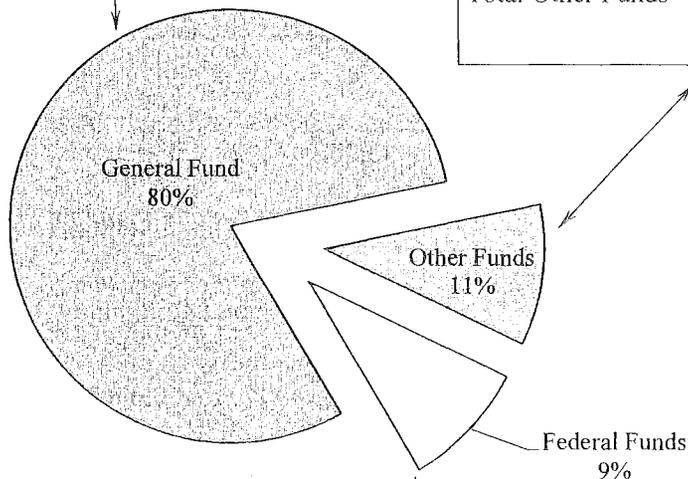


Budget Narrative

Revenue Discussion

Agency Total	
General Fund	\$307,723,325
Other Funds	\$ 40,365,954
Federal Funds	\$ 36,212,495
Total Budget	\$384,301,774

Other Funds	
Trust Funds	\$ 6,564,617
Nutrition Programs	\$ 2,914,855
County Detention	\$ 2,553,260
Q Bond Proceeds	\$ 27,205,059
Grants/Work Progs/Other	\$ 1,128,163
Total Other Funds	\$ 46,365,954



Federal Funds	
Title XIX	\$36,212,495

Budget Narrative

How 2015-17 Revenues are Estimated

Federal Funds – Title XIX Medicaid

Targeted Case Management and Medicaid Administration revenue estimates are based on OYA's Random Moment Sample (RMS) percentages. Estimated percentages of total expenditures used in the Agency Request Budget are Targeted Case Management 18.01% and Administration 3.22%. Behavioral Rehabilitation Services (BRS) revenues are based on the percentage of costs that are service-related multiplied by the percent of youth who are Title XIX eligible. The blended rate for the 2015-17 biennium is 63.39% Federal Funds. The blended Medicaid match rate used for 2015-17 Agency Request Budget is 63.39%. Program Support revenue is based on an indirect cost allocation method that factors in the costs of both Community Services (RMS) and Facility Services (General Fund) to produce a weighted average for a federal claim.

Other Funds

Trust Accounts - OYA offsets expenditures on behalf of youth offenders in its care by establishing trust accounts and recovering child support, Social Security and other benefits available for care of the youth offenders. Trust receipt estimates are based on 2012 and 2013 fiscal year experience. OYA tracks expenditures by program and calculates the percentage of expenditures recovered from trust accounts. The 2015-17 estimates for Community Services are based on historical percentages as applied to each program's budgeted expenditures. The 2015-17 estimates for Facility Services are based on the forecasted OYA youth population multiplied by the historical average recovery.

Other Sources - USDA / ODE School Nutrition Program is projected at \$2,914,855 based on the eligible percentage of the forecasted OYA youth offender population and the estimated reimbursement rates. County Detention reimbursement at the YCF is budgeted at \$2,553,260 for 2015-17. Training Academy and other miscellaneous expenditure reimbursements are estimated to continue at the 2013-15 level. The Agency Request Budget includes Other Funds limitation for youth work programs for 2015-17.

The Agency Request Budget includes a policy option package requesting \$30,226,918 from the sale of Article XI Q bonds. This funding, if approved, will be used for security electronic projects, physical security projects, capital improvements, and deferred maintenance.

How Costs are Allocated to Fund Sources

Facility Services expenditures related to close-custody care are funded with General Fund and are not eligible for federal reimbursement. When funding these expenditures, the youth offender's personal financial resources (trust account) also are considered. If there are trust funds available, application is made against the trust account and the funds are taken as an offset to the youth offender's cost of care (Other Funds revenue). Meals served during the school day are eligible for reimbursement through the United States Department of Agriculture School Nutrition program for youth age 18 and under. The remaining expenses are paid from the General Fund.

Community Services expenditures are paid to providers for services authorized for a specific youth offender by a parole and probation officer. Providers include foster parents and residential treatment providers. When funding these expenditures, the youth offender's Title XIX eligibility and personal

Budget Narrative

financial resources (trust account) are considered. If there are trust funds available, application is made against the trust account and the funds are taken as an offset to the youth offender's cost of care (Other Funds revenue). Then Title XIX eligibility is examined; Federal Funds are claimed if the service provided is Medicaid-reimbursable. The remaining or non-reimbursable expenses are paid from the General Fund. Personal services and related services and supply costs are linked to fund sources indirectly through the use of a monthly Random Moment Sample (RMS), which measures staff activity and allocates that activity to the appropriate federal funding source (Title XIX Medicaid Targeted Case Management or Title XIX Administration). The balance is charged to the General Fund.

