

- Downsizing plan implemented
- 15% workforce reduction likely
- Riverview consolidating, Athens closed, Central Office restructured

Youth Services, Department of

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ROLE

The Department's primary roles are to: (1) enhance public safety through the confinement of juveniles adjudicated delinquent for acts that would be felonies if committed by adults, (2) provide or support various institutional and community-based programs to aid in the rehabilitation of youth, and (3) serve as the state agent for the administration of federal juvenile justice and delinquency prevention program grants awarded to Ohio. The Governor appoints a director to manage the Department of Youth Services (DYS), a cabinet level agency.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
2,294	\$274.3 million	\$277.2 million	\$234.1 million	\$236.4 million	Am. Sub. H.B. 95

*Employee head count obtained from the Department of Administrative Services (DAS) payroll reports as of June 28, 2003.

OVERVIEW

As of the close of FY 2003, the Department was:

- Operating eight juvenile correctional facilities, seven regional parole offices, and one residential treatment center;
- Contracting with one privately-run residential facility for the provision of specialized treatment services;
- Disbursing around \$60 million or so in annual GRF funding to juvenile courts for the sanctioning an treatment of juveniles, including the operation of community corrections facilities (CCFs); and
- Serving as the state agent for the administration of \$10-plus million in federal juvenile justice and delinquency prevention program grants awarded to Ohio.

LENGTHS OF STAY

In the course of protecting Ohio's public safety from juvenile offenders, judges commit male and female juveniles between the ages of 12 and 18 to the Department for various lengths of time, but who must be released no later than their 21st birthday. Judges impose a minimum stay as prescribed by law. Under current law and practice, the following is the case:

- For felonies of the third, fourth, and fifth degree, the minimum stay is six months.
- For the more serious felonies of the first and second degree, the minimum stay is one year.
- The average length of stay in FY 2002 was 10.7 months.
- Because of the sentence length required under existing law, 16- and 17-year-old homicide offenders are committed to the custody of the Department of Rehabilitation and Correction.

FY 2002-2003 BIENNIUM

The following are highlights of the Department's actions taken in the last two fiscal years, either pursuant to the enacted FY 2002-2003 biennial operating budget or in response to the subsequent institution of GRF expenditure reductions.

- The Rehabilitation Subsidy program (GRF line item 470-501), which supported bricks and mortar rehabilitation programs in 19 counties, was eliminated under the FY 2002-2003 biennial budget.
- In FY 2002, the Department closed one of its older and lower security institutions – the Maumee Juvenile Correctional Facility – a planned response to the reduced level of GRF funding provided for institutional operations under the FY 2002-2003 biennial budget.
- The Detention Subsidies program (GRF line item 470-502), which provided a maximum \$156,928 in each fiscal year to county detention centers, was eliminated in response to the ordering of GRF expenditure reductions.
- During FY 2003, the Department further reduced GRF expenditures by eliminating private contracts, reducing overtime in its juvenile correctional facilities, reducing funds for CCFs, reducing all travel costs, and instituting an agency-wide hiring freeze.

FY 2004-2005 BIENNIUM ENACTED GRF OPERATING BUDGET

The Department's primary revenue stream is the GRF, which accounts for 85% to 90% of the funding for its total annual operating budget. The FY 2004-2005 biennial operating budget request submitted by the Department asked for total GRF funding of \$248.8 million and \$273.7 million in FYs 2004 and 2005, respectively. Generally speaking, the Department requested "continuation funding" for its GRF-financed operations, which is the calculated future cost of doing current business. The enacted FY 2004-2005 biennial operating budget fell short of the requested levels of annual GRF funding by \$14.7 million and \$37.2 million for FYs 2004 and 2005, respectively.

In FY 2004, the total appropriated GRF funding of \$234.1 million is \$14.3 million, or 6.5%, over the Department's actual total FY 2003 GRF expenditures of \$219.8 million. The total appropriated GRF funding for FY 2005 is \$236.4 million, a \$2.3 million increase over the total amount of GRF funding appropriated for FY 2004.

It should be noted, however, that the increase in total appropriated GRF funding for FYs 2004 and 2005 is arguably somewhat misleading in light of the GRF expenditure reductions instituted over the course of the FY 2002-2003 biennium. More specifically, the Department's original total GRF appropriations for FY 2002 and 2003 were \$235.7 million and \$245.2 million, respectively. The original FY 2002 GRF appropriated total was subsequently reduced by \$9.7 million, or 4.1%, to \$226.0 million. And the original FY 2003 GRF appropriated total was subsequently reduced by \$23.2 million, or 9.5%, to \$222.0 million. Thus, the apparent increases in total FY 2004 and FY 2005 GRF funding are really more a function of the FY 2002-2003 biennium expenditure reductions that cut the total amount of GRF funding available to maintain staff, services, and subsidies.

