

**Juvenile Detention Home Fund  
Reimbursements to Detention Homes**

*NOTE: Revised and republished with updated information on March 8, 2018*

**ISSUE**

This *Issue Review* examines juvenile detention home reimbursement through the Iowa Juvenile Detention Home Fund, in addition to alternative reimbursement proposals.

**AFFECTED AGENCIES**

Iowa Department of Human Services

**CODE AUTHORITY**

Iowa Code sections [232.142](#) and [321.218A](#)

**BACKGROUND**

Juvenile detention homes are facilities that provide secure, short-term housing to youth under the age of 18 who are awaiting court hearings and proceedings. There are currently nine juvenile detention homes in Iowa (as shown in **Appendix A**). A delinquent juvenile is referred to a detention home when there is probable cause to believe the juvenile has committed a serious criminal act, such as a crime classified as a felony or an aggravated misdemeanor. The homes funded through the Juvenile Detention Home Fund do not include the Training School for Boys at Eldora, or the Iowa Juvenile Home at Toledo, which is no longer in operation.<sup>1</sup> However, the Central Iowa Juvenile Detention Home in Eldora, Iowa receives funding from the Juvenile Detention Home Fund.

The Juvenile Detention Home Fund was established to provide State assistance to juvenile detention homes for reimbursement of operation expenses. Fees collected by the Department of Transportation under Iowa Code section [321.218A](#), which includes civil penalties for driver's license suspensions and revocations, are deposited into the Juvenile Detention Home Fund. The Department of Human Services (DHS) has the authority to then allocate these collected funds to State juvenile detention homes.

The Iowa Code requires the DHS to reimburse juvenile detention homes for at least 10.0%, but not more than 50.0%, of total costs related to the establishment, improvement, operation, and maintenance of the homes.<sup>2</sup> The average total amount in the Juvenile Detention Home Fund that is available for distribution to homes is roughly \$4.2 million annually.

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<sup>1</sup> The Iowa Juvenile Home at Toledo was closed in January 2014.

<sup>2</sup> Iowa Code §[232.142](#)

The standards for reimbursement are noted in Iowa Administrative Code chapter 441, section 167.3. The homes must be compliant with current standards of operation, and must submit total establishment, improvement, operation, and maintenance costs to the DHS. The DHS then allocates the funds to the Juvenile Detention Homes based on their prorated portion of total submitted costs.<sup>3</sup> The Iowa Administrative Code describes eligible costs in detail:

“Eligible costs shall be determined by using a cost allocation methodology that follows generally accepted accounting principles (GAAP). Eligible costs shall be based on the portions of the allowable costs that are directly attributable to the function of detaining youth in the home.

a. Costs are not eligible for reimbursement if a supplemental funding, reimbursement, or refund source is available to the home. County payments to an eligible home for the function of detaining youth in the home (“care and keep”) are not considered to be supplemental funding, reimbursement, or refund sources for the purpose of this subrule. Ineligible costs include, but are not limited to:

- (1) Refundable deposits.
- (2) Services funded by sources other than the juvenile detention reimbursement program.
- (3) Operational activities such as the food and nutrition program that is funded by the Iowa Department of Education.

b. Costs attributed to portions of the home not directly used for detaining children are not eligible for reimbursement.

c. Costs of alternatives to detaining youth in the approved detention home are not eligible for reimbursement. Services ineligible for reimbursement include, but are not limited to:

- (1) Community tracking and monitoring activities.
- (2) Transportation not related to detention.
- (3) Outreach services.
- (4) In-home detention.

d. Capital expenses are to be depreciated over the useful life of the item, following generally accepted accounting principles. The annual depreciated amount for items that are eligible costs may be claimed for reimbursement.”<sup>4</sup>

Prior to the 2017 Legislative Session, the licensed bed statewide maximum for juvenile detention homes was set at 262 beds. With the enactment of [House File 653](#) (FY 2018 Health and Human Services Appropriations Act), the maximum number of statewide juvenile detention beds statewide increased to 272. In FY 2016, the average daily occupancy across juvenile detention homes was 149 beds, leaving 113 beds across the State available for occupancy. On the busiest day for juvenile detention homes in that year, 80 beds were available statewide.<sup>5</sup>

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<sup>3</sup> 441 IAC [167.3](#)

<sup>4</sup> Id.