Program Support is linked to fund sources indirectly through the use of a monthly Random Moment Sample (RMS), which measures worker activity and allocates that activity to the appropriate federal funding source (Title XIX Medicaid Targeted Case Management or Title XIX Administration). The balance is charged to the General Fund.

Risks to Federal Funds

During 2008 and 2009, federal legislation and proposed budgets placed risks to OYA's Federal Funds revenue sources. In February 2009, federal legislation and regulation revising the reimbursement rules were eliminated or rescinded. While the changes in rules proposed by the Centers for Medicare and Medicaid Services (CMS) are currently rescinded, there is the potential, as the federal budgets face increasing debt, that some provisions could be reconsidered. Following is an outline of the risks.

Federal Funds provide approximately 45% of the funding for residential placements. These programs represent the largest portion of the community services available to youth on parole or probation and provide a less restrictive setting for youth offenders who need out-of-home placement and treatment.

The Centers for Medicare and Medicaid Services (CMS) could resume activities to revise BRS rules regarding rehabilitation services. Based on information from other states that have tried to amend their Medicaid state plan during 2008 and 2009, following is a summary of the issues:

- Oregon's current state plan provides for a daily service unit (daily rate). CMS has indicated that per diem payment may not be acceptable. A change in this area could add administrative costs for both providers and OYA.
- CMS has asked states to demonstrate how the services are medically necessary and the types of treatment being rendered.
- CMS has indicated skill training is a non-covered service. Most of the federal match for BRS services involves skill training.
- CMS is questioning how states can meet the freedom of choice requirements in the Medicaid law when services are limited to only certain programs.

Similarly, these potential BRS rule changes could affect federal funding that supports BRS services provided by county juvenile departments. Loss of this federal revenue likely would lead to increased demand on treatment and close-custody services provided by OYA.

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500

Cross Reference Number: 41500-000-00-00-00000

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Charges for Services	41,759	177,841	177,841	94,303	-	-
Care of State Wards	4,947,860	6,715,610	6,715,610	6,564,617	-	-
Rents and Royalties	18,548	25,280	25,280	25,280	-	-
General Fund Obligation Bonds	-	5,165,000	5,165,000	27,205,059	-	-
Interest Income - COP	57,259	-	-	-	-	-
Sales Income	599,104	905,000	905,000	905,000	-	-
Donations	130,222	103,580	103,580	103,580	-	-
Other Revenues	643,844	3,567,075	3,612,218	2,553,260	-	-
Tsfr From Education, Dept of	2,196,845	2,914,855	2,914,855	2,914,855	-	-
Tsfr To Administrative Svcs	(57,259)	-	-	-	-	-
Total Other Funds	\$8,578,182	\$19,574,241	\$19,619,384	\$40,365,954	-	-
Federal Funds						
Federal Funds	12,884,827	34,496,051	34,680,918	36,212,495	-	-
Tsfr From Human Svcs, Dept of	14,257,135	-	-	-	-	-
Tsfr From Police, Dept of State	52,848	-	-	-	-	-
Total Federal Funds	\$27,194,810	\$34,496,051	\$34,680,918	\$36,212,495	-	-
Nonlimited Federal Funds						
Federal Funds	-	1	1	-	-	-
Total Nonlimited Federal Funds	-	\$1	\$1	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500
Cross Reference Number: 41500-010-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Charges for Services	80	3,951	3,951	-	-	-
Care of State Wards	1,993,389	2,653,258	2,653,258	2,544,109	-	-
Rents and Royalties	18,548	25,280	25,280	25,280	-	-
General Fund Obligation Bonds	-	90,059	90,059	581,017	-	-
Sales Income	598,047	905,000	905,000	905,000	-	-
Donations	130,222	103,580	103,580	103,580	-	-
Other Revenues	157,964	2,504,874	2,550,017	2,553,260	-	-
Tsfr From Education, Dept of	2,196,845	2,914,855	2,914,855	2,914,855	-	-
Total Other Funds	\$5,095,095	\$9,200,857	\$9,246,000	\$9,627,101	-	-
Federal Funds						
Federal Funds	25,804	23,743	24,405	-	-	-
Tsfr From Human Svcs, Dept of	26,112	-	-	-	-	-
Tsfr From Police, Dept of State	52,848	-	-	-	-	-
Total Federal Funds	\$104,764	\$23,743	\$24,405	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500
Cross Reference Number: 41500-020-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Care of State Wards	2,954,471	4,062,352	4,062,352	4,020,508	-	-
Other Revenues	56,803	-	-	-	-	-
Total Other Funds	\$3,011,274	\$4,062,352	\$4,062,352	\$4,020,508	-	-
Federal Funds						
Federal Funds	11,833,827	33,257,772	33,373,760	34,990,106	-	-
Tsfr From Human Svcs, Dept of	13,557,446	-	-	-	-	-
Total Federal Funds	\$25,391,273	\$33,257,772	\$33,373,760	\$34,990,106	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500
Cross Reference Number: 41500-030-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Charges for Services	41,679	173,890	173,890	94,303	-	-
Sales Income	1,057	-	-	-	-	-
Other Revenues	44,201	677,324	677,324	-	-	-
Total Other Funds	\$86,937	\$851,214	\$851,214	\$94,303	-	-
Federal Funds						
Federal Funds	1,025,196	1,214,536	1,282,753	1,222,389	-	-
Tsfr From Human Svcs, Dept of	673,577	-	-	-	-	-
Total Federal Funds	\$1,698,773	\$1,214,536	\$1,282,753	\$1,222,389	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500

