



COUNTY OF LOS ANGELES
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December 3, 2020

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller [Signature]

SUBJECT: PROBATION DEPARTMENT – JUVENILE INSTITUTION COST SAVINGS REVIEW (June 9, 2020, Board Agenda Item 10)

NUMBER OF RECOMMENDATIONS
PRIORITY 1: 0 CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS
PRIORITY 2: 0 CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS
PRIORITY 3: 3 CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS

On June 9, 2020, the Board of Supervisors (Board) instructed the Auditor-Controller, in consultation with the Probation Department (Probation or Department), Chief Executive Office (CEO), and other relevant stakeholders to report back with an analysis of its current and projected juvenile institutions revenue and expenditures, staffing numbers, including vacancies and ratios in juvenile institutions, and cost savings realized related to the decrease in populations since the declaration of the State of Emergency of the County, and potential cost savings related to maintaining similar populations going forward.

Our review included interviewing Probation management and staff, consulting with CEO staff, evaluating Juvenile Institutions Services (JIS) revenues, expenditures, and youth populations over the past five years, analyzing direct costs associated with housing youth at Probation facilities to determine cost savings, comparing JIS actual financial performance against budgeted amounts, identifying potential issues that could affect future budgets, and reviewing JIS staffing numbers (including vacancies and staffing ratios) and Probation’s methodology for calculating staffing ratios.

Results of Review

Over the last five Fiscal Years (FY), the average youth populations at Probation facilities have decreased 33% from 1,199 to 800 youth. Despite the decrease in youth populations, JIS expenditures (actuals) increased by approximately \$25.8 million (7%) primarily due to a \$20.9 million increase in Services and Supplies (S&S). According to Probation, the increase was due to facility maintenance and infrastructure improvements, inflation in costs of services over time (e.g., health and mental health), and expenditure transfers from another budget unit to JIS. Probation’s Salaries and Employee Benefits (S&EB) also slightly increased by \$4.6 million. Probation indicated the increase was due to cost-of-living increases offset by staff promoting out of JIS and attrition. In addition, Probation indicated they continue to incur ongoing costs associated with closed facilities (e.g., security, groundskeeping) and are working with the CEO to determine alternative uses for these facilities.

The increase in expenditures and a \$34 million (34%) decrease in realized revenues (actuals) from State, federal, and other sources have resulted in a \$59.8 million (23%) increase in Net County Cost from FY 2015-16 to FY 2019-20. The remainder of this review discusses the analysis of the changes that occurred as a result of the recent State of Emergency, the JIS FY 2020-21 budget, and future outlook.

FAST FACTS
For Fiscal Year 2020-21, Probation’s Juvenile Institutions Services has 2,259 budgeted positions and a budget of \$399 million.
Probation currently operates two juvenile halls, four probation camps, and one residential treatment facility.

The County declared a local and public health emergency on March 4, 2020 in response to the increased spread of Coronavirus (COVID-19) across the County. As part of their mitigation efforts, Probation decreased youth populations at juvenile halls (halls) and probation camps (camps) by 43% from 875 to 497 youth from March 4, 2020 to June 30, 2020. However, based on our review of direct costs (actuals) associated with housing youth in Probation facilities, Probation did not realize significant or ongoing cost savings related to the decrease in youth populations during this period.

The Department did not achieve savings because the highest cost of operating juvenile facilities is staffing (approximately 74%) and the Department did not reduce actual filled staff positions because they relocated staff to other facilities. The Department indicated the other facilities needed additional coverage beyond staffing ratio requirements for considerations such as social distancing, facility configuration and blind spots. The Department also indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but they may be able to achieve savings over time through staff attrition.

We also reviewed the following areas described in the Board directive and noted the following:

- **Staffing Ratios** – Probation exceeded the general population day staffing ratio requirements and far exceeded the night staffing ratio requirements for halls and camps from FY 2017-18 to FY 2019-20 (details of the Department's staffing ratios are included in Attachment I). The Department indicated additional staffing is needed beyond the ratio requirements to consider unique supervision coverage such as, social distancing, facility configuration and blind spots, staff availability to transport youth within juvenile facilities, and supervising youth in medical clinics and school classrooms.

With youth populations decreasing, Probation may be able to reduce staffing needs and reduce costs over time. Since Probation indicated they cannot feasibly reduce/increase staff at a pace corresponding with rapid decreases/increases in youth populations, Probation should evaluate its JIS staffing numbers periodically to determine whether changes need to be made.

- **Staff Leave** - Probation should continue to work with the Department of Human Resources and County Counsel on methods for effectively returning employees to suitable employment. During FY 2019-20, Probation reported 20% of JIS staff were on continuous leave greater than six months and 9% of JIS staff had intermittent leave (on-and-off) greater than 15 days resulting in less staff available to conduct youth supervision duties and an increase in costs (e.g., additional staff to cover shifts, overtime).
- **JIS Budget** - During our analysis of current (i.e., FY 2019-20 actuals) and projected (i.e., FY 2020-21 budget) JIS revenues and expenditures, we noted that for FY 2020-21, the Department budgeted an additional \$22.7 million (34%) in JIS revenue, an additional \$34.6 million (12%) in S&EB, and \$22.2 million (22%) less in S&S compared to the actual amounts for FY 2019-20. Overall, the revenue and expenditure variances between actual costs and budget are relatively significant, and we noted the Department underspent S&EB from \$18.6 million (6%) to \$32.3 million (10%) during the last three FYs (i.e., FY 2017-18 through FY 2019-20). Probation has cut 668 unfilled positions since FY 2017-18 from their budget which are factored in the variances above. Nevertheless, opportunity still exists to more closely align budget estimates with projected results given the continuing variances.