<sup>5</sup> Department of Human Services bed utilization data.

## **CURRENT SITUATION**

Under the current reimbursement model, detention homes submit their total costs for each year. The DHS then reimburses homes after the close of the State fiscal year, based on total eligible costs proportionate to their share of the Juvenile Detention Home Fund balance. Homes must submit their certifications of costs by August 10 of each year and DHS distributes the funds by August 31. Reimbursements for costs incurred in the previous fiscal year are made in the following fiscal year (i.e., juvenile detention homes costs incurred in FY 2016 are reimbursed through facility allocations in FY 2017).

In 2010, Iowa Auditor of State David Vaudt released a [report](#) recommending the consideration of a bed day-based reimbursement model, which would involve the State reimbursing homes through a review of the number of bed days a juvenile is detained, instead of evaluating funds expended for the operation and maintenance of a facility. The differences between these two reimbursement methodologies will be explored in this *Issue Review*.

In addition to State reimbursements, juvenile detention homes receive county funding, smaller amounts of funding from the Iowa Department of Education (primarily for home meal reimbursement), and funding from other counties that need assistance from facilities outside of the youth's home county to provide beds.<sup>6</sup>

## **STATE FUNDING**

In 2010, the Auditor of State noted the following conclusion in the Juvenile Detention Home Fund report: "The Code of Iowa currently rewards Centers for incurring the most expense without regard for the actual volume of services rendered. In addition, reimbursements are based on total expenditures rather than net expenditures, allowing Centers to submit costs for Juvenile Detention Home Fund reimbursement which are already funded by other sources." The Auditor of State also raised concerns regarding the accuracy of costs submitted in the past to the DHS by three of the juvenile detention homes. The costs submitted by these homes, as reviewed by the Auditor for fiscal years 2003 through 2009, were reported as either including calculation errors or as failing to comply with criteria for eligible costs as specified by the Iowa Code.

The analysis in this *Issue Review* does not include an evaluation of the validity and accuracy of costs that were reimbursed through the Juvenile Detention Home Fund during the years reviewed (fiscal years 2014 through 2016). Prior to the publication of the Auditor of State report, the DHS released a 2009 memorandum including guidelines for reporting allowable juvenile detention home costs for reimbursement. The DHS established new documentation requirements for reimbursement, including the following:

- A completed General Accounting Expenditure form showing the total eligible costs incurred in the fiscal year being reimbursed.
- A ledger expense sheet providing line item detail supporting each cost as identified on the General Accounting Expenditure form. The ledger expense sheet should include other sources of funding for costs, if applicable, to avoid overcompensation.
- A copy of the home's financial statement audit report.

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<sup>6</sup> Iowa Code §[232.142](#)

**Table 1** and **Table 2** show each home's share of reimbursed costs. In FY 2016, Polk County, Central Iowa, and Linn County juvenile detention homes received the highest allocations from the Fund, while Northwest Iowa, South Iowa, and Dubuque juvenile detention homes received the smallest allocations from the Fund.

**Table 1**  
**Share of Costs Reimbursed**  
**from the Juvenile Detention Home Fund**

<b>Detention Center</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Linn County	13.4%	12.4%	12.7%
Woodbury County	9.0	8.3	8.2
Southwest Iowa	6.7	6.7	7.2
Central Iowa	13.9	16.7	15.4
North Iowa	4.8	5.2	5.0
Northwest Iowa	3.6	3.2	2.9
Polk County	37.1	36.0	36.6
South Iowa	4.7	4.7	4.7
Dubuque County	1.0	1.0	1.2
Scott County	5.7	5.7	6.1
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: DHS data.

Note: Totals may not equal 100.0% due to rounding.

