

OYA *In the Loop*

February 10, 2009

Budget Part One – This biennium’s challenges

The Legislature and the Governor are working hard to balance this biennium’s state budget. I have been giving a lot of thought to our portion and how we will make reductions to our budget in the remaining months of the biennium to help the state operate within available revenues.

Although I don’t have answers for you now, I’d like to share a bit of the process and some of my thoughts. The reason I can’t fully elaborate is that there are a lot of unknowns in the process and a lot of “what if” scenarios in my thoughts. Plus, to make matters more complicated, the scenario is changing every day.

As you know, we have a two-year, or biennial, budget cycle. Last November, the revenue forecast showed that the state General Fund, from which OYA receives its funding, would be \$142 million short this biennium. The Governor ordered a 1.2 percent reduction across all state agency appropriations. OYA eliminated about \$3 million at that time.

Being prudent, in December the Legislature asked agencies to submit scenarios in case deeper cuts were needed this biennium – they asked agencies to outline what a five percent cut to this biennium’s budget would look like.

Five percent of the biennial budget rolled into the last few months of the budget cycle looks more like a twenty percent reduction in the time remaining in the biennium. In other words, rather than making reductions over a span of 24 months, OYA likely has to cut \$13 million in just four months because the biennium ends on June 30th.

I shared OYA’s proposed reductions with you in mid-December, and have attached them again for you in this email.

Since December, the budget picture has worsened. A new revenue forecast is due February 20, and indications are that the gap between expected and actual revenue could reach \$800 million. Any way you slice it, that’s huge – and made more daunting by the fact that there are only four months to make it up.

The Legislature can make targeted reductions to the 2007-2009 budget and all indications are that they plan to do so. This week the Ways and Means Committee will hold a series of evening hearings to receive input from the public about the reduction scenarios

agencies submitted in December. On Thursday, from 4:30 – 6:30, public safety will be one of the topics on the agenda.

I would like to act sooner than later to start saving. I've been thinking of options and asking a lot of questions about what is allowable and what is not. My number one objective is to base decisions on our mission.

Some ideas that have surfaced include starting furloughs of central office managers and rolling back management raises. However, what I've found is that there isn't much an individual agency can do – we have to be in step with the rest of state government. I have three tools at my disposal right now: freezing hiring, cutting spending and layoffs.

For the last few months, we have held vacancies longer than usual, but we must do more. So, effective immediately, hiring is frozen for all positions, including post positions. Exceptions may be made only by me or, in my absence, by Fariborz.

I know you have been vigilant about expenses. I urge you to continue to suppress spending to the greatest extent possible.

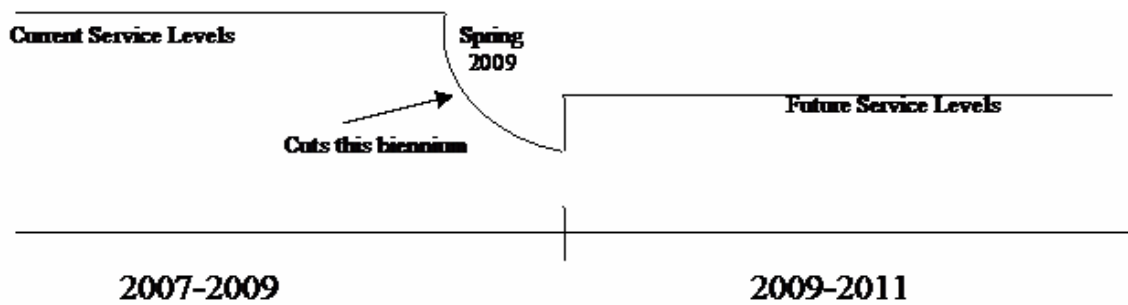
Never forget – we are a public safety agency. I am looking for every way we can continue to protect public safety by providing services to youth without resorting to closing beds and laying off staff.

Should the worst happen and we have to close beds, it realistically takes 90 days. During that time, we will do everything we can to find jobs for displaced staff.

Budget Part Two – This biennium and beyond

Last Friday we had a terrific meeting with our OYA Advisory Committee. Just so you know, this is a group of well respected professionals in juvenile justice, and I truly enjoy and value the interaction among the group. Of course, a lot of the discussion was about the budget.

Besides what I just shared with you above, I sketched for them a diagram that illustrates another nuance of the budget challenges: the cuts this biennium look like they will be deeper than those needed next biennium.



Here's an example: Among other things, our 2007-2009 budget reduction scenario (the one submitted to the Legislative Fiscal Office in December) proposes closing 375 close custody beds, which means closing some facilities. Realistically, we can't do that until June 1. Our proposed 2009-2011 reduction options closes only 75 beds. It doesn't make sense to me to close 375 beds June 1 and reopen 300 of them on July 1. The same logic applies to all services/beds that we're considering reducing.

As you can see, there are many, many considerations that go into budgeting and budget reductions. We are exploring every option, and will make decisions based on our public safety mission, Oregon laws, and logic.

Let me add a personal note to that: Everyone on Cabinet and above knows that no matter how we present the numbers, they could well affect peoples' livelihoods. I give you my personal assurance that we will never lose sight of that fact, and we will do everything within our power to minimize the impact on the OYA team.

Your ideas are welcome: please write to me at oyaintheloop@oya.state.or.us.

Stimulus Packages

A lot of hope has been pinned on the federal stimulus package. The House version includes funding that might help states with budget issues; the Senate version does not. The differences will presumably be ironed out in conference committee starting this week.

One of the few ways state government can create and protect non-government jobs is through capital construction projects. Last week the Legislature passed, and Governor Kulongoski signed, a \$175 million stimulus package.

The package focuses on deferred maintenance and related projects across Oregon. It represents a long-term investment in the integrity of our state's infrastructure. These projects will be financed by bond sales and are expected to generate over 3,000 family-wage jobs. Projects are required to be environmentally sensitive.

OYA is slated to receive \$9.5 million. The money will go to deferred maintenance, enhanced security systems and cameras, appliance replacements, and renovations at Hillcrest YCF and the Tillamook YCF school house.

The largest project we had approved was the replacement of Corvallis House transition facility. The current Corvallis House, a former fraternity house, needs more than \$5 million of repairs. For fiscal, safety and program reasons, it makes sense to replace it.

A 25-bed facility sited at Oak Creek YCF will cost \$2.8 million. The project will start in April and take about a year to complete. Importantly, it will share with OCYCF services such as culinary, medical and education. Program staff can serve girls at both facilities, and in an emergency, there will be more staff upon which to rely.

Information at your fingertips

In these rapidly changing times, sharing information is critical. I want to remind you of some information resources you have on your OYA computer.

First, there's the Agency News public folder on Outlook. You'll find it nested under All Staff. There you will find all of my In the Loop messages, clippings from newspapers and magazines, a variety of criminal justice-related newsletters, and other news and announcements of interest to OYA staff.

Second, meeting minutes are now being posted in Outlook, also under All Staff. The folder is called "Meeting Minutes – Agencywide."

Third is our In the Loop email. One of my highest priorities is to share information and to be as transparent as possible. If you can't find an answer on your own, please write to oyaintheloop@oya.state.or.us.