Cross Reference Number: 41500-086-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Interest Income - COP	57,259	-	-	-	-	-
Other Revenues	-	384,877	384,877	-	-	-
Tsfr To Administrative Svcs	(57,259)	-	-	-	-	-
Total Other Funds	-	\$384,877	\$384,877	-	-	-
Nonlimited Federal Funds						
Federal Funds	-	1	1	-	-	-
Total Nonlimited Federal Funds	-	\$1	\$1	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Youth Authority
2015-17 Biennium

Agency Number: 41500
Cross Reference Number: 41500-089-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
General Fund Obligation Bonds	-	5,074,941	5,074,941	26,624,042	-	-
Other Revenues	384,876	-	-	-	-	-
Total Other Funds	\$384,876	\$5,074,941	\$5,074,941	\$26,624,042	-	-

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Trust and Agency Receipts	OF	4,947,940	6,719,561	3,975,336	6,564,617		
Nutrition Program	OF	2,196,845	2,914,855	2,016,321	2,914,855		
COP / Q Bond Proceeds	OF	384,876	5,165,000	5,165,000	27,205,059		
Alcohol & Drug Abuse Prevention	OF	-	-	107,760	-		
County Detention Reimbursement	OF	157,964	2,504,874	-	2,553,260		
Grants	OF	-	-	-	-		
Interest Income	OF	57,259	-	-	-		
Work Programs and Other	OF	890,557	2,269,951	1,119,243	1,128,163		
Title XIX Medicaid Administration / Prgm	FF	27,194,810	34,496,051	29,924,757	36,212,495		
Nonlimited Federal Funds	FF	-	1	1	-		
TOTAL	OF	8,635,441	19,574,241	12,383,660	40,365,954		
TOTAL	FF	27,194,810	34,496,052	29,924,758	36,212,495		

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

COMMUNITY SERVICES

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Trust and Agency Receipts	OF	2,954,471	4,062,352	2,536,847	4,020,508		
Miscellaneous	OF	56,803	-				
Title XIX Medicaid Administration / Prgm	FF	25,391,273	33,257,772	28,686,479	34,990,106		
TOTAL	OF	3,011,274	4,062,352	2,536,847	4,020,508		
TOTAL	FF	25,391,273	33,257,772	28,686,479	34,990,106		

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

FACILITIES

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Trust and Agency Receipts	OF	1,993,469	2,657,209	1,438,489	2,544,109		
Nutrition Program	OF	2,196,845	2,914,855	2,016,321	2,914,855		
COP / Q Bond Proceeds	OF		90,059	90,059	581,017		
Alcohol & Drug Abuse Prevention	OF			107,760	-		
County Detention Reimbursement	OF	157,964	2,504,874	-	2,553,260		
Work Programs and Other	OF	746,817	1,033,860	1,033,860	1,033,860		
<hr/>							
Title XIX Medicaid							
Administration	FF	104,764	23,743	23,743	-		
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TOTAL	OF	5,095,095	9,200,857	4,686,489	9,627,101		
TOTAL	FF	104,764	23,743	23,743	-		

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

PROGRAM SUPPORT

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Work Programs and Other	OF	86,937	851,214	85,383	94,303		
Title XIX Medicaid Administration	FF	1,698,773	1,214,536	1,214,536	1,222,389		
TOTAL	OF	86,937	851,214	85,383	94,303		
TOTAL	FF	1,698,773	1,214,536	1,214,536	1,222,389		

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

DEBT SERVICE

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Interest Income	OF	57,259		-	-		
Other Revenues	OF		384,877	384,877	-		
Nonlimited Federal Funds	FF	-	1	1	-		
TOTAL	OF	57,259	384,877	384,877	-		
TOTAL	FF	-	1	1	-		

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

CAPITAL IMPROVEMENTS

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
Other OF (Construction / Improv Projects)	OF		-	-	-		
TOTAL	OF	-	-	-	-	-	-

Budget Narrative

DETAIL OF LOTTERY FUNDS, OTHER FUNDS AND FEDERAL FUNDS REVENUE

CAPITAL CONSTRUCTION

SOURCE	FUND	2011-13 ACTUAL	2013-15 LEGISLATIVELY ADOPTED	2013-15 ESTIMATED	2015-17		
					AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVELY ADOPTED
COP / Q Bond Proceeds	OF	384,876	5,074,941	5,074,941	26,624,042		
TOTAL	OF	384,876	5,074,941	5,074,941	26,624,042		