**Table 2**  
**Current Cost-Based Reimbursement Model**

<b>Detention Center</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Linn County Juvenile Detention	\$ 555,908	\$ 520,531	\$ 521,221
Woodbury County Juvenile Detention	372,255	346,222	335,672
Southwest Iowa Juvenile Detention	275,651	280,350	297,069
Central Iowa Juvenile Detention	578,092	700,883	631,525
North Iowa Juvenile Detention	199,917	218,080	205,866
Northwest Iowa Youth Service	150,954	135,817	119,082
Polk County Juvenile Detention	1,539,535	1,508,301	1,500,111
South Iowa Area Detention	193,782	196,286	192,859
Dubuque County Juvenile Detention	41,781	42,138	50,780
Scott County Juvenile Detention	236,493	242,228	248,781
<b>Total Amount</b>	<b>\$ 4,144,368</b>	<b>\$ 4,190,836</b>	<b>\$ 4,102,966</b>

Source: State accounting system data.

**Table 3** shows a three-year average (from fiscal years 2014 through 2016) of each juvenile detention home's average total costs, the amount approved for reimbursement, and the percentage of each home's total costs as reimbursed by the DHS. All homes met the codified threshold of being reimbursed for at least 10.0% and no more than 50.0% of eligible costs, with

an average reimbursement of 21.7% of eligible costs (displayed as the percentage of total costs reimbursed).

**Table 3**  
**Detention Home Costs and Reimbursements**  
**(Three-Year Average, FY 2014-FY 2016)**

<b>Detention Center</b>	<b>Average Costs</b>	<b>Average Fund Reimbursement</b>	<b>Percentage of Total Costs Reimbursed</b>
Linn County	\$ 2,535,390	\$ 532,553	21.0%
Woodbury County	1,498,739	351,383	23.4%
Southwest Iowa	1,351,504	284,357	21.0%
Central Iowa	3,129,210	636,833	20.4%
North Iowa	965,854	207,954	21.5%
Northwest Iowa	583,972	135,284	23.2%
Polk County	6,777,352	1,515,982	22.4%
South Iowa	866,522	194,309	22.4%
Dubuque County	215,908	44,900	20.8%
Scott County	1,135,970	242,501	21.3%

Source: LSA calculations.

## **ALTERNATIVE 1 – COST-BASED VS. BED DAY-BASED REIMBURSEMENT**

The Department of Human Rights, Criminal and Juvenile Justice Planning Division (CJJP) tracks bed days by juvenile detention home as part of a federal reporting requirement for states under the federal Juvenile Justice and Delinquency Prevention Act.<sup>7</sup> This Act provides federal formula grants and technical assistance to states for the purpose of reducing juvenile delinquency.

Under the current cost-based reimbursement model, eligible costs may be higher at a facility that provides a lower number of bed days than another facility whose costs are lower overall, but provides more bed days. Instead, a bed day-based reimbursement model would take into account the cumulative number of bed days per juvenile, per facility, when a juvenile is detained, and a juvenile detention home would receive a portion of the Juvenile Detention Home Fund that was equal to the proportion or percentage of the statewide total bed days that the facility accounted for in that fiscal year. The homes would receive a proportional share of fees collected through the Juvenile Detention Home Fund, as is the current methodology being used for cost-based reimbursement. One critique of migrating to a solely bed day-based reimbursement model is that a bed day-based reimbursement model does not account for facility overhead costs, and could potentially shift Juvenile Detention Home Fund resources away from facilities with larger operating expenses to facilities that may have lower operating expenses and more youth being served.<sup>8</sup>

A bed day is defined as a single occurrence of one youth in one juvenile detention home bed for one day. For example, a youth held in a juvenile detention home bed for three days would

<sup>7</sup> [Pub. L. No. 93-415, 42 U.S.C. §5601](#)

<sup>8</sup> Auditor of State Iowa Juvenile Detention Home Fund report.

count as three bed days. **Table 4** shows annual bed day tracking by facility for fiscal years 2014 through 2016.

