

**Administrative Office of the
Courts and Probation, Juvenile
Services Division: Selected
Administrative and Service Cost
Data**

**Performance Audit Committee
Nebraska Legislature**

September 2019

Performance Audit Committee

Senator Suzanne Geist, Chair
Senator Sue Crawford, Vice Chair
Senator Curt Friesen
Senator Ben Hansen
Senator Mike Hilgers
Speaker Jim Scheer
Senator John Stinner

Legislative Audit Office

Martha Carter, Legislative Auditor
Stephanie Meese, Legal Counsel
Diane Johnson, Division Executive Assistant
Performance Auditors:
Katelyn Abraham
Franceska Cassell
Anthony Circo
Clarence Mabin
Dana L. McNeil

Audit reports are available on the Unicameral's Web site (www.nebraskalegislature.gov) or can be obtained from the Legislative Audit Office at (402) 471-1282.

LEGISLATIVE AUDIT OFFICE
Nebraska Legislature
1225 L Street, Suite 502 • Box 94604 • Lincoln

Table of Contents

I. Committee Recommendations

II. Legislative Audit Office Report

**III. Agency's Response and Fiscal Analyst's
Opinion**

I. Committee Recommendations

Audit Summary and Committee Recommendations

Nebraska began the reform of its juvenile justice system in 2013 with LB 561, which transferred juvenile probation service dollars from the Department of Health and Human Services (DHHS) to the Juvenile Services Division (JSD) of the Administrative Office of the Courts and Probation. The impetus for LB 561 was a pilot project which began in 2009, which was a collaboration between DHHS and Probation to provide community-based services to youth who otherwise would have been required to be made wards of the state in order to receive services. LB 561's primary purpose was to shift the focus from incarceration to in-home and community-based services for court-involved youth, as well as reduce costs to the state. The need for reform was in part due to an Annie E. Casey study which found that Nebraska had the fourth highest juvenile incarceration rate in the country.

In 2018, the Legislative Performance Audit Committee (Committee) asked the Legislative Audit Office to conduct a performance audit of the expanded Juvenile Services Division. The Committee was primarily interested in obtaining cost data since the official transfer of services in 2015, in order to create a baseline for future analysis and reporting.

Section I of the report presents a brief overview of the history and budget of the juvenile justice system since the initiation of the 2009 juvenile services pilot project. Section II presents cost data related to the services provided by the Juvenile Services Division for FYs 2016, 2017, and 2018.

The Audit Office makes the following finding relating to two Legislative goals for the juvenile justice system.

Finding: The cost data for the selected services reviewed for this report suggest that the Juvenile Services Division is making progress in meeting two goals identified by the Legislature when it expanded juvenile parole within the judicial branch: reducing costs and increasing the use of in-home and community-based services. (Whether these goals are being met by the juvenile justice system as a whole is beyond the scope of this report.)

Discussion: From FY2016 to FY2018, the cost of the Juvenile Services Division services reviewed for this report decreased about \$9.4 million. The decrease is explained, in part, by a drop in the number of youth who received JSD services during that period. However, another factor is a drop in the proportion of youth in the highest, and most expensive, level of care (Congregate Treatment): from 26% in FY2016 to 14% in FY2018.

Recommendation: In order to facilitate any future analysis of this program and as a means to track cost, the Performance Audit Committee recommends that JSD report additional information to the Legislature, either as part of existing reporting requirements or in a separate report. The report should include:

- Total expenditures for each of the seven service categories presented in this report;
- Total number of juveniles supervised by JSD;
- Total number of youth accessing service dollars;
- Total expenditures for administrative, supervision, and operations services attributable to juveniles only (i.e., excluding administrative costs shared by adult probation); and
- Cost per youth figures as calculated in this report.

II. Legislative Audit Office Report

Legislative Audit Office Report
**Administrative Office of the Courts and Probation,
Juvenile Services Division: Selected
Administrative and Service Cost Data**

September 2019

Prepared by
Dana L. McNeil, J.D.
Stephanie Meese, J.D.

Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards, with two statutory exceptions regarding continuing education hours and peer review frequency.¹ As required by auditing standards, we assessed the significance of noncompliance on the objectives for this audit and determined there was no impact. The exceptions do not change the standards requiring that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. The methodologies used are described briefly in each section of the report.

¹ Neb. Rev. Stat. § 50-1205.01.

TABLE OF CONTENTS

| | |
|--|-----------|
| INTRODUCTION | 1 |
| SECTION I: Juvenile Services Division, History and Budget..... | 3 |
| Nebraska Juvenile Probation Services..... | 3 |
| Nebraska Juvenile Services Pilot Project | 3 |
| Expansion of the Juvenile Services Division and Juvenile Justice System Reform..... | 4 |
| Further Juvenile Justice System Reforms | 5 |
| Deficit Appropriations..... | 5 |
| Office of Juvenile Probation Expenditures | 6 |
| | |
| SECTION II: Juvenile Services Division Service Costs | 9 |
| Service Cost Data..... | 9 |
| Cost per Youth (State Funds Only)..... | 13 |
| Range of Service Utilization..... | 14 |
| Administrative, Supervision, and Operations Costs..... | 17 |
| Juvenile Service Division Payment Process and Data Analysis Methodology | 17 |
| | |
| Appendix A: Juvenile Justice Process Flowchart | |
| Appendix B: Juvenile Probation Services | |
| Appendix C: FY2018 Juvenile Probation Expenditures per Youth | |
| Appendix D: Juvenile Probation Range of Service Utilization Detail | |

INTRODUCTION

In January 2018, the Legislative Performance Audit Committee (Committee) directed the Legislative Audit Office (Audit Office) to conduct an audit of the Administrative Office of the Courts and Probation, Juvenile Services Division (Juvenile Services Division or JSD).

The Committee was interested in obtaining cost data in order to determine how the juvenile probation system was functioning since the transfer of service dollars from the Department of Health and Human Services (DHHS) to JSD under LB 561 (2013). The goals of the legislation were to move the system from a punitive model toward a rehabilitative one and to reduce costs to the state.

As explained in Section I, there was no prior comparable data from DHHS, so the primary purpose of this audit was to obtain baseline cost data for services provided since the program was expanded in 2015. This will allow legislators to be able to assess the performance of the program going forward.

Specifically, for fiscal years 2016, 2017, and 2018,¹ this audit:

1. Describes how funding for juvenile probation was spent; and
2. Provides cost data for services funded through dollars appropriated to JSD for juveniles under its supervision, including:
 - Administration/Supervision;
 - Drug Testing;
 - Community-based Non-treatment;
 - Community-based Treatment;
 - Congregate Treatment;
 - Congregate Non-treatment;
 - Foster Care; and
 - Detention.²

Section I provides information regarding JSD juvenile probation funding and Section II of the report provides cost data for the service categories.

We appreciate the cooperation of Juvenile Services Division administrators and staff and external stakeholders during the audit.

¹ The state of Nebraska's fiscal year runs from July-June, so FY2014 is from July 2013 to June 2014.

² Four detention facilities located in Douglas, Sarpy, Lancaster, and Madison Counties.

SECTION I: Juvenile Services Division, History and Budget

In this section, we provide a brief history regarding the Legislature’s transfer of juvenile probation service dollars from the Department of Health and Human Services (DHHS) to the Juvenile Services Division (JSD). We also provide background information regarding how JSD funding has been spent.

