



Budget Analysis: Next Steps for Effective and Efficient Juvenile Justice

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Key Findings

- A significant cost driver is Texas' daily cost per youth (\$366) for a bed in a state facility, which exceeds several other states' costs for juvenile justice spending.
- A 67 percent reduction in the state-level juvenile offender population has not been fully reflected in spending.
- TJJD must prioritize state expenditures in strategies directly related to rehabilitation and public safety, while further streamlining administrative and indirect expenditures.

Executive Summary

The juvenile justice system in Texas has undergone substantial reform and revision in the last few years. Multiple legislative sessions since 2007 have focused on downsizing state facilities, emphasizing probation and placements close to home for juveniles, and merging two state agencies into one.

As a result, the average daily juvenile population in state institutions dropped 67 percent between 2004 and 2011.¹ This drop has permitted the agency to reinvest funds, which were previously dedicated to secure placements, in proven methods of rehabilitation and focus its resources on the most high-risk and high-need youth.

However, the question remains: has the 67 percent drop in the average number of youth placed in state facilities produced commensurate budgetary savings?

The analysis of Texas Juvenile Justice Department (TJJD) 2004 and 2011 budgets, then known as the Texas Youth Commission (TYC), undertaken in this brief will shed light on this question. The 2004 budget represents the pre-reform era, and the 2011 budget reflects the results of the implementation of many reforms, though not the merger of TYC and the Texas Juvenile Probation Commission (TJPC). In this analysis, all 2004 budget figures have been adjusted for inflation to 2011 figures.

Between 2004 and 2011, the agency's budget did decrease. However, the budget did not drop as dramatically as expected, and the cost-per-day, per youth, continued to rise, prompting this line-item-by-line-item analysis of the budget to determine where cost drivers remained.

This analysis revealed that budget cuts may have been misplaced, and budget priorities may have been left by the wayside. Therefore, there must be changes to prioritize expenditures in the strategies most related to public safety and rehabilitation of juveniles, while further streamlining the least essential strategies. Furthermore, TJJD and the Legislature should seek ways to reduce Texas' relatively high average daily cost.

The dramatically smaller but more difficult population dealt with at the state level, along with the agency's responsibility to be prudent with taxpayer dollars, puts an even greater emphasis on the need for careful and particular budget decisions.

Specifically, we recommend:

- Expenditures on strategies that directly affect safety within facilities, such as mental health care, education, and correctional treatment, must be prioritized above administrative and overhead expenditures.
- Proven efficiencies, such as contract care, should be utilized to further budget streamlining.
- The staffing ratio must be specifically tied to the performance outcome measure of safer facilities.
- Central office costs must be reduced.

This session, lawmakers will be called upon to evaluate, debate, and ultimately approve a budget for the next biennium for TJJD. Before entrusting more taxpayer dollars to the agency, lawmakers should consider this information.

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An Overview of the 2011 State Juvenile Justice Budget

Between 2004 and 2011, the average daily population in state facilities (which includes halfway house and contracted placements) dropped 67 percent.² During that same time frame, the budget for the juvenile justice agency for institutional, contract, and halfway house placements dropped only 34 percent.

This reduction in the juvenile justice budget is calculated by comparing a sum of each strategy for institutional placements, contract care, and halfway houses. TYC, the former agency that handled state-level youth placements, used Texas' standard strategy-based budget system. Comparing individual strategies between the 2004 fiscal year and the 2011 fiscal year budget will provide better information than comparing the overall budget totals because certain items such as the new Interstate Compact and the Office of the Ombudsman that exist today did not exist in 2004.

A 67 percent drop in the average daily population will not produce a 67 percent drop in the budget, but it should produce a significant budget reduction—perhaps even more significant than 34 percent.

Out of the 12 strategies relating to state-operated juvenile facilities programs or administration, only one decreased by an amount commensurate to the 67 percent drop in the state population. That strategy is contracted capacity, which is the amount the state expends on private placements for juveniles. It decreased by 85 percent between 2004 and 2011.

