poorly maintained, and the facility was always understaffed. We came up with a solution to operate the facilities at a cost savings to the state.

As discussed in Chapter II, the division did not save money by taking over the two facilities. At the time of the takeover, JJS stated that it could save the state \$400,000. Instead, it has cost the state nearly \$375,000 more in the first year and \$900,000 more in the second year to operate the facilities. At the time the response was drafted, the division should have been aware of at least the first year of additional costs.

The Gemstone program has never reached capacity and has only been over half capacity 15 percent of the time.

JJS claimed to save money, but taking over Salt Lake Valley Detention and Farmington Bay Youth Center actually cost the state over \$1.2 million.

⁷ Based on available data through 6/30/2017.

JJS Failed to Answer a Legislative Question About Occupancy. The division should be able to provide basic information about occupancy within its facilities.

Question: What is the percentage of occupied beds in your facilities?

Answer: What facilities are you referring to?

We have not audited all facilities, but believe that JJS should have provided some information on occupancy. Overall, secure care operated at an average of 55 percent of staffed capacity and 40 percent maximum capacity in fiscal year 2016. Detention centers operated at an average of 54 percent of staffed capacity and 36 percent maximum capacity⁸ in fiscal year 2016. We are concerned that this question was never answered by JJS, in turn leaving the Legislator without the requested information about JJS operations.

Division Needs to Improve Long-term Planning

JJS needs to improve long-term planning. The division has not consistently conducted cost-benefit analyses before requesting capital development funds.⁹ As a result, a \$21.1 million facility was funded by the state without formal consideration of feasible alternatives within JJS's current infrastructure. In addition, the division lacks a strategic plan to drive decision-making and promote transparency.

JJS Did Not Complete Cost-Benefit Analysis for a New Building

JJS did not fully consider the costs and benefits of the construction of a new multi-use facility in Weber County. As a result, several potentially less costly solutions were not considered by decision

⁸ During fiscal year 2016, JJS reduced maximum capacity at Dixie Area Detention by 16 beds by converting a wing into a work camp as discussed in this chapter. In addition, JJS reduced the maximum capacity at SLVD by 64 beds when it moved the Genesis work camp to the facility. We did not factor these changes into our calculation of maximum capacity.

⁹ The need for JJS to increase its use of cost-benefit analyses is discussed further in Chapter IV.

In fiscal year 2016, secure care facilities were at 40 percent of maximum capacity, and detention centers were at 36 percent of maximum capacity.

The division has not consistently conducted cost-benefit analyses before requesting capital development funds.

makers. We are concerned that JJS did not provide the Utah State Building Board or the Legislature with the full spectrum of solutions.

JJS Is in the Process of Building a Multi-Use Facility in Weber County to Replace Existing State-Owned and Leased Facilities.

JJS management decided to build the facility to both replace the WVDC and consolidate other services in the area, including case management, receiving, diversion, and transitional services. The division also planned to house observation and assessment in the new multi-use facility, but provisions from H.B. 239 have made this plan obsolete. Construction of Weber Valley Multi-Use building was approved during the 2015 Legislative General Session and cost about \$21.1 million. Construction began in July 2016.

Several Potential Alternatives to the New Facility were Not Formally Considered or Presented to Lawmakers. While we cannot say with certainty that any of these options would have been better, we believe that these options should have been evaluated and presented to stakeholders outside the division. Division management stated that they discussed some of these options informally, but there is no documentation of those discussions.

First Potential Alternative: JJS did not consider the possibility of retro-fitting WVDC. Conversely, in 2016, the agency hired consultants to perform an assessment to explore options and barriers for the future replacement of the Wasatch Youth Center with a comparable multi-use facility. Similar assessment and documentation of alternatives to full replacement of the old WVDC were not been conducted.

Second Potential Alternative: JJS did not formally consider and document all the costs and benefits associated with expanding Farmington Bay Youth Center (FBYC). JJS proposed expanding Farmington Bay as a potential solution several years ago, but appeared to abandon the idea after receiving concerns from Weber County officials in 2012.

FBYC O&A closed in September 2015 due to low usage and the elimination of the private provider contract. This change freed up 16 beds which could have been converted into detention beds. These 16 beds would keep the entire detention population in the area, and increase the total available beds to 54. Fifty-four is only two fewer beds than the combined staffed capacity at Farmington Bay and

Several potential alternatives to the new facility were neither formally considered in a cost-benefit analysis, nor presented to the Legislature.

JJS did not formally consider and document all the costs and benefits associated with expanding the Farmington Bay Youth Center.

WVDC at the time. It is important to note that at the time of the FBYC O&A closure, construction had not yet commenced on the new Weber Valley Multi-Use Facility.

Instead of converting the O&A at Farmington Bay into more detention beds, the division chose to convert it to girls' secure care, which was previously located at the Mill Creek Youth Center. JJS defends this decision because it believes that girls should be separated from boys. While we do not challenge this principle, we question the division's assessment of the situation, because there are boys located at both facilities.

At Farmington Bay, the new girls' secure unit is across the yard from two boys' detention units. All juveniles at Farmington Bay must cross the shared yard to access the shared classrooms and gym. Staff communicate via handheld radio to avoid interaction between the boys and the girls. At the Mill Creek Youth Center (where the girls were previously located), the girls and the boys could be located on opposite sides of the complex, separated by several fences and the main building. We believe that the division could achieve the same amount of separation, if not more, between boys and girls at the Mill Creek Youth Center.

Even without restructuring, regional facilities could have housed the increased population from the closure of WVDC by opening beds that are currently unstaffed or have been repurposed. This option would likely require the transfer of some staff from the closed WVDC to Salt Lake Valley Detention (SLVD) and FBYC. If the excess population were split between SLVD and FBYC, the system would not have gone over capacity between fiscal years 2013 and 2016. Based on the overall decreasing juvenile count, we believe that SLVD and FBYC would have continued to be able to meet capacity demands.