Nebraska Juvenile Probation Services

Generally speaking, juvenile probation is a supervision strategy utilized for youth who are found delinquent or uncontrolled.³ JSD investigates and provides information to judges, monitors court orders/conditions, and engages youth and families in appropriate services/placements to reduce their risk while maintaining community safety and increasing positive development. In Nebraska, youth can be ordered to juvenile probation if they are under 18 (with a minimum age of 11), although the court can maintain jurisdiction until the youth reaches the age of majority (19).⁴

The transfer of juvenile probation services from DHHS to the judicial branch’s Juvenile Services Division began with a 2009 Douglas County pilot program. This program was a collaboration between probation and DHHS “to provide community-based services for youth under Probation who would otherwise have been made wards of the state to access services.”⁵ While it was viewed as a success, there was no comprehensive evaluation of the program and it served a small portion of the state, so it was unknown whether such a model would work statewide.

Juvenile Court Definitions

Adjudication: Fact finding hearing in juvenile court that examines evidence to determine if a youth is responsible for the allegation presented

Disposition: Hearing to determine the legal resolution to a juvenile offense

Nebraska Juvenile Services Pilot Project

In 2012, the Legislature appropriated \$8.4 million to the judicial branch to provide for another pilot program, the Nebraska Juvenile Services Delivery Project. LB 985 expanded the pilot program to also include more rural areas of the state—the cities of North Platte and the Scottsbluff/Gering region—to determine whether to expand statewide. The program was administered by the Judicial Office of Probation Administration, Juvenile Services Division and evaluated by the University of Nebraska Medical Center’s College of Public Health.

³ Neb. Rev. Stat. § 43-247(3).

⁴ Juvenile Services Division (JSD) staff, meeting with auditors, July 22, 2019.

⁵ Nebraska Legislature, *LB 985 (2012) Statement of Intent*, Senator Bob Krist.

The Legislature intended the pilot program to improve outcomes for youth who were on probation by:

1. providing access to services in the community for juveniles placed on probation;
2. preventing unnecessary commitment of juveniles to DHHS;
3. eliminating barriers preventing juveniles from receiving needed services;
4. preventing unnecessary penetration of juveniles further into the juvenile justice system;
5. enabling the juvenile's needs to be met in the least intrusive and least restrictive manner while maintaining the safety of the juvenile and the community; and
6. reducing the duplication of resources within the juvenile justice system through intense coordinated case management and supervision, and use of evidence-based practices and responsive case management to improve outcomes for adjudicated juveniles.

According to the bill's introducer, due to the increased availability of these community-based services, "the cost of care is significantly reduced and outcomes are improved by preventing unnecessary penetration further into the juvenile justice system."⁶ The bill's introducer intended that the bill's \$8.4 million cost come from dollars that would otherwise go to DHHS to provide services for juveniles who, following the passage of LB 985, would then be served by JSD.

Expansion of the Juvenile Services Division and Juvenile Justice System Reform

LB 561 (2013) addressed broader reform of Nebraska's juvenile justice system, with the goal of shifting the focus from incarceration to community-based treatment for court-involved youth. The need for such changes was in large part due to a Annie E. Casey Foundation study which found that over the prior 13 years, Nebraska's youth incarceration rate had increased by 8% (compared to the national rate, which decreased by 37%). This increase gave Nebraska the fourth highest rate of youth incarceration in the country.⁷

Among many changes made to the juvenile justice system, the bill expanded the Juvenile Services Delivery Project statewide. The bill appropriated additional funds for JSD for two fiscal years. For FY2014, the bill provided a total of \$23.8 million (\$4 million in new funding and \$19.8 million shifted from DHHS). For FY2015, the Office received an additional \$43.9 million (\$4.8 in new funding and \$39.1 from DHHS). The bill's introducer explained that the LB 561 funds would be spent to expand the new agency as well as hire and train new probation officers.

In debate on the bill, senators raised concerns that the Legislature needed to be sure it was providing enough money for the expansion initially to avoid a situation like the state's 2008 child welfare reform, which was underfunded from the beginning. It was recommended that the Legislature revisit the issue the following year and evaluate the

⁶ Nebraska Legislature, *LB 985 (2012) Statement of Intent*, Senator Bob Krist.

⁷ The Annie E. Casey Foundation, *Reducing Youth Incarceration in the United States*, February 2013, p. 3. Legislative Research Office, *Session Review, 103rd Legislature, First Regular Session*, July 2013, p. 46.

true fiscal impacts at that time. According to JSD, at the time of the transition of services from DHHS to JSD, JSD asked DHHS for a cost per child number to estimate the costs it could expect, but DHHS was not able to provide a figure.

Further Juvenile Justice System Reforms

LB 464 (2014) was the next step in Nebraska's ongoing juvenile justice reforms. The bill required more cases to originate in juvenile court giving more youth a chance at rehabilitation and reducing their chance of having a criminal record. These changes added to the youth probation population, requiring an additional appropriation: \$5.2 million in FY2015 and \$8.1 million in FY2016.

At the bill's hearing, the deputy administrator for the Office of Probation Administration and head of the Juvenile Services Division testified in support of additional funding, stating that the office had hired over 2/3 of the 191 new positions and that hiring would be complete by March 2014. He stated that JSD had transitioned 400 of the 1,400 cases from DHHS and would complete the rest by the end of June 2014.

Deficit Appropriations

In addition to replicating the Juvenile Services Delivery Project statewide and expanding the Juvenile Services Division, LB 561 also allowed DHHS to provide JSD any unspent appropriations if necessary. In early 2014, JSD determined such funding was needed but when requested, DHHS did not have any supplemental funds to provide.⁸ To address this, the Legislature created and funded a separate budget program for JSD's use to allow for future contingency appropriations. The Legislature appropriated \$7.4 million for FY2014 and \$7 million each year for FY2015 and FY2016, and JSD utilized the full amount in each fiscal year.

These additional costs led the Legislature's Appropriations Committee to question JSD during the 2015 session. JSD explained youth detention issues were partially responsible for the need for additional funds, specifically that JSD absorbed detention costs that had been primarily the responsibility of counties and detention providers increased their rates. According to JSD, other contributing factors were: initial funding was not appropriated at the estimated level of need; lack of access to Medicaid funding; the fact that some high-end youth and services were not included in the initial pilot; and the inability to access federal Title IV-E funding.

Prior to the passage of LB 561, JSD did not pay any detention costs; instead these costs were primarily the responsibility of the counties, although DHHS paid for the small population of youth that were wards of the state.⁹ Rather than continue this system of shared costs, LB 561 required JSD to pay for *all* post-disposition youth detained, even those that had been paid for by the counties. LB 464 expanded this further by requiring

⁸ JSD staff, meeting with auditors, May 23, 2018. Legislative Fiscal Office staff, email to auditors, May 17, 2019.

⁹ Juvenile Services Division, *Budget Questions and Responses*, March 23, 2015, p. 1. JSD staff, email to auditors, June 8, 2018.

JSD to pay for detention for court-involved youth even earlier in the process—upon adjudication.¹⁰

Additionally, in their planning, JSD had used the rates that DHHS had been paying as the basis for their cost projections post-expansion. However, the detention facilities increased their rates during the expansion, which increased the cost overall for JSD. The changes made by LB 561 coupled with this increase in provider rates resulted in DHHS paying \$2,234,548 for detention costs, while JSD paid \$9,381,943.¹¹

Figure 1.1 summarizes funding from each of the legislative bills discussed as well as funding from deficit appropriations and budget bills.

