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ACQUISITION

FINANCING GROUP HOMES AS LEAA FUNDS ARE WITHDRAWN

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Abstract. In seeking to determine how group homes are meeting the demands of a transition from federal LEAA funding to state or private funding, the authors studied 60 recent group home evaluation papers obtained through the National Criminal Justice Reference Service and through the 55 state planning agencies in America (50 from the States, 4 from the Territories, and 1 from the District of Columbia). The authors found hints of problems in seven states, but also found that the transition was being made with ease in several other states.

Costs of group homes are widely recognized as being somewhat less expensive than traditional institutions in providing "per-child-per-day" services to juveniles, but exact figures are difficult to obtain. This paper presents those figures, as reported in the group home evaluation papers and in Rachin's Directory of Halfway Houses and Group Homes for Troubled Children, 1977. Figures are presented for 29 states, and a median cost per state is found to be around \$20 "per-child-per-day," for the 1976-1977 fiscal year. This figure is compared to the most recent information on costs of traditional institutions, costs for the 1973-1974 fiscal year. That figure is approximately \$30 "per-child-per day."

Introduction. Since the Department of Corrections of the State of Minnesota opened the first group home for juvenile delinquents in 1965, it has been apparent that group homes were generally less costly than traditional institutions. This fact alone has been partially responsible for the unusually rapid growth of group homes in this country. This is particularly true where public sentiment supports a "get tough" policy

with delinquents, but where there is a recognition that the costs of maintaining prisons and reform schools makes it prohibitive to build all the traditional institutions needed to "get tough."

Group homes have become popular in the U.S.A., and the rapid growth of such homes is nothing less than phenomenal. Since Minnesota pioneered in the use of group homes for delinquents, they have "spread" to at least thirty-seven states, Puerto Rico and the District of Columbia. Today there are at least one-thousand group homes in America.¹

Today the issue of group home financing is critical. Currently there is a transition being made from federal funds, which were responsible for supporting many such programs, to other means of support, presumably private, state and local funds. Because the group homes in many states relied upon federal money, guided by federal policy which supported community-based programs, money was easily obtained. Now that "seed money" is being withdrawn, the homes must turn to other agencies, public and private, for funding revenues. It is imperative that accurate figures be provided, wherever possible. This paper attempts to present such figures.

Federal support. The federal government has been involved in the financial support of group homes since the National Institute of Mental Health jointly sponsored the group home program in California with the California Youth Authority in 1966. Much of the pioneering in group home administration was conducted by Ted Palmer and the team of researchers studying the project sponsored by the NIMH and the CYA.²

A much larger federal support system was developed through the Law Enforcement Assistance Administration, a federal agency created

through the Omnibus Crime Control and Safe Streets Act of 1968. The purpose of the LEAA is defined in a recent Department of Justice publication.

In 1968, recognizing that state and local governments needed financial and technical help with which to improve their law enforcement, courts and corrections agencies, the Congress created the first significant Federal criminal justice assistance program to deal with those needs on a comprehensive and nationwide basis.³

Included in the responsibilities of the LEAA are "helping state and local governments improve their criminal justice systems," and "coordinating all federal juvenile justice and delinquency prevention programs."

The relationship between LEAA and state and local governments is one of a partnership. "The federal government supplies financial resources, technical advice, and leadership," while "states and localities set their own crime control priorities and allocate LEAA funds according to their own carefully developed comprehensive criminal justice improvement plans."⁴

In order to implement the LEAA state-federal partnership, "state planning agencies," responsible directly to the governors of the several states, were created by administrative orders in 1968. The plan was a forerunner of federal revenue-sharing programs developed under the Nixon Administration. The state planning agencies developed many programs for their respective states, and among those programs were "community-based corrections" programs, of which the group homes were particularly important.

Federal money provided for state and local correctional programs was not intended to replace state and local funding, and while some money was used to construct new prison or jail facilities, much was provided as seed money, a temporary stimulus used to initiate innovative programs. The term "seed money" is not reflected in the various statutes governing

4

LEAA's work, and there are no guidelines which deal with the subject per se. "The phrase is generally used by LEAA program specialists to mean money to start a criminal justice improvement project in a particular community. The intention is to launch a successful project that the community will subsequently be willing to finance itself for long-term benefits."⁵ Many group homes owe their existence to federal seed money, but today the "seeds" have been planted and federal money is being withdrawn.