**Table 4  
Annual Detention Bed Days by Facility**

Detention Center	Percent		Percent		Percent	
	FY 2014	Total	FY 2015	Total	FY 2016	Total
Linn County	6,595	12.0%	6,058	11.0%	4,650	8.6%
Woodbury County	6,878	12.4%	7,158	12.9%	5,061	9.3%
Southwest Iowa	2,752	5.0%	3,076	5.5%	2,795	5.1%
Central Iowa	12,081	21.9%	13,003	23.3%	13,840	25.5%
North Iowa	3,535	6.4%	3,826	6.9%	4,645	8.5%
Northwest Iowa	2,048	3.7%	2,818	5.0%	3,764	7.0%
Polk County	12,238	22.1%	10,906	19.6%	10,198	18.8%
South Iowa	4,279	7.7%	3,463	6.2%	3,859	7.1%
Dubuque County	1,155	2.1%	1,343	2.4%	1,051	1.9%
Scott County	3,707	6.7%	4,019	7.2%	4,479	8.2%
<b>Total Annual Bed Days Statewide</b>	<b>55,268</b>	<b>100.0%</b>	<b>55,670</b>	<b>100.0%</b>	<b>54,342</b>	<b>100.0%</b>

Source: Division of Criminal and Juvenile Justice Planning, Iowa Department of Human Rights.

When reviewing each home’s share of the total number of bed days in **Table 4**, the Polk County and Central Iowa juvenile detention homes serve more youth than the rest of the detention homes, followed by Woodbury County and Linn County. This higher share of the total is also observed when reviewing relative costs. However, a bed day-based reimbursement model is more advantageous to Woodbury County. Under the bed day-based reimbursement, Woodbury County would have received 13.6% more in funds from the Juvenile Detention Home Fund in FY 2016, despite having a relatively high share of eligible costs.

For the purposes of bed day tracking by facility, youth who have been waived to adult criminal court, out-of-state youth, and youth awaiting trial for federal charges (or for crimes with substantial federal interest, violent felonies, drug trafficking and/or importation offenses, or firearms offenses) are not included in the statewide bed day aggregate. These youth are tracked separately and are shown below in **Table 5** and **Table 6**.

**Table 5  
Bed Days for Youth  
Waived to Adult Court**

	FY 2014	FY 2015	FY 2016
<b>Holds</b>	204	233	229
<b>Bed Days</b>	5,830	6,803	5,072

Source: Division of Criminal and Juvenile Justice Planning, Iowa Department of Human Rights

**Table 6  
Bed Days for Out-of-State  
and Federal Hold Youth**

	FY 2014	FY 2015	FY 2016
<b>Holds</b>	153	193	188
<b>Bed Days</b>	2,491	3,539	3,329

Source: Division of Criminal and Juvenile Justice Planning, Iowa Department of Human Rights

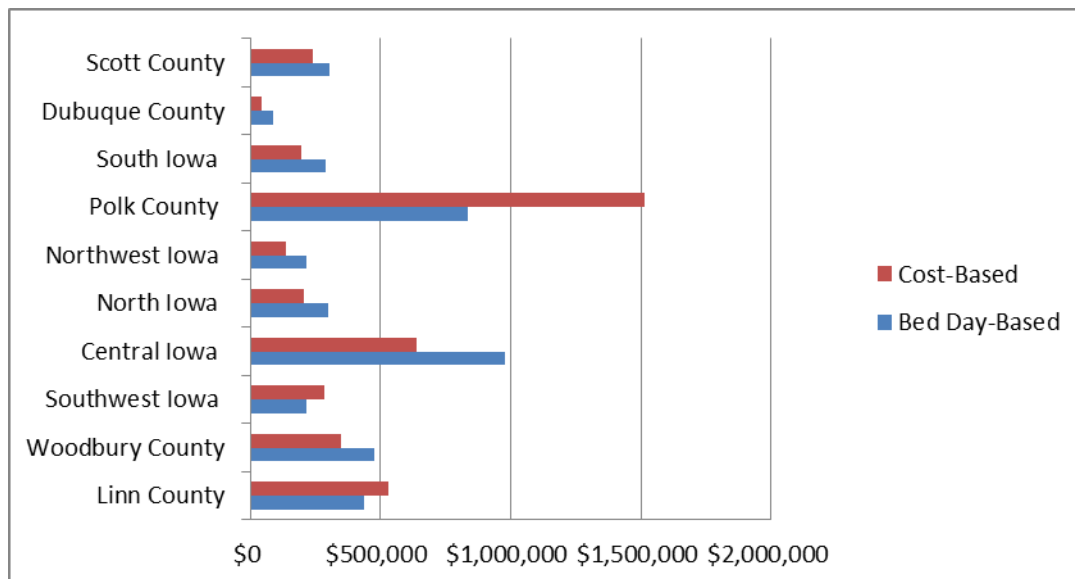
Proportional allocations under the proposed bed day-based reimbursement model using the Juvenile Detention Home Fund balances for FY 2014, FY 2015, and FY 2016 appear in **Table 7**.