Figure 1.1. Juvenile Justice Appropriations, in Millions

| Bill (Year) | Fiscal Year | | | | | | Total |
|--|--------------|---------------|---------------|-----------------|---------------|---------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | |
| LB 985 (2012) Nebraska Juvenile Services Pilot Project | \$8.4 | \$8.4 | \$8.4 | \$8.4 | | | |
| LB 194 (2013) Deficit Appropriation | (\$1.5)* | | | | | | |
| LB 561 (2013) Transfer Responsibilities Regarding the Juvenile Justice System | | | | | | | |
| Funds shifted from DHHS | | \$15.8 | \$39.1 | \$39.1 | | | |
| Additional Funds Provided to Probation | | \$4.0 | \$4.8 | \$4.8 | | | |
| LB 464 (2014) Juvenile Justice Reform | | | \$5.2 | \$8.1 | | | |
| LB 905 (2014) Deficit Appropriation | | \$7.4 | | | | | |
| LB 656 (2015) Deficit Appropriation | | | \$7.0 | | | | |
| LB 657 (2015) Mainline Budget Bill | | | | \$7.0 | | | |
| LB 956 (2016) Deficit Appropriation <i>Separate Juvenile Probation Budget Created</i> | | | | | \$71.5 | | |
| LB 327 (2017) Mainline Budget Bill | | | | | | \$69.8 | |
| Total General Funds | \$6.9 | \$35.6 | \$64.5 | \$67.5** | \$71.5 | \$69.8 | \$248.3 |

Source: Compiled by the Legislative Audit Office with data from the Legislative Fiscal Office and the Juvenile Services Division.

*This reduction was due to slower than projected startup of the Juvenile Services Delivery Project.

**Total slightly higher due to rounding.

Office of Juvenile Probation Expenditures

JSD also provided the Audit Office with their annual expenditures from FY2013 to FY2018. As shown in Figure 1.2, in FY2015 and FY2016, JSD spent more than their new appropriation due to the changes discussed earlier in this section. The differences shown were funded by the Administrative Office of the Courts and Probation’s total appropriation, including carryover funds and other available funds within their budget.

¹⁰ JSD staff, email to auditors, June 8, 2018.

¹¹ Juvenile Services Division, *Budget Questions and Responses*, March 23, 2015, p. 1.

In the 2016 deficit appropriation bill, the Legislature created a separate budget program for the Juvenile Services Division.

Figure 1.2. Juvenile Justice New Appropriations Minus Expenses, in Millions

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|-------------------|---------------|---------------|----------------|---------------|---------------|---------------|
| New General Funds | \$6.9 | \$35.6 | \$64.5 | \$67.5 | \$71.5 | \$69.8 |
| Expenditures | \$6.2 | \$31.6 | \$75.6 | \$69.1 | \$68.0 | \$61.0 |
| Difference | \$.7 | \$4.0 | -\$11.1 | -\$1.6 | \$3.5 | \$8.8 |

Source: Compiled by the Legislative Audit Office with data from the Legislative Fiscal Office and the Juvenile Services Division.

SECTION II: Juvenile Services Division Service Costs

In this section, we provide cost data for the service categories listed below, which are provided to youth by the Juvenile Services Division:

- Drug Testing (supplies only);
- Community-based Non-treatment (e.g., Intensive Family Preservation, Job Placement Program);
- Community-based Treatment (e.g., Substance Abuse Intensive Outpatient, Functional Family Therapy);
- Congregate Non-treatment (e.g., Substance Abuse Halfway House/Group Home);
- Congregate Treatment (e.g., Acute Inpatient Hospitalization, Community Psychiatric Residential Treatment Facility);
- Detention (only those costs paid for by JSD; these costs are shared by law enforcement, counties and DHHS);¹² and
- Foster Care.¹³

Our selection of the service or, level of care, categories for this report were, in part, based on what JSD currently tracks in its monthly *Juvenile Justice Reform Efforts* report with some exclusions.¹⁴ Figures for Community-based Treatment and Non-treatment services were included since these would be of particular interest to lawmakers given the goal of LB 561: moving the system away from incarceration and toward rehabilitation and maintaining youth in their communities while they are treated in less restrictive settings. The costs of juveniles in the categories of “jail” and “runaway,” which are included in the *Juvenile Justice Reform Efforts* reports are not included here because they were not significant in light of the goals of LB 561 and the purpose of this report.

In addition to service cost data, we also report data regarding cost per youth; range of service utilization; and administrative, supervision, and operations costs.

Service Cost Data

For each of the service categories we selected for this report, we received from JSD the total service cost and number of times that service was utilized in each of the three fiscal years. Using those figures, we calculated the average cost per service used each year.

In all three years, the highest average cost per service utilized was for Congregate Treatment, which is the highest service level of care. The average cost per service for FY2018 was \$26,459, less than the \$33,987 paid in FY2016. The number of youth who received the service also dropped from 424 in FY2016 to 231 in FY2018.

¹² See Appendix A for a flowchart illustrating how detention costs are shared.

¹³ Appendix B provides a complete listing of all services included within each level of care.

¹⁴ We are not reporting on costs of juveniles in the categories of “jail” and “runaway” which are included in the *Juvenile Justice Reform Efforts* reports, but we determined to be not significant in light of the goals of LB 561 and the purpose of this report.

Congregate Non-treatment was the second highest average cost per service utilized in each of the three years. The per-service average was \$15,438 in FY2016, which increased slightly in FY2017, and dropped slightly to \$15,554 in FY2018.

Detention and Foster Care had lower average costs per service utilized, ranging from \$8,676 for Detention in FY2016 to \$11,891 for Foster Care in FY2018. However, the total detention costs were higher than the total Foster Care costs, and many more youth received detention than foster care.

Community-based Treatment and Community-based Non-treatment had the lowest average cost per service utilized.

Figure 2.1 shows the full breakdown for each fiscal year reviewed.

Figure 2.1. JSD Expenditures per Service Category, FY2016-FY2018

| Level of Service Category | FY2016 | | | FY2017 | | | FY2018 | | |
|--------------------------------------|---------------------------|----------------|-----------------------------------|---------------------|----------------|-----------------------------------|---------------------|----------------|-----------------------------------|
| | Total Expended (millions) | Number Served* | Average Cost per Service Utilized | Total Expended | Number Served* | Average Cost per Service Utilized | Total Expended | Number Served* | Average Cost per Service Utilized |
| Congregate Non-treatment | \$17,244,179 | 1,117 | \$15,438 | \$17,489,120 | 1,092 | \$16,016 | \$16,393,956 | 1,054 | \$15,554 |
| Congregate Treatment | \$14,410,341 | 424 | \$33,987 | \$10,158,703 | 351 | \$28,942 | \$6,112,085 | 231 | \$26,459 |
| Community-based Non-treatment | \$10,449,278 | 2,995 | \$3,489 | \$11,678,086 | 3,058 | \$3,819 | \$10,954,007 | 2,763 | \$3,965 |
| Detention | \$9,430,391 | 1,087 | \$8,676 | \$10,403,079 | 1,106 | \$9,406 | \$8,528,175 | 938 | \$9,092 |
| Foster Care | \$1,445,276 | 149 | \$9,700 | \$1,514,570 | 135 | \$11,219 | \$1,605,235 | 135 | \$11,891 |
| Community-based Treatment | \$1,330,733 | 1,051 | \$1,266 | \$1,336,992 | 1,061 | \$1,260 | \$1,263,329 | 1,134 | \$1,114 |
| Drug Testing | \$120,846 | N/A** | | \$132,061 | N/A** | | \$121,627 | N/A** | |
| Total | \$54,431,044 | N/A | N/A*** | \$52,712,611 | N/A | N/A*** | \$45,032,413 | N/A | N/A*** |

Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

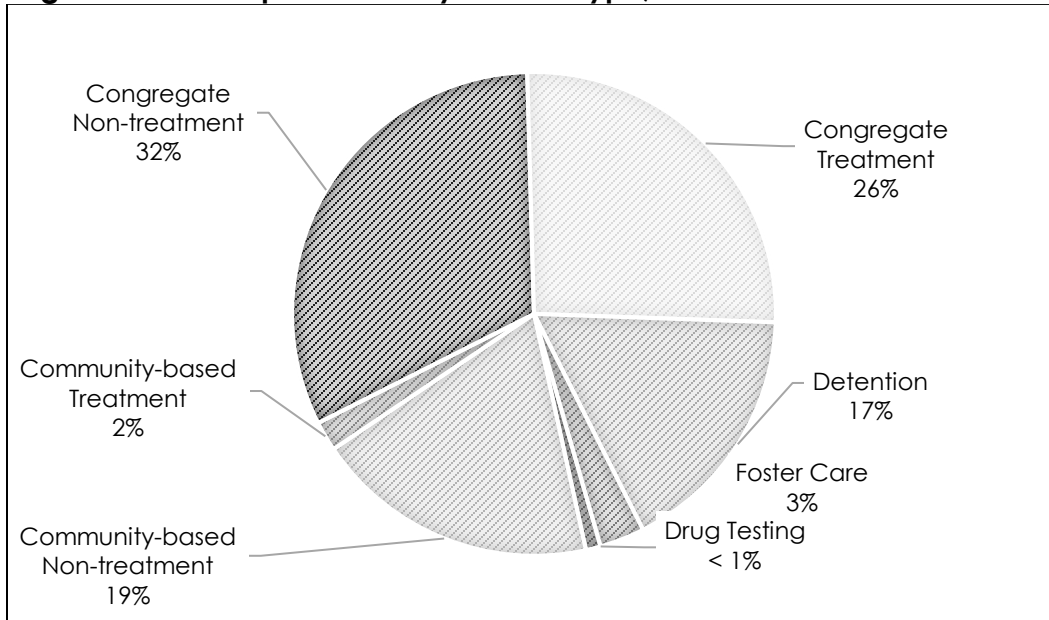
*This is the number of youth accessing state funding for each service type. Expenditures for services paid by other sources are not included. Additionally, juveniles may be represented in more than one category of service if they received multiple services.

**Drug Testing is for supplies only not for provision of treatment.

***The totals cannot be averaged because some youth may be represented more than once if they received multiple services.

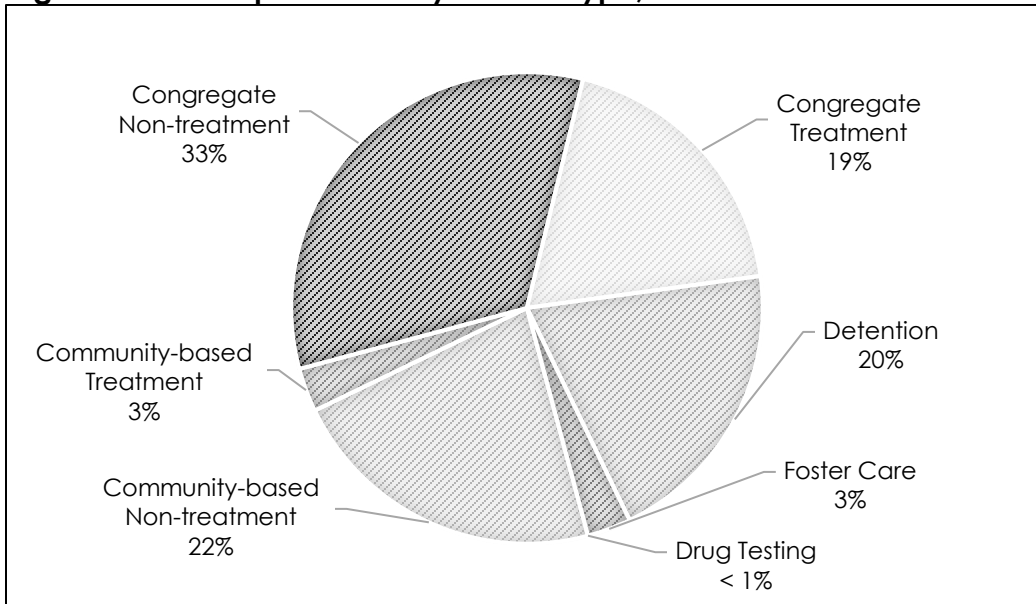
Figures 2.2, 2.3, and 2.4 show the breakdown for each service type as a percentage of the total dollars spent by JSD for the services included in this report. Over the course of the three fiscal years we analyzed, Community-based Non-treatment services increased as a percentage of the total from 19% to 24%, while Congregate Treatment Services decreased from 26% to 14%. Detention costs remained between 17-20% of the total. The percentage of community-based services (which includes both community-based treatment and non-treatment) increased from 21% of the total in FY2016 to 27% in FY2018.

Figure 2.2. JSD Expenditures by Service Type, FY2016



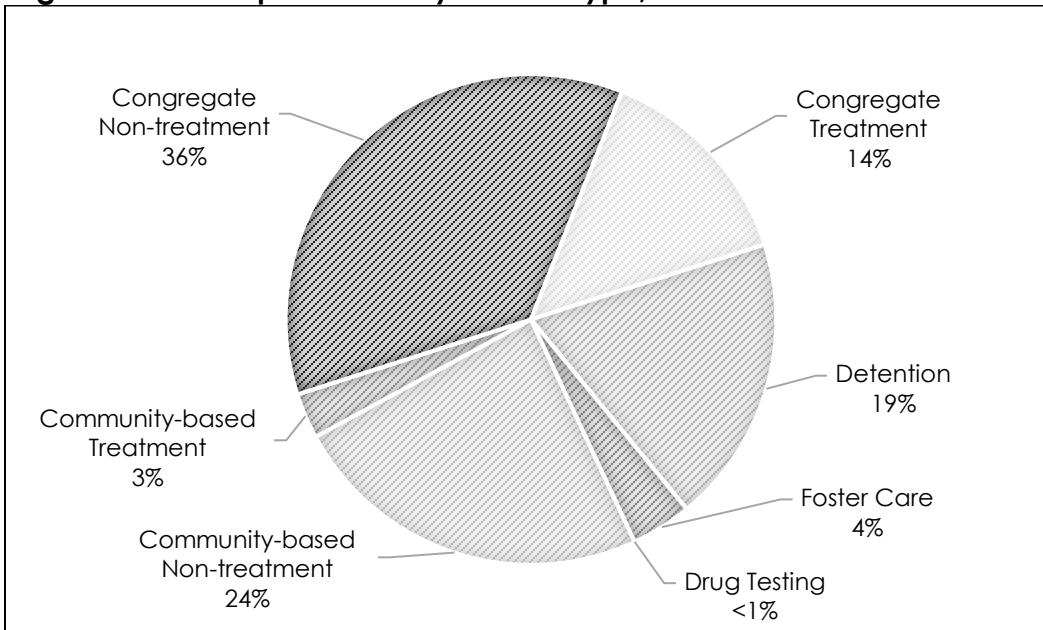
Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