A second Act of Congress which played a significant role in the funding of group homes was the Juvenile Justice and Delinquency Prevention Act of 1974, which mandated the creation of the Office of Juvenile Justice and Delinquency Prevention under the Department of Justice's LEAA Office. That Office was instructed to "coordinate Federal policy on delinquency programs."⁶ Of particular importance was the decision to provide "discretionary Special Emphasis funds" only to those states which complied with the "philosophy of the Act" in removing status offenders from detention and correctional facilities.⁷ States not in compliance with that philosophy could not receive those funds until their policies were changed.

West Virginia, the home state of the authors of this paper, was one of the states not in compliance with the philosophy of the Office, and it is instructive to see what steps were taken by that state to bring itself into compliance. Compliance was met when State Supreme Court Justice Neely ruled, in 1977, that "under no circumstances can a child adjudged delinquent because of a status offense . . . be incarcerated in

a secure, prison-like facility with children adjudged delinquent because of criminal activity," and recommended as an alternative such placements as foster care or group homes.⁸ The implications of the Neely ruling were codified in the 1977 Welfare Law, Senate Bill No. 200, of the West Virginia State Legislature.⁹

Crisis in transition. The withdrawal of LEAA Seed Money has created a financial crisis for some group homes, particularly where the states have not made adequate provisions for the transition or where group homes or community-based corrections are not in keeping with the general correctional policy of the state. That crisis is reflected in the financial appeal letter sent to friends of the Sugar Creek Children's Center in September, 1977. Sugar Creek was the first group home for juvenile delinquents in West Virginia, and received federal funding from the Governor's Committee on Crime, Delinquency and Corrections beginning in 1972. Because that money was "seed money," it has now terminated, and the group home must depend entirely on state funding and private donations. We quote from the appeal letter because it reflects the state of emergency created by the termination of federal money.

Dear Friend of Sugar Creek,

We find ourselves in a bureaucratic dilemma and need your help to survive. . . . Our current problem is to stay open until the Dept. of Welfare cuts through the maze of red tape that they have created. We have been paying the difference between our actual expenses and what the Dept. of Welfare has been allowing us since July 1, and we are just about broke. . . . We are asking some of our special friends and contributors to keep us going. If you planned to help us during the remainder of the year, we would appreciate it if you would send the donation at this time. Our operating capital will be used up by the end of September, and we are in a financial crisis.¹⁰

While the transition to state or local support has not created a crisis in all states, there are significant problems related to funding in many states. Such problems are evident in the group home evaluation papers written in the past two years.

In Delaware the Eight-O-One House received federal funding from 1975 through 1978. One of the recommendations in the evaluation report on that group home was to begin planning for the financial transition, plans which had not, in 1977, been adequately made. "Since GCCJ [i.e. LEAA] funding terminates in June 1978, the project should immediately begin seeking other funding."¹¹

In Georgia the shift from federal to state funding damaged the program. "LEAA funding was adequate but activities have been curtailed greatly since the state took over funding. There has always been a problem receiving reimbursement from the state on schedule . . ."¹²

Difficulties in funding are but one of the problems cited in the 1973 report on group homes in Maine. "There has been a concerted effort to de-institutionalize and rehabilitate [delinquents] in the community. This effort has been hampered by the resistance of public opinion, the vested interests of existing institutions, the limited finances of local and state governments (underlining ours), the low priority assigned to the needs of 'deviants,' and the apathy of the general public."¹³

Those financial difficulties continued through the next several years in Maine. Under the threat of withdrawal of federal funds, the 1976 report on group homes and halfway houses in Maine speaks to the Criminal Justice Planning and Assistance Agency (the state planning agency) in the following words. "It seems important to continually support the philosophy of 'de-institutionalization' by aiding group homes, not only to get started, but to survive."¹⁴ (Underlining ours.)

