



Focus

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National Council on Crime and Delinquency

Potential Impacts of Proposed Budget Cuts to California's Juvenile Justice-involved and At-risk Youths with Mental Health Problems

California has improved the way it cares for the mental health of youth who are involved or at-risk for involvement in the juvenile justice system. These youth are the most needy yet most underserved population in our state. The sorely needed improvements are a result of several state and federal programs and initiatives. In many counties these programs and initiatives provide the *only* mental health care for juvenile justice-involved or at-risk youth. We know that these programs have been working to improve the lives of young people and their families. These programs result in safer communities, intact families, and cost-savings for the counties and state.

However, if even some of the budget cuts proposed in the Governor's May Revision and debated in the legislatures become law, nearly all of these improvements will be erased, programs that need increased funding will instead lose funding, and the momentum gained in the past decade will be lost.

Compared to their alternatives, which in most cases is detention and placement in a group home, the programs proposed to be reduced or eliminated:

- provide more appropriate and proven successful services,
- keep more families intact,
- make communities safer, including reduced recidivism,
- cost the county and states less, and
- serve as key aspects of system-wide improvements.

As of July 15, the California Senate had passed a budget wisely rejecting many of the proposed cuts that would do most harm to these youth and the Assembly seemed inclined to do so also.

However, nothing is settled in the legislature, and in any case, it is likely that some mental health services and programs will be cut or reduced before the final budget is approved. It is essential that the Governor, lawmakers, and their staff

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members understand what is at stake, and just how far these relatively few dollars can go towards keeping our communities safe while improving the lives of these needy children.

Santa Clara County's Director of Mental Health spoke for most county administrators when she said, as paraphrased in a recent editorial, "[The proposed] state cuts will *imperil* the intensive services from mental health providers, social service agencies and probation departments that help the highest-risk youngsters."¹

Will the budget cuts truly produce savings?

Although these cuts would do irreparable harm, the savings on paper amounts to small change compared to the total budget, that is, approximately \$95 million of the \$23.6 billion dollar deficit, or well under one percent of the total budget². Even in purely financial terms, the proposed cuts may cause more damage than good. These cuts could actually *cost* the state. The California Mental Health Association (CMHA) stated "It should be clear that the state will not, in the short term or the long term, save any money from cutting nearly \$100 million from mental health programs."³ Cutting one set of programs simply means redistributing the costs across other programs. "A more accurate way of gauging these cuts would be to match them with caseload increases spread across Medi-Cal, state prisons, special education, out of home placements and other programs..."⁴

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If these programs are cut, most youth who would have remained in the custody of their parents and received community-based services will be placed in group homes. The cost of housing individual youths in a group home is much higher than that of community-based care. For instance, housing a single youth in a group home has an annual cost of up to \$70,000 per juvenile probationers, especially those with serious diagnosed mental health illness.* Furthermore, these settings are usually some distance from the youth's community, alienating the youth from his or her known environment and adding communication and travel costs to the families and communities. In contrast, a similar amount of money can cover the salary and benefits of a clinician who can provide intensive care for up to 15 youths annually via a community-based program such as those funded by System of Care, JJCPA and the Challenge grants.⁵

And who will pay these added costs? They will be redirected to other county and state programs which actually spend more to provide inferior service. The California Mental

Health Directors Association estimates that, while cumulative expenditures for Children's System of Care in California are just over \$159 million, the cumulative total *savings* in TANF/AFDC-FC placement costs is \$645 million.⁶ This translates to savings to the state of \$128 million over the history of System of

* Similarly, a year in the California Youth Authority with treatment costs approximately \$54,000, while a year in a state hospital costs approximately \$100,000, though most of the 200 children in the state hospital each month stay for far less than a year.

Care, along with saving to the counties of \$192 million and to the federal government of \$323 million. Similar savings are found at the local level. In the first two years of System of Care in San Francisco, spending for group homes decreased 12.7% (nearly equal to the *increase* in group home spending statewide during that period), and, while total out-of-home placement spending in the state decreased just 1%, San Francisco had a 10.2% drop.

The Most Needy Population

Youth involved in the juvenile justice system are at once the neediest and the most underserved population in the state. The worst off of all are these youth that also have mental health problems. The U.S. Department of Health and Human Services reports that up to 75% of juvenile justice-involved youth have some mental, emotional, or behavioral health problem and that at least 20% of these are serious mental disorders.⁷

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Youth involved in the juvenile justice system, especially those with serious emotional or developmental problems, are often caught up in the system *because* of their mental illness. Not only are they likely to have been the victims of abuse, they are also likely to have substance abuse problems, are the most difficult to place, and are likely to remain in the system longer than their healthier peers, regardless of what led to their original arrest.