Figure 2.3. JSD Expenditures by Service Type, FY2017



Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

Figure 2.4. JSD Expenditures by Service Type, FY2018



Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

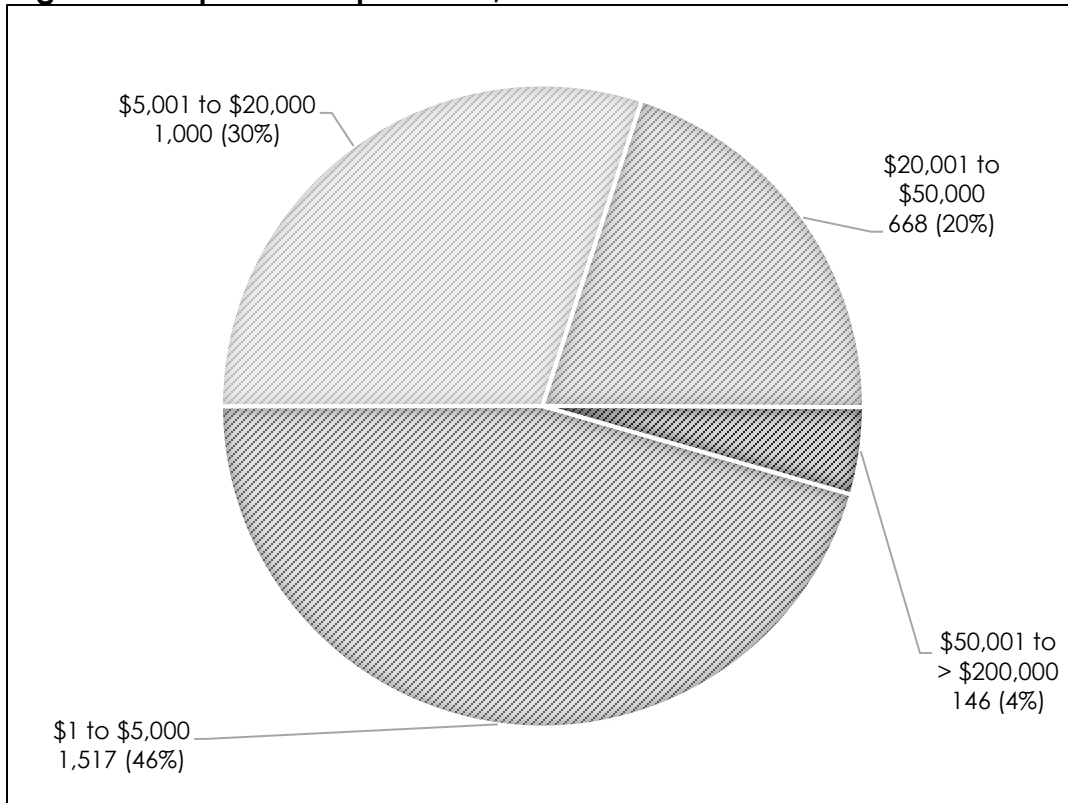
From FY2016 to FY2018, the cost of the JSD services reviewed for this report decreased by about \$9.4 million. The decrease is explained, in part, by a drop in the number of youth who received JSD services during that period. However, another factor is a drop in the proportion of youth in the highest, and most expensive, level of care (Congregate Treatment): from 26% in FY2016 to 14% in FY2018.

Finding: The cost data for the selected services reviewed for this report suggest that the Juvenile Services Division is making progress in meeting two goals identified by the Legislature when it expanded juvenile parole within the judicial branch: reducing costs and increasing the use of in-home and community-based services. (Whether these goals are being met by the juvenile justice system as a whole is beyond the scope of this report.)

Cost per Youth (State Funds Only)

In order to provide information regarding cost per youth served by JSD, we requested the total amount of state funds expended per juvenile for FY2018. Figure 2.5 shows the breakdown of expenditures per youth, excluding any payments made by other sources, such as Medicaid or private insurance. In FY2018, the overall average cost per youth was \$13,658. Of the 3,331 youth who utilized probation services in FY2018, 96% had annual service costs at or below \$50,000. Of these youth, the majority had service costs of \$5,000 or less (46%). The remaining 4% of youth incurred service costs over \$50,000, with only one youth incurring costs over \$200,000. Appendix C contains a more detailed breakdown of costs per youth.

Figure 2.5. Expenditures per Youth, FY2018



Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

Range of Service Utilization

In order to illustrate the range of service utilization among juvenile probationers, the Audit Office asked JSD to provide examples of youth who were low, mid-range, and high utilizers of services. Understanding this data is necessary when interpreting the average youth and service cost figures presented above, because there can be very different service utilization patterns among all juveniles served by JSD.

Utilization data provided in Figure 2.6 is from FY2018, the most recent completed fiscal year at the time of the audit. During FY2018, a total of 3,331 youth received probation funding, equivalent to 27,169 total vouchers issued for the services received. The total amount of funding for FY2018 was \$45,493,334.¹⁵

JSD provided us with data for youth who had the highest service costs in each of three categories: the lowest cost quartile, meaning those who service costs were in the lowest

¹⁵ This amount exceeds the total presented in Figure 2.1 by \$460,922. This is due to the following factors: (1) drug testing supplies are not processed through JSD's voucher system in the amount of \$121,627; (2) refunds were received in the amount of \$260,385; (3) a transaction reversal occurred for certain detention costs in the amount of \$327,842; and (4) costs for a program called "Real Colors," designed to improve communication between officers and clients (\$15,453), as well as the cost of bus passes (\$225) also are not processed through the voucher system. JSD staff, email to auditors, June 7, 2019.

25%; the highest cost quartile, and the mid-range quartile (two middle quartiles). Also included are the number of vouchers used, and the total amount of funding spent on that youth. We present data for the top 10 youth in each category.

The 10 youth in the lowest cost quartile received between 1 and 4 services each, at a cost of \$1,524 to \$1,556 per youth in FY2018. The most utilized service was Community-based Non-treatment services (24 out of 28 total vouchers for this group, or 86%).

The 10 youth in the mid-range group received from 3 to 21 services each, at a cost of \$19,263 to \$19,425 per youth. The most utilized service also was Community-based Non-treatment services (73 out of 117 total vouchers for this group, or 62%).

The 10 youth in the highest cost quartile received between 11 and 31 services each, at a cost of \$124,475 to \$221,635 per youth. The most utilized service was Congregate Treatment care (79 out of 194 total vouchers, or 41%) However, almost one-third of these youth also used Community-based Non-treatment services (63 out of 194 total vouchers, or 32%). The breakdown for each year is shown in Figure 2.6. A listing of each service utilized by each individual youth can be found in Appendix D.

Figure 2.6. FY2018 Range of Service Usage

| Youth Identifier Number | Number of Vouchers Used | Total Cost of Vouchers Used |
|--|--------------------------------|------------------------------------|
| Low Service Usage (LSU) Youth | | |
| LSU Youth 1 | 2 | \$1,556 |
| LSU Youth 2 | 3 | \$1,540 |
| LSU Youth 3 | 1 | \$1,540 |
| LSU Youth 4 | 4 | \$1,535 |
| LSU Youth 5 | 1 | \$1,531 |
| LSU Youth 6 | 3 | \$1,530 |
| LSU Youth 7 | 3 | \$1,528 |
| LSU Youth 8 | 3 | \$1,525 |
| LSU Youth 9 | 4 | \$1,525 |
| LSU Youth 10 | 4 | \$1,524 |
| Total | 28 | \$15,334 |
| Average | 2.8 | \$1,533 |
| Mid-range Service Usage (MSU) Youth | | |
| MSU Youth 1 | 21 | \$19,425 |
| MSU Youth 2 | 14 | \$19,402 |
| MSU Youth 3 | 16 | \$19,399 |
| MSU Youth 4 | 5 | \$19,370 |
| MSU Youth 5 | 9 | \$19,369 |
| MSU Youth 6 | 9 | \$19,352 |
| MSU Youth 7 | 7 | \$19,300 |
| MSU Youth 8 | 20 | \$19,291 |
| MSU Youth 9 | 13 | \$19,267 |
| MSU Youth 10 | 3 | \$19,263 |
| Total | 117 | \$193,438 |
| Average | 11.7 | \$19,344 |
| High Service Usage (HSU) Youth | | |
| HSU Youth 1 | 20 | \$221,635 |
| HSU Youth 2 | 15 | \$178,519 |
| HSU Youth 3 | 18 | \$170,485 |
| HSU Youth 4 | 21 | \$150,024 |
| HSU Youth 5 | 12 | \$142,920 |
| HSU Youth 6 | 13 | \$141,944 |
| HSU Youth 7 | 28 | \$128,759 |
| HSU Youth 8 | 14 | \$127,309 |
| HSU Youth 9 | 22 | \$125,637 |
| HSU Youth 10 | 31 | \$124,475 |
| Total | 194 | \$1,511,707 |
| Average | 19.4 | \$151,171 |

Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

Administrative, Supervision, and Operations Costs

The Audit Office also requested Administrative, Supervision, and Operations costs from JSD for fiscal years 2016 to 2018. The totals in Figure 2.7 below reflect only those personnel and operations costs incurred by JSD that are *exclusively attached to juvenile probation*; the costs of personnel and operations associated with the supervision of both adults and juveniles are not included. Consequently, the actual JSD administrative, supervisory, and operational costs for juveniles is higher than reported here.

