

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5051-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Verger**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 18 – 4 – 0

- House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Jenson, Kotek, Nathanson, Shields, G. Smith
– Nays: Garrard, Gilman, Richardson
– Exc:
- Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Winters
– Nays: Whitsett
– Exc:

Prepared By: Michael A. Kennedy, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: June 24, 2009

Agency

Oregon Youth Authority

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 253,571,412	\$ 338,511,904	\$ 251,826,127	\$ -1,745,285	-0.7%
General Fund Debt Service	\$ 7,263,876	\$ 7,653,121	\$ 7,653,121	\$ 389,245	5.4%
Other Funds	\$ 14,095,916	\$ 16,341,610	\$ 14,810,721	\$ 714,805	5.1%
Federal Funds	\$ 28,705,913	\$ 27,601,588	\$ 31,446,577	\$ 2,740,664	9.5%
Total	\$ 303,613,117	\$ 390,108,223	\$ 305,736,546	\$ 2,099,429	0.7%

Position Summary

Authorized Positions	1,279	1,579	1,166	-113
Full-time Equivalent (FTE) positions	1,147.46	1,416.89	1,050.63	-96.83

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The General Fund supports the major share (85 percent) of activities and operations for the Oregon Youth Authority (OYA). Other Funds are about 5 percent of the total budget; funding sources include trust recoveries from Supplemental Security Income disability payments, child support collections, and other client funds used to reimburse the state for the maintenance costs of youths in care. Federal Funds from Title XIX (Medicaid) funds for Targeted Case Management and Behavioral Rehabilitation Services are forecast at \$31.4 million, supporting 10 percent of the budget. For 2009-11, time-limited enhanced federal match for these programs under the American Recovery and Reinvestment Act of 2009 is providing an additional \$3.3 million in Federal Funds. These dollars are used to backfill General Fund reductions.

Summary of Public Safety Subcommittee Action

The Oregon Youth Authority (OYA) is responsible for a continuum of services for youth offenders through a statewide network of state facilities, state employees, counties, and other contracted community providers.

OYA's close custody system includes three major population groups: juveniles convicted in adult court under Measure 11 or waived to adult court; Public Safety Reserve youth committed for certain violent crimes, but too young for Measure 11 to apply; and youth committed for new crimes and parole violations as part of the county Discretionary Bed Allocation (DBA). This bill supports 774 close custody beds, or about 74 percent of the projected close custody demand on July 1, 2009. The Office of Economic Analysis (OEA) April 2009 demand forecast projects demand for close custody beds to remain flat during the 2009-11 biennium at roughly 1,050 beds. The current capacity is more than adequate to house the Measure 11/waived and Public Safety Reserve youth, but it limits the number of DBA beds available to counties for lower-level offenders.

Community placement beds, which served an average of 535 youth in January 2007, are funded for 555 beds. OEA's most recent forecast projects demand will drop from 708 placements in July 2007 to 695 placements in July 2009. Longer term, the forecast is expected to reverse trend, increasing from 692 in mid-2012 to 727 in July 2017.

While the Subcommittee did not adopt budget notes, the Subcommittee did express interest in hearing back from the agency on the following issues during the interim:

- The nature of decisions to transfer youth to the Department of Corrections. Specifically, the Subcommittee wanted assurances that that transfers are handled with consistency and using clear criteria.
- The Subcommittee requested an update on challenges in the young women's programs at the Oak Creek Youth Correctional Facility.
- The Subcommittee asked the agency to analyze how parole and probation services might be used most effectively and efficiently.

The Public Safety Subcommittee approved a budget of \$305.7 million total funds and 1,050.63 full-time equivalent positions. This is 0.7 percent above the 2007-09 Legislatively Approved Budget (LAB) through December 2008.

Facility Programs

OYA operates six youth correctional facilities (YCF) and four transition programs across the state. The facilities provide youth offenders with "bed and board", physical and mental health care, treatment services, education programs, recreation, and work experience for youth. Services are provided by OYA employees and by contract with community professionals, local school districts or education service districts. The majority of educational costs are financed through the State School Fund, although educational services provided to youth with a high school diploma or age 21 and older are paid for in OYA's budget. The Subcommittee approved a Facility Programs budget of \$151.8 million total funds and 916 positions (812.76 FTE). This is 2.2 percent above the 2007-09 LAB.

Package 090: Analyst Adjustments. The Subcommittee approved this package to eliminate caseload growth factored into the essential budget level. Reductions also include eliminating 45 close custody beds and delaying implementation of 25 beds that were scheduled to come on late in the 2007-09 biennium. The package amounts to a reduction of \$40.5 million total funds and 328 positions (199.00 FTE).

Package 804: Roll-Up of 2007-09 Reductions. The Subcommittee adopted this package to extend reductions made to balance the 2007-09 budget through the end of the 2009-11 biennium. The package eliminates 25 beds at the MacLaren Youth Correctional Facility, as well as reduces staffing equivalent to support for two units. The savings associated with the package amount to \$3.3 million and include 23 positions (23.00 FTE).

