



**Texas Juvenile Justice Department**

**Board Meeting**

11209 Metric Blvd., Building H – Lone Star Conference Room

Austin, Texas 78757

Wednesday, July 1, 2015 – 9:00 a.m.

**BOARD MEMBERS PRESENT:**

Scott W. Fisher, Board Chairman

Riley Shaw

The Honorable Jimmy Smith

Melissa Weiss

Scott Matthew

The Honorable Laura Parker

(via video conference at Ayres Halfway House in San Antonio, Texas)

The Honorable Carol Bush

(via video conference at Cottrell Halfway House in Dallas, Texas)

Calvin Stephens

(via video conference at Cottrell Halfway House in Dallas, Texas)

**BOARD MEMBERS ABSENT:**

The Honorable John Brieden III

MaryLou Mendoza

Jane Anderson King

Dr. Rene Olvera

The Honorable Becky Gregory

**EXECUTIVE STAFF PRESENT:**

David Reilly, Executive Director

(via video conference at Ayres Halfway House in San Antonio, Texas)

Chelsea Buchholtz, Chief of Staff

Jill Mata, General Counsel

Mike Meyer, Chief Financial Officer

Roland Luna, Chief Inspector General

Jeannette Cantu, Executive Assistant

Jim Hurley, Communications Director

Elaine Mays, Chief Information Officer

Tushar Desai, Medical Director

**OTHER GUESTS PRESENT:**

Brady Vauhn, Senate Finance

Malike Te, House Appropriation Committee

Ken Ming, TJJJ

Jeannette Lepe, TJJJ

Karen Kennedy, TJJJ

John Pelczar, Williamson Co.

Lauren Rose, Texans Care for Children

Fred Meinke, TJJJ

John Isle, TJJJ

Vivian Cohn, TJJJ

Connie Simon, TJJJ

Rachel Carrera, LBB

John Gonzales, TJJJ

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### **Call to Order**

Chairman Fisher called the meeting to order at 9:09 a.m. Due to technical difficulties with the video conference connections, the meeting was recessed and then reconvened at 9:20 a.m.

### **Prayer**

Chairman Fisher introduced Clayton Heald. Mr. Heald opened the meeting with a prayer.

### **Pledge**

The Pledge of Allegiance was recited.

### **Discussion, consideration, and possible approval regarding excused absences**

Mr. Shaw moved to approve the absences of Judge Brieden, Judge Gregory, Ms. Mendoza, Dr. Olvera and Ms. King. Commissioner Smith seconded. The motion passed.

### **Public Comments**

There were no public comments.

### **State financial assistance contract and funding allocation recommendation**

Mike Meyer, Chief Financial Officer, began his presentation by referring to page 5 of the Board packet. He stated that the present proposal was developed in response to legislative mandates from the 84<sup>th</sup> session, distributed to probation practitioners for comments, and discussed with the TJJD Advisory Council. Most of the responses received asked clarifying questions, however some feedback did result in substantive changes. At its meeting on Friday, the Advisory Council expressed support of the proposal in its final form.

Mr. Meyer stated that the primary legislative directive affecting the proposed changes came in the form of a budget rider that requires the agency to develop a grant funding and reporting structure that adheres to the agency's appropriation bill pattern. This rider was motivated by the Legislature's desire to ensure that probation departments spend state dollars in a manner consistent with their intent.

Mr. Meyer stressed that an examination of the expenditure data shows that this is not an issue of how state dollars are being used, but rather how they are organized and reported. The current structure alleviates that issue while ensuring departments remain able to provide the programs and services they do today.

To address the Legislature's concerns, the five State Aid grants (Basic Probation Supervision, Community Programs, Pre & Post Adjudication, Commitment Diversion, and Mental Health Services) align with TJJ's budget structure. Taken together, these areas subsume the former Grants A, C, and N.

Secondly, each department will receive a designated minimum budget/expenditure amount for each State Aid component grant, and a maximum amount for Basic Probation Supervision. This will ensure TJJ stays within transfer limitations in the General Appropriation Act (GAA) and that the appropriation amount for Basic Probation Supervision is not exceeded. This latter step is necessary because TJJ received direction this session to limit Basic Probation Supervision expenditures to the appropriated amount.

An additional requirement in the budget rider Mr. Meyer mentioned is to provide probation departments with flexibility to the extent possible within GAA requirements. This is the motivation for grouping together the former Grants A, C, and N. Mr. Meyer highlighted three specific ways the proposed structure maintains and enhances flexibility.

First, each department will receive an allocation of flexible dollars that it may budget and expend under any of the five State Aid component grants. This provides options to departments that did not previously exist, for example a department that never received Grant C may choose to budget its flexible funding in Commitment Diversion.