Figure 2.7. JSD Administrative Costs (Exclusive of Costs Shared with Adult Probation)

| | FY2016 | FY2017 | FY2018 |
|-----------------------------------|---------------|---------------|---------------|
| Total Administrative Cost | \$14,651,116 | \$15,243,309 | \$16,316,872 |
| Total Juveniles Supervised by JSD | 6,210 | 5,299 | 5,043 |

Source: Created by the Legislative Audit Office using data provided by the Juvenile Services Division.

According to JSD, increases in administrative costs over the three fiscal years are attributable to: (1) necessary adjustments to the officer to youth ratios; (2) annual salary and benefits adjustments; and (3) the addition of operational items that were needed, such as the initiation of monthly out of state facility visits for juvenile probationers placed outside Nebraska, specific training for youth who have caused sexual harm, and contracts with the University of Nebraska – Lincoln to validate the risk assessment instrument and conduct a comprehensive recidivism analysis.

Juvenile Service Division Payment Process and Data Analysis Methodology

JSD uses the state’s accounting system, Enterprise One (E1), to pay its providers. JSD also uses E1 to track cost data, including data from its internal voucher system.¹⁶ Probation officers issue vouchers to providers at the time of service when a youth/family needs financial assistance. Providers are then responsible for completing the voucher form and reporting on the youth’s progress. Completed vouchers are returned to probation officers and are subject to verification by multiple staff members before the cost is entered into the E1 system.¹⁷

JSD tracks the total number of youth it serves, but the E1 system tracks only state and grant funding relating to probation. Funding from other sources, such as private insurance or Medicaid payments from DHHS, are not formally tracked by JSD. In order to verify the accuracy of the service cost data, we selected random months (a minimum of two months from each fiscal year) and recalculated the data in E1 to verify that it matched what JSD was reporting. We also verified the data in the same way for administrative and supervision costs for all fiscal years. We found no inconsistencies.

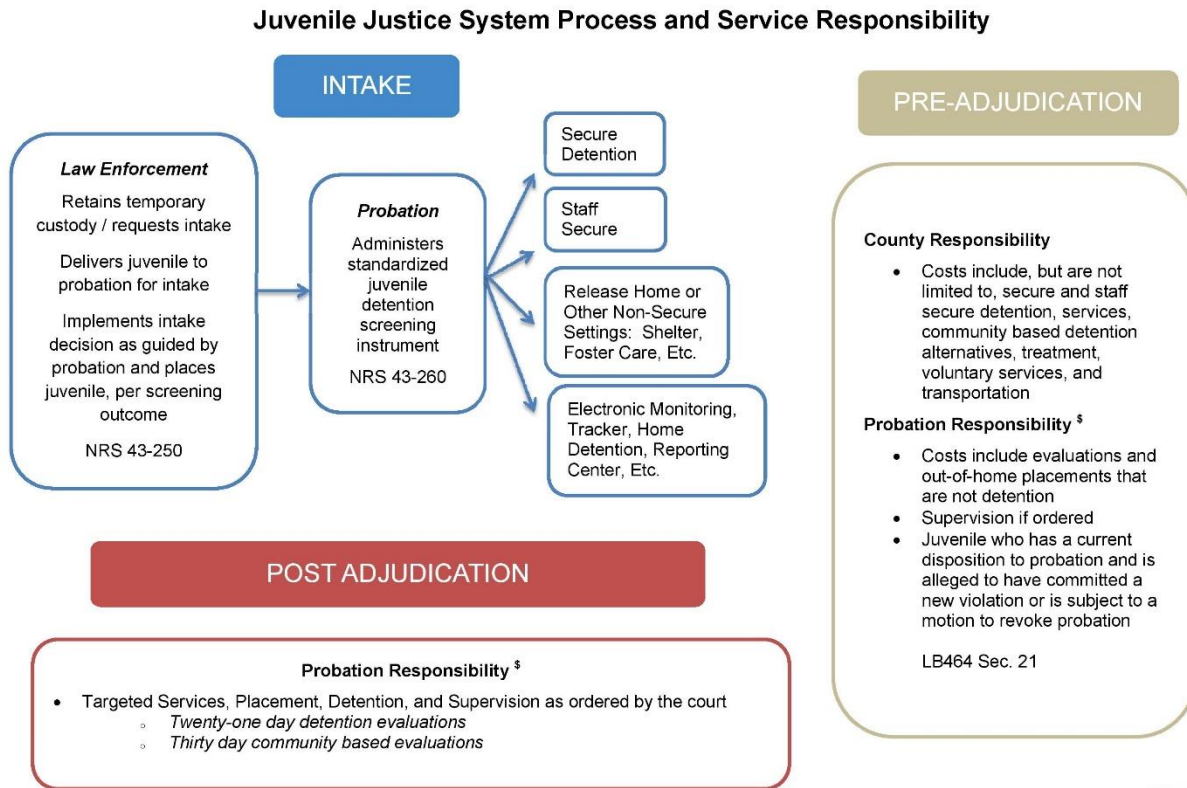
¹⁶ Although we did not verify the voucher data, due to JSD’s satisfactory internal process for correcting payment errors, we found the data reliable to use.

¹⁷ JSD staff, meeting with auditors, December 6, 2018.

APPENDIX A: Juvenile Justice Process Flowchart

Figure A.1 below, created by the Juvenile Services Division, shows the Juvenile Justice System process and what agencies are responsible for what services.

Figure A.1. Juvenile Justice System Process and Service Responsibility



Source: Created by the Juvenile Services Division.

APPENDIX B: Juvenile Probation Services

Figure B.1 below provides a complete listing of all services included within each level of care, or service categories, used by the Juvenile Services Division.

Figure B.1. Juvenile Services Division Service Categories

| Level of Care | Services Included |
|--------------------------------------|---|
| Drug Testing | Drug testing (supplies only) ¹ |
| Community-based Non-treatment | Electronic Monitoring (EM); EM Cellular; EM GPS; Continuous Alcohol Monitoring (CAM); EM-CAM; EM Landline; Tracker; Tracker Low; Tracker Medium; Tracker High; Book; ² Youth Who Sexually Harm Polygraph; Ecological In-home Treatment; GED Testing; Intensive Family Preservation; Justice Wrap Around; Family Partner; Family Support Worker; Supervised Visitation; Mentoring; Expedited Family Group Conference; Day Reporting; Evening Reporting; Job Placement Program; Alternative School; Case Managed Tutoring; Tutoring; Summer School Tuition; Restitution Program; Victim Mediation/Conflict Resolution; General Education Class; Anger Management Class; Transportation; Bus Pass; Activity/Memberships; Relative/Kinship Home Assessment; EM-Sarpy; Boys Town In-home Family Services. |
| Community-based Treatment | Substance Abuse (SA) Assessment/Evaluation; Co-occurring Evaluation; Psychiatric Initial Diagnostic Interview; Psychological Evaluation; Mental Status Exam; Pre-treatment Assessment; Youth Who Sexually Harm (YSH) Risk Assess; Outpatient Psychiatric Evaluation; Psychiatric Interview Only; Medication Management; Medication; SA Intensive Outpatient; SA Outpatient Services; SA Intervention Education; Partial Hospitalization; Mental Health (MH) Intensive Outpatient; YSH Intensive Outpatient; Eating Disorder Intensive Outpatient; MH Outpatient Services; YSH Outpatient Services; Eating Disorder Outpatient Services; Functional Family Therapy; Multisystemic Therapy; Community Treatment Aide; Eating Disorder Day Treatment; YSH Day Treatment; MH Day Treatment; Cognitive Behavioral Group. |
| Congregate Non-treatment | SA Halfway House/Group Home; Shelter Care/Enhanced; Group Home; Parenting Maternity Group Home; Non-parenting Maternity Group Home; Independent Living; Group Home A; ³ Group Home B. ⁴ |

¹ Juvenile Services Division (JSD) staff, meeting with auditors, November 2, 2018.