Third Potential Alternative: JJS operates the Millcreek Youth Center secure facility across the street from the new Weber Valley Multi-Use Center. The Millcreek facility has 102 beds total, across eight separate units. There are three units on one side with 30 total beds and five units on the other side with 72 total beds. Currently, only three units with a total of 42 beds are in use. This means there are 60 beds that JJS is not using. JJS could have considered turning the 30-bed side into a detention center, which would have given them only four fewer beds than WVDC's current maximum capacity, and

JJS could have considered turning the 30-bed side into a detention center, which would have given them only four fewer beds than WVDC's current maximum capacity, and six more beds than WVDC is actually staffed for.

six more beds than WVDC is actually staffed for. Between fiscal years 2013 and 2016, WVDC never exceeded 30 youth at one time. We believe, based on the decreasing trend in juveniles served by JJS, that a 30-bed detention facility at Millcreek Youth Center should have been formally considered.

The design of the Millcreek Youth Center would allow for almost total separation between the secure population and the detention population. Currently, two JJS multi-use facilities house both a secure population and detention population with similar circumstances. Additionally, prior to October 2015, JJS housed both girls' and boys' secure care at Millcreek. Like detention and secure care populations, these two populations should have as little contact as possible. Millcreek staff reported that the facility functioned successfully with minimal additional staff intervention.

In addition, moving the Weber Detention population to Millcreek Youth Center would have alleviated many concerns presented by Weber County officials, in opposition to the closure of Weber Valley Detention Center in 2012. These concerns included the burden of forcing parents and families to travel to a different county to visit youth and the financial cost and time burden of having law enforcement officers transport youth in and out of Weber County.

JJS Lacks a Formalized Strategic Plan

Currently JJS does not have a formalized strategic plan that drives operations in the short- and long-term. JJS provided us with some planning documents, but these documents were not comprehensive. These documents included the recommendations from a recent audit and a list of internal goals. We believe JJS should create and consistently update a comprehensive strategic plan. This plan should identify long-term goals and the steps necessary to accomplish those goals.

Long-term plans increase transparency. A strategic plan should be a specific and quantifiable plan, updated regularly and available to the public. Agencies should use their strategic plans as the starting point for developing key performance measures and goals. Then the agency should track the performance measures overtime and compare actual performance to goals. Outcomes can drive change and adjustments to the strategic plan. These are fundamentals of good management.

Moving the Weber Detention population to Millcreek Youth Center would have alleviated many concerns presented by Weber County officials, who were in opposition to the closure of Weber Valley Detention Center.

JJS should develop and update a strategic plan to guide short- and long-term decisions.

JJS should create a formal strategic plan that includes performance measures to ensure JJS and all its programs operate as intended.

A 2014 Legislative Audit of the Department of Human Services recommended that JJS develop and use comprehensive outcome measures to guide future improvements and make standardized comparisons.

The JJS equivalent in at least four other states has a strategic plan. According to our office’s “Best Practices for Good Management,”

Planning should be your first step; it then becomes an ongoing activity that includes revising your goals and objectives as progress is made. Also, develop a strategic plan for the long term and an annual budget for the short. Planning should also include the development of a performance measurement system.

JJS should ensure it creates a formal strategic plan that includes performance measures to ensure JJS and all its programs operate as intended.

A 2014 Legislative Audit of the Department of Human Services recommended that JJS develop and use comprehensive outcome measures to guide future improvements and make standardized comparisons. Similarly, a 2015 audit by the Council of State Governments Justice Center found that JJS lacks key outcome measures to guide decision making. While JJS appears to be taking steps to improve the use of data in decision making, it is unclear what key measure or measures JJS uses, and how these measures tie to its goals and objectives.

Both the Governor’s Office of Management and Budget’s “SUCCESS Framework Guide to Measurement” (SUCCESS) and “Best Practices for Good Management” emphasize the importance of clear, concise performance measures. SUCCESS states that “performance measures should be clear, simple, and few – sending a clear message to the organization about the results to be achieved and where to focus scarce resources.” We encourage JJS to take this into account when forming its performance measures.

Tracking such data can show where programming is successful or needs improvement. While we believe JJS has shown the ability to create and collect a robust amount of measures, JJS needs to determine key measures and consistently track and report them.

Recommendations

1. We recommend that the Division of Juvenile Justice Services track and report cost per juvenile.

2. We recommend that the Division of Juvenile Justice Services track and report recidivism for at least two years.
3. We recommend that the Division of Juvenile Justice Services ensure it is transparent with, and reports consistent information to the Legislature.
4. We recommend that the Division of Juvenile Justice Services document and share with decision makers comprehensive cost-benefit analyses for all capital development projects.
5. We recommend that the Division of Juvenile Justice Services create and maintain a strategic plan that is updated on a yearly basis and is available to the public.

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Chapter IV

JJS Should Improve Partnership With Private Providers

The Division of Juvenile Justice Services (JJS or division) can improve its partnership with private providers. JJS has internal programming that competes with private providers and these programs are costly compared to the expense of paying private providers. Also, we believe some of JJS's recent practices appear to be hampering relationships with private providers. In addition, JJS appears to lack transparency with the public and private providers. By improving current practices and transparency, JJS can strengthen its partnership with private providers and improve operations.

JJS Failed to Consider Private Providers When Creating Costly New Internal Programming

JJS funds used to pay private providers have decreased significantly since 2014. We are concerned that JJS has created new, costly internal programs without considering all possible options or completing a cost-benefit analysis. JJS estimates that these new programs will cost approximately \$5 million. Also, we believe these programs compete with private providers. Since 2014, the number of private providers has decreased by 61 percent and pass through funds used to pay for services performed by private providers decreased 40 percent.