Because the vast majority of the Department's annual funding comes from the state's GRF, these relatively small increases in the total appropriated GRF funding for FYs 2004 and 2005 mean that it will not be able to maintain the FY 2003 level of staff, services, and subsidies. As a result, the Department will have to downsize and restructure, specifically in relation to institutional expenses, and modify plans for providing state financial assistance to various county-based facilities and programs. Cuts will have to be made in institutional, parole, and administrative operations. Costs will have to be reallocated. Some planned activities will be cancelled, delayed, or phased-in.

STAFFING REDUCTIONS

According to the Department, as a result of the level of funding contained in the enacted FY 2004-2005 biennial operating budget, it will reduce its overall workforce by approximately 15%. As of this writing, it appears that the workforce reduction will result in the loss of 300-plus FTEs over the course of FYs 2004 and 2005. Of this total workforce reduction, the vast majority, probably on the order of roughly 80%, will be staff funded by the RECLAIM Ohio Program. The remainder of the workforce reduction will be split between parole and administrative operations. The workforce will be reduced through: (1) early retirement incentive options, (2) unfilled vacant positions, and (3) lay-offs.

In the period running from FY 2000 through FY 2005, assuming the workforce reduction is implemented as planned, the Department will have eliminated over 600 FTEs. In FY 2000, the Department maintained a workforce of over 2,600 FTEs, and by the close of FY 2005, that workforce is expected to have been reduced to roughly 2,000 or less.

ZERO-BASED BUDGETING

Temporary law requires the Department to prepare, with technical assistance to be provided by the Office of Budget and Management (OBM), a full zero-based budget for the FY 2006-2007 biennium. As of this writing, it appears that the one-time expense associated with the preparation of a zero-based budget for the Department and OBM would not exceed minimal. The state expense is probably best viewed as largely an "opportunity cost." In other words, those two state agencies will likely absorb this task within their existing mix of duties and responsibilities, and presumably have to delay as appropriate the performance of some of those other duties and responsibilities (Section 112).

FACILITIES CLOSURE COMMISSION VETOED

The Governor vetoed a provision that would have established a procedure for closing a state institutional facility for the purpose of expenditure reductions or budget cuts, including the creation of a Facilities Closure Commission charged with studying and reporting on the matter (sections 107.31 to 107.33 of the Revised Code). The occasional one-time state administrative costs for such a Commission to perform its

duties under the procedure appeared unlikely to exceed minimal. The required procedure should not have created any immediate and direct local fiscal effects.

PLAN TO OPTIMIZE FOOD GROWN AT DRC CORRECTIONAL INSTITUTIONS AND DYS FACILITIES

The enacted FY 2004-2005 biennial operating budget contains a temporary law provision requiring the directors of Rehabilitation and Correction (DRC), Youth Services (DYS), and Agriculture to develop a plan to optimize the quantity and use of food grown and harvested in state correctional institutions or in secure facilities operated by the Department of Youth Services in the most cost-effective manner and to submit the plan to designated government officials (Section 161).

The Department of Rehabilitation and Correction has already completed a study in conjunction with The Ohio State University that is very similar to the plan required to be developed pursuant to the temporary law provision. Assuming that much of that work is transferable to development of the required plan, then it seems likely that the one-time fiscal burden for the involved state entities would be no more than minimal, if that.

BUDGET ISSUES

For the purposes of this analysis of the enacted FY 2004-2005 biennial operating budget, the Department's activities have been grouped into a series of seven programs. Those seven program series include: (1) RECLAIM Ohio, (2) Parole, (3) State Institutional Services, (4) Independent Juvenile Court Subsidies, (5) Administration, (6) Federal Juvenile Justice and Delinquency Prevention, and (7) Debt Service. Table 1 immediately below summarizes the enacted funding levels for each of those seven program series in FYs 2004 and 2005.

Program Series	FY 2004	FY 2005
RECLAIM Ohio*	\$ 164,637,416	\$ 167,697,792
Parole	\$ 15,347,154	\$ 14,841,872
State Institutional Services*	\$ 23,750,686	\$ 24,172,961
Independent Juvenile Court Subsidies	\$ 18,608,587	\$ 18,608,587
Administration*	\$ 14,427,323	\$ 14,166,008
Federal Juvenile Justice & Delinquency Prevention	\$ 16,419,999	\$ 16,583,643
Debt Service	\$ 21,110,100	\$ 21,110,000
Total funding: Department of Youth Services	\$ 274,301,265	\$ 277,180,863

*Note: A portion of RECLAIM Ohio funds are used to support Community Corrections Facilities (CCFs), the State Institutional Services program series, and the Administration program series.