**Table 7**  
**Bed Day-Based Reimbursement Model**

<b>Detention Center</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Linn County	\$ 497,324	\$ 460,992	\$ 352,855
Woodbury County	513,902	540,618	381,576
Southwest Iowa	207,218	230,496	209,251
Central Iowa	907,617	976,465	1,046,256
North Iowa	265,240	289,168	348,752
Northwest Iowa	153,756	209,542	287,208
Polk County	915,905	821,404	771,358
South Iowa	319,116	259,832	291,311
Dubuque County	86,617	100,580	77,956
Scott County	277,673	301,740	336,443
<b>Total</b>	<b>\$ 4,144,368</b>	<b>\$ 4,190,836</b>	<b>\$ 4,102,966</b>

Source: LSA calculations.

**Table 8**  
**Comparison of Cost-Based and Bed Day-Based Reimbursement**  
**(Three-Year Average for FY 2014-FY 2016)**

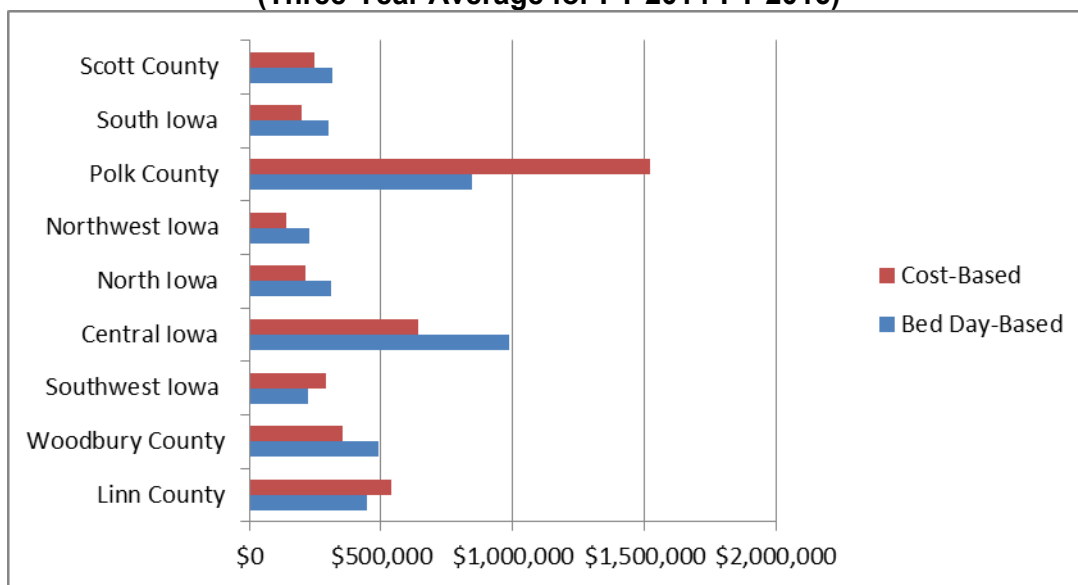


Source: LSA calculations.