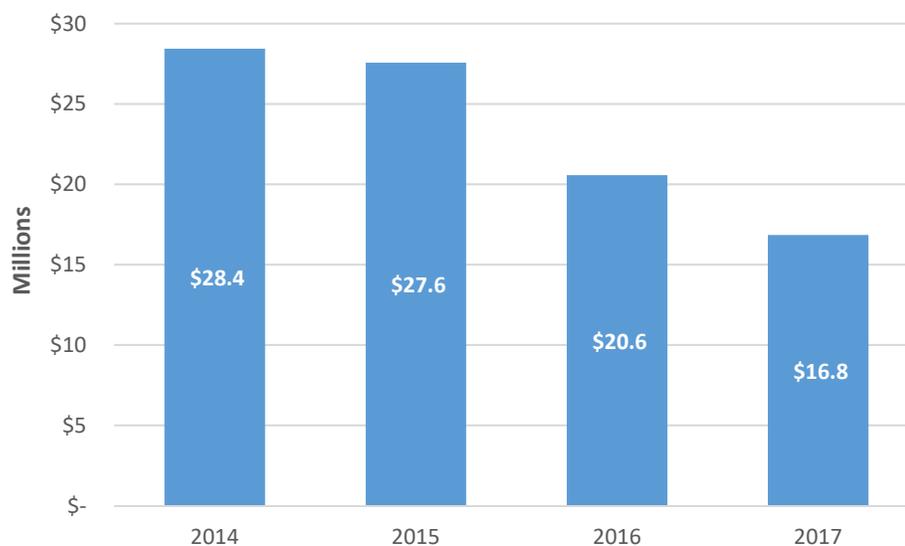
JJS Funds Used to Pay Private Providers Has Decreased Significantly

We are concerned with the significant decrease in money paid to private providers. As discussed in Chapter II of this report, this decrease has been offset by increases in internal operating costs. Private providers are paid a flat rate per juvenile served, regardless of additional overhead costs. This rate covers care and supervision and additional wrap-around services that are reimbursed by Medicaid. In contrast, JJS internal programs are generally unable to draw Medicaid funds and are funded regardless of whether the facility is at capacity or not. Figure 4.1 shows the decrease in pass-through funds from fiscal years 2014 to 2017.

Since 2014, private providers contracting with JJS have decreased 61 percent.

Since 2014, there has been a significant decrease in expenditures paid to private providers.

Figure 4.1 Pass Through Funds Have Decreased. Since fiscal year 2014, the total amount paid to private providers for their services has decreased by 40 percent.



Source: Auditor Analysis of Juvenile Justice Services Data

From fiscal years 2014 to 2017, the total amount paid to private providers has decreased by 40 percent (\$11.6 million). While some of this reduction is the result of the decreasing juvenile population (discussed in Chapter II), much of these savings have likely been reallocated to cover the increase in JJS personnel, which occurred over the same period.

The Legislature Is Concerned with the Possibility of State Services Competing with Private Enterprises. The creation of the Free Market Protection and Privatization Board (privatization board) is evidence of this concern. *Utah Code* 63I-4a-203 lists the duties of the privatization board, some of which include:

- o Determine whether an activity provided by an agency could be privatized to provide the same types and quality of a good or service that would result in cost savings...
- (c) Review issues concerning agency competition with one or more private enterprises to determine:
 - (i) Whether privatization:
 - (A) Would be feasible;
 - (B) Would result in cost savings; and

Total amount paid to private providers has decreased 40 percent since 2014.

(C) Would result in equal or better quality of a good or service...

The purpose of the privatization board is to make recommendations to the Legislature and Governor similar to those mentioned in this report. We believe JJS needs to adequately analyze whether private providers can provide services similar to JJS while saving state money.

JJS Did Not Complete a Cost-Benefit Analysis Prior to Opening New Programming

We are concerned that JJS created new internal programming without completing a cost-benefit analysis (CBA). JJS created nine new internal programs: three Adult Living for Transitional Achievement (ALTA) programs, five day treatment programs, and one residential program for girls with behavioral issues (Gemstone). JJS stated that it identified the costs to operate these programs, but could not provide documentation that it considered the costs or benefits of these programs being operated by private providers.

The purpose of performing a CBA is that it can provide a systematic approach to identifying the strengths and weaknesses of alternative courses of action. A CBA should include all information needed to make an informed decision by weighing all expected costs and benefits (like quality of care) for each identified alternative. The alternative in which the benefits most outweigh the costs should be selected. JJS should maintain documentation of all CBAs performed. This will help ensure JJS uses state resources efficiently and effectively, whether it is through internal programming or services offered by private providers.

During this audit, we requested any CBAs JJS has conducted before opening the new programs. We also requested any information the division may have had concerning the increased benefit of its programs over those of private providers. It was not able to provide anything we would consider a CBA. Our subsequent analysis, discussed in the following section of the report, leads us to believe that some of these programs could be offered by private providers with potentially the same quality of care at a lower cost to the state. By conducting a similar analysis, JJS could have made a more informed decision about whether to create its own programs or utilize those offered by private providers. JJS should complete CBAs prior to creating any additional programs in the future.

JJS has created nine costly internal programs without performing cost-benefit analyses.

JJS was not able to produce documentation showing that cost-benefit analyses were completed before creating new programs.

New Internal Programs Are Costly

New JJS internal programs, namely ALTA, Gemstone and day treatment, are costly to operate. JJS has estimated it will cost approximately \$5 million to operate all new programming. When compared to the operational costs of similar private provider programming, JJS internal programming is expensive. While these programs may be beneficial and have merit, JJS needs to consider the additional costs to the state when creating new programs.