San Francisco estimates that up to 35% of its juvenile justice-involved youth have serious emotional disorders.⁸ Many studies document rates of mental illness for juvenile justice youth not only greater than demographically similar youth in the general population, but rates often similar or greater than non-juvenile justice-involved youths being treated in the mental health system. In other words, juvenile justice youth with mental health problems are the neediest population in the state. The jeopardized programs are often the only means available for counties to properly treat these youth. And the fact remains that many of these youth *still* never receive the care they require—cutting these programs would make things worse.

Crucial Programs At-Risk

There are five key areas of proposed budget cuts which, if enacted, would critically limit the ability of counties to provide for their mentally ill juvenile justice youth. They are:

- Children’s System of Care,
- Medi-Cal and EPSDT,
- Juvenile Justice Crime Prevention Act,
- Challenge Grant II, and
- Other Youth- and Adult-focused programs.

Children’s System of Care

Begun in Ventura in 1984, System of Care is a proven effective program now used in 53 of 58 California counties. In many counties it is the key mental health care delivery mechanism. Most importantly, Children’s System of Care often provides the *only* alternative to detention and out of home placement for

juvenile justice-involved or at-risk youth. Typically at least 20% of a county's clients are referred from the juvenile justice system. Almost all of the other 80% are at-risk for involvement in the juvenile justice system.

System of Care is designed to meet the needs of the most acutely ill individuals. It is "child-centered and family-focused" comprehensive treatment that encompasses community-based decisionmaking, early assessment and intervention, cultural competency, and effective collaboration among all stakeholding agencies (including health and human services, Medi-Cal and mental

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health agencies, health care professionals, law enforcement, courts, legal services, schools, families, and community groups). It is also a program that learns from itself via a strong outcome evaluation component.

The age of System of Care programs, the amount of funding, and the depth to which they have been incorporated into local systems varies by county, and thus it is difficult to estimate how many children statewide benefit from the program. However, its successes are well-documented for both long established and younger programs. Positive outcomes for the youth and families served by System of Care as well as their communities include:⁹

- a 50% reduction in arrests^{*},
- fewer detentions or out of home placements,
- better functioning including higher educational achievement, and
- reduced costs to the county and state and increased eligibility for Federal funds.

It is vital to recognize that cutting System of Care funds would be a double blow to counties. Using System of Care, counties can drawdown a 100% match in federal Medi-Cal funds, which require a 50% local match and System of Care funds serve as that match.

Although the effects of System of Care cuts would differ by county, a few local examples will illustrate the potential damages. If all of the proposed budget cuts were approved in Santa Cruz County, it would lose 60% of its children's mental health positions (full-time equivalents). Mid-sized counties such as Santa Cruz would typically receive approximately \$600,000 in System of Care funds. With the proposed cuts, they stand to lose not just \$600,000, but \$1.2 million.

One of the key components of San Francisco County's System of Care program is Family Involvement Teams. These teams combine parents who have had direct mental health system experience with parents who need help learning the system. Another, new component is the Youth Task Forces. Youths currently involved in the system make decisions and help administer the program. These components, along with care manager teams, are 100% funded by

^{*} Arrest rates drop after the positive effects of the program are realized, e.g., arrest rates during the first year a youth is in a System of Care program are 50% higher than arrest rates in the year after leaving the program.

the System of Care monies and thus would be lost if the proposed budget cuts go through. More importantly, the 50 San Francisco youths that are served each year (50% of whom come from juvenile probation or foster care and all of whom generally have the most acute mental health needs) will lose their best chance for getting appropriate treatment and for avoiding cycles of arrests, detention and out of home placements.

Finally, the collaborative nature of the System of Care program, in which all the various stakeholders in the county work together, leads to inevitable improvements in mental health care delivery well beyond the specific programs funded by System of Care. Administrators across the state describe how System of Care has changed the very nature of mental health delivery.¹⁰ The System of Care Integration Coordinator for San Francisco says that their System of Care funding “did more than just provide the means by which we could fill gaps in services. It was the catalyst for changing the structure of the entire San Francisco system.” Not only does San Francisco’s System of Care money pay for its award winning intensive case management program, but it provides the funds for consultants to research and implement new programs, the financial leverage to get those new programs off the ground, and the staffing to facilitate true collaboration between all the stakeholders.

Additionally, there are over 15 programs and initiatives in San Francisco which are either directly funded by or were made possible by System of Care monies and/or are under the supervision

and guidance of the System of Care steering committee. One such program is a collaboration with a community based service provider to establish a treatment center for youth dually diagnosed with mental health and substance abuse problems. Another is a data information system integrated across various public agencies. Most of the System of Care counties have similar structures.

