

**Policy Idea Statement: Reduce or Eliminate State Operated DJJ Residential Facilities**

Privatized programs serving delinquent youth have been in operation since the Department of Juvenile Justice was first launched in 1994, with some organizations delivering services previously under the HRS umbrella. Private providers and their programs, serving youth throughout the juvenile justice continuum of care, have been a constant strength, delivering innovative, efficient, and effective services and at a much cheaper cost than the state. In fact, during a 2007 review of Florida's juvenile justice system, the Department of Juvenile Justice acknowledged, "We should be using the private system because they do it better."

**3 Key Points**

1. With the agency reductions imminent, and private programs considered to be high performing, it is time to look at "real costs" and "return on investment" rather whether the program is "state run" or privately run."
2. This is an opportune time to determine the actual return on taxpayer investment. A recent Taxwatch study in 2007 documented that state operated residential programs are more costly than privately operated programs, with higher state employee benefits, subcontracts, and indirect and direct overhead.
3. A recent DJJ report shows commitment rates declined 14% last year, and have dropped 28% since 2005. This trend is likely the result of successful civil citation and front-end programs. Therefore, we believe these reductions could occur with no negative impact to public safety.

**Fiscal Impact:**

Closing state programs would net the state almost twice the savings than closing privately operated programs. There are 600 state operated beds currently on line, so immediate cost savings would be a maximum annualized savings of **\$50-\$60 million**. DJJ recently identified 670 privately operated residential beds they would reduce in their Schedule 8-B 15% reductions.

<b>Contracted residential programs</b>	<b>vs.</b>	<b>State operated residential programs</b>
Eliminating 670 privately operated beds would <i>save approximately \$30 million.</i>		Eliminating 600 state operated beds would <i>save approximately \$60 million.</i>

**Operational Impact**

Closing state programs allows the agency to redirect resources within the agency and meet budget reductions.

The majority of private programs are specialized (MH, SA, SO, GR) and are equipped to accommodate and serve the needs of all youth currently in state operated programs	Any and all affected state employees impacted by downsizing would most likely find jobs within the private sector.
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**Legislative**

- Requirements: Change in statute required.
- Opposition: The DJJ and state employee unions would likely not support this recommendation and statute change.

**PROS:**

- Immediate cost savings would be a maximum annualized savings of **\$50-\$60 million**. Our estimates are conservative estimates. This calculation does not include benefits, WC, etc. First year savings, to include personnel reductions, could capture a potential additional \$10 million.
- Reductions would line up with the new administration's plan to shrink down government to align with current revenue projections.
- Reducing DJJ state operations would make DJJ a smaller more efficient agency, focused solely on oversight.
- Cost savings could be redistributed within DJJ to prevention, intervention, civil citation, diversion, smaller community based residential, re-entry and transition services.

**CONS:** none

## Cost Savings Analysis

State Program	Moderate	High	Maximum	Total	Per Diem	
Britt Halfway House	28			28	\$150	\$1,533,000
Desoto Dual Diagnosis Correctional Facility	23	93	8	124	\$300	\$13,578,000
Desoto Correctional Facility Mental Health	100	30		130	\$300	\$14,235,000
Duval Halfway House	28			28	\$150	\$1,533,000
Falkenburg Academy	100			100	\$150	\$5,475,000
Jackson Juvenile Offender Correctional Center			32	32	\$200	\$2,336,000
Les Peters Halfway House	28			28	\$150	\$1,533,000
North Florida Youth Development Center		119		119	\$200	\$8,687,000
Pensacola Boys Base	28			28	\$200	\$2,044,000
<b>Total</b>	<b>335</b>	<b>242</b>	<b>40</b>	<b>617</b>		<b>\$50,954,000</b>

## Latest Research on Costs of State vs. Privately Operated Programs

**2007 TaxWatch Report:** *Complete and Accurate Costing of Residential and Detention Juvenile Justice Programs Is Needed to Properly Evaluate State- and Privately Operated Facilities*

### Summary of Research:

<b>Flawed Accounting</b>	DJJ does not apply the same accounting methodology to state programs as they do to privately operated programs.
<b>Inaccurate Cost Reporting</b>	DJJ does not allocate indirect costs to state run programs as they do with private programs.
<b>Apples to Oranges Comparison</b>	DJJ is not using identical cost analysis making it impossible to compare state vs. private programming costs.
<b>PAM Score Validity</b>	Methodology used for Program Accountability Measures (PAM) may be invalid since the indirect costs of state run programs are not considered.
<b>Costs</b>	TaxWatch study demonstrates that DJJ's state operated programming may cost the Florida taxpayer much more than what it costs to provide identical services in the private sector.
<b>Outcomes</b>	Results of Florida DJJ's own research shows that the outcomes from private providers <u>are equal to, if not better than</u> , the results of the more expensive state programming. See recent QA scores.
<b>Utilization</b>	Despite this, and as stewards of the taxpayers' dollars, the agency has continued to fill more expensive state operated beds and reduce less expensive private beds.