² Moral Reconciliation Therapy (MRT) books, a cognitive restructuring group facilitated by probation officers for high risk youth. Email from JSD, November 30, 2018. MRT is a systematic treatment approach that seeks to decrease recidivism, among juvenile and adult offenders by increasing moral reasoning. <http://www.ncjfcj.org/moral-reconciliation-therapy-mrt> (accessed December 3, 2018).

³ Staff required to be awake all night; <https://supremecourt.nebraska.gov/sites/default/files/Probation/servicedef/GroupHomeA-SDL.pdf> (accessed November 28, 2018).

⁴ Staff not required to be awake all night; <https://supremecourt.nebraska.gov/sites/default/files/Probation/servicedef/GroupHomeB-SDL.pdf> (accessed November 28, 2018).

| Level of Care | Services Included |
|-----------------------------|---|
| Congregate Treatment | SA Short Term Residential; SA Therapeutic Group Home; SA Therapeutic Group Home Room & Board; Acute Inpatient Hospitalization; Professional Resource Family Care; Professional Resource Family Care Room & Board; MH Therapeutic Group Home; MH Therapeutic Group Home Room & Board; YSH Therapeutic Group Home; YSH Therapeutic Group Home Room & Board; Hospital Psychiatric Residential Treatment Facility; Specialized Psychiatric Residential Treatment Facility; Community Psychiatric Residential Treatment Facility; SA Medical Detox; SA Partial Care. |
| Foster Care | Emergency Foster Care; Foster Care; ⁵ Respite Care; Foster Care Relative/Kinship. |
| Detention | Staff Detention; Secure Detention. |

Source: Created by Legislative Audit Office using data provided by Juvenile Services Division.

⁵ Foster Care is an overarching service type and while it encompasses several different levels of care, they are all paid out at the highest tier due to the higher level of care that juvenile probationers require. In contrast, DHHS Child Welfare pays foster care providers at different rates based on the level of care needed. JSD staff, meeting with auditors, December 6, 2018.

APPENDIX C: FY2018 Juvenile Probation Expenditures per Youth

Figure C.1 shows the breakdown of expenditures per youth for FY2018.

Figure C.1. Expenditures per Youth, FY2018

| Dollars per Youth | Number of Youth | Percentage |
|------------------------|-----------------|-------------|
| <\$1,000 | 633 | 19% |
| \$1,001 to \$5,000 | 884 | 27% |
| \$5,001 to \$10,000 | 506 | 15% |
| \$10,001 to \$20,000 | 494 | 15% |
| \$20,001 to \$30,000 | 296 | 9% |
| \$30,001 to \$40,000 | 238 | 7% |
| \$40,001 to \$50,000 | 134 | 4% |
| \$50,001 to \$60,000 | 73 | 2% |
| \$60,001 to \$70,000 | 19 | 1% |
| \$70,001 to \$80,000 | 13 | 0% |
| \$80,001 to \$90,000 | 11 | 0% |
| \$90,001 to \$100,000 | 10 | 0% |
| \$100,001 to \$150,000 | 16 | 0% |
| \$150,001 to \$200,000 | 3 | 0% |
| >\$200,000 | 1 | 0% |
| Total | 3,331 | 100% |

Source: Created by Legislative Audit Office using data provided by Juvenile Services Division.

APPENDIX D: Juvenile Probation Range of Service Utilization Detail

Figures D.1, D.2, and D.3 on the following pages provide a complete listing of all services utilized by the youth included within each service usage quartile.

Figure D.1. Low Service Usage Youth, FY2018

| Youth Identifier Number | Number, Type, and Cost of Service Vouchers Used | | | | | | | | | | | | Total Used | Total Cost |
|--|---|-----------------|---------------------------|----------------|--------------------------|----------------|----------------------|----------------|-----------|------|-------------|------|------------|-----------------|
| | Community-based Non-treatment | | Community-based Treatment | | Congregate Non-treatment | | Congregate Treatment | | Detention | | Foster Care | | | |
| | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | | |
| Low Service Usage (LSU) Youth | | | | | | | | | | | | | | |
| LSU Youth 1 | 1 | \$1,040 | 1 | \$516 | | | | | | | | | 2 | \$1,556 |
| LSU Youth 2 | 3 | \$1,540 | | | | | | | | | | | 3 | \$1,540 |
| LSU Youth 3 | 1 | \$1,540 | | | | | | | | | | | 1 | \$1,540 |
| LSU Youth 4 | 3 | \$335 | | | 1 | \$1,200 | | | | | | | 4 | \$1,535 |
| LSU Youth 5 | | | 1 | \$1,531 | | | | | | | | | 1 | \$1,531 |
| LSU Youth 6 | 3 | \$1,530 | | | | | | | | | | | 3 | \$1,530 |
| LSU Youth 7 | 3 | \$1,528 | | | | | | | | | | | 3 | \$1,528 |
| LSU Youth 8 | 3 | \$1,525 | | | | | | | | | | | 3 | \$1,525 |
| LSU Youth 9 | 4 | \$1,525 | | | | | | | | | | | 4 | \$1,525 |
| LSU Youth 10 | 3 | \$820 | 1 | \$704 | | | | | | | | | 4 | \$1,524 |
| Totals | 24 | \$11,383 | 3 | \$2,751 | 1 | \$1,200 | | | | | | | 28 | \$15,334 |
| Low Service Usage Average Number of Vouchers Used | | | | | | | | 2.8 | | | | | | |
| Low Service Usage Average Cost per Voucher Used | | | | | | | | \$1,533 | | | | | | |

Source: Created by Legislative Audit Office using data provided by Juvenile Services Division.

Figure D.2. Mid-range Service Usage Youth, FY2018

| Youth Identifier Number | Number, Type, and Cost of Service Vouchers Used | | | | | | | | | | | | Total Used | Total Cost | |
|--|---|-----------------|---------------------------|----------------|--------------------------|-----------------|----------------------|----------|-----------------|-----------------|-------------|----------|------------|------------------|----------|
| | Community-based Non-treatment | | Community-based Treatment | | Congregate Non-treatment | | Congregate Treatment | | Detention | | Foster Care | | | | |
| | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | | | |
| Mid-range Service Usage (MSU) Youth | | | | | | | | | | | | | | | |
| MSU Youth 1 | 21 | \$19,425 | | | | | | | | | | | | 21 | \$19,425 |
| MSU Youth 2 | 10 | \$4,816 | 1 | \$750 | 1 | \$360 | | | 2 | \$13,476 | | | | 14 | \$19,402 |
| MSU Youth 3 | 8 | \$3,826 | 4 | \$2,148 | 2 | \$7,740 | | | 2 | \$5,685 | | | | 16 | \$19,399 |
| MSU Youth 4 | 1 | \$1,300 | | | 3 | \$14,280 | | | 1 | \$3,790 | | | | 5 | \$19,370 |
| MSU Youth 5 | 4 | \$2,615 | 2 | \$1,634 | 3 | \$15,120 | | | | | | | | 9 | \$19,369 |
| MSU Youth 6 | 7 | \$2,826 | 1 | \$313 | | | | | 1 | \$16,213 | | | | 9 | \$19,352 |
| MSU Youth 7 | | | | | 7 | \$19,300 | | | | | | | | 7 | \$19,300 |
| MSU Youth 8 | 15 | \$8,091 | | | | | | | 5 | \$11,200 | | | | 20 | \$19,291 |
| MSU Youth 9 | 7 | \$637 | | | 6 | \$18,630 | | | | | | | | 13 | \$19,267 |
| MSU Youth 10 | | | 1 | \$313 | | | | | 2 | \$18,950 | | | | 3 | \$19,263 |
| Totals | 73 | \$43,536 | 9 | \$5,158 | 22 | \$75,430 | - | - | 13 | \$69,314 | - | - | 117 | \$193,438 | |
| Mid-range Service Usage Average Number of Vouchers Used | | | | | | | | | 11.7 | | | | | | |
| Mid-range Service Usage Average Cost per Voucher Used | | | | | | | | | \$19,344 | | | | | | |

Source: Created by Legislative Audit Office using data provided by Juvenile Services Division.