Eight of the other strategies decreased, but at a rate less than 67 percent, even when adjusted for inflation. The two most expensive of the strategies, institutional services and education and workforce programs, only decreased by 27 percent and 33 percent, respectively.

Three strategy line items actually increased even as the agency's population was cut by two-thirds. Halfway house services, information resources, and the central office all increased their expenditures between 2004 and 2011, with the central office growing the most, increasing by 41 percent.

An Evaluation

The eight strategies which decreased less than 67 percent represent the bulk of state expenditures on state juvenile facilities. Institutional services, the largest strategy for the state, consist mostly of labor costs and supplies related to

Table 1: Changes in TYC Budget, by Strategy, 2004-2011

Strategy	2004 (Adjusted for Inflation)	2011	Percent Change
Assessment and Orientation	\$5,612,794	\$3,247,782	(42%)
Institutional Services	\$142,602,320	\$104,627,708	(27%)
Contracted Capacity	\$30,385,589	\$4,545,316	(85%)
Halfway House Services	\$8,919,465	\$10,747,884	20%
Healthcare Services	\$14,164,655	\$12,571,545	(11%)
Psychiatric Services	\$1,759,559	\$1,107,264	(37%)
Capital Costs	\$10,298,297	\$8,041,387	(22%)
Education & Workforce Programs	\$34,854,258	\$23,443,704	(33%)
Correctional Treatment	\$18,995,763	\$10,389,402	(45%)
Specialized Correctional Treatment	\$6,796,166	\$6,038,057	(11%)
Parole Services	\$11,773,884	\$9,664,535	(18%)
Central Administration	\$7,155,915	\$10,107,862	41%
Information Resources	\$4,436,469	\$5,213,750	18%

Sources: Texas Youth Commission Fiscal Year 2004 Operating Budget, Texas Juvenile Justice Department Legislative Appropriations Request for Fiscal Years 2014 and 2015

Table 2: Changes in Staffing Metrics, 2004-2011

Staffing Metric	2004	2011	Percent Change
Youth Per JCO Per Shift	9.64	7.37	(-24%)
Number of JCO	2,388	1,887.75	(-21%)
Salaries and Wages	\$107,642,569	\$78,871,409	(-27%)

Sources: Texas Youth Commission Fiscal Year 2004 Operating Budget, Texas Juvenile Justice Department Legislative Appropriations Request for Fiscal Years 2014 and 2015, Texas State Auditor's Office

the placement. This strategy decreased only 27 percent because labor costs themselves only decreased 27 percent, as the number of juvenile correctional officers employed by the agency decreased 21 percent between 2004 and 2011.

This 21 percent reduction in juvenile correctional officers needs to be considered in light of the 67 percent reduction in the average daily population. To be sure, staffing ratios play an important role in facility quality and security. The agency must determine the staffing ratio necessary to ensure safe facilities and adequate job satisfaction for juvenile correctional officers, but also an efficient agency budget.