ALTA Is Costly Compared to Private Providers. In ALTA's first three months of operation, its personnel costs totaled over \$152,000. Between April and July of 2017, ALTA served nine juveniles, averaging 28 days at the facility. These nine juveniles cost JJS, on average, over \$600 per juvenile per day in just personnel costs. JJS pays a private provider just over \$64 per day per juvenile for transitional adult living home setting. According to JJS, the main difference between the two programs is that ALTA provides 24-hour juvenile supervision, while the private provider currently does not provide the same level of supervision. The private provider's program is a fraction of ALTA's cost. We believe private providers could provide a 24-hour supervision program similar to ALTA if rates were increased, with savings to the state still being recognized.

Gemstone Is a Costly Program Compared to Private Providers. JJS contracts to pay private providers \$130 dollars per juvenile per day for moderate behavioral group homes. In fiscal year 2016, it cost JJS nearly \$345¹⁰ per juvenile per day to run Gemstone. If JJS was able fill every bed every day of the year, the cost to run the program would decrease to \$160 per juvenile per day. This is still a higher cost than the cost to use a private provider of \$130 per juvenile per day. It should be noted that private providers also provide wrap-around services, which would be an additional cost, but these costs may be eligible for Medicaid reimbursement whereas they would not be if the juvenile is at Gemstone.

Due to its location next to a detention center, JJS is not able to draw down Medicaid funds on behalf of juveniles at Gemstone, which

¹⁰ This is based on an estimate provided by JJS. JJS does not track actual expenditures for Gemstone.

ALTA costs, on average, \$600 per juvenile per day for personnel costs alone.

Gemstone costs almost \$345 per juvenile per day to operate the program.

is estimated to be a loss of just over \$95,000 a year. Private providers can draw down Medicaid dollars for treatment, which in turn reduces the overall cost to the state.

Day-Treatment Programs Are Not Offered to Private Providers but Could Cost the State Up to \$1.5 Million. JJS estimated it will cost nearly \$1.5 million to operate six day-treatment facilities across the state. Prior to fiscal year 2018, JJS operated one day-treatment program in Salt Lake City for both boys and girls.

During fiscal year 2018, JJS planned to open and operate five additional day-treatment programs in Cedar City, Hurricane, Cache Valley, Vernal and Richfield, according to the fiscal note by the Legislative Fiscal Analyst. Instead, JJS will only be opening the following day-treatment programs: Hurricane, Vernal, Ogden and Springville, along with the one that is already operating in Salt Lake City. This means that JJS was funded for five additional day-treatment programs but is only going to operate four additional day-treatment programs.

These five day-treatment programs will be able to serve a maximum of 56 juveniles each day. The cost per juvenile per day at these day-treatment facilities could range from \$72 and \$144,¹¹ depending on how close to capacity they operate. Currently JJS does not offer day-treatment contracts to private providers. We believe this service could potentially be contracted out at a lower cost to the state with potentially the same quality of care.

Current Internal Programs Appear to Compete with Private Providers

We believe that JJS's internal programming is competing with private providers' programs and that JJS has not considered the following:

- Whether private providers can offer similar programming at a lower cost with similar levels of care
- Whether its internal programming provides a better level of care than private providers

¹¹ Estimates based on programs operating at between 50 and 100 percent of capacity.

JJS was funded to operate six day treatment programs, but decided to operate only five.

JJS's internal programming is competing with private provider's programs.

- Whether JJS programs are having a negative effect on private providers ability to serve juveniles

We identified two JJS programs that are similar to programs that can be or are being offered by private providers.

ALTA Appears to be Similar to Private Provider Programs.

While there are private providers that operate similar programming, ALTA provides more supervision. The director of ALTA stated that many of the juveniles who are placed in ALTA are there because they would likely go absent without leave (AWOL) from private providers. While we believe this assertion, JJS records indicate that within the first three months of ALTA operations, three of the first six juveniles placed there went AWOL. With the addition of the ALTA programs in Ogden and Springville, 11 of 24, or 46 percent of juveniles served in all ALTA programs went AWOL from April to September 2017.

Despite similarities between JJS and private providers programs, JJS does not plan to issue a request for proposals (RFP) to contract with private providers for a comparable service. Multiple private providers told us they would be willing to create a program with twenty-four-hour supervision, but the rate per juvenile would need to increase to account for the additional requirements. We believe JJS should explore whether private providers can offer a similar program to ALTA at a lower cost.

Statute allows juveniles to be paroled to private providers once they are released from secure care. For juveniles who cannot return home immediately upon release, *Utah Code* 62A-7-404(4)(b) states the juvenile "...may serve the term of parole in the home of a qualifying relative or guardian, or at an independent living program contracted or operated by the division."

JJS's Gemstone Program Reduces the Number of Juveniles Available for Private Providers. However, JJS continues to issue RFPs without having the number of juveniles necessary to fill the beds requested in the RFP. In fiscal year 2017, JJS placed an average of seven girls at Gemstone, and 11 with private providers¹² totaling 18 juveniles on average. Eighteen juveniles are insufficient to support new private providers with Gemstone in operation. It is unclear why JJS

¹² Four of these 11 juveniles were sent to out of state private providers.

From April to September 2017, 46 percent of juveniles went AWOL from ALTA programs.

JJS does not plan to contract with private providers to operate a program similar to ALTA.

opened an RFP, unless it plans on closing Gemstone. We have been told by a representative from the Youth Providers Association the reason private providers are not responding to the RFP is because there are not enough juveniles to warrant a response.

JJS has lost three contracts for private providers serving females with behavioral concerns, reducing the number of available private providers for this population from four to one. In contrast, the Division of Child and Family Services (DCFS) maintains contracts with three private providers for moderate behavioral girls.

JJS has not been able to fill a contract for high behavioral girls since 2012, and has also not been able to provide information for the number of females who need this service. Since JJS does not track the number of juveniles by individual domain (i.e. moderate behavioral, high behavioral, substance abuse issues, etc.), it cannot accurately determine the number of contracts needed.

