

February 13, 2014

The Honorable John Rubin, Chairperson  
House Committee on Corrections and Juvenile Justice  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Rubin:

**SUBJECT:** Fiscal Note for HB 2540 by House Committee on Corrections and Juvenile Justice

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2540 is respectfully submitted to your committee.

HB 2540 would create a new class of youth residential centers known as youth residential center IIIs (YRC IIIs). The YRC IIIs would be non-secure facilities providing 24-hour care for up to an average of at least 25 juvenile offenders of which at least 15 offenders must be medium risk or high risk offenders.

On or before January 1, 2015, the Department of Corrections must conduct a cost study to determine the appropriate daily payment rate for effective and efficient YRC IIIs. Highly effective YRC IIIs would receive at least 90.0 percent of the daily payment rate determined by the cost study. Other YRC IIIs would receive at least 75.0 percent of the rate determined by the cost study.

The Department of Corrections would be required to establish new and innovative community-based programming as alternatives to residential care for juvenile offenders. The Department must also create new standards, performance-based outcomes, and payment methodologies for residential services. As part of changing current programs or establishing new ones, the Department would be required to establish performance measures, contractual reporting timelines, mechanisms for the reporting and tracking of youth to determine effectiveness, evidence-based practices, and licensing requirements. The Department could also require the use of evidence-based screening and assessment tools. The performance measures for the programs must include recidivism rates, educational progress, measures of safety and welfare, engagement in community activities promoting pro-social relationships, and any other measures that would help demonstrate the efficiency and effectiveness of the programs. The payment methodologies may include tiered payments, payments tied to performance, incentive payments, periodic adjustments of payments based on performance, and any other methodologies deemed appropriate.

The Honorable John Rubin, Chairperson

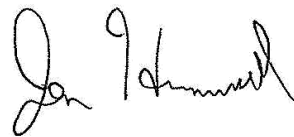
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On or before the 30<sup>th</sup> calendar day of the 2015 Legislative Session, the Department of Corrections must report to the House Committee on Corrections and Juvenile Justice and the Senate Committee on Judiciary regarding the cost study and progress made towards the other requirements in the bill.

The Department of Corrections indicates that HB 2540 would establish a policy framework for juvenile offenders to address residential center effectiveness and efficiency, community programs, and the rates and methods of payment for those residential centers and programs. However, a specific fiscal effect relating to YRC III funding and any funds needed to develop new community-based programming cannot be determined until the cost study has been completed and the new programs identified. Any fiscal effect associated with HB 2540 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,  
Interim Director of the Budget

cc: Jeremy Barclay, KDOC