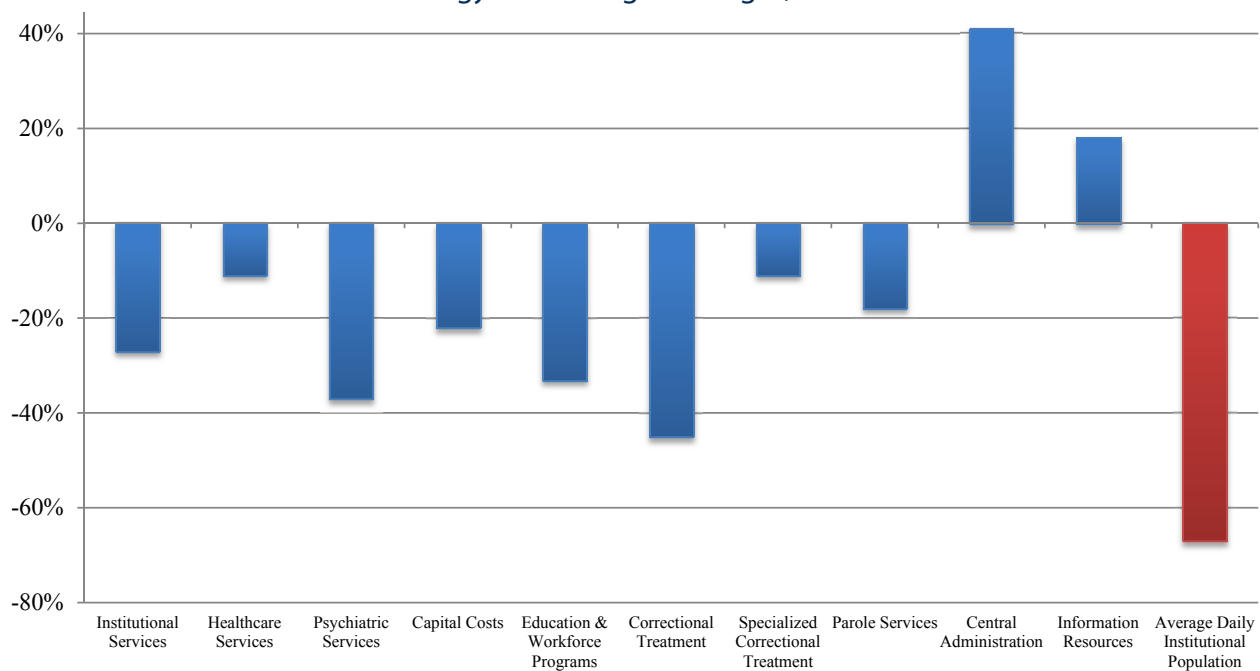
Other strategies in this category of “reductions less than 67 percent” relate to in-facility treatment and education. These are extremely important expenditures for the state; indeed,

they may determine outcomes and recidivism for the youth placed in state facilities.

The agency has correctly pointed out that, as lower-risk youth have increasingly been placed in county facilities, the population in state facilities has grown increasingly high-risk and high-need, proportionally.³

Therefore, we would expect to see that costs directly related to higher-risk and higher-need youth, such as mental health care, education, specialized treatment, and intensive rehabilitation, while still capable of reduction, would not be reduced as much as some of the other line items given the dramatic changes in the state facility population. Given the high-risk population, we would expect to see these vital services prioritized.

TYC Strategy Level Budget Changes, 2004-2011



Sources: Texas Youth Commission Fiscal Year 2004 Operating Budget, Texas Juvenile Justice Department Legislative Appropriations Request for Fiscal Years 2014 and 2015

Surprisingly, however, psychiatric services were cut 37 percent, education and workforce programs were cut 33 percent, and correctional treatment was reduced 45 percent. These are more substantial cuts than the 27 percent cut in wages and the 22 percent cut in capital costs. Given the degree to which high-risk youth demand specialized treatment, it is surprising that the agency was able to find a 45 percent reduction in its correctional treatment budget, but far smaller reductions elsewhere.

Questions for the Agency

- How was the agency able to find more savings in correctional treatment (which should be the first priority) than in capital costs (which should be significantly lower, given that the agency transitioned from 13 to 6 facilities over this time frame)?
- Are agency facility staffing ratios at an optimal level? Staff turnover has been a perpetual problem in the facilities—have the costs of turnover been evaluated?

Additionally, the three strategies which actually increased over the past seven years are central administration, information resources, and halfway house services. Because the drop in population was so significant—67 percent—we would expect that expenditures would have been cut across the board. Instead, three strategies increased and one (the central office) significantly so (41 percent).

To be clear, this increase in the central office is not due to the merger of the two agencies. The 2011 budget for the agency is a snapshot prior to any merger activities.