Probation indicated they coordinate with the CEO to establish the S&EB budget higher than expected actuals and use the resulting savings to cover anticipated revenue shortfalls and absorb regularly increasing S&S costs. According to Probation and the CEO, this process only impacts the individual budget components and not the overall budget as a whole. Probation and the CEO indicated that reducing budgeted positions to set budgeted S&EB at actual expected levels is not feasible given the uncertainty and extended timeframe for CEO and Board approval of additional positions when needed in the future. In addition, the CEO and Probation stated this allows Probation the ability to readily absorb

S&S increases without going through the difficult and lengthy justification process of requesting additional funding from the CEO and Board.

Budgets can help facilitate control over revenues and expenditures, and provide greater benefit when estimates are aligned with projected results. Accordingly, Probation management should work with the CEO and consider evaluating methods to bring its JIS budget closer to expected results.

- **Future Revenues and Expenditures Outlook** - Probation and the CEO identified notable issues that could affect the Department's future budgets. The Department is planning for the following:
 - Closure of the State Department of Corrections and Rehabilitation Division of Juvenile Justice Facilities, which would transfer the responsibility of managing youth offenders to local jurisdictions (i.e., County facilities). The costs for these additional services and potential State revenue are not known at this time.
 - State Department of Justice (DOJ) Juvenile Hall Settlement Agreement where the Department indicated they are nearing completion with their negotiations with the DOJ on the recommendations for improving conditions at halls. The Department is working with the CEO to develop cost estimates for the implementation of service and infrastructure improvements including an oversight team to monitor ongoing compliance with DOJ performance expectations.
 - Title IV-E Child Welfare Waiver Demonstration Project (Title IV-E Waiver) funds expired in September 2019 and the Family First Transition Act was adopted in December 2019 to bridge this funding for two years. However, at this time it is not known how much funding the Department will be eligible to claim.

Review of Report

We discussed our report with Probation and the CEO. For details of our review, see Attachment I. The Department's response, included in Attachment II, indicates general agreement with our findings and recommendations. The Department's response also provides additional context regarding their budget planning process and additional information on the increase in S&S costs and ongoing costs associated with closed facilities.

We thank Probation management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:PH:MP:ZP:am

Attachments

c: Ray Leyva, Interim Chief Probation Officer
Fesia A. Davenport, Acting Chief Executive Officer
Lisa M. Garrett, Director of Personnel, Department of Human Resources
Rodrigo A. Castro-Silva, Acting County Counsel
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Countywide Communications

**PROBATION DEPARTMENT
JUVENILE INSTITUTION COST SAVINGS REVIEW**

Background

The Probation Department (Probation or Department) operates two juvenile halls (halls), four probation camps (camps), and one residential treatment facility that is often referred to as a camp. The halls provide temporary housing for youth detained on an arrest, awaiting a court date, awaiting adjudication (i.e., formal judgement or decision), and/or awaiting disposition (i.e., placement). The camps provide housing in a residential setting for youth committed by the Juvenile Court, with an average stay of six months. Youth at halls and camps attend school and engage in recreational activities and also receive health, mental health, educational and family assessments, and transitional community services and vocational training opportunities tailored to meet each individual's needs.

The Department's Budget and Fiscal Services Unit is responsible, among other duties, for overseeing the Department's operational costs, and the preparation and implementation of the Department's budget. This includes monitoring and analyzing financial activity of the Department, preparing various financial reports, certifying the availability of funds for purchases and contracts, and providing support to Probation's bureaus and managers.

Probation's services are administered and financed through five separate budget units. Hall and camp operations are administered through the Juvenile Institutions Services (JIS) budget unit. For Fiscal Year (FY) 2020-21¹, the Department has a total of 5,671 budgeted positions and an annual budget of approximately \$976.5 million, with the JIS budget unit consisting of 2,259 (40%) budgeted positions with an annual budget of approximately \$398.6 million (41%). Halls and camps account for approximately 92% of the JIS budget unit expenditures. The remaining 8% includes intake and detention control, community detention services, and transportation.

Approximately 83% of JIS is funded through the Los Angeles County (County) General Fund. JIS also receives revenues from other sources, such as the federal government and the State of California (State), including the Youthful Offender Block Grant for the custody and care of youthful offenders who would have been committed to the State Department of Corrections and Rehabilitation's Division of Juvenile Justice.