Each of the seven program series, including pertinent permanent and temporary law provisions, is discussed below.

RECLAIM OHIO

The RECLAIM Ohio (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) program was launched as a pilot in January 1994 and implemented statewide in 1995. RECLAIM Ohio provides juvenile courts with funding to develop community-based programs for juvenile offenders. In doing so, the program is intended to reduce the number of commitments sentenced to the custody of the Department, while ideally only the most serious offenders would be committed to the Department.

Funding is allocated to counties through a formula based upon each county's proportion of statewide felony delinquent adjudications. Each month, counties are debited a per diem allocation for juveniles placed in departmental institutions and for juveniles placed in community corrections facilities (CCFs). Any funds remaining after the county's commitments to the Department are then remitted to counties and used by juvenile courts to support the development and operation of rehabilitation programs at the local level. Courts may use the funds to purchase or develop a broad-based spectrum of community-based programs for adjudicated felony delinquent juveniles who would otherwise have been committed to the custody of the Department. Such programs include day treatment, intensive probation, electronic monitoring, home-based services, residential treatment reintegration, and transitional programs. In FY 2003, counties retained an estimated \$32.5 million in RECLAIM Ohio funding for local programs. These funds and the Youth Services Block Grant constitute as much as 50% of county juvenile court budgets.

Under RECLAIM Ohio, the Department and juvenile courts have developed what might be termed a symbiotic relationship. Because the Department provides as much as half of juvenile court budgets, juvenile courts are highly dependent on the Department for funding. When the Department's funding is reduced, not only the Department, but also local governments experience budget reductions. The Department believes that, if funding to juvenile courts is significantly reduced, it increases the likelihood that juvenile courts will end up placing more juveniles into the care and custody of the Department.

In order to finance RECLAIM Ohio during the FY 2004-2005 biennium, the Department requested GRF funds totaling \$172.5 million in FY 2004 and \$189.6 million in FY 2005, including expansion funding of \$10.4 million in FY 2004 and \$19.9 million in FY 2005. Expansion funding is essentially new money explicitly provided to undertake new initiatives, expand existing services, or hire new staff.

Under the enacted FY 2004-2005 biennial operating budget, RECLAIM Ohio received less total GRF funding than requested by \$10.4 million in FY 2004 and by \$19.9 million in FY 2005. The consequences of the level of GRF funding appear, as of this writing, to be as follows:

- The level of funding will only support seven of the Department's existing eight juvenile correctional facilities, which means that two of its juvenile correctional facilities – the Riverview Juvenile Correctional Facility and the Scioto Juvenile Correctional Facility – will be consolidated. The Riverview facility will be deactivated, but kept operationally ready in the event that it is needed and/or revenue to support its activation is made available.
- The closure of a juvenile correctional facility is likely to cause the level of institutional crowding at its other juvenile correctional facilities to rise. The Department is currently operating at 125% of capacity and with the institutional closure the Department predicts that it will be operating at 145% of capacity.
- The Department will in all likelihood reduce the number of full-time equivalent (FTE) staff positions associated with its RECLAIM Ohio program by up to 250 or more, including some

education positions not funded by GRF. The Department will first attempt to reduce FTEs by offering early retirement incentives (ERIs). However, the Department does not expect that ERIs alone will be sufficient to reduce the necessary number of FTEs, and anticipates that a number of staff will have to be laid off.

- An already built expansion at the Ohio River Valley Juvenile Correctional Facility, which would have increased the Department's number of beds for sex offenders and required 59 additional FTEs to operate, will not be activated.
- One hundred (100) institutional staff positions, which to date had been vacant because of a lack of funding, will remain due to a lack of funding.
- Three community corrections facilities (CCFs), one located in each of Belmont, Montgomery, and Stark counties, will be partially activated in FY 2004 and become full operational in FY 2005. A new CCF located in Erie County will be activated and become operational in FY 2005.
- The Department believes that, even with the fiscal implications of the enacted FY 2004-2005 biennial operating budget, there should not be significant negative consequences for maintaining the delivery of institutional services to juveniles, e.g., medical, mental health, substance abuse, education, and food services.

RECLAIM Ohio Formula

Relative to RECLAIM Ohio, Am. Sub. H.B. 95 amended preexisting permanent law to revise the distribution formula, revise the methods by which those allocations are made, create the nine-member RECLAIM Advisory Committee, and make other technical changes.