Questions for the Agency

- Although since 2011 the central office has been pared down, why did the central office and information resources strategies expand so greatly (41 percent increase and 18 percent increase, respectively) in the prior seven years? Is the increase due to higher salaries, more employees, or an inefficient central administration? Has the 41 percent increase been effectively reversed?
- Would an audit by the Texas State Auditor aid in seeking out efficiencies and leftover, unnecessary, overhead costs within the central office?
- How is it that the halfway house population has de-

creased 75 percent between 2004 and 2011, but the budget for halfway houses actually *increased* 20 percent?

Finally, the one strategy within TJJD that was reduced by more than 67 percent between 2004 and 2011, contracted capacity, presents an interesting dichotomy with the rest of the agency. In fact, the average daily populations in contracted facilities decreased 59 percent, a smaller decrease than in state facilities overall. Even though contracted capacity lost fewer youth than state facilities, those placements were still able to decrease expenditures at a much greater margin than the state did—a full 85 percent budget reduction. With more youth, proportionally, contract placements obtained far better cost efficiencies.

Questions for the Agency

- How is it that private providers, contracting with the state, were able to cut their budgets significantly more than population changes, while the state was unable to do so?
- Given that contracted facilities found more efficient ways of handling youth in the last seven years, has the state considered prioritizing their methods or their use? Furthermore, how do recidivism and safety metrics in contract care facilities compare to state facilities?

Average Daily Cost

A significant cost driver that has played a role in preventing even deeper budget cuts to TJJD is the average daily cost for each youth in a facility.

The total budget for juvenile justice in Texas is used to calculate the average daily cost for each juvenile in a state facility. This information permits the state of Texas to consider the marginal cost of placement in such a facility and compare its own status with that of other states. Therefore, the degree of cuts—or lack thereof—following the population reduction significantly affects the average daily cost.

Texas' current daily cost per youth in a state facility is \$366.88 in the 2012 fiscal year.⁴ This contrasts with the 2004 cost per day in state facilities of \$182.55 (adjusted for inflation)⁵—a 201 percent increase over eight years.

When evaluated with other states, Texas stands out at the high end for juvenile justice facility costs. In fact, in a 2008

survey, the American Correctional Association compiled data for 28 states, and out of those 28, Texas' cost was exceeded by only six states.⁶

Prior to the 2012 fiscal year, there were concerns that the cost per day was inflated due to empty facilities that had not yet been closed. That inflation is reflected in the average daily cost spike in the 2011 fiscal year, up to \$403.80.⁷ However, the 2012 fiscal year should reflect the current total of six open facilities. The high daily cost should no longer be attributed to uncompleted facility closures.

Questions for the Agency

- Do average costs per day vary by facility? If so, would that information be helpful for the Legislature in determining future population shifts or budget strategies?
- Why is Texas' cost higher than other states? There should be quantifiable reasons why we have not yet attained the same cost savings other states have.
- Current projections show state funded residential capacity to reach 409 empty beds, or 24.1 percent, in 2013, and rise to 463 empty beds, or 27.3 percent in 2018.⁸ Does this large capacity gap suggest additional facility closure can further streamline the agency?

Evaluating TJJD's 2014-15 Budget

This evaluation of the juvenile justice agency budgetary changes between 2004 and 2011 raises questions relevant to TJJD's 2014-15 budget to help determine how best to fund the state's priorities in the juvenile justice system.

For example, in TJJD's Legislative Appropriations Request for the 2014-2015 biennium, the agency requested 1.3 percent less in the 2014 fiscal year for state services and facilities.⁹ The agency also requested a 0.2 percent increase in its central office and information resources funding between the 2013 and 2014 fiscal year.¹⁰

The agency also requested \$69 million in exceptional items to add to its budget.¹¹ Including exceptional items, the one-year increase between fiscal years 2013 and 2014 is 12 percent. A 12 percent increase—or even a 1.3 percent decrease—must be evaluated in light of the limited budget reductions that followed substantial population decreases.