In Nebraska the group home program was granted a fourth year of LEAA funding, into the year 1978. Alternatives to LEAA funding had been discussed through 1976 and early 1977, prior to the decision by the State Crime Commission to give one more, probably the last, year of funding. "Once federal funds are no longer available," the report states, the alternative "funding support for group homes . . . has yet to be demonstrated."¹⁵

In New Jersey seven group homes received grants from the state LEAA agency, the State Law Enforcement Planning Agency. "These grants were intended to help with administrative and operating costs during the "start-up" period, before the home was filled to capacity and could become self-sufficient. They were not an on-going source of income." But aid from the State of New Jersey has been inadequate, and group home directors have been expected to raise part of their operating funds from other sources. Other sources of financial support have come from the Turrell Fund, the NIMH, from city governments, from Model Cities funds, United Way funds, from fund-raising activities and donations from charitable individuals and groups. "One home was kept alive by contributions from its own director."¹⁶

The problem of funding faces group homes in Wyoming. In the 1976 report we read, "The third installment of the LEAA grant will be given in 1976. New funding sources are needed to support the agency in the near future if the program is to continue. The basic issue is how to secure adequate funding so that the program can continue to help

troubled youth."¹⁷ The following year the problem was more acute, as is indicated in the 1977 report. "One of the immediate issues facing the Attention Home is continued funding. There needs to be a review of the funding formula . . ."¹⁸

Successful transitions. The survey of states in which the transition from federal to state financing created a crisis for group homes is not to suggest that this was the case in all states. There are several illustrations in which the "seed money" was indeed planted in fertile ground, and where state agencies picked up the cost of group homes even, in some cases, before federal funding had expired.

In Idaho the Law Enforcement Planning Commission (LEAA state planning agency) awarded funds for the Statewide Group Home project beginning in 1971. Since that time twelve group homes have been created in the state, and the state intends to add eight more homes. By the end of 1975, approximately 30% of the youths under the control of the Youth Rehabilitation Act (i.e. juvenile delinquents) in residential facilities were in group homes. By the end of 1975 the state of Idaho paid for all but 13% of the costs of group home care. The evaluator of the group home program in Idaho recommended that LEAA funds now be withdrawn from present programs, since those funds "appear to be a contribution to the operating funds of an on-going and normal operation," while the purpose of such funds is to "advance the state-of-the-art, not merely to maintain the status quo."¹⁹

In Rhode Island the Ocean Tides Residential Education Program was initially funded by LEAA money on June 30, 1975. The group residence is located in the city of Narragansett. It serves delinquent boys between

the ages of 13 and 16. It is a "large group home," with 20 "slots" continually full. The program is sponsored by the Christian Brothers Association, and is modeled after Lincoln Hall in New York. After two years of funding from LEAA, the "Ocean Tides program is not seeking its third and final year of LEAA funding since they have generated state support from Department of Corrections . . . and Child Welfare Services on a contractual, fee-for-service basis."²⁰

In Montana the first group home was established in 1970 under a grant from the Board of Crime Control, the LEAA state planning agency in that state. In 1971 the Montana State Legislature "authorized the Department of Institutions to implement a statewide group home program." Funds from LEAA and the state legislature provided 75% of the group home costs, while 25% of the costs were generated through the local boards which administered the homes. "The Board of Crime Control supported this program for three years at approximately \$300,000, after which the Montana State Legislature assumed the cost for the program. Currently the program consists of eleven group homes. ²¹

In Washington state group homes originated prior to LEAA funds, and have utilized LEAA funds only as a supplement to a larger statewide group home program. "Prior to 1969 only nine group homes, excluding the five state operated homes, existed in Washington State." In 1969 the State Legislature passed a bill which provided funding and licensing requirements for group homes in that state, and today Washington ranks among the top ten states in terms of the number of group homes operating within its borders. By 1971 there were 47 group homes, 68 in 1973, and

in 1976 there were 77 homes. The Group Home Study of 1977 reported that ten of the 77 homes received LEAA funds during the previous year. Clearly, group homes in the State of Washington exist independently of LEAA funds, and existed prior to the receipt of those funds. Here it would be inappropriate to use the term "seed money" in describing LEAA support for group homes.²²

Of course the group home program which is most extensive and famous is that of Massachusetts, where today there are nearly 250 group homes. That state has taken great steps to reduce the institutionalization of juveniles. By 1974 only 13% of the juveniles in custody of the state were held in traditional institutions, while 87% were in community-based programs.²³ That program of deinstitutionalization was made possible, in part, through money provided through LEAA.²⁴

Costs of group homes in the U.S.A. In order to assist those who are preparing budgets to present to state legislators, or others who might benefit by knowing how much it costs to operate a group home on a per-child-per-day basis, Table 1 below lists the most recent (figures published in 1977) information on costs of operating group homes in 34 states, and compares those costs with the most recent figures for operating traditional institutions in all 50 states. In each case the cost is presented on a per-child-per-day basis.²⁵

Discussion. As indicated in Table 1, the median state costs for group homes is considerably less than that of traditional institutions. Figures presented in Table 1 indicate that the median cost for group homes is approximately two-thirds that of traditional institutions.