The average daily population for females with behavioral concerns placed with private providers has decreased 81 percent, from 55 in fiscal year 2012, to 11 in fiscal year 2017. In 2012, JJS contracted with a private provider for females with high behavioral concerns and JJS sent only one juvenile to that private provider.

Currently, JJS has only two options for females with behavioral concerns; its internal Gemstone program, or an out of state provider. In the middle of fiscal year 2017, JJS's only remaining instate private provider cancelled its contract. We contacted this private provider, and she indicated the contract was canceled because it was not cost effective to maintain. The private provider said JJS had only sent three juveniles to their 16-bed facility. This was not a sufficient number for them to continue operations. It is concerning that a local private provider was unable to receive enough juveniles, and that JJS operates a costly internal program in addition to sending juveniles out of state for services.

JJS Practices May Be Hampering Private Providers

The number of private providers has decreased since its peak in 2014. It is concerning that JJS continues to add new programming, while decreasing the number of private providers it contracts with for

Since 2012, females with behavioral concerns placed with private providers has decreased 81 percent.

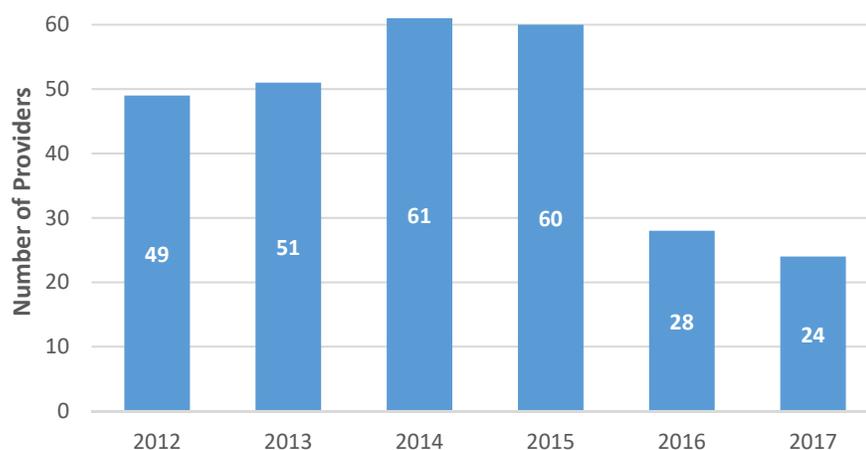
Currently there are no instate private providers on contract with JJS for females with behavioral concerns.

services. JJS also mandates stricter requirements for private providers than it does for its own programs. In addition, JJS needs to determine if some of the service rates being paid to private providers are too low. We are also concerned there has not been a sufficient number of juveniles sent to private providers for them to operate efficiently.

Total Number of Private Providers Has Decreased Significantly

We believe JJS's actions have hampered its partnerships with private providers, further reducing the number of providers offering services. Since 2014, the number of private providers has decreased by 61 percent and the monthly average nightly count of juveniles served by JJS contracted providers has decreased by 60 percent. Figure 4.2 shows the number of private providers declining in 2016 and 2017.

Figure 4.2 The Total Number of JJS Contract Private Providers Has Decreased Since 2014. The number of private providers has decreased 61 percent since 2014.



Source: Auditor Analysis of Juvenile Justice Services Data
 Note – Number of Providers is the number of unique providers under contract with JJS as of December 15th of each year (with the exception of 2017, which were active contracts as of December 11th), not the number of facilities they operate. Some private providers operate more than one facility.

According to JJS management, reasons for this decrease include: a declining number of juveniles in the system, providers opting to serve non-JJS juveniles, and additional requirements by JJS. As discussed in Chapter II, since 2012, pass-through funds to private providers have decreased by 40 percent, amounting to an \$11 million decrease in amounts paid to private providers. During that same time, JJS's internal operating expenses increased by nearly \$13.8 million. Most of this increase is due to the significant increase in personnel expenses. It

Since 2014, the number of private providers has decreased 61 percent.

Pass-through funds used to pay private providers have decreased 40 percent since 2012.

Since 2012, JJS's internal operating expenses increased nearly \$13.8 million, with most of the increase being attributed to personnel costs.

appears that JJS is using savings from the decrease in payments to private providers to increase its operating costs, primarily its personnel costs.

We sent out a survey to 27 private providers and received 21 responses.¹³ Overall, respondents indicated that JJS was more difficult to work with than DCFS or the Department of Human Services (DHS). From the results of this survey, discussions with private providers, and meetings with the Youth Providers Association¹⁴, we have determined that the following three practices are making it difficult for private providers to work with JJS:

- JJS holds private providers to stricter requirements than its own programs.
- Rates paid to private providers are capped before providers can respond to the RFP.
- Private providers are not given enough juveniles to operate.

We believe that JJS needs to address these issues, or more private providers may cease to contract with JJS and JJS costs may increase even more.

JJS Holds Private Providers To Stricter Requirements

The program manual review process is different for private providers than for JJS's own program manuals. Private provider program manuals are reviewed by a single JJS employee using criteria inconsistent with criteria found in the RFP. In addition, private providers were given between 9 and 13 months to complete their manuals under penalty of suspension of their contracts. Conversely, JJS facility program manuals were reviewed by a panel of JJS employees, and two major JJS programs currently operate without program manuals: detention centers and secure facilities.

In 2016, the division required all private providers to create a program manual. According to the RFP that was issued in 2016:

¹³ See Appendix B

¹⁴ The Youth Providers Association is a 501(c)6 formed in 1996 to assist the private provider network in Utah to better serve the youth of Utah.

Private providers have identified significant barriers to working with JJS.

The program manual review process is different for private providers than for JJS's own program manuals.

The Contractor shall implement and utilize a Program Manual specific to the program model to direct and structure interventions and services.