**Table 8** provides a comparison between cost-based and bed day-based reimbursement using a three-year average. The table shows 70.0% of juvenile detention homes would have received a higher funding allocation under a bed day-based reimbursement, compared to 30.0% receiving

a higher funding allocation under the cost-based reimbursement. In July 2017, the Dubuque County Juvenile Detention Home was closed.<sup>9</sup> The Dubuque County Juvenile Detention Home historically carried the lowest utilization rate of all the homes, with fewer annual operating costs (and fewer bed days) than the other detention homes. The Dubuque County Juvenile Detention Home’s bed use continued to decrease in the fiscal years leading up to the closure of the home. Dubuque would have benefited more from bed day-based reimbursement, with the home receiving nearly \$28,000 less under a cost-based reimbursement than it would have under the bed day-based reimbursement. Due to the low utilization rate that led to the juvenile detention home being closed temporarily in July 2016, followed by a permanent closure in July 2017, future allocation comparisons between reimbursement models do not include the Dubuque Juvenile Detention Home, and the home’s proportional share has been redistributed for illustrative purposes. **Table 9** shows a comparison between allocations under both reimbursement models after redistributing Dubuque’s allocation. When Dubuque is excluded, 66.6% of the juvenile detention homes receive a larger allocation under bed day-based reimbursement.

**Table 9**  
**Comparison of Cost-Based and Bed Day-Based Reimbursement**  
**(Three-Year Average for FY 2014-FY 2016)**



Source: LSA calculations.

**BUDGET IMPACT**

A bed day-based reimbursement model would result in relatively fewer dollars being allocated to the Polk County Juvenile Detention Home, an urban home serving nearly 19.0% of the total delinquent juveniles and submitting nearly 37.0% of approved costs for reimbursement in FY 2016. Polk County is the only juvenile detention home with costs that are significant enough to outpace reimbursement for the number of bed days for which youth are held annually. This

<sup>9</sup> **Table 8** includes Dubuque County using data from FY 2014-FY 2016. **Table 9** compares allocations after Dubuque County’s allocation has been redistributed to the remaining detention homes.



observation leads to a question of whether the reimbursement model should remain status quo, as the second-most utilized home with the highest share of costs receives a comparatively higher level of reimbursement under the current system.

**Table 10**  
**Cost-Based vs. Bed Day-Based Reimbursement**  
**(Three-Year Average for FY 2014-FY 2016)**

<u>Detention Centers</u>	<u>Bed Day-Based</u>	<u>Cost-Based</u>	<u>Difference</u>
Linn County	\$ 446,878	\$ 537,542	16.9%
Woodbury County	488,519	356,372	-37.1%
Southwest Iowa	225,476	289,346	22.1%
Central Iowa	986,600	641,822	-53.7%
North Iowa	310,874	212,943	-46.0%
Northwest Iowa	226,656	140,273	-61.6%
Polk County	846,043	1,520,971	44.4%
South Iowa	299,907	199,298	-50.5%
Scott County	315,106	247,490	-27.3%
<b>Total</b>	<b>\$ 4,146,057</b>	<b>\$ 4,146,057</b>	

Source: LSA calculations.

## **ALTERNATIVES 2 AND 3 – WORKGROUP RECOMMENDATIONS**

[House File 649](#) (FY 2012 Health and Human Services Appropriations Act), as passed during the 2011 Legislative Session, required that representatives from the following entities convene to form a workgroup to review the current methodology for the distribution of moneys from the Juvenile Detention Home Fund: chief juvenile court officers, the Department of Human Rights, and the Department of Human Services.

In the [legislative report](#) drafted by the workgroup, workgroup members noted that allocating Juvenile Detention Home Fund funds based on services provided, or bed days, would result in competition among facilities to garner business from other counties, and this would lead to youth being placed in county juvenile detention homes varying distances away from their counties of residence. Instead, the workgroup proposed two recommendations for equalizing the distributions.

### **First Recommendation**

The workgroup's first recommendation was to provide each home with a base allowance of \$100,000, and then allocate the remainder based on the bed day reimbursement formula. A reimbursement option that includes the \$100,000 base allowance with the remainder based on eligible costs has also been calculated and provided for comparison (**Table 11**).

