

OYA *In the Loop*

Budget Update

December 2, 2008

Yesterday, the Governor delivered to the Legislative Assembly his budget recommendations for the two-year cycle beginning in July 2009. I want to summarize for you what this means for Oregon's juvenile justice system and the OYA.

As you are well aware, the economic horizon has shifted over the last few months. Anticipated revenues won't even cover services budgeted through the end of the current biennium. And, there is a budget hole for the 2009-11 biennium: existing state service levels cannot be sustained given the state's revenue forecast.

That creates two immediate budget challenges for the Governor: balancing this biennium's budget and making sound recommendations for the next biennium's budget.

2009-11 Governor's Recommended Budget

In the Governor's Recommended Budget for 2009-11, Governor Kulongoski proposed investing in the fundamental building blocks of a strong economy, saying, even in hard times, "we must invest for the future."

To lead Oregon forward, the Governor's Recommended Budget focuses on priorities, not across-the-board cuts. His priorities are strategic investments in education, health care, climate change, and job creation through transportation and other infrastructure projects.

The Governor's proposed budget for OYA essentially carries us forward at our existing levels of services and staffing. It sustains local governments' funds for basic services, juvenile crime prevention activities, and gang-related services.

The budget includes funding for 950 close custody beds and 613 community placements. The budget does not fund the forecasted demand for additional close custody and community beds.

The Governor's Recommended Budget also carries over from this biennium limited funding for renovations at Corvallis House and MacLaren YCF. It also allows funding of gender-specific programs for young women.

Please remember that agency budgets are actually determined by the Legislative Assembly. The Governor's Recommended Budget reflects the funds agencies

requested, as well as the Governor's priorities in leading the state forward. The Legislature will begin considering the state budget when it convenes in mid-January.

Both this biennium and next, the overarching goals of public safety, security and our mission of reformation and accountability remain intact. The budget recommendation maintains balance in the juvenile justice system and supports public safety goals.

2007-09 Budget Reductions

In his message yesterday, the Governor alluded to spending reductions to balance this biennium's state budget. The most recent revenue forecast indicated that revenues will not meet the projections upon which this biennium's state budget was built. We expect he will soon ask agencies to reduce spending across the board, with each agency absorbing a 1.2 percent reduction of 2007-09 biennial budgets. Our share of those across-the-board cuts will be about \$3.1 million.

To compound that challenge, OYA will need to take management action above and beyond statewide reductions to balance its current budget. The goal is always to meet our mission and preserve existing jobs and services. Right now, it looks like the best way to accomplish savings is to further delay opening beds that were slated to come online next year. We will apply the savings to reduce our budget shortfall.

OYA Cabinet members will be working together to determine the best way to balance the agency's budget given those two collective budget challenges. As I mentioned, we have already decided that it is sensible to make reductions now that can be carried over into the next biennium. That's why postponing the expansion of bed capacity makes sense since most are not included in the Governor's 2009-11 budget anyway.

Legislative Fiscal Office Requests

The Legislature, as I mentioned, determines our biennial budget. Its fiscal office asked each agency to propose additional reduction options for their consideration.

First, they asked where we would cut 5 percent from this biennium's budget. We proposed not opening beds, closely mirroring reductions we can offer the Governor.

Second, they asked for reduction options for the next biennium in four 5-percent increments (for a total of 20 percent). The preliminary options we submitted give priority to our mission -- which means preserving services and jobs. Of course that becomes increasingly difficult the deeper we go. We'll let you know those options when finalized.

In closing, I know that all of these budget proposals and budget reduction requests are coming at us at once, and that can be confusing. Our leaders are being prudent by thinking ahead and planning for an uncertain economic future. We will sit tight, keep you in the loop, and do our part to manage through the challenges. Please remember that the situation is fluid and will change with future economic forecasts.

Of this I am sure: Juvenile justice in Oregon is a vital element in the public safety system, and its success are our successes. Thank you for your great work.

~Bobby