Private providers, according to the JJS's contract, must obtain approval of the program manual from the division prior to the first day of program operation. While we support the program manual requirement for each provider, we believe the review process should be clear and consistent.

Private Providers Expressed Concerns with the Review Process for Program Manuals. While private providers feel the program manuals are important and see value in it, their biggest concern was that the therapy explained in the manuals was often discounted by the person reviewing the program manuals. JJS had only one individual reviewing private provider program manuals. Management's level of oversight of the review process was unclear. The reviewer created different review criteria than that found in the contract. In our survey of private providers, many indicated that the process was difficult. The average score was 24 out of 100, 100 meaning the process was simple and 0 meaning the process was cumbersome. Private providers expressed the following concerns with the review process:

Private providers expressed concerns with the review process for program manuals.

- “Denial of EBP [Evidence Based Program] Models for Treatment...
- Inconsistent Scoring; sections of a manual would be passed during one submission, and then failed in subsequent submission when zero changes were made to that section. There is a complete lack of consistency or benchmarks....
- Loss of Diversity; many programs felt they had to abandon key elements of their approach to treatment...
- Aversion to Therapy/Misunderstood Client Base; the scorer diminished therapy in many forms...”

While JJS initially required the approval of program manuals before the start of the contract, residential treatment providers were given 13 months from the start of the contract to create, and have their program manuals reviewed and approved. Proctor care

providers¹⁵ were given nine months from the start of the contract for the same process. JJS offered training for private providers to communicate its expectations for program manuals. The division gave the private providers a deadline, and if the program manual had not passed the review by the deadline, the provider's program would be put on moratorium. This means that the private provider would not receive any new juveniles until the program manual was approved. No residential treatment programs were put on moratorium, but eight out of nine proctors were put on moratorium.

JJS Internal Programs Had a Different Review Process Than Private Providers. In contrast, the division's own program manuals went through a different review process than that of private providers. JJS had multiple people review its own manuals for approval. The person responsible for reviewing and approving private provider manuals was not a part of the JJS program manual review process. The JJS programs were not threatened with a moratorium and all programs continued to accept new juveniles without an approved program manual. The division still has not approved a program manual for its detention centers or its secure care facilities.

We question whether it is appropriate for JJS to apply different standards and a different review process for private providers than for JJS facilities. The two review processes resulted in very different program manuals. For example, the approved manual for a private provider that provides services similar to Gemstone totaled 182 pages, compared to only 51 pages for Gemstone. The significant difference in the length of the two program manuals suggests that the two programs were asked to meet different requirements.

JJS Required All Private Providers to Complete a Program Manual Before JJS Programs. There are only three JJS programs that have approved program manuals. JJS has reported that detention centers are not required to complete a program manual. However, we believe all JJS facilities should have program manuals if the facility administers any type of treatment program to juveniles. Privately run residential treatment facilities had until June 16, 2017 (13 months) to have their manuals approved and proctor care providers had until July 1, 2017 (nine months). As of September 2017, not all JJS facilities

JJS's own program manuals went through a different review process than that of private providers.

JJS required all private providers to complete a program manual before JJS programs.

¹⁵ Proctors are private providers that provide an array of home settings to help juveniles transition into everyday living.

had approved program manuals. Eight private providers have also not completed their manuals and have consequently been put on moratorium.

JJS mandated that private providers complete program manuals in order to continue to serve JJS juveniles, while JJS's own facilities have yet to complete program manuals. It is concerning that JJS would institute a higher standard for private providers than for its own facilities.

Program manuals for ALTA, Gemstone, and the day treatment programs were approved in August 2017. Prior to approval, all three programs were allowed to operate without program manuals. Gemstone has operated without a program manual since 2012, ALTA for five months, and day treatment since 2015. Secure care facilities and detention centers have not completed division approved program manuals.

A review of other states found that Idaho has a statute pertaining to private providers that requires that “[t]he standards [for private providers] shall be no more stringent than standards imposed for facilities operated by the department.” It seems reasonable that the division should not have stricter rules for private providers than it does for themselves.

JJS Should Revisit How Service Rates Are Set

Currently JJS and DCFS have capped nine different private provider residential service rates. These caps were not established by determining the actual cost of the provider's service, but instead what DCFS's budget constraints would allow. In contrast, DHS's Bureau of Contract Management (bureau) set three additional rates using provider ledgers to determine how much the services cost. Some of JJS's capped rates have not changed significantly since 2011. Private providers are then required to bid below the capped rate when submitting a JJS RFP. Many providers told us the capped rates are too low. JJS should follow the bureau's process to determine whether the cap is set at a fair and competitive rate.

JJS allowed three of their programs to operate without a program manual.

JJS and DCFS have capped nine different private provider residential service rates.

Private Providers May Not Have Enough Juveniles to Operate Efficiently

Total juveniles sent to private providers for residential treatment and proctor care has decreased 49 percent since fiscal year 2012. Yet JJS contracted with 61 private providers in 2014, an increase of almost 20 percent from the previous year. As previously discussed, JJS internal programming competes with private providers. We also believe that when JJS contracts with too many private providers it reduces occupancy across the board to an inefficient level. Because private providers are paid per juvenile, they are more efficient with more juveniles.

As we have shown with JJS's own internal programs, cost per juvenile increases as the number of juveniles served decreases. We cannot quantify the effect that the decrease in juveniles served has had on the occupancy rates of private providers, because we do not have access to all provider data from that time. However, some private providers have said that they are operating at less than full capacity, making it difficult to stay in business.

JJS Lacks Transparency With Private Providers

The division needs to do more to involve private providers in the division's overall goals in order to improve transparency. In addition, the division needs to provide meaningful feedback to private providers using data collected from the private providers. By incorporating these changes, the transparency and working relationship between the division and private providers should improve.