Review Scope

On June 9, 2020, the Board of Supervisors (Board) instructed the Auditor-Controller, in consultation with Probation, Chief Executive Office (CEO), and other relevant stakeholders to report back with an analysis of its current and projected juvenile institutions revenue and expenditures, staffing numbers, including vacancies and ratios in juvenile institutions, and cost savings realized related to the decrease in populations

¹ References to the FY 2020-21 Budget refer to the FY 2020-21 Final Recommended Budget.

since the declaration of the State of Emergency of the County, and potential cost savings related to maintaining similar populations going forward.

With the support and active participation of Probation, we have completed a review of JIS revenues and expenditures, the costs associated with the reduction in youth populations, and staffing numbers as directed by the Board.

Our review included interviewing Probation management and staff, consulting with CEO staff, evaluating JIS revenues, expenditures, and youth populations over the past five years, analyzing the direct costs associated with housing youth at Probation facilities to determine cost savings, comparing JIS actual financial performance against budgeted amounts, identifying potential issues that could affect future budgets, and reviewing JIS staffing numbers (including vacancies and staffing ratios) and Probation's methodology for calculating staffing ratios.

Juvenile Institution Revenue, Expenditures, and Youth Population

Probation has collaborated with justice partners and community leaders to systematically reduce the number of youth detained in its facilities. From FY 2015-16 to FY 2019-20, the average youth population at halls decreased by approximately 21% from 651 to 515 youth, and decreased at camps by 48% from 548 to 285 youth. The combined reduction is approximately 33% over the five years. Changes in legislation, judicial decisions, and Probation's focus on expediting placements and more stringent detention assessment screenings have all contributed to the population declines in Probation facilities. With the decrease in youth populations in the last five FYs, the Department has closed one juvenile hall and 12 camps, which includes the recent temporary closure of Camp Joseph Scott (Camp Scott).

Throughout the same time period (last five FYs), JIS revenues (actuals) decreased by approximately \$34 million (34%) while expenditures (actuals) increased by approximately \$25.8 million (7%).

According to Probation, the Department experienced reductions in realized State and federal revenue (e.g., Public Safety Realignment funds) and most of the expenditure increase was attributable to rising Services and Supplies (S&S) costs from facility maintenance and infrastructure improvements, inflation in costs of services over time (e.g., health and mental health, maintenance), and expenditure transfers from another budget unit to JIS. Probation also indicated that Salaries and Employee Benefits (S&EB) costs slightly increased over the five-year period due to cost-of-living increases offset by staff promoting out of JIS and attrition. In addition, Probation indicated they continue to incur ongoing costs associated with closed facilities (e.g., security, repairs, maintenance, pest control, groundskeeping, utilities) and are working with the CEO to determine alternative uses for these facilities (e.g., homeless housing, sober living facilities).

The decrease in revenue and increase in expenditures have resulted in a Net County Cost (NCC) increase of approximately \$59.8 million (23%) from FY 2015-16 to FY 2019-

20. NCC is the cost of departmental operation expenditures funded by County general purpose revenues, such as property taxes.

Overall, despite the decrease in youth populations, JIS expenditures have increased during this period. JIS revenues, expenditures, NCCs, and average youth populations (actuals) for last five FYs are shown in Table 1 below.

Table 1 Juvenile Institution Revenue, Expenditures, and Youth Population (Actuals) Fiscal Years 2015-16 to 2019-20							
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2015-16 to FY 2019-20 Increase/(Decrease)	
						Amount	% Change
Revenues							
State - Public Safety Realign. 2011	\$ 95,262,751	\$ 86,470,940	\$ 76,151,510	\$ 61,949,640	\$ 62,156,908	\$ (33,105,843)	(35%)
Other	5,526,596	6,877,160	7,047,844	7,220,007	4,652,233	(874,363)	(16%)
Total Revenue	\$ 100,789,347	\$ 93,348,100	\$ 83,199,354	\$ 69,169,647	\$ 66,809,141	\$ (33,980,206)	(34%)
Expenditures							
Salaries & Employee Benefits	\$ 280,677,693	\$ 290,017,680	\$ 306,664,111	\$ 292,905,200	\$ 285,227,730	\$ 4,550,037	2%
Services & Supplies	80,043,929	76,399,221	74,785,131	87,477,536	100,897,791	20,853,862	26%
Other	74,377	252,451	286,749	465,012	237,138	162,761	219%
Gross Total	\$ 360,795,999	\$ 366,669,352	\$ 381,735,991	\$ 380,847,748	\$ 386,362,659	\$ 25,566,660	7%
Intrafund Transfer	(432,000)	(432,000)	(473,000)	(535,746)	(205,419)	226,581	(52%)
Total Expenditures	\$ 360,363,999	\$ 366,237,352	\$ 381,262,991	\$ 380,312,002	\$ 386,157,240	\$ 25,793,241	7%
Total NCC	\$ 259,574,652	\$ 272,889,252	\$ 298,063,637	\$ 311,142,355	\$ 319,348,099	\$ 59,773,447	23%
Average Youth Population							
Halls	651	668	668	571	515	(136)	(21%)
Camps	548	414	380	307	285	(263)	(48%)
Total	1,199	1,082	1,048	878	800	(399)	(33%)

Source: County of Los Angeles FYs 2017-18 to 2019-20 Final Budgets, electronic Countywide Accounting and Purchasing System (eCAPS), and Probation Department.