Figure D.3. High Service Usage Youth, FY2018

| Youth Identifier Number | Number, Type, and Cost of Service Vouchers Used | | | | | | | | | | | | Total Used | Total Cost |
|---|---|------------------|---------------------------|----------------|--------------------------|-----------------|----------------------|------------------|-----------|-----------------|-------------|------------------|------------|--------------------|
| | Community-based Non-treatment | | Community-based Treatment | | Congregate Non-treatment | | Congregate Treatment | | Detention | | Foster Care | | | |
| | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | Number | Cost | | |
| High Service Usage (HSU) Youth | | | | | | | | | | | | | | |
| HSU Youth 1 | 8 | \$175,333 | | | 6 | \$3,660 | | | 6 | \$42,642 | | | 20 | \$221,635 |
| HSU Youth 2 | | | | | | | 15 | \$178,519 | | | | | 15 | \$178,519 |
| HSU Youth 3 | 8 | \$3,861 | | | | | | | | | 10 | \$166,624 | 18 | \$170,485 |
| HSU Youth 4 | 6 | \$1,283 | | | | | 12 | \$136,965 | 3 | \$11,776 | | | 21 | \$150,024 |
| HSU Youth 5 | | | | | | | 12 | \$142,920 | | | | | 12 | \$142,920 |
| HSU Youth 6 | | | | | | | 10 | \$119,894 | | | 3 | \$22,050 | 13 | \$141,944 |
| HSU Youth 7 | 13 | \$105,848 | | | 7 | \$3,916 | 2 | \$4,895 | 6 | \$14,100 | | | 28 | \$128,759 |
| HSU Youth 8 | 3 | \$2,651 | | | | | 11 | \$124,658 | | | | | 14 | \$127,309 |
| HSU Youth 9 | 9 | \$2,685 | 1 | \$432 | 3 | \$15,330 | 9 | \$107,190 | | | | | 22 | \$125,637 |
| HSU Youth 10 | 16 | \$14,471 | 1 | \$750 | | | 8 | \$92,104 | 6 | \$17,150 | | | 31 | \$124,475 |
| Totals | 63 | \$306,132 | 2 | \$1,182 | 16 | \$22,906 | 79 | \$907,145 | 21 | \$85,668 | 13 | \$188,674 | 194 | \$1,511,707 |
| High Service Usage Average Number of Vouchers Used | | | | | | | | 19.4 | | | | | | |
| High Service Usage Average Cost per Voucher Used | | | | | | | | \$151,171 | | | | | | |

Source: Created by Legislative Audit Office using data provided by Juvenile Services Division.

III. Agency Response and Fiscal Analyst's Opinion

Corey R. Steel
State Court Administrator



STATE OF
NEBRASKA
JUDICIAL BRANCH

Deborah A. Minardi
State Probation Administrator

RECEIVED

AUG 5 2019

LEGISLATIVE AUDIT

August 5, 2019

Martha Carter, Legislative Auditor
Nebraska State Legislature
P O Box 94945
Lincoln, NE 68509-4945

Dear Ms. Carter:

This letter responds to the draft audit report prepared for the Administrative Office of the Courts and Probation, Juvenile Services Division (JSD). The Administrative Office agrees with the finding that the JSD has made progress in "reducing costs and increasing the use of community-based services." It has also made progress in other matters of interest to the Legislature such as reducing out-of-home placements and increasing alternatives to juvenile detention. However, please note that cost reduction may not always be possible; provided are two examples; adding to the continuum of available services and service cost increases. These two items, in particular require reinvestment of current funding available or additional appropriation in order for the JSD to remain competitive with rates reimbursed by other state entities and to service the needs of youth. The JSD strives to use all funds appropriated effectively as possible.

Thank you for the opportunity to respond to the draft report and for consideration of our technical suggestions. Thank you also for the professionalism, courtesy and cooperation extended to us by the performance audit team.

Sincerely,

A handwritten signature in black ink, appearing to read "Corey R. Steel", written over a white background.

Corey R. Steel
State Court Administrator

C Legislative Performance Audit Committee Members

Legislative Auditor's Summary of Agency Response

This summary meets the requirement of Neb. Rev. Stat. § 50-1210 that the Legislative Auditor briefly summarize the agency's response to the draft performance audit report and describe any significant disagreements the agency has with the report or recommendations.

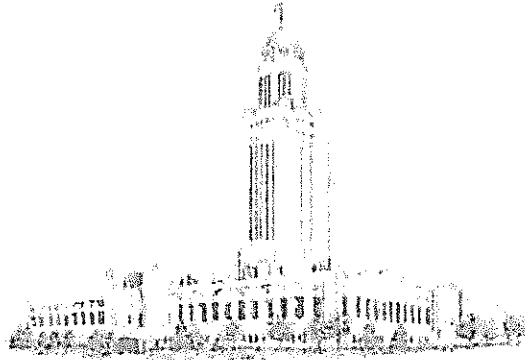
The Administrative Office of the Courts & Probation (Office) has no disagreement with the report or its recommendations.

The response letter states that the Office agreed with the audit finding that data reviewed for the report suggests that the Juvenile Services Division has made progress in meeting the Legislature's intention that costs be reduced and the use of community-based services be increased. They note, however, that costs could increase for reasons beyond their control such as service cost increases and the potential need to increase the types of services available.

State of Nebraska

LEGISLATIVE COUNCIL

2019
EXECUTIVE BOARD
MIKE HILGERS, CHAIRMAN
TONY VARGAS, VC
KATE BOLZ
ERNIE CHAMBERS
DAN HUGHES
MARK KOLTERMAN
JOHN S. LOWE, SR.
JOHN McCOLLISTER
JIM SCHEER
JOHN STINNER (ex officio)



www.nebraskalegislature.gov

Legislative Fiscal Office
PO Box 94604, State Capitol
Lincoln, NE 68509-4604

PATRICK J. O'DONNELL
Clerk of the Legislature

NANCY CYR
Director of Research

MARTHA CARTER
Legislative Auditor

JOANNE PEPPERL
Revisor of Statutes

TOM BERGQUIST
Legislative Fiscal Analyst

CARL ESKRIDGE
Ombudsman (Acting)

July 2, 2019

Martha Carter
Legislative Auditor
Box 94604, State Capitol
Lincoln, NE 68509

Dear Martha,

You have asked the Legislative Fiscal Office to review the draft report "Administrative Office of the Courts and Probation, Office of Juvenile Probation: Selected Administrative and Service Cost Data", and whether in our opinion your recommendations can be implemented within the current appropriations of the Office of Juvenile Probation.

It is our opinion that the "Draft Recommendation" found in the last paragraph on page "i" of the draft report could be implemented within the current appropriations of the Office of Juvenile Probation.

If you have any questions, please let me know.

Sincerely,

Tom Bergquist
Legislative Fiscal Analyst