JJS Needs to Include Stakeholders

The division needs to include stakeholders in major policy changes or decisions that may affect them. In defense of JJS, management told us that during the RFP process in 2016, it was advised by legal counsel that they could not involve stakeholders in the RFP process itself. Because of this advice, private providers felt they were prevented from providing any valuable input, or being included in the establishment of policy that would affect them. Our office's report, "Best Practice for Good Management" states the following:

Since 2012, the number of juveniles sent to private providers for residential treatment and proctor care has decreased 49 percent.

JJS needs to do more to involve private providers in the division's overall goals in order to improve transparency.

Identify who your stakeholders are and involve them in the development of your goals and objectives to get their assistance in defining what you need to accomplish.

Agencies should strive to include stakeholders in the development of goals and objectives.

In our survey of private providers, they indicated that there was poor communication between JJS and private providers. This can hamper transparency between the division and stakeholders. In contrast, DHS has involved stakeholders in discussions about combining DCFS and JJS contracts, allowing private providers to serve both divisions' juveniles at the same facility. We are encouraged by this process and believe they should both continue to involve stakeholders. While DHS has taken steps to improve transparency, JJS should continue to work with stakeholders to involve them.

Division Needs to Share Performance Measures with Private Providers

In 2016, JJS started collecting outcome data from private providers. However, at the start of this audit, JJS had yet to share this data with providers. According to JJS, it has collected two quarters worth of data but has not yet decided how it will use and share it with private providers. In September 2017, JJS provided the first quarter of data to private providers. The quarterly reporting process collects data using ten different measures from six different areas, including:

- Education (2 measures)
- Team meetings (1 measure)
- Family engagement (3 measures)
- Safety (2 measures)
- Delinquent behavior (1 measure)
- Placement stability (1 measure; Proctor only)

While interviewing representatives from other states, we learned that Idaho collects performance data from each provider and compares it to similar facilities. JJS has stated that it plans to compare the outcomes of similar providers. We believe that sharing comparable outcomes would benefit private providers. Many private providers we spoke with would like to know how effective their program is and how their outcomes compare with similar providers. This comparison would

In response to our survey, private providers indicated there is poor communication between JJS and private providers.

JJS needs to continue to share information and feedback with private providers.

also help JJS evaluate providers to know which programs are successful.

Recommendations

1. We recommend that the Division of Juvenile Justice Services in the future perform and document a cost-benefit analysis for all new programming it creates.
2. We recommend that the Division of Juvenile Justice Services in the future adhere to the same requirements it enforces for private providers.
3. We recommend that the Division of Juvenile Justice Services in the future require the same review process of its program manuals as that of private providers.
4. We recommend that the Division of Juvenile Justice Services revisit and determine if it needs to change the capped rates for services by some private providers.
5. We recommend that the Division of Juvenile Justice Services improve transparency with private providers by improving communications and data sharing.

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Appendices

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Appendix A

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Appendix A

Change in Expenditures from Fiscal Year 2015 to 2017 for SLVD, FBYC, and Mill Creek Youth Center. In fiscal year 2017, it cost over \$900,000 more for JJS to run these facilities compared to fiscal year 2015.

	FY2015	FY2016	FY2017
SLVDC/Genesis Work Program			
Personnel	\$ 2,434,634	\$ 5,576,932	\$ 6,706,337
In-State Travel	850	3,990	4,869
Current Expense	1,961,922	2,004,175	2,006,285
Data Processing Current Expense	37,203	121,039	107,275
Capital Expense	0	33,287	24,548
Out of State Travel	0	0	704
Pass Through	3,796,708	640,323	177,562
Total	\$ 8,231,317	\$ 8,379,746	\$ 9,027,580
FBYC Secure and Detention			
Personnel	\$ 0	\$ 2,263,657	\$ 2,917,128
In-State Travel	0	2,822	7,052
Current Expense	188,417	641,553	664,180
Data Processing Current Expense	0	58,224	67,027
Capital Expense	0	10,549	0
Out of State Travel	0	0	1,019
Pass Through	2,361,885	380,760	3,921
Total	\$ 2,550,301	\$ 3,357,565	\$ 3,660,328
Mill Creek Youth Center			
Personnel	\$ 5,239,476	\$ 4,334,216	\$ 4,061,408
In-State Travel	6,662	7,302	8,188
Current Expense	719,465	1,030,459	888,807
Data Processing Current Expense	62,775	84,435	80,994
Capital Expense	9,327	0	0
Out of State Travel	0	0	2,977
Pass Through	0	0	0
Total	\$ 6,037,705	\$ 5,456,412	\$ 5,042,374
Total Cost of Facilities	\$ 16,819,323	\$ 17,193,723	\$ 17,730,281
Increase from FY2015		\$ 374,399	\$ 910,958

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Appendix B

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Survey of JJS Private Providers

The Office of the Legislative Auditor General has been asked to perform an audit the Division of Juvenile Justice Services (JJS). This survey intends to gather information from private providers regarding your interaction with JJS. Your help in filling out this brief survey is greatly appreciated, and your responses are confidential.