The remainder of this review discusses the analysis of the changes that occurred as a result of the recent State of Emergency, the JIS FY 2020-21 budget, and future outlook.

Cost Savings During Declaration of State of Emergency

On March 4, 2020, the County declared a local and public health emergency in response to the increased spread of coronavirus (COVID-19) across the County. Probation, in collaboration with other agencies, worked to reduce the youth population housed at juvenile halls and camps to help prevent the spread of COVID-19 in juvenile facilities. From March 4, 2020 to June 30, 2020, Probation’s youth populations decreased 43% from 875 to 497 youth, as shown in Table 2 below.

Table 2 Youth Population March 4, 2020 to June 30, 2020			
	<u>Halls</u>	<u>Camps</u>	<u>Total</u>
Beginning Population	558	317	875
Add: Admissions	798	138	936
Less: Releases	(1,070)	(244)	(1,314)
Net Change	(272)	(106)	(378)
Ending Population	286	211	497

Source: Probation Department

We reviewed direct costs (actuals) associated with housing youth at Probation facilities throughout FY 2019-20 on a monthly basis to determine whether Probation generated cost savings due to the State of Emergency and reduction in youth populations, and noted the following:

- **Salaries and Employee Benefits (S&EB)** – S&EB expenses made up approximately 74% of JIS’s FY 2019-20 expenses. We noted no cost savings with S&EB expenditures as the monthly expenditures remained relatively constant throughout the FY at approximately \$21.4 million per month with notable increases of approximately \$6.2 million at the end of each quarter for insurance expenses.

Probation did not generate S&EB cost savings during the pandemic because they did not reduce actual filled staff positions. Although Camp Scott temporarily closed due to the decrease in youth during this period, camp staff relocated to another camp facility. The Department indicated additional staffing is needed beyond the ratio requirements for other coverage considerations (e.g., social distancing, facility configuration and blind spots). In addition, management indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but may be able to achieve savings over time through staff attrition.

The Department also reported having a high percentage of staff on long-term leave, which impacts their ability to reduce S&EB costs (though this issue precedes COVID-19 and overall reduction in youth populations). These issues are discussed in the Juvenile Institution Staffing Section below.

- **Overtime** – Overtime is a component of S&EB expenditures, including costs noted above. We reviewed the monthly overtime expenditures in detail for FY 2019-20 and noted the average monthly overtime costs decreased from approximately \$2.2 million per month to approximately \$721,000 per month during the last two months of the FY (i.e., May and June 2020), a reduction of approximately \$1.5 million (67%) per month.

According to the Department, the decrease was due to the temporary deployment of up to 500 field Deputy Probation Officers (non-hall/camp employees) and Transportation Deputies working up to two shifts per week at halls/camps to limit

their public interaction due to COVID-19 and achieve the required staffing ratios at halls/camps, thereby reducing overtime by hall/camp staff. In addition, costs associated with these Officers were not accounted for in the JIS budget. Given the temporary nature of this practice, it does not appear as though the reductions in overtime will continue on a long-term basis.

- **Health and Mental Health Services** –The Department of Health Services (DHS) and Department of Mental Health (DMH) provide health and mental healthcare services to youth at juvenile institutions and bill Probation for these services up to the agreed upon amounts via departmental service orders (DSO). DHS provides youth with comprehensive healthcare services including pediatric medical care, nursing, dental, pharmacy, laboratory, radiology, and optometry services. DMH provides mental health assessments, medication, and substance abuse treatment.

We reviewed monthly health and mental healthcare costs for FY 2019-20 and noted the average monthly costs decreased from approximately \$3.9 million per month to approximately \$3.3 million per month during the last four months of the FY (i.e., March 2020 through June 2020), for a reduction of approximately \$600,000 (15%) per month. However, the Department reported that the decrease is due to DMH and DHS meeting their agreed upon billing cap amounts earlier in the FY and absorbing costs beyond the DSO amounts. We are working with DMH and DHS to obtain the true monthly health and mental healthcare costs (i.e., actual costs including any absorbed costs) for FY 2019-20 and will report on these costs in a separate report.

- **Facilities** – As discussed earlier, Probation reported they continue to incur ongoing costs associated with closed facilities (e.g., security, repairs, maintenance) and are working with the CEO to determine alternative uses for these facilities.
- **Food and Clothing** – Food and clothing costs comprise a relatively small portion of JIS' overall costs (2%). Therefore, any changes will not significantly impact JIS costs as a whole.

Based on our review, Probation did not generate significant or ongoing cost savings related to the decrease in youth populations since the State of Emergency. As indicated earlier, staffing is the highest cost (approximately 74%) of operating juvenile facilities, and the Department did not reduce actual filled staff positions because they relocated staff to another camp facility. The Department indicated they needed to maintain staffing beyond the general population ratio requirements for other coverage considerations (e.g., social distancing, facility configuration and blind spots). Management also indicated they cannot feasibly reduce staff to immediately correspond with rapid decreases in youth populations without laying off staff, but may be able to achieve savings over time through staff attrition.