Table 1

State by State Comparisons of Cost per Child per Day
For Traditional Juvenile Institutions and Group Homes

State	Traditional Institutions FY 1974	Large Group Homes FY 1975	Small Group Homes FY 1975
Alabama	\$18.04	NA	\$16.00
Alaska	153.44	NA	NA
Arizona	19.69	\$21.10	NA
Arkansas	15.40	NA	NA
California	39.26	9.91	9.94
Colorado	50.94	NA	NA
Connecticut	40.03	24.17	17.62
Delaware	35.03	30.49	34.00
Florida	41.72	NA	24.30
Georgia	23.99	NA	20.82
Hawaii	38.31	NA	NA
Idaho	17.60	NA	13.30
Illinois	41.93	NA	NA
Indiana	16.72	NA	NA
Iowa	27.01	NA	20.00
Kansas	34.56	NA	16.50
Kentucky	35.72	NA	11.51
Louisiana	17.67	NA	NA
Maine	38.17	NA	22.96
Maryland	80.60	NA	15.68
Massachusetts	342.41	18.52	NA
Michigan	94.44	18.08	13.70
Minnesota	3.36	NA	4.93 (25.00) ^a
Mississippi	9.43	NA	NA
Missouri	23.48	NA	19.61

a. There are conflicting data.

Table 1 (cont.)

State	Trad. Inst.	Large Group Homes	Small Group Homes
Montana	24.92	NA	32.26
Nebraska	25.94	NA	68.16
Nevada	30.80	NA	NA
New Hampshire	29.45	NA	21.80
New Jersey	34.43	NA	27.40
New Mexico	19.80	NA	NA
New York	142.57	NA	22.00
North Carolina	30.37	NA	16.85
North Dakota	53.63	NA	NA
Ohio	28.49	17.00	11.50
Oklahoma	20.73	NA	8.22
Oregon	41.70	27.40	NA
Pennsylvania	51.14	40.92	19.80
Rhode Island	36.47	NA	25.00
South Carolina	24.06	21.00	16.00
South Dakota	21.99	NA	NA
Tennessee	15.99	15.60	NA
Texas	36.69	NA	NA
Utah	28.96	30.00	NA
Vermont	75.56	NA	NA
Virginia	20.91	16.44	NA
Washington	50.66	NA	NA
West Virginia	13.07	NA	24.00
Wisconsin	38.46	NA	NA
Wyoming	32.15	NA	15.69
U.S. Mean	28.42		
Median State Cost	31.47	21.00	19.61

In fact, group home costs may be more nearly one-half those of traditional institutions, for group home costs presented here are more recent (costs for traditional institutions would be higher if presented for the fiscal year 1976-1977), and group home costs include, in many cases, starting-up expenses which will not be a part of the regular budget once the homes are established.²⁶

The National Assessment of Juvenile Corrections estimated in 1975 that community-based programs cost less than half the average of institutionalization on a per-offender basis.²⁷ Figures presented in our paper do not contradict that estimate, given the qualifications mentioned above.

There is little evidence in the 60 group home evaluation papers to suggest that group home programs are more effective in reducing recidivism than traditional institutions, and this is the conclusion of other researchers.²⁸ But there is no doubt that community-based programs are more humane and less costly than incarceration, and that there is less danger of psychological damage in group homes than in closed institutions. For these reasons community-based programs will continue to provide a reasonable and positive alternative to traditional juvenile institutions such as reform schools.

However, as federal financing is terminated, there will be resistance in some communities and states which may bring an end to some of the most creative programs in the field of corrections. It is hoped that this paper might be one resource for those who hope to continue group homes in their own communities.