Package 810: Additional Program Reductions. This package was adopted to take additional reductions in the facilities program area. The package includes the elimination of 25 close custody beds that were scheduled to open in July 2010. The package also includes the elimination of two positions made possible by an office reorganization that will go into effect in September 2009. The savings generated in this package equal \$2.0 million total funds and include 22 positions (12.00 FTE).

Package 811: Federal Funds Restoration. This package was approved to shift costs from General Fund to Federal Funds. Federal rules would have eliminated federal matching funds for certain services, including Targeted Case Management. This action is currently being rescinded, eliminating the need for General Fund backfill. The value of the fund shift is \$21,367.

Package 812: Cuts to Balance Public Safety Program Area. The Subcommittee adopted this package to take additional reductions that will be restored if House Bills 3508 and 5053 are enacted. Reductions include the elimination of 76 beds and 57 positions at the Hillcrest YCF. Two licensed alcohol and drug treatment units will be relocated from Hillcrest YCF to MacLaren YCF. The package also closes the Eastern Oregon YCF, eliminating 50 beds and 46 positions. Savings resulting from this package amount to \$13.3 million and 90.75 FTE.

Community Programs

Community Programs funds parole and probation services; community placement services, such as residential services and foster care; individualized community services; and grants to counties for youth gang services, juvenile crime prevention, and services to divert high risk youth offenders from OYA placement. The Subcommittee approved a \$108.8 million total funds budget for Community Programs, which includes 150 positions (139.12 FTE). This is 5.9 percent below the 2007-09 LAB.

Package 090: Analyst Adjustments. The Subcommittee approved this package to eliminate caseload growth factored into the essential budget level, including 20 residential beds and associated parole and probation support. Reductions also include eliminating 68 residential and foster care beds that were scheduled to come on late in the 2007-09 biennium. The package amounts to a decrease of \$11.7 million total funds and 23 positions (16.75 FTE).

Package 804: Roll-Up of 2007-09 Reductions. The Subcommittee adopted this package to extend 2007-09 budget reductions through the end of the 2009-11 biennium. The package includes 10 percent reductions to individualized services, juvenile crime prevention, and diversion programs. The package eliminates the statewide gang program. Community beds are reduced by an additional 58 placements. The package also includes a \$2.7 million fund shift from General Fund to Federal Funds due to the increase in the Medicaid match rate included in the federal stimulus package. In all, the package equals a \$9.4 million reduction in total funds and the elimination of six positions (5.50 FTE).

Package 811: Federal Funds Restoration. This package was approved to shift costs from General Fund to Federal Funds. Federal rules would have eliminated federal matching funds for certain services, including Targeted Case Management. This action is currently being rescinded, eliminating the need for General Fund backfill. However, \$125,082 General Fund is retained in this package to fund one Office Specialist to support the updated Interstate Compact for Juvenile Offenders. The value of the fund shift is \$4.8 million, and one position (0.50 FTE) is added.

Package 812: Cuts to Balance Public Safety Program Area. The Subcommittee adopted this package to take additional reductions that will be restored if House Bills 3508 and 5053 are enacted. Reductions include a 20 percent decrease in Multnomah Gang funding and elimination of nine parole and probation positions. The package equals \$2.1 million total funds and includes 8.63 FTE.

Program Support

Program Support includes the director's office and agency business services, such as accounting, employee services, budget and contracts, and information systems staff and expenditures. An internal audits office and the internal investigations function (the Office of Professional Standards) are also part of this budget. Operational costs of the Juvenile Justice Information System (JJIS), and agency-wide costs such as insurance premiums and Attorney General costs, are also paid by this budget. The Subcommittee approved a Program Support budget of \$36.8 million total funds and 100 positions (98.75 FTE). This is an increase of 16.7 percent from the 2007-09 LAB.

Package 810: Additional Program Reductions. The Subcommittee adopted this package to take reductions to program support. The reductions include seven positions – information technology, human resources, accounting, and procurement – supporting caseload growth and the agency's Systems Improvement Project. The package also includes the elimination of five positions as part of the agency's central office reorganization plan. The reductions amount to \$2.1 million total funds and include 12 positions (11.13 FTE).

Package 811: Federal Funds Restoration. This package was approved to shift costs from General Fund to Federal Funds. Federal rules would have eliminated federal matching funds for certain services, including Targeted Case Management. This action is currently being rescinded, eliminating the need for General Fund backfill. The net reduction in General Fund is \$1.3 million.

Debt Service

The Subcommittee approved a total of \$7.7 million General Fund for 2009-11 debt service costs. Debt service is the obligation to repay the principal and interest costs of Certificates of Participation (COPs) issued to finance OYA's capital construction and deferred maintenance needs.

Capital Improvements

Capital Improvement pays for land and building improvements, including major repair or replacement, which cost more than \$5,000 but less than \$500,000. The Subcommittee noted that building maintenance costs are increasing as the regional youth correctional facilities age. Hillcrest and MacLaren are significantly older facilities with heating and electrical system problems. Corvallis House was constructed in 1913, and is costly to operate and maintain. Funding for capital improvements has been limited, allowing OYA to address only the most critical or emergent needs. The Subcommittee approved the essential budget level of \$735,400.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.