Budget Process

As directed by the Board, we performed an analysis of current (i.e., FY 2019-20 actuals) and projected (i.e., FY 2020-21 budget) JIS revenues and expenditures. For FY 2020-21, the Department budgeted an additional \$22.7 million (34%) in JIS revenue, an additional \$34.6 million (12%) in S&EB, and \$22.2 million (22%) less in S&S compared to the actual amounts for FY 2019-20. Overall, the revenue and expenditure variances between actual costs and budget are relatively significant, and we noted that the Department underspent S&EB from \$18.6 million (6%) to \$32.3 million (10%) during the last three FYs (i.e., FY 2017-18 through FY 2019-20). Probation has cut 668 unfilled positions since FY 2017-18 from their budget which are factored in the variances above. Nevertheless, opportunity still exists to more closely align budget estimates with projected results given the continuing variances.

Probation indicated they coordinate with the CEO to establish the S&EB budget higher than expected actuals and use the resulting savings to cover anticipated revenue shortfalls and absorb regularly increasing S&S costs. According to Probation and the CEO, this process only impacts the individual budget components and not the overall budget as a whole. Probation and the CEO indicated that reducing budgeted positions to set budgeted S&EB at actual expected levels is not feasible given the uncertainty and extended timeframe for CEO and Board approval of additional positions when needed in the future. In addition, the CEO and Probation stated this allows Probation the ability to readily absorb S&S increases without going through difficult and lengthy justification process of requesting additional funding from the CEO and Board.

Budgets can help facilitate control over revenues and expenditures, and provide greater benefit when estimates are aligned with projected results. Accordingly, Probation management should work with the CEO and consider evaluating methods to bring its JIS budget closer to expected results.

Recommendation

- 1. Probation Department management work with the Chief Executive Office and consider evaluating methods to bring its Juvenile Institutions Services budget closer to expected results. [Priority 3]²**

Future Revenues and Expenditures Outlook

As directed by the Board, we discussed potential issues that may impact the outlook of Probation's revenue and expenditures in future years with the Department and the CEO. The following includes some notable issues Probation and the CEO identified and are monitoring for future budget implications:

² **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken.

- **Closure of State Department of Corrections & Rehabilitation’s Division of Juvenile Justice (DJJ) Facilities** – In May 2020, the State announced its plan to transfer the responsibility of managing youth offenders to local jurisdictions (i.e., County facilities). The State plans to stop the intake of new juvenile offenders effective July 1, 2021 and begin the closure of its juvenile facilities through the attrition of the current population.

Probation indicated that in addition to community reentry services provided to returning youth/young adults, the Department will incur additional costs associated with longer stays than a typical camp program and additional costs with implementing greater security required for housing older more sophisticated clients for youth that would have otherwise been committed to DJJ facilities. The costs for these additional services and potential State revenue are not known at this time.

- **State Department of Justice (DOJ) Juvenile Hall Settlement Agreement** – The Department indicated they are nearing completion with their negotiations with the DOJ on the recommendations for improving conditions at halls. The Department is working with the CEO to develop cost estimates for the implementation of service and infrastructure improvements, including an oversight team to monitor ongoing compliance with DOJ performance expectations.
- **Elimination of Fines and Fees** – On February 18, 2020, the Board directed Probation to immediately discontinue the collection and acceptance of payment for all discretionary fines and fees (e.g., administrative fee for collecting victim restitution). The Department estimates a \$6 million per year revenue shortfall that will be funded by S&EB savings.
- **Phase Out of Oleoresin Capsicum (OC) Spray** – OC spray is commonly known as pepper spray. The Department submitted a plan to the Board in June 2019 to eliminate the use of OC spray at halls. The plan includes modifications to processes and procedures, training, updated staffing ratios, mental health services, and youth supervision techniques. However, the Department indicated that many of these modifications have not moved forward due to the current economic challenges.
- **Title IV-E Waiver and Family First Funding** – Title IV-E Child Welfare Waiver Demonstration Project (Title IV-E Waiver) funds provide for federal reimbursement for portions of maintenance and administrative costs incurred by public agencies working with children in foster care or at imminent risk of foster care. Title IV-E Waiver funds expired in September 2019 and the Family First Transition Act was adopted in December 2019 to bridge this funding for two years. However, at this time it is not known how much funding the Department will be eligible to claim.

Juvenile Institution Staffing

JIS staffing is primarily composed of staff who work with and provide direct supervision to youth at halls and camps. Staff providing direct supervision to youth hold classification

series titles of Detention Services Officers, Deputy Probation Officers, and Group Supervisors (Nights). Probation’s FY 2020-21 budget includes 2,259 budgeted JIS positions (approximately 40% of the Department’s total positions). Table 3 below provides a summary on the status of budgeted JIS positions for FY 2019-20 (as of June 30, 2020) and FY 2020-21 (as of August 19, 2020).

Table 3			
Fiscal Years 2019-20 and 2020-21 Budgeted Position Status			
	FY 2019-20	FY 2020-21	
	(as of 6/30/20)	(as of 8/19/20)	
Budgeted Positions	2,509	2,259	
Filled	1,902	1,870	
Closed	71	-	
Frozen	319	203	
Vacant	217	186	
Total Positions	2,509	2,259	

Source: electronic Human Resources (eHR) system and Probation Department.