Second, a department may submit a request to reallocate its minimum allocation for one component grant to any other State Aid component grant. These will be reviewed in the statewide context and approved to the extent possible. In order to determine TJJ's ability to grant those requests, initial budget submissions will need to conform to the limits shown in the Board packet.

Third, departments will have options for how to budget and expend funds in cases where there is cross-over eligibility. Mr. Meyer directed the Board to turn to page 14 of the Board packet, the funding matrix. He described that in this matrix, the columns are the five State Aid Component grants. The rows are expenditure categories that mirror very closely the expenditure categories that exist today. The cells marked with an "X" indicate the places where there is an allowable linkage between funding source and expenditure category.

The matrix maximizes those linkages within Legislative intent, providing options to departments in how they budget and expend funds. As an example, a mental health placement could be funded under either Mental Health Services or Pre & Post Adjudication, or even Commitment Diversion if the youth is also at risk of commitment to TJJ. As a second example, mental health assessments could be supported by any State Aid grant, depending on whether the youth is on supervision, in the community, or in placement at the time of the assessment.

Mr. Meyer offered one further element of the design of this matrix: if you imagine the "X"s replaced with dollar figures for amounts expended, TJJ staff will sum down the columns for the purposes of the agency's LAR, and across the rows for the Uniform Cost Report.

Mr. Meyer directed the Boards attention to one particular expenditure category, "Non-Residential Services." This is a familiar concept, but a new category for the upcoming biennium. That category includes such things as transporting youth to treatment, buying youth essential items like toothpaste, etc., and was added to facilitate the implementation of a legislative shift of funding between Basic Probation Supervision and Community Programs. This will ensure that departments can continue to provide those services while not exceeding their Basic Probation Supervision maximum.

In response to a question asked by Mr. Matthew, Mr. Meyer stated that the agency did receive feedback from some of the counties that would be receiving a reduction in funding, and that there was a way for those counties to request the funding back. Mr. Meyer then discussed Supplemental & Emergent Needs Program.

Mr. Meyer stated the first step in calculating departmental allocations was to determine each department's State Aid total. The statewide population-based funding reduction was distributed across departments proportionally based on initial 2015 Grant A allocations, except that 50 percent of the remaining "imbedded" non-formula supplements grandfathered during 2014 and 2015 were removed.

He stated the amount to be removed was determined by comparing each department's proportional share of statewide funding based on initial 2015 Grant A allocations, which included imbedded non-formula supplements, with its proportional share based on a strict application of the 2012-2013 agreed-

to formula, and removing half of any excess. The amounts removed were proportionally redistributed to the other departments.

The amount resulting from this calculation was combined with each department's entire 2015 Grant C allocation and 2015 Grant N allocation to arrive at departmental totals. As a result of this methodology, 151 departments' totals are equal to about 96.1 percent of their initial 2015 Grant A allocation, plus their initial Grants C and N allocations.

For 15 departments, the percentage reduction from their former Grant A allocation was greater, ranging from about 4.2 percent to 13.4 percent. It is the staff's intent to remove non-formula supplements from initial formula allocations entirely for fiscal year 2017, due to provisions in Senate Bill 1630 requiring the agency to redefine the funding formula.

The second step regarding individual department allocations was to distribute departmental totals across the State Aid component grants. Under the proposed structure, several of those components are new, and for these there is no historical allocation information to inform current allocations. However, prior expenditure patterns are useful in that regard. Each department's distribution of funding across the five areas is therefore the result of a mixture of its 2014 expenditure patterns, 2015 allocations, and the legislative shift of funds from Basic Probation Supervision to Community Programs.

For each department:

- 15.7 percent of its total is set aside in the "Flexible Funds" category;
- Its Basic Probation Supervision minimum and maximum are based on its proportional share of 2014 expenditures applied to the statewide target;
- Its Pre & Post Adjudication amount is also based on its proportional share of 2014 expenditures, with a small adjustment;
- Its Commitment Diversion and Mental Health Services amounts fall slightly below the average of its 2014 expenditures and 2015 allocation; and
- Its Community Programs amount represents the overflow after other areas are calculated.

Mr. Meyer specifically noted that the methods used to determine minimum amounts under Commitment Diversion and Mental Health Services did not affect a department's total allocation, only the distribution of its total across the State Aid component grants.

Mr. Meyer stated that the memo in the Board packet provides additional detail, along with examples comparing 2014 expenditures, 2015 allocations, and 2016 allocations for different size departments under different starting conditions.

Mr. Meyer provided one final note, as mentioned in the cover memo, there are two substantive areas of discussion that remain open that do not affect the funding allocations before the Board. The first is whether to include administrative costs as a separate expenditure category for reporting purposes. This suggestion was made at the Advisory Council meeting. TJJJ