Medicaid/ Medi-Cal and EPSDT

Medicaid (known as Medi-Cal in California) and its related program, Early and Periodic Screening, Diagnosis, and Treatment (EPSDT), both federal programs requiring a certain amount of matching state funds, provide the bulk of funding for mental health care services in the state. Although there have been improvements in recent years in service delivery and outreach to eligible populations, California still ranks last in the nation in per enrollee expenses. The state spends 32% less than the national per capita average for Medicaid reimbursable health services.¹¹ Further, the National Mental Health Association reports California was 47th in its effectiveness at identifying serious emotional disorders in children. While some analyses suggest that children’s coverage will not be directly affected by the proposed budget cuts, the California HealthCare Foundation’s Medi-Cal Policy Institute estimates that up to 400,000 low-income parents and their children will lose coverage if the changes take effect.¹²

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The May Revision proposals would make an already inadequate system

still less effective. One proposal is to rollback Medi-Cal reimbursement rates for psychologists and psychiatrists to 1999 rates. Reimbursement rates are already so low that it is difficult to locate psychologists and nearly impossible to locate psychiatrists who will accept the government rate for seeing these difficult to treat youth.

Another proposal would require the counties to pay 10% of EPSDT costs, and cut various Medi-Cal programs, such as outreach activities which are sorely needed in this underused program. The California Mental Health Directors Association states that the 10% co-pay proposal “threatens the viability of all county mental health programs....The children’s mental health care system in California is a system of care, not pieces of programs that can be picked apart.”¹³

The latest revisions being considered in the legislature reject the 10% county co-pay proposed in the May Revision but leave in the approximately \$35 million reduction in projected growth of EPSDT, reductions most of which will be met through efforts toward administrative cost-savings and increased efficiency. County mental health administrators seem generally supportive of this compromise.

Juvenile Justice Crime Prevention Act

The May Revision proposed eliminating 100% of the funding for the Schiff-Cardenas Juvenile Justice Crime Prevention Act (JJCPA, aka CPA 2000). Among JJCPA’s many crime prevention programs are over 78 programs in 39 counties that directly address the mental health needs of youth involved or at risk for involvement in the juvenile justice system.

In addition to behavioral improvement and delinquency reduction, the objectives of these programs feature many of the key elements of successful mental health-related programs, including improved school attendance and performance, substance abuse treatment, probation completion, vocational training, life skills training, and addressing girls’ issues. As with System of Care, a goal common to nearly all of these programs is parent participation in their children’s mental health treatment and improved family relationships.

A Los Angeles program (JJCPA funds of \$6.1 million in 2001-2002) provides¹⁴ crucial mental health assessments, and treatment services for 18,000 newly detained youth each year. Two Calaveras County programs (JJCPA funds of \$68,000 per program) provide assessment, individualized case plans, and case management to more than 55 first time and repeat offenders.

JJCPA also funds special needs courts (aka mental health and/or juvenile drug courts) in Butte, Los Angeles, Monterey, Orange, San Diego, and Yolo counties. According to David Steinhart of the Commonwealth Juvenile Justice Program, “There is little doubt that total termination of Crime Prevention Act grants would wipe out local youth crime prevention programs, because counties have no other funds that can replace them.”

Challenge Grant II

The May Revision and the budget passed in the Senate reduce or eliminate the fourth year funding for the Juvenile Crime Enforcement and Accountability Challenge Grant II program. These grants provide funding for innovative new

programs coupled with a strong evaluation component, so that what works can be distinguished from what doesn't. Currently, 17 counties fund mental health services with Challenge Grant II funds. They serve over 7,300 youth during the course of the grant, but should the program be discontinued a year early, that number will be reduced. Also lost will be the careful evaluation of these important programs and thus their potential benefit to the whole system. Santa Cruz's Challenge II grant funds two integrated service day treatment sites which serve 80 of the county's highest risk youth. Assistant Chief Probation Officer Judy Cox reports that these programs will close without Challenge II money. Those children will be at risk for more detention and out of home placements and thus will certainly be more costly to the county in the long run.

Other Youth and Adult Mental Health Programs

It is essential that the state continue to cover the cost of the 27,645 children in AB 3632 special education programs¹⁵. Without this funding, many

of these children would be at high risk for juvenile-justice system involvement.

Elsewhere in the May Revision, there are proposed cuts which less directly affect mentally ill juvenile justice-involved or at-risk youth, but which would affect the ability of their caregivers and the counties to adequately provide for them and would leave more children at-risk for justice system involvement. Youth with mental health problems tend to come from homes where family members have mental health problems. Parents with untreated mental illness cannot adequately care for their children. The May Revision includes cuts which will exacerbate this situation by lessening the ability of poor and uninsured parents to receive the mental health services they require. These changes include the Medi-Cal changes mentioned above, the quarterly recertification requirement for adult beneficiaries of Medi-Cal, removing coverage for optional Medi-Cal benefits including psychological services, cuts in the Mentally Ill Offender Crime Reduction Grant program and AB 34 Integrated Services to Homeless Mentally Ill, the elimination of the AB 3777 Adult System of Care pilot funding, and State Hospital budget cuts.

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