According to Probation, closed positions are those identified by the Department/CEO as positions to be eliminated the following FY; frozen positions are those the Department, working with the CEO, have frozen primarily to generate salary cost savings to offset decreases in revenue and/or cover over-expenditures in S&S; and vacant positions are those available to fill. Frozen and vacant positions make up approximately 17% of JIS’s total budgeted positions for FY 2020-21. The Department indicated they plan to fill all 186 vacant positions.

Staffing Ratios

Appropriate staffing ratios provide for the security of staff and youth and are presented with the number of staff who provide direct youth supervision compared to the number of youth per staff (i.e., 1 staff to 8 youth). Different ratios are required for youth waking hours (day), sleeping hours (night), and based on facility type (e.g., halls, camps).

Staffing ratio requirements come from various sources, such as the State through the Board of State and Community Corrections (BSCC) which requires staffing ratios by facility type (e.g., halls, camps); the Department’s Settlement Agreement with the DOJ which includes stricter staffing ratios for camps than those mandated by the BSCC; and the Prison Rape Elimination Act (PREA), a federal law, which took effect on October 1, 2017 where the PREA Juvenile Facility Standards issued by the DOJ include staffing ratio requirements for juvenile facilities.

In addition, as noted above, in June 2019, the Department submitted a plan to the Board to phase out the use of OC spray, which includes new updated juvenile hall staffing ratios. The new OC staffing ratios only apply to juvenile halls since the last camp authorized to use OC spray closed in July 2019. The Department indicated funding to fully implement the new OC staffing ratios at juvenile halls is pending. Therefore, the Department

currently follows the PREA minimum staffing ratio requirements unless the DOJ Settlement requires stricter minimum staffing ratios. The BSCC, DOJ, PREA and OC staffing ratios are shown in Table 4 below.

Table 4 Staffing Ratio Requirements				
	<u>BSCC</u>	<u>DOJ*</u>	<u>PREA</u>	<u>OC</u>
Halls				
Day	1:10	-	1:8	1:5
Night	1:30	-	1:16	1:12
Camps				
Day	1:15	1:5 - 1:10	1:8	-
Night	1:30	1:16	1:16	-

Source: Probation Department

* DOJ Settlement Agreement includes specific day staffing ratios for each camp ranging from 1:5 to 1:10 and a night ratio for all camps at 1:16.

With each new requirement/proposal the ratios have increased, thereby requiring more staff to supervise youth in Probation facilities. For example, to supervise 30 youth at halls during the day the staffing requirements from BSCC to PREA increased from 3 to 4 staff, an increase of 33%, and with the implementation of the OC ratios, the staffing needs will increase to 6 staff, an increase of 50%, for an overall increase of 100% in staffing requirements from BSCC to OC staffing ratios.

Probation calculates staffing ratios by taking the average daily general population at each location and dividing it by the total number of staff who provide direct youth supervision. Table 5 below shows the Department’s average staffing ratios for halls and camps for FYs 2017-18 to 2019-20.

Table 5 Probation Reported Average Juvenile Institution Staffing Ratios					
	<u>Requirements</u>		<u>Actuals</u>		
	<u>DOJ (1)</u>	<u>PREA (1)</u>	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20 (2)</u>
Halls					
Day	-	1:8	1:6	1:4	1:6
Night	-	1:16	1:10	1:6	1:6
Camps					
Day	1:5 - 1:10	1:8	1:3	1:3	1:3
Night	1:16	1:16	1:6	1:5	1:5

Met Requirements / Did Not Meet Requirements

Source: Probation Department

(1) Probation currently follows PREA ratio requirements unless the DOJ Settlement Agreement requires stricter minimum staffing ratios. The DOJ Settlement Agreement includes specific day staffing ratios for 10 of 11 camps with ratios ranging from 1:5 to 1:10 and a night ratio for all 10 camps at 1:16. Probation currently operates two juvenile halls and five camps, and closed one juvenile hall and six camps during the review period.

(2) Field Officers temporarily deployed to work in halls and camps are not included in the ratios.

The ratios in Table 5 above illustrate whether the Department reported meeting the required DOJ or PREA ratio requirements. Probation exceeded the day ratio requirements and far exceeded the night ratio requirements for halls and camps. The Department indicated additional staffing is needed beyond the ratio requirements to consider unique supervision coverage such as, social distancing, facility configuration and blind spots, staff availability to transport youth within juvenile facilities, and supervising youth in medical clinics and school classrooms.

With youth population decreasing, Probation may be able to reduce staffing needs and reduce costs over time. Since Probation indicated they cannot feasibly reduce/increase staff at a pace corresponding with rapid decreases/increases in youth populations, Probation should evaluate its JIS staffing numbers periodically to determine whether changes need to be made.