These revisions to preexisting permanent law changed the process by which RECLAIM Ohio funding is distributed among juvenile courts, community corrections facilities (CCFs), and the Department. As a result, the fiscal allocations for juvenile courts, CCFs, and the Department will be established at the beginning of the fiscal year, which should allow all parties to better plan and manage their programs and infrastructure. Under current law, total annual amounts for each party are not determined until the end of the fiscal year. It appears that counties would retain roughly the same amounts in FY 2004 as those counties have retained in the last few years. Outdated permanent law provisions were also updated.

Community Corrections Facilities (CCFs)

Relative to the operation of community corrections facilities (CCFs), Am. Sub. H.B. 95 amended prior permanent law to: (1) require the Department of Youth Services to set guidelines for minimum occupancy rates for CCFs, (2) allow the Department to place any child committed to DYS directly into a CCF if the facility is not meeting the minimum occupancy threshold, (3) grant the committing court the authority to approve or disapprove the placement of a child into a CCF, and (4) allow counties not associated with a CCF to refer children to such a facility with the consent of the facility. These modifications to existing law could increase the utilization rate of CCF beds.

PAROLE OPERATIONS

The Department supervises juveniles released from its institutions through its Division of Parole and Community Services, which operated seven regional offices as of the close of FY 2003. Parole operations are divided into two branches: Community Residential Services and Non-Community Residential Services. Private and public vendors provide these services. Over time, the fiscal emphasis

on residential services has decreased, while the funding for nonresidential services has increased. The primary financial support for the Department's parole operations is funding appropriated from the GRF.

The Department estimated the future cost of continuing its current parole operation at \$16.7 million in FY 2004 and \$17.2 million in FY 2005. These amounts would have allowed the Department to maintain all current programs and personnel. Under the enacted FY 2004-2005 biennial operating budget, the Department's parole operation received less GRF funding than it calculated would be necessary to continue existing services by \$1.4 million in FY 2004 and by \$2.4 million in FY 2005. As a result, the Department plans to: (1) eliminate parole staff, and (2) close one of its seven regional parole offices. The Department will first attempt to reduce FTEs by offering an early retirement incentive (ERI), however, the ERI alone is not expected to be sufficient to reduce the necessary number of staff, and anticipates that staff layoffs are very likely. As of this writing, the Athens Regional Parole Office had closed as of July 31, 2003, and caseloads had been consolidated within the six remaining regional parole offices (Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo).

STATE INSTITUTIONAL SERVICES

The State Institutional Services program series supports a variety of non-GRF funded programs and services delivered to juveniles under the care and custody of the Department. The programs and services include, but are not limited to, educational services, substance abuse treatment, sex offender programs, medical services, mental health services, therapeutic and community services programs, and social services.

The primary non-GRF funding streams associated with the program series include: (1) various federal grants, including funds for juvenile justice and delinquency prevention, education, school breakfast and lunch, drug treatment, aftercare reimbursements, and community service, (2) basic and vocational education payments transferred from the Department of Education, (3) child support payments, (4) transferred funds from other state agencies for residential treatment, parenting skills and pregnancy prevention, and community service programs, and (5) payments from employees utilizing institutional cafeterias. Not noted here is a large amount of GRF moneys that support the Department's institutions drawn from the RECLAIM Ohio program, but not explicitly part of this program series.

The enacted FY 2004-2005 operating budget provided the Department's requested level of non-GRF funding for the purpose of delivering institutional services: \$23.8 million in FY 2004 and \$24.2 million in FY 2005.

INDEPENDENT JUVENILE COURT SUBSIDIES

At the end of FY 2001, the Department had the following three subsidies in the Independent Court Subsidies program series:

- ***Rehabilitation Subsidy.*** Supported bricks and mortar rehabilitation programs in 19 counties; eliminated in the FY 2002-2003 biennial budget;
- ***Detention Subsidies.*** Provided a maximum of \$156,928 in each fiscal year to county detention centers; eliminated during current biennium in response to GRF expenditure reductions; and
- ***Youth Services.*** Provides funding to juvenile courts to divert nonfelony juveniles from the juvenile justice system; lone remaining subsidy in the program series.

The program series, which, as previously noted, recently included a mix of subsidy programs that distributed moneys to county juvenile justice systems for various purposes, currently contains only one subsidy program: GRF line item 470-510, Youth Services. Under the Youth Services subsidy program, moneys are distributed to juvenile courts to provide services to juveniles that have not been adjudicated delinquent for a felony; such services typically fund nonsecure community programs that emphasize prevention, diversion, and correctional services.