**Table 11**  
**Base Allowance Reimbursement Model**  
**\$100,000**

<b>Detention Center</b>	<b>Current</b>	<b>Bed Day</b>	<b>Cost-Based</b>
Linn County	\$ 537,542	\$ 448,410	\$ 525,955
Woodbury County	356,372	480,871	396,113
Southwest Iowa	289,346	276,369	334,437
Central Iowa	641,822	873,644	607,106
North Iowa	212,943	344,536	266,270
Northwest Iowa	140,273	276,369	211,087
Polk County	1,520,971	763,278	1,305,008
South Iowa	199,298	334,798	266,270
Scott County	247,490	347,782	233,810
<b>Total</b>	<b>\$4,146,057</b>	<b>\$ 4,146,057</b>	<b>\$ 4,146,057</b>

### **Second Recommendation**

The workgroup's second recommendation for consideration was to provide a base allowance of \$75,000 to each juvenile detention home, and to split the remaining funds in two ways: one half of the remaining funds would be allocated based on eligible costs, and the other half would be allocated based on a bed day-based percentage. This allocation model is shown in the table below.

**Table 12**  
**Base Allowance Reimbursement Model**  
**\$75,000**

<b>Detention Center</b>	<b>Current</b>	<b>Allocation</b>
Linn County	\$ 537,542	\$ 489,020
Woodbury County	356,372	436,954
Southwest Iowa	289,346	294,641
Central Iowa	641,822	759,762
North Iowa	212,943	294,641
Northwest Iowa	140,273	228,691
Polk County	1,520,971	1,073,893
South Iowa	199,298	289,434
Scott County	247,490	279,022
<b>Total</b>	<b>\$4,146,057</b>	<b>\$ 4,146,057</b>

### **Comparison of the Current System versus Recommendations**

All allocations use a three-year average from reimbursements received during fiscal years 2014-2016, and Dubuque County's Juvenile Detention Home's allocation has been redistributed. The allocations under the current cost-based reimbursement model have been provided for

comparison. The bed day-based reimbursement model that includes a \$100,000 base allowance for each detention home is more advantageous for North Iowa, Northwest Iowa, South Iowa, and Scott County detention homes (44.4% of the remaining detention homes) when compared to the reimbursement model that includes a \$75,000 base allowance. As was observed through the initial comparative analysis of cost-based and bed day-based reimbursement, Polk and Linn counties receive larger allocations under the current reimbursement system, which is based solely on eligible costs. However, compared to the current reimbursement structure, Polk County realizes a slightly smaller allocation when juvenile detention homes receive a base allowance. Linn County receives a larger allocation than the current structure when only comparing reimbursement models that include a base allowance. Woodbury and Central Iowa would receive the largest allocations under the strictly bed day-based reimbursement model, and Southwest Iowa Detention Home would receive the largest allocation under the cost-based reimbursement model that includes a \$100,000 base allowance.

When comparing the bed day-based reimbursement model to the bed day-based reimbursement model that includes a \$100,000 base allowance, seven out of nine detention homes receive a larger allocation under the model that includes a \$100,000 base allowance. The difference between allocations under the two models ranges from \$2,000 to \$50,000. The average difference between the two models for these detention homes was about \$29,000.

Under the current system, juvenile detention homes have been able to reduce maintenance costs due to a home's proximity to county buildings. For example, the South Iowa Area Juvenile Detention Home is located near the Lee County Sheriff's Office, which enables the grounds of both buildings to be maintained simultaneously by the same contractor. However, for homes that do not benefit from co-location arrangements or are not located within or near a county complex, it is unclear whether moving to a bed day-based reimbursement model would render homes unable to recover costs that are currently captured through maintenance and operation cost reports.

During the consideration of alternative recommendations, the workgroup recommended that the CJJP be tasked with administering Juvenile Detention Home Fund reimbursements. The Division would also receive funding for administrative costs associated with disbursing detention home allocations from the Fund. The CJJP would continue tracking bed days and reviewing submitted data for accuracy.

At this time, the cost-based reimbursement model remains in place. In consideration of bed day-based reimbursement and a possible incentive provided to homes to maximize the services provided by increasing the number of bed days, decision-makers may wish to review how establishment, maintenance, improvement, and operation costs may be altered (within acceptable parameters) to increase Fund allocations under the current cost-based reimbursement structure.

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Appendix A

Map of Iowa Juvenile Detention Homes by Judicial District