Recommendation

- 2. Probation Department management evaluate Juvenile Institutions Services staffing numbers periodically to determine whether changes need to be made. [Priority 3]**

Staff Leave

The Department indicated staffing at halls and camps have been impacted due to staff leave time (e.g., Family and Medical Leave Act (FMLA), workers’ compensation). Table 6 below shows the number of JIS staff, as reported by Probation, with intermittent leave (e.g., on-and-off FMLA leave) greater than 15 days per year and continuous leave greater than six months during FY 2019-20. Only staff who provide direct supervision to youth and staff supervisors are included in the table.

Table 6 Fiscal Year 2019-20 Staff Attendance					
	Total Staff	Staff with intermittent leave greater than 15 days		Staff with continuous leave greater than 6 months	
		Staff	%	Staff	%
Halls	1,059	124	12%	261	25%
Camps	570	25	4%	61	11%
Totals	1,629	149	9%	322	20%

Source: Probation Department

Probation reported that 20% of JIS staff were on continuous leave greater than six months and 9% of JIS staff had intermittent leave greater than 15 days resulting in less staff available to conduct youth supervision duties and an increase in costs (e.g., additional staff to cover shifts, overtime).

The Department indicated that in addition to working with the Department of Human Resources and County Counsel on methods for effectively returning employees to

suitable employment, they also perform wellness checks on staff who are on leave due to illness or injury to remind staff they are to be home between the hours of 8 a.m. and 5 p.m. Monday through Friday and to provide information on the Department's peer support program.

Recommendation

- 3. Probation Department management continue to work with the Department of Human Resources (Disability Compliance and Management Section) and County Counsel on methods for effectively returning employees to suitable employment. [Priority 3]**



COUNTY OF LOS ANGELES PROBATION DEPARTMENT

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RAY LEYVA
Interim Chief Probation Officer

November 25, 2020

TO: Arlene Barrera
Auditor-Controller

FROM: Ray Leyva 
Interim Chief Probation Officer

SUBJECT: **RESPONSE TO REVIEW OF JUVENILE INSTITUTIONS REVENUE AND EXPENDITURES, STAFFING, AND REALIZED COST SAVINGS**

The Probation Department (Probation or Department) provides this response to accompany the Auditor-Controller's (A-C) review of Probation's Juvenile Institutions Services (JIS) revenue, expenditures and related budget processes and cost savings. This response is intended to provide greater detail to supplement the A-C's recommendations response template (attached), and to clarify a few key observations made by the A-C team. Probation appreciates the collaboration with the A-C and the value they add to the transparency and context of our budget planning and financial results.

JIS Budget Performance

The JIS budget is a plan developed seven months (each December) before each fiscal year (FY) begins, and in-part based on informed estimates. Data of sufficient depth to begin to inform projections of actual results emerges approximately one year later, and final actual results are available approximately nineteen months (July) after the Department's initial budget request is assembled. Actual results are dependent upon circumstances such as Federal and State funding and regulatory actions, the detained youth population and actions of the Court and the Board of Supervisors, general economic vitality that impacts revenue streams, recruitment and hiring timeframes, known and unknown infrastructure needs, and incurring qualifying costs upon which revenue drawdowns are dependent. We agree with the A-C's generalization that there is opportunity to seek closer alignment of budget estimates with actual results but seek the importance of ensuring sufficient context.

The A-C's report states that for FY 2020-21 Probation budgeted "...additional" amounts of revenues and expenditures compared to the actual revenues realized and expenditures incurred. The Department did not budget "additional" revenues and expenditures, and in fact revenue and expenditure budgets were lower than the prior FY. Actual revenue and expenditure amounts were less than budget within the context of the JIS budget unit, but not for the Department as a whole. Probation JIS budget unit cannot be managed in isolation from the department-wide budget because each of Probation's five budget units influences one another. Final budget results are discussed below.

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For the first three of the five FYs of the A-C's study sample (ending FY 2019-20), Probation maintained essentially a roll-over JIS Salaries and Employee Benefits (S&EB) budget. In FY 2017-18, the Department began slowing hiring and closed camps in anticipation of federal Title IV-E Waiver Program revenue cessation in FYs 2018-19 and 2019-20. During the last two of five FYs of the A-C's study sample, realized revenue in JIS dropped \$21.7 million and the Department cut 418 JIS positions across the two fiscal periods to balance the respective FYs' budgets. The Department also experienced COVID-19 curtailments in FY 2020-21 resulting in an additional 253 position cuts, for a three-year total of 671 JIS position cuts.

The A-C reports that "The Department did not reduce actual filled staff positions because they relocated staff to other facilities." As the data above notes, the Department did reduce staff positions by relocating staff away from closed facilities and cutting vacant positions from those closed facilities as a prudent means of addressing budget challenges including revenue losses. The Department did not reduce actual filled staff positions within the facilities that remained in operation because of the staffing needs described in the A-C's report (i.e., staff-to-youth ratio compliance, one-on-one supervision needs, medical transport, etc.).

Department-Wide Budget Performance

To put Probation's budget and actual spending performance in context, the net difference between JIS's FY 2019-20 budgeted (\$397.7) and actual (\$383.5) expenditures was +3.6%. The plus "+" sign is used as an indicator that the Department stayed within its spending ("appropriation") authority.

