

March 2016

Funding Added to Increase Security at Close to Home Juvenile Placement Facilities

The preliminary budget added funding to the Administration for Children's Services' (ACS) budget for monitoring of the Close to Home (CTH) juvenile justice initiative, with most of the new resources used to hire 35 new staffers as the program added facilities for youth who pose a somewhat greater risk to public safety. Under the CTH initiative, which launched in 2013 (all years refer to fiscal years), most New York City youth who are adjudicated as juvenile delinquents and found to require confinement under ACS's custody are placed in group residential facilities in or right outside the city. Prior to the launch of CTH, juvenile delinquents needing placement were housed upstate under the custody of the state Office of Children and Family Services (OCFS).

Under CTH, new nonsecure facilities for juveniles deemed to pose the lowest risk to public safety opened in and around the city beginning in September 2012. These facilities accepted both youth newly adjudicated as juvenile delinquents and youth who had previously been assigned to nonsecure facilities upstate who were now transferred to facilities closer to home; these transfers were completed in spring 2013.

Close to Home also includes youth who had been found to pose a somewhat higher risk and therefore require more secure residences known as "limited-secure facilities." New limited-secure facilities were originally scheduled to open in the city a few months after the nonsecure facilities, but they did not actually begin accepting juveniles until December 2015. Juvenile offenders, who have committed more serious offenses than juvenile delinquents, and juvenile delinquents who pose the greatest risk to public safety are still placed in secure settings in state custody and are not part of the Close to Home population.

The added funding in the preliminary budget for CTH—\$4.0 million in 2017 and \$3.6 million in later years—primarily

provides for 35 new staff members, who will conduct or support more frequent site visits to the placement facilities. The main goal of these site visits is to monitor operation of the facilities, emphasizing actions to prevent juveniles from leaving the facilities without permission.¹

Although the number of youth in nonsecure placement has been declining ever since CTH began, reported costs for this type of placement have risen from \$44 million in 2013 to nearly \$51 million in 2015. The combination of rising costs for nonsecure placements and the recent introduction of limited-secure placements have driven increases in total ACS spending on juvenile residential placements. However, it is unclear exactly how much actual costs have risen. The amounts that ACS has currently budgeted for payments to OCFS for New York City youth still in state custody since 2012 are only estimates that do not reflect the shift of many youth to facilities in the city, and therefore will likely change when the city receives final bills from OCFS.

Placements and Aftercare. Close to Home sites are run by nonprofit organizations that contract with ACS to provide placements, which include oversight of the youth as well as services such as coordination of education and medical treatment, arts and cultural activities, and social work and case management.² Once they exit placement, youth enter aftercare programs, also run by nonprofit contractors. Aftercare provides the youths and their families intensive supports designed to foster a successful transition back into the community.

Admissions of juvenile delinquents to placement facilities had been decreasing for several years before the CTH initiative began, due both to declines in juvenile arrests and to increases in the use of alternative-to-placement programs by the city, trends that have continued in the

Administration for Children's Services Spending on Juvenile Residential Placements

Dollars in thousands

	Contracted Organizations			Personal Services	Other	Close to Home Subtotal	Payments to Office of Children and Family Services**	Aftercare [†]	Total Spending on Placements
	Nonsecure Placement*	Limited-Secure Placement*	Total						
2012	-	-	-	-	-	-	\$69,989 [‡]	\$257	\$70,246
2013	\$44,007	-	\$44,007	\$2,276	\$17	\$46,301	61,537	257	\$108,096
2014	48,042	\$3,615	51,656	4,955	4	56,615	64,246	-	\$120,861
2015	50,485	29,351	79,836	5,059	3,804	88,700	51,062	-	\$139,762
2016	49,418	23,936	73,355	7,300	6,784	87,438	37,458	-	\$124,896
2017	49,419	27,340	76,759	8,890	4,962	90,611	40,768	-	\$131,379

SOURCES: Mayor's Office of Management and Budget; Financial Management System; Administration for Children's Services

NOTES: *Includes aftercare. **Estimated accruals pending receipt of final bills from the Office of Children and Family Services. [†]Close to Home aftercare services began in 2014. These figures are for aftercare provided to youth returning from placement with the Office of Children and Family Services. [‡]Excludes a \$29 million retroactive charge from the state for 2002-2007 placements.

Actual spending through 2015 and projected spending in 2016 and 2017. This table includes only the direct costs of placements and excludes spending on overhead administrative costs that may also support other ACS program areas. The "other" category includes intra-city payments, supplies, equipment, payments to special education facilities (\$1 million in 2015 only), and other miscellaneous spending.

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years since. During the first year of the program, from September 2012 through June 2013, a total of 456 juveniles were admitted into CTH nonsecure placement, including 147 youth who were transferred from state custody. Placements decreased to 348 in 2014 and 258 in 2015. So far in the current fiscal year, intakes are on track to be even lower: by December 2015, only 103 juveniles had been admitted, compared with 137 by December 2014 during the prior fiscal year.

As a result of the decline in intakes, the average daily population in placement for each year has also been decreasing. In 2014, the first full year of nonsecure placement, the average daily population was 195. In 2015, it was 176, and thus far in 2016, the daily average population has been 150.