Survey of JJS Private Providers

Background

1. What type of contract do you maintain with JJS?

- Proctor
- Residential Treatment
- Both

2. How long have you maintained a contract with JJS?

- 1-2 years
- 3-5 years
- 5+ years

3. Rate the ease in working with JJS

0 (Difficult) 100 (Easy)

4. Rate the ease in working with DCFS

0 (Difficult) 100 (Easy)

5. Rate the ease in working with DHS

0 (Difficult) 100 (Easy)

6. Rate the overall process of the operation manual review

0 (Poor) 100 (Excellent)

7. How many times did you submit your manual before it was approved?

- 1 - 5
- 6 - 10
- 10+

8. Do you feel the requirements and criteria for evaluation of the operations manual were clear and understandable?

- Yes
- No

9. Did JJS provide opportunities for input on the operation manual review process or the content required?

- Yes
 - No
-

10. Were you able to receive training on the operation manual from JJS

- Yes
- No

Survey of JJS Private Providers

11. Was the training provided helpful in getting your manual approved?

- Yes
- No

Survey of JJS Private Providers

Level of Communication

12. Rate the level of communication between you and JJS

0 (Poor) 100 (Excellent)

13. Rate the level of communication between you and DCFS

0 (Poor) 100 (Excellent)

14. Rate the level of communication between you and DHS

0 (Poor) 100 (Excellent)

Survey of JJS Private Providers

15. At what capacity are your JJS facilities?

0% 100 %

Survey of JJS Private Providers

16. In your opinion, should JJS develop and continually update a strategic plan to show future direction and goals and make it available to the public?

- Yes
 - No
-

Survey of JJS Private Providers

17. How often do JJS case managers visit juveniles while in your custody?

- Once a week
- Every few weeks
- Once a months
- Every couple months

18. Is the process JJS uses to place juveniles with private providers clear?

- Yes
- No

Please list concerns with the process (if any)

19. Please explain any additional concerns or improvements that can be made to JJS:

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Agency Response

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

DEPARTMENT OF HUMAN SERVICES

ANN SILVERBERG WILLIAMSON
Executive Director

DIVISION OF JUVENILE JUSTICE SERVICES

SUSAN V. BURKE
Director

DEBBIE WHITLOCK
Deputy Director

January 16, 2018

Mr. John M. Schaff, CIA
Auditor General
State of Utah – Office of the Legislative Auditor General
W315 Utah State Capitol Complex
SLC, UT 84114-5315

Re: Report No. 2018-01

Dear Mr. Schaff,

As an agency in the midst of transformational change, we are grateful for the opportunity provided to us through your review of the Division of Juvenile Justice Services. Recent initiatives, combined with the recommendations in this audit, will guide actions that support the Division's mission to change young lives, support families and keep communities safe.

Please find our response to Legislative Audit No. 2018-01 herein.

CHAPTER 2

Recommendation: We recommend the Legislature consider whether steps should be taken to control the increasing cost per juvenile at the Division of Juvenile Justice Services.

We agree the Division must be a responsible steward of taxpayer dollars. We are conscientious of our duty to ensure funds are spent to achieve the best possible outcome for every child in our care or custody. In the last two years, we have taken active measures to reduce the number of youth in costly out-of-home placements by applying evidence-based principles and practices to our work. Savings realized have been invested to in-home services for youths and families, to enhance facility infrastructure to reflect a more appropriate youth development environment, to install additional safety and security measures at our facilities, to expand staff professional development, to increase staff compensation based on skill attainment and market studies, and to support mission critical operations.

We look forward to ongoing dialogue with the Legislature about how we continuously increase efficiency and effectiveness.

CHAPTER 3

Recommendation 1: We recommend that the Division of Juvenile Justice Services track and report cost per juvenile.

There are multiple ways of calculating system costs, and we agree that costs per youth is an important method of analysis. We plan to incorporate this analysis into future reports.

Recommendation 2: We recommend that the Division of Juvenile Justice Services track and report recidivism for at least two years.

We agree that two-year recidivism measures provide another view when analyzing system effectiveness, and will include this measure in future reports.

Recommendation 3: We recommend that the Division of Juvenile Justice Services ensure it is transparent and report consistent information to the Legislature.

The Division promotes transparency to ensure credibility and trust. We welcome inquiries about our work and strive to provide the most accurate information available.

Recommendation 4: We recommend that the Division of Juvenile Justice Services document and share with decision makers a comprehensive cost-benefit analysis for all capital development projects.

We agree that a cost-benefit analysis is helpful for decision makers as they consider which projects to fund, and we will continue to work with the Utah State Building Board on all capital development projects.

Recommendations 5: We recommend that the Division of Juvenile Justice Services create and maintain a strategic plan that is updated on a yearly basis and is available to the public.

Based on this recommendation, the Division has already taken steps to begin the process of transforming our strategic goals and direction into a more formalized plan.

CHAPTER IV

Recommendation 1: We recommend that the Division of Juvenile Justice Services in the future perform and document a cost benefit analysis of all new programming it creates.

We agree that a cost-benefit analysis is useful and going forward will incorporate such an analysis when making complex decisions about programs and resource allocations.

Recommendation 2: We recommend that the Division of Juvenile Justice Services in the future adhere to the same requirements it enforce for private providers.

Moving forward the Division will carefully assess contractual requirements imposed on private providers to address areas where standards may deviate.

Recommendation 3: We recommend that the Division of Juvenile Justice Services in the future require the same review process of its program manuals as that of private providers.

The Division currently utilizes the same criteria for reviewing all program manuals. The information learned through this audit will help us strengthen this review process going forward.

Recommendation 4: We recommend that the Division of Juvenile Justice Services revisit and determine if it needs to change the capped rates for services by some private providers.

We agree that rates need to be revisited and are actively working with the Department of Human Services on performance based contracting to include incentive structures for providers who achieve positive service outcomes.

Recommendation 5: We recommend that the Division of Juvenile Justice Services improve transparency with private providers by improving communication and data sharing.

The Division agrees with this recommendation and has already taken steps to share outcome data with providers. The Division is actively involved with the Department of Human Services' Integrated Service Delivery model which has brought private providers to the table to discuss policy, practices and contracts. We recognize that partnership is critical to success and look forward to continued collaboration with private providers.

We believe the recommendations and our responses contained here represent a commitment to ensure that Utah's youths receive the best care and services to ensure their ability to lead fulfilling lives.

Sincerely,


Ann Silverberg Williamson
DHS Executive Director


Susan Burke
Division Director