It is important to also consider the Department-wide budget alignment concluded FY 2019-20 with a budget-to-actual variance of less than +1%. The precision of that variance is a matter of close monitoring and partnership with the Chief Executive Office (CEO). Comparison of the JIS and Department-wide variance demonstrates the interrelationship of budget units, where some sacrifice more than others to ensure maintenance of the most critical client services and support mandated staffing ratios.

Probation and the CEO agree that substantially reducing or increasing each year's budgeted S&EB to more precisely match each year's projections is generally not realistic given Probation (like all County departments) cannot feasibly layoff staff or risk the uncertainty and extended timeframe for approval of additional positions and the subsequent timeframe for classification studies, exams, and hiring. The 418 position cuts noted above were the result of a strategy initiated well in advance and adapted as circumstances evolved. Probation further explained to the A-C team that the real-world pace of curtailments or hiring seldom will seamlessly align with the pace and uncertainty of the budget process.

Structural Services and Supplies (S&S) Shortfall

Probation and the CEO advised the A-C that the Department is underfunded for actual S&S costs, and therefore relies on generating Department-wide salary savings to offset an ongoing structural S&S budget deficit. This circumstance is not unique to Probation. The

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A-C report notes that most of the JIS budget unit's expenditure increase was attributable to rising S&S costs.

Probation as a whole is funded by about one-third revenue and two-thirds net County cost (NCC). The structure of the County's inter-departmental billing process results in "provider" departments that bill much if not all of their costs to "customer" departments. For many services (e.g., vehicle repairs, plumbing, electrical, etc.), Probation (like other NCC "customer" departments) has no option to choose a non-County department provider. This process is not unique to craft services, as central administrative providers also pass along their increasing costs for service such as accounting, banking, and information technology.

As provider department costs increase, they increase their billing rates resulting in customer department expenditure increases. These provider rate increases, in addition to inflation associated with routine commodities, employee benefits, and energy prices, are at times not accompanied by customer department budget (NCC) increases and thus necessitate customer departments to find a way to absorb the increasing costs, generate revenue, or cut service levels. This is effectively the circumstance Probation experiences annually.

Provider and commodity increases can be a multi-million-dollar impact to customer departments each year. Thus, departments like Probation that have few (if any) customer departments to pass along cost increases are beholden to service provider departments that are effectively monopolies. Therefore, customer departments retain vacancies to generate salary savings and shift those savings to their "Services and Supplies" appropriation to cover provider department billings and commodity increases. Without such action, in just a few years NCC departments would not have sufficient funding for basic needs.

Closed Juvenile Facilities

As noted by the A-C, Probation continues to incur costs for closed facilities. For example, during FY 2019-20 the Department incurred approximately \$730,000 to maintain the tandem Camps Munz and Mendenhall. These costs primarily include security, maintenance, and pest control. We estimate the annual cost to maintain recently closed Los Padrinos Juvenile Hall at \$2.1 million. By County policy, Probation is responsible for these costs unless/until another tenant is found. We are working with the CEO to explore alternative uses for vacant juvenile facilities.

Thank you for the opportunity to respond to this important review. The responsiveness and professionalism of your staff is very much appreciated. Please contact me if you have questions, or your staff may contact Robert Smythe, Administrative Deputy, at (562) 940-2516.

Attachment

c: Fesia Davenport, Acting Chief Executive Officer
Justice Deputies

**PROBATION DEPARTMENT – JUVENILE INSTITUTION COST SAVINGS REVIEW
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1: JUVENILE INSTITUTIONS SERVICES BUDGET

A/C Recommendation	Probation Department management work with the Chief Executive Office and consider evaluating methods to bring its Juvenile Institutions Services budget closer to expected results.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department will continue its ongoing collaboration with the CEO to align budget estimates as closely as possible with projected results. As noted in our cover letter, estimates are generated seven months or more prior to the start of each fiscal year, prior to the known impacts of State and federal legislation, and prior to the State's annual budget passage which potentially includes funding changes, new mandates, and regulatory changes impacting client services and deployment of Department resources.
Planned Implementation Date	July 1, 2021, consistent with the County budget calendar.

ISSUE 2: STAFFING NUMBERS

A/C Recommendation	Probation Department management evaluate Juvenile Institutions Services staffing numbers periodically to determine whether changes need to be made.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department will continue to regularly assess juvenile facilities' staffing needs based on factors described within the A-C's report (e.g., required ratios, one-on-one supervision, facility logistics and blind spots, hospital transport, social distancing, etc.).
Planned Implementation Date	July 1, 2021

ISSUE 3: STAFF ABSENCES

A/C Recommendation	Probation Department management continue to work with the Department of Human Resources (Disability Compliance and Management Section) and County Counsel on methods for effectively returning employees to suitable employment.
Priority	PRIORITY 3
Agree/Disagree	Agree
Department Action Plan¹	The Department identifies challenging workers' compensation matters and assesses them in a roundtable setting. Department of Human Resources and County Counsel will continue to be consulted on return-to-work challenges of varying difficulties to advocate for solutions such as accommodation needs, disability retirement, change in classification, or other solutions as applicable to the unique circumstances of each case.
Planned Implementation Date	July 1, 2021

¹In this section the Department should only describe the efforts they plan to take to implement the recommendation.