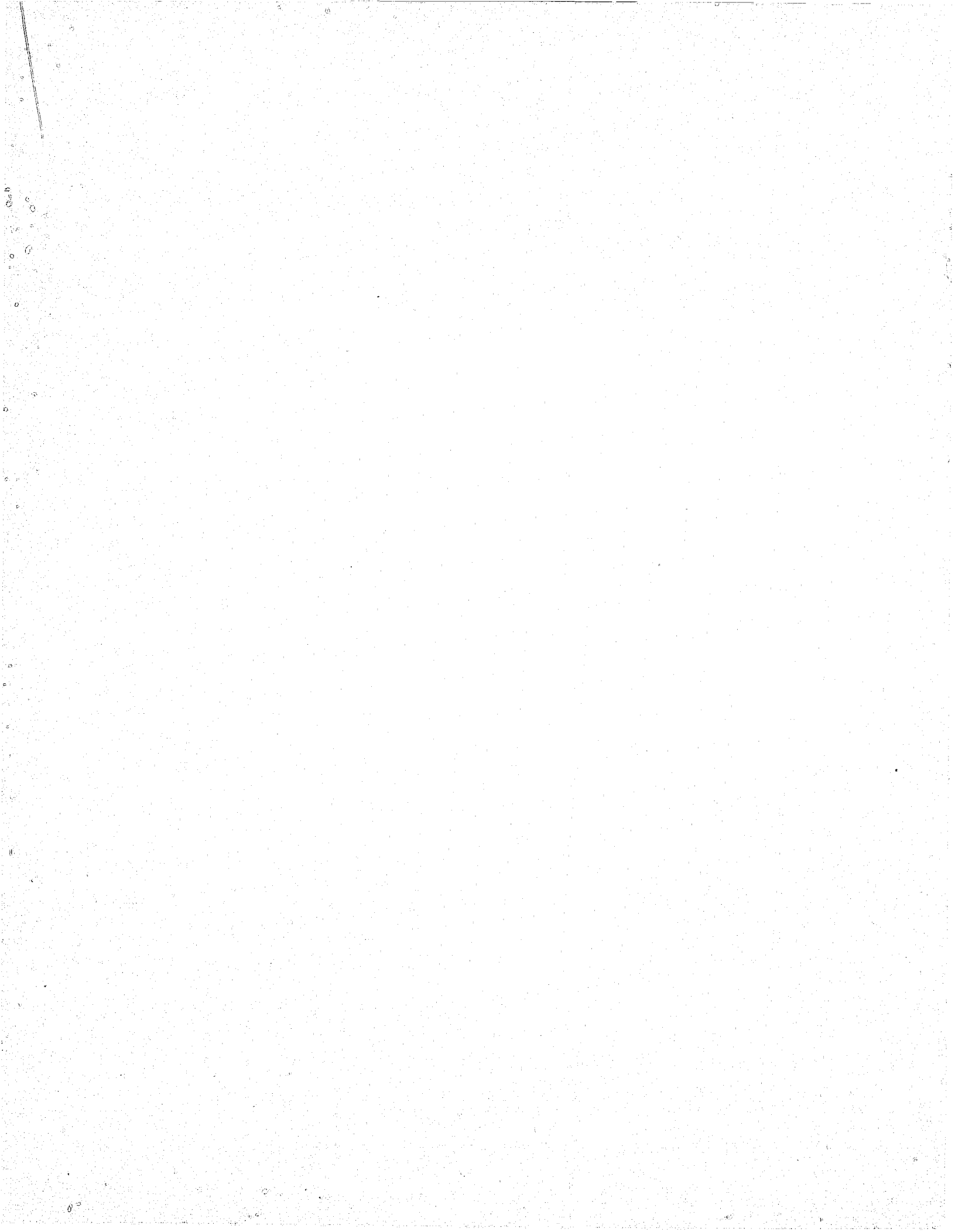
Footnotes

1. John R. Warner, Jr., "One Thousand Group Homes in America" (Rockville, Md.: National Criminal Justice Reference Service, 1978). The paper includes a bibliography of 97 unpublished group home evaluation papers, many of which were used in the development of this paper.
2. Ted Palmer, "Differential Placement of Delinquents in Group Homes, a Synopsis of California's Group Home Project: Final Report" (Sacramento: California Youth Authority, 1972).
3. U. S. Department of Justice, Law Enforcement Assistance Administration, Eighth Annual Report of LEAA (Washington, D.C.: Government Printing Office, 1976); i.
4. Ibid., 3.
5. Letter from Malcolm Barr, Director of Public Information, LEAA, U. S. Department of Justice, July 28, 1977.
6. U. S. Department of Justice, Juvenile Justice and Delinquency Prevention . . . Federal Research in Action (Washington, D.C.: Government Printing Office, 1976), 1.
7. Ibid., 2.
8. West Virginia Supreme Court Ruling No. 13815.
9. West Virginia Code 49, 1977 revisions (Senate Bill No. 200).
10. Dawn Norman and Emily Sturm, Sugar Creek Children's Center financial appeal letter, September, 1977 (Philippi, WV).
11. P. Robinson and S. Manasse, "Community-Based Residential Facilities for Youth Diverted" (Wilmington, DL: Governor's Commission on Criminal Justice, 1977), 20.
12. "DeKalb/Clayton Girls Group Home" (evaluation paper) (Atlanta: Georgia State Crime Commission, 1977), 1.
13. Richard McKeen, "Halfway House Program" (Augusta, Maine: Bureau of Corrections, 1973), 28.
14. Jamie P. Morrill, "Adult and Juvenile Halfway Houses in Maine: Section II Overview" (Augusta, Maine: Maine Criminal Justice Planning and Assistance Agency, 1976), IV-6.
15. "Youth Service System of Lincoln and Lancaster County: Group Homes Project" (Lincoln: Nebraska Commission on Law Enforcement and Criminal Justice, 1977), 30-31.
16. Albert L. Shostack, "The Experience of Group Homes for Teenagers in New Jersey: Administrative and Social Perspectives" (Princeton, NJ: 1977), 19.

17. "Attention Home, Inc." (Cheyenne, WY: Governor's Planning Committee on Criminal Administration, 1976), 7.
18. "Attention Home, Inc." (Cheyenne, WY: Governor's Planning Committee on Criminal Administration, 1977), 3.
19. Roy Vance, "Evaluation Report: Statewide Group Homes for Delinquent Children" (Boise: Idaho Law Enforcement Planning Commission Supervisory Board, 1976), 15.
20. "Ocean Tides Phase II Evaluation Report," (East Providence: Governor's Justice Commission, 1977), i.
