

OYA Director's Message



OYA

June 9, 2010

Dear Colleagues,

Yesterday morning we submitted our proposed budget reductions to the DAS Office of Budget and Management. The total of those reductions – \$11.9 million – equals approximately 9 percent of this biennium's remaining General Fund moneys.

There are no easy solutions for achieving this level of budget cuts. Reductions of this amount are going to be painful to OYA, our partners and stakeholders, and to the citizens of Oregon. Services are going to be reduced or delayed. In some cases we recognize that public safety may be compromised.

However, the excellent work all of you have done this biennium of diligently monitoring expenditures and implementing efficiencies has generated significant savings, and for that we thank you. Without your efforts the service reductions we are proposing for the remainder of the 2009-2011 biennium would have been much steeper.

Your manager can provide you with a complete summary of OYA's proposed budget reductions, or you can find the information at http://www.oregon.gov/OYA/2011-13_BudgetDevelopment.shtml. But in general, this is what we are proposing:

We will achieve a \$6.6 million savings by delaying improvements to youth health services, delaying facility safety and security improvements, delaying the planned community placement restructure, and continuing to maintain reduced capacity for reintegration and stabilization services.

We will achieve an additional \$1.6 million by holding positions vacant and eliminating management merit increases for the remainder of the biennium.

Another \$1.04 million will be saved by reducing funding for county crime prevention services and for anti-gang programs in East Multnomah County.

We also have identified savings of \$654,000 by taking a number of actions including emergency implementation of several mapping initiative recommendations, restructuring the delivery of education and vocation services, restructuring the SITP Violent Offender Program, delaying the opening of the Young Women's Transitional Program facility by six months, and continuing to defer capital improvement needs.

These actions leave us approximately \$2 million shy of our required goal. We have identified several options to achieve that remaining amount. We will be working with the Governor's Office and Legislature to determine which option or combination of options should be selected. The options are:

- Reduce close custody capacity either by closing facilities or by closing units within facilities. To achieve \$2 million in savings, the range of bed closures would be 75-125, depending on the specific closures we make. This also would require eliminating approximately 55 positions.
- Reduce state assistance to counties by cutting funding to juvenile crime prevention basic, diversion and county individualized services. To achieve \$2 million in savings, we would need to take an additional 11.77 percent reduction beyond the amount already taken.
- Continue the salary freeze for represented staff for the remainder of the biennium. This would be in addition to the management salary freeze, and would generate approximately \$1 million. Implementing this option would require Letters of Agreement with AFSCME and SEIU.

If Congress approves an enhanced federal Medicaid match for the final six months of this biennium, we would be able to apply approximately \$900,000 toward the \$2 million shortfall, which would reduce the need for some of these options. However, this is not a revenue source we can count upon receiving.

We wish we had more positive news for you, but Oregon is entering a time of reduced funding that is expected to require long-term changes in budgeting and service delivery. As the report from the Governor's Reset Cabinet (http://governor.oregon.gov/Gov/docs/reset_report_may2010.pdf) states, although we are seeing signs of recovery in Oregon, the state is not expected to return to pre-recession levels for many years. It is anticipated that the state's revenues will not be able to sustain the current level of programs and services. The cuts we are making this biennium are not a one-time event, but are expected to be the first step in more significant cuts next biennium.

Our goal is to make choices this biennium that will lay the groundwork for the additional cuts we expect to be required for 2011-2013. We will be using the next several months to thoughtfully prepare a long-term budget that enables OYA to continue to provide the critical functions necessary to protect Oregon's public safety and reform youth offenders.

We thank you for the important work you do for Oregon. We will keep you informed as we move forward.

Sincerely,



Colette S. Peters
Director



Fariborz Pakseresht
Deputy Director