In contrast, the average daily population in nonsecure aftercare rose from 93 in 2014 to 122 in 2015 and 130 thus far in 2016. The average daily population may be on track to decrease soon, however, as there were only 67 releases to aftercare in the first four months of this fiscal year, compared with 87 releases in the first four months of 2015. This decline in releases to aftercare is to be expected considering the decline in youth in placement.

Since limited-secure placement under CTH just began in December 2015, it is too soon to look at placement and aftercare trends for this group of youth. The population of youth in limited-secure placements is considerably smaller than the nonsecure population; as of September 2015, there were only 37 New York City youth in limited-secure state custody.

Spending Expected to Double. The bulk of CTH spending is on services provided by the contracted placement facilities and aftercare organizations and on construction, maintenance, and repair of facilities. For placement services, ACS pays each contracted organization a set allocation per year based on its capacity, rather than paying based on actual use. Therefore, spending on placement services does not decrease as the number of youth in placement declines.

Spending on nonsecure placement and aftercare increased from \$44 million in 2013 to \$48 million in 2014. An increase was to be expected, since nonsecure placement did not begin until part way through fiscal year 2013. Additionally, Close to Home nonsecure aftercare did not begin until 2014. Spending then increased to roughly \$51 million in 2015, possibly reflecting the increase in the aftercare population. Spending on nonsecure placement and aftercare is currently projected to decrease by a little over \$1 million to \$49 million in 2016 and remain at that level in 2017.

Even though limited-secure placement facilities did not open until December 2015, ACS still spent \$3.6 million on this type of placement in 2014 and \$29 million in 2015, due to startup and construction costs.³ Since limited-secure placement requires more restrictive settings, these facilities needed more work before opening than nonsecure facilities did. With the facilities completed, 2016 spending is projected to drop to \$24 million. Spending is then projected to increase to \$27 million in 2017 because this will be the first full year of limited-secure placement and aftercare services.

When ACS administrative and other miscellaneous costs are included, overall spending on Close to Home is projected to nearly double between 2013 and 2017, from \$46 million to \$91 million. However, the increase in spending on Close to Home could be offset somewhat by decreasing payments to the state as the number of city youth in OCFS facilities decreases.

The state determines the per diem rate for each locality by dividing the cost of operating all juvenile placement facilities throughout New York by the number of care days used by that locality. The locality pays 50 percent of this rate. Because the rate is based on total system costs, the city's payments to OCFS remained flat or increased even as placements fell for several years before the start of the Close to Home program. This happened because placements from other localities were also declining. Payments to the state would decrease only if New York City reduced its proportional representation of juveniles in placement or if OCFS reduced its system costs. Many observers expected Close to Home to accomplish both goals, since New York City would be the only locality removing its nonsecure and limited-secure populations from state custody, and the initiative would also allow the state to close several facilities that had been housing New York City youth, thus reducing OCFS's costs.

Unfortunately, it is not yet clear how much the city's payments to OCFS will decrease as a result of the CTH initiative. The most recent calendar year for which the state has set a final per diem rate for the city is 2011. From 2012 onward the city budget has included accruals based on estimates of what OCFS will ultimately charge for using their facilities. Since OCFS's rate is based on statewide factors that are not in the city's control, the city has chosen to make conservative estimates. Based on these estimates, city payments to OCFS will decrease from \$70 million in 2012, the year before Close to Home, to \$41 million in 2017, a decline of about \$29 million. If these estimates turn out to be accurate, the reduction in payments would offset only about a third of the cost of Close to Home in 2017.

Funding Sources and Future Changes. While it is likely that the Close to Home initiative has increased city spending for juvenile placements, some of the new costs

have been offset by state and federal funding. In 2013 and 2014, the state provided \$11 million and \$12 million, respectively, in CTH block grants, and since 2015 about \$30 million per year. The federal government's share of CTH funding has risen from \$4.6 million in 2013 to just under \$8 million in 2017.

Governor Cuomo's Executive Budget for 2016-2017 included a proposal to raise the age of juvenile jurisdiction for all but the most serious offenses from 16 to 18 by 2019. If the legislation passes, many 16- and 17-year olds who were previously tried in adult criminal court would enter the juvenile justice system. It is unclear to what extent this proposal would affect ACS's placement costs and whether the funding provided in the state's executive budget for costs associated with the proposal would be sufficient. It is also unclear what its chances of passage are, since the Governor included the same proposal in last year's budget but the legislation did not pass.

In addition, the state legislation authorizing Close to Home expires in 2018, giving the state, which oversees ACS's administration of the initiative, a potential opportunity to revisit the program's funding and structure.

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Endnotes

¹The first year of Close to Home saw especially high numbers of youth leaving without permission ("going AWOL"), but this rate has since declined, which ACS attributes to closer monitoring of facilities with high AWOL rates. In addition, three organizations have lost their contracts since the initiative began; two because youth under their care allegedly committed serious crimes while AWOL and the third because of chronically high rates of AWOL and staff turnover.

²Youth in nonsecure placement attend New York City Department of Education schools specifically for students in the juvenile justice system, and those in limited-secure placement receive instruction from education department teachers within their placement facilities. Credits earned in placement are easily transferable to the students' home schools once they leave placement. In contrast, juveniles in OCFS custody are often not able to transfer credits earned in placement back to their home schools. Addressing this issue for youth in Close to Home placement was one of the initiative's goals.

³Construction costs came out of ACS's expense budget because the placement facilities are not owned by the city and therefore are not generally eligible to have costs covered by the capital budget.

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