21. Steve P. Nelson, Juvenile Programs Planner, Board of Crime Control, Helena, Montana, letter dated December 28, 1977.
22. John P. O'Connell, Jr., "Group Home Study" (Olympia, Wash.: Law and Justice Planning Office, 1977), 1-2.
23. Michael J. Hendelang, Sourcebook of Criminal Justice Statistics - 1976 (Washington, D.C.: U.S. Department of Justice. LEAA. Government Printing Office, 1977), Table 6.42, p. 685.
24. Michael Serrill, "LEAA," Corrections Magazine 11, 4 (June, 1976), 4.
25. Figures for group home costs were determined by obtaining the average daily population, and dividing that figure into 1/365 of the annual expenditures. Figures were obtained from group home evaluation papers (see bibliography cited above in fn 1) and from Richard Macnin, Directory of Halfway Houses and Group Homes for Troubled Children, 1977 (Tallahassee) Figures for traditional institutions were obtained from Hendelang, op. cit., Table 6.40, p. 685 "Average daily populations in juvenile institutions, ranches and camps, 1974," and Table 1.107, p. 206 "Direct current expenditure of State governments for correctional activities (for juveniles) FY 1974." Here again the average daily population was divided into 1/365 of the annual direct current expenditures for juveniles in correctional institutions.
26. As mentioned in fn 25, figures for traditional institutions are based on "direct current expenditures" only. The problem of obtaining equitable figures is discussed in Morrill, op. cit., 11, page V-21, regarding figures for the State of Maine. "It is important to note here that the costs have been computed differently. For the state institutions, costs were only computed on the general fund budget and do not include capital expenditures (either amortized or as a single block), or federal monies (either MCFPA or Title 4/20 educational monies, etc.). For the halfway house programs [Maine calls group homes "halfway houses"], all expenditures were included."

27. Rosemary Sarri and Elaine Selo, "Some Selected Findings from the National Assessment of Juvenile Corrections." Paper presented at the American Correctional Association, Nashville, Tennessee, August, 1975.

28. Andrew Rutherford and Usman Bengur, Community-Based Alternatives to Juvenile Incarceration (Washington, D.C.: National Institute of Law Enforcement and Criminal Justice, LEAA, U.S. Dept. of Justice, G.P.O., 1976), 29.



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