Furthermore, while some of the exceptional items may be valid requests, they still warrant close attention. Two exceptional items in particular are ripe for close attention:

- Community mental health services, funded at \$15.2 million over the biennium. Given that some counties report sending mentally ill youths to the state solely to obtain services, does the agency have a plan to prioritize those counties who previously had no access to mental health services for juveniles and set in place standards for a future reduction in youths committed solely for mental health services from those counties? Or is this \$15 million in addition to the mental health services already provided at every level of state and local government?
- TJJD requested an increase in prevention and intervention funding, from the current \$3 million to \$6 million each year, \$12 million over the biennium. Given that two other agencies spend somewhere between \$50 and \$70 million on their own prevention and intervention services, has there been any effort to coordinate efforts or data collection to ensure that overhead expenses are streamlined and state resources are not overlapping unnecessarily? Furthermore, the first six months of prevention and intervention funding in TJJD resulted in 1,960 youth being placed into prevention programming at a state cost of \$1.5 million, a per-youth cost of \$765. There are not yet specific plans to evaluate the outcomes of this expenditure longitudinally (which is essential, as prevention funding is only worthwhile if it actually prevents later justice system involvement). Moreover, there is no comparison of per-youth cost to other agencies or prevention efforts. Expansion of prevention and intervention with TJJD may be warranted but also must be justified.

Conclusion

TJJD serves an essential role for the state in protecting our communities and working to rehabilitate youths away from a life of crime. As essential as it is, however, its budget must also respond to significant agency changes, such as the two-thirds reduction in youth populations. The questions raised in this budget brief may have altogether valid answers, warranting that TJJD stay the budget course it charts today. It may also expose significant taxpayer savings that the Legislature can and should demand, if necessary. ★

Endnotes

¹ Texas Youth Commission, "Fiscal Year 2004 Operating Budget" (on file with author); Texas Juvenile Justice Department, "Legislative Appropriations Request for Fiscal Years 2014 and 2015."

² Ibid.

³ Texas Juvenile Justice Department, "Strategic Plan: 2013-2017" (July 2012) ii.

⁴ Legislative Budget Board, "Criminal Justice Uniform Cost Report Fiscal Years 2010-2012" (Jan. 2011) 20.

⁵ Legislative Budget Board, "Criminal Justice Uniform Cost Report Fiscal Years 2003-2004" (Jan. 2005) 16.

⁶ Georgia Department of Audits and Accounts Performance Audit Operations, "Department of Juvenile Justice: Comparison with Other States' Juvenile Offender Population and Average Costs" (Oct. 2009) 20, citing American Correctional Association, "2008 Directory: Adult and Juvenile Correctional Departments, Institutions, Agencies, and Probation and Parole Authorities" (2008).

⁷ Legislative Budget Board, "Criminal Justice Uniform Cost Report Fiscal Years 2010-2012" (Jan. 2011) 20.

⁸ Legislative Budget Board, "Adult and Juvenile Correctional Population Projections: Fiscal Years 2013 to 2013" (Jan. 2013) 16.

⁹ Texas Juvenile Justice Department, "Legislative Appropriations Request for Fiscal Years 2014 and 2015."

¹⁰ Ibid.

¹¹ Bill Monroe, "Revised FY 2014-2015 Legislative Appropriations Request," Memorandum to Mike Griffiths (16 Nov. 2012) (on file with author).

About the Author



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Prior to joining TPPF, she served as a legislative aide in the Wisconsin Legislature, where she dealt with various policy issues, media affairs, and constituent outreach.

Moll earned a B.A. in Political Science from the University of Wisconsin-Madison. She then earned a J.D. from the University of Texas School of Law, where she served on the board of the Texas Review of Litigation and interned with a federal bankruptcy judge, a Texas appellate court judge, and a central Texas law office. She is a member of the State Bar of Texas.

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