

OYA *In the Loop*

February 19, 2009

Rebalance plan announced

The co-chairs of the Ways and Means Committee released their rebalance plan for the 2007-2009 biennium on Wednesday. You can find it by clicking [here](#).

In order to guide the committee, the co-chairs also released a set of principles to use in making tough budget decisions. Human safety is high on their list.

As you've read from me before, our philosophy in all of the budgeting scenarios has been -- and remains -- focused on public safety by providing correctional services for youth.

OYA's approach going into the rebalance was to provide options to the Legislature. As you likely recall, our target was \$13.4 million, or five percent of our '07-09 biennial budget. We presented options that reached that target, at the cost of drastically reducing services to youth (i.e., eliminating 375 close custody beds and 284 community placements, and funds to counties). The specific list can be seen by clicking [here](#).

Accordingly, on December 1, we submitted to the Legislative Fiscal Office a plan to reduce our '09-11 essential budget level by (up to) 20 percent. As I wrote to you in the [February 10, 2009 In the Loop](#), those cuts were not as deep as those proposed to balance this biennium's budget, creating a bit of a conundrum.

We came up with a creative solution that we proposed to the Legislative Fiscal Office: rather than taking the cuts for one month of '07-09, let us take the '09-11 cuts early and we would carry them over from this biennium into next biennium. While those cuts don't equal \$13.4 million, we offered options for the Legislature to consider. Those options are discussed in the next section.

The co-chairs supported our line of thinking, meaning that we will be able to continue to plan for maintaining most services to youth. However, it comes at the cost of closing 50 existing close custody beds, eliminating 25 proposed beds at North Coast YCF and eliminating approximately 100 community placements by June 1, 2009. Also, under all scenarios, the plan still includes the 17 percent reduction in funds to counties (Diversion, JCP, Multnomah gang and East Multnomah gang, and Individualized Services) and eliminates the statewide gang intervention grants.

In reducing the system's capacity there will be some reductions in OYA and, possibly, partners' staff. As I write, Human Resources is working on calculating service credits to determine a layoff and bumping process. Additionally, management and executive service staff affected by layoffs may have restoration rights into classified service.

Seeing that layoffs might be on the horizon, we have been holding positions vacant so, to the extent possible, we can do everything possible to help our affected coworkers find a position within OYA.

How OYA will achieve its targets

To achieve our mission and preserve services to youth, it is incumbent on OYA to maximize the amount of savings while minimizing disruptions in services to youth.

In making recommendations to the Legislature about reducing close custody capacity, we looked at a number of factors: public safety, facility performance, youth risk factors, community impact, operating cost analysis (taking into account transportation, treatment programs, utilities, and maintenance costs) and staff impact.

The Legislative Fiscal Office asked us to submit some alternatives: they asked for options on how we would implement bed reductions and options to minimize the impact on the provider community.

Close Custody Option 1:

One plan we proposed closes a cottage at MacLaren and a cottage at Hillcrest, as well as eliminates the opening of 25 beds at North Coast Youth Correctional Facility. This alternative provides more flexibility for placing staff whose jobs are eliminated because we have four facilities and central office within driving distance. The savings are estimated to be \$140,000 in '07-09 and \$3.2 million in '09-11.

Close Custody Option 2:

The greatest savings are realized by closing an entire facility. With great reluctance, we put forward as our second option closing Eastern Oregon Youth Correctional Facility and eliminating the opening of 25 beds at North Coast Youth Correctional Facility. That this option would profoundly affect the livelihoods of our colleagues in Burns is not lost on us. The savings are estimated to be \$260,000 in '07-09 and \$6.4 million in '09-11.

Community Placement Option 1:

Eliminate 104 beds, specifically 65 community residential treatment beds, ten community transition service beds and 29 foster care beds affecting one-third of the agency's transition service and foster care capacity. Lower risk, younger offenders without family resources now served in foster care settings would not be served. Transition services for youth offenders released from close custody would be severely impacted. Option 1 attempts as best it can to minimize impact on community employment and infrastructure. The savings are estimated to be \$211,000 in '07-09 and \$4.8 million in '09-11.

Community Placement Option 2:

Eliminate 87 beds, specifically 65 community residential treatment beds, two community transition service beds and 20 foster care beds. Option 2 maintains transition capacity for young offenders paroled from OYA close custody facilities – services key to successful community reintegration. Additionally, it lessens the reduction in foster care to provide placement resources for youth without families and who cannot live independently. The savings are estimated to be \$184,000 in '07-09 and \$4.2 million in '09-11.

Other Options:

Later today, I will send out another In the Loop about new developments regarding furloughs, salary reductions and other alternatives affecting management and executive service employees.

The ultimate decision on how to rebalance is up to the Governor and the Legislature. Hearings begin this afternoon on the co-chairs' proposed '07 – '09 reductions, and we will be at the Capitol to share our rationale and to answer questions.

Operating dollars vs. construction dollars

On another note, many staff have been asking why we are building a new transition facility at Oak Creek with state stimulus monies rather than using those funds to avert layoffs.

The answer is somewhat complicated. The 25 beds we are constructing are not new beds, they are replacement beds for Corvallis House (which will be sold). It is prohibited by state law to use borrowed money, i.e. Oregon stimulus money, for operations, and for good reason. Operational money must come from a source of money that renews regularly, such as income tax revenue. The stimulus money is borrowed money which we must repay with interest. If we borrowed money for operations, we would quickly run up a big state deficit which ultimately severely limits the number of state programs that could be afforded.

I know all this seems strange: to build new things when we are planning for closures, reductions and possible lay-offs. But the stimulus package adopted by the Oregon Legislature is intended to pump up and jump start the economy so that income tax collections will increase to fund important state programs like the ones we have at OYA.

Serving youth comes first

I have heard concern expressed by staff about targeted cuts in central office versus field and facilities. The work at central office is no less valuable than the work elsewhere in the agency, and reductions in central office will be planful and proportional based on ensuring services to youth.

However, in staying steadfast to my commitment to youth, I have asked Cabinet members to prepare targeted reduction plans that would least compromise the services we provide. That necessarily means looking carefully at all positions, no matter where they sit.

It is incumbent upon all of us to carry out our responsibilities to the best of our ability and not engage in speculation that is harmful to morale and performance. As I have promised you all along, you will hear news from me and your assistant directors without delay.

I am sorry to be the bearer of news that is certain to provoke anxiety for some of our staff and our partners' staff, and my heart goes out to their families and them. We will be mindful throughout this process to take care of our staff and live our core values.

Bobby