The Department calculated the cost of continuing FY 2003 levels of subsidy funding to juvenile courts at \$21.6 million in FY 2004 and \$26.9 million in FY 2005. Under the enacted FY 2004-2005 operating budget, the subsidy program received less GRF funding than the Department calculated would be necessary by \$3.2 million in FY 2004 and by \$8.4 million in FY 2005. This presumably means that, in the future, in order to maintain current service levels as the costs of doing business increase, a juvenile court will have to find alternative revenue streams, reduce the number of available programs, reduce the number of juveniles that can be served, and/or reduce the type or level of services available.

ADMINISTRATION

The Administration program series is in actuality a single program and does not contain easily discernible programs. Rather, it serves as an umbrella term capturing a whole host of what one would call “subprograms,” including, among other things, employee relations, business administration, community services, chief inspector, legal services, and management information systems. The program series essentially provides oversight and coordination for all departmental operations and can best be termed “Central Office.” The primary financial support for Central Office is funding appropriated from the GRF.

The Department estimated the future Central Office costs at \$16.7 million in FY 2004 and \$18.7 million in FY 2005. Under the enacted FY 2004-2005 biennial operating budget, Central Office received less GRF funding than it calculated would be necessary to continue existing service levels by \$2.3 million in FY 2004 and by \$4.6 million in FY 2005. The level of continuation funding requested by the Department was intended to: (1) cover personnel, equipment, and maintenance costs, (2) provide a \$306,000 state cash match for federal funds, (3) finance computer system upgrades, and (4) replace 25% of the Department’s vehicles. As a result of the level of GRF funding contained in the enacted FY 2004-2005 biennial operating budget, it appears that the Department will:

- Reduce the number of full-time equivalent (FTE) staff positions associated with Central Office by roughly 30, which the Department will first attempt to achieve by offering early retirement incentives (ERIs);
- Provide the state cash match for the federal funds; and
- Not be able to afford upgrading various computer systems or to replace vehicles.

As of this writing, Central Office eliminated one division and combined several bureaus.

FEDERAL JUVENILE JUSTICE AND DELINQUENCY PREVENTION

The Department serves as the state agent for the administration of all federal juvenile justice grants awarded to Ohio, which includes distributing subgrants to local governments and nonprofit agencies for implementing various programs that address the problem of juvenile delinquency and its prevention. The administrative role was previously transferred to the Department from the Office of Criminal Justice Services pursuant to the FY 2002-2003 biennial operating budget.

The enacted FY 2004-2005 operating budget provided the Department's requested level of funding for the purpose of continuing its existing level of federal grant activity: \$16.4 million in FY 2004 and \$16.6 million in FY 2005.

As a condition of the state receiving federal juvenile justice and delinquency prevention program grants, the Department monitors local compliance with federal mandates involving: (1) the de-institutionalization of status offenders, (2) the removal of juvenile offenders from adult jails, and (3) the separation of juvenile offenders from adult offenders.

With regard to the Department of Youth Services and its existing duties and responsibilities to administer the state's role in federal juvenile justice and delinquency programs, Am. Sub. H.B. 95 modified prior permanent law to:

- Specify that the Department is designated as the state agent for the administration of all federal juvenile justice grants awarded to Ohio, which in a sense codifies the Department's role as the state agent in such federal matters; and
- Specify that all rules, orders, and determinations of the Office of Criminal Justice Services regarding the administration of federal juvenile justice grants that are in effect on the effective date of the provision continue in effect as rules, orders, and determinations of the Department.

Related temporary law was also included stating that:

- Any business related to the Office of Criminal Justice's federal line item 196-602, Criminal Federal Justice Programs, commenced but not completed by the Office of Criminal Justice Services must be completed by the Department in the same manner and with the same effect;
- No validation, cure, right, privilege, remedy, obligation, or liability is lost or impaired by reason of the transfer; and
- Upon the effective date of the Department's FY 2004-2005 biennial operating budget, the Department becomes the responsible party for any action or proceeding pending against the Office of Criminal Justice Services.

DEBT SERVICE

The Debt Service program series picks up the state's debt service tab that must be paid to the Ohio Building Authority (OBA) for its obligations incurred as a result of issuing bonds that cover the Department's capital appropriations. The appropriation authority and actual spending level are set and controlled by the Office of Budget and Management (OBM), and not by the Department.

The moneys made available as a result of these bonds have financed the design, construction, renovation, and rehabilitation phases of various departmental capital projects, as well as the construction and renovation costs associated with local projects (community corrections facilities, county detention centers, and the like).

Under the GRF debt service funding level in the enacted biennial operating budget – \$21.1 million in each of FYs 2004 and FY 2005 – the state is expected to be able to meet its legal and financial obligations to the OBA in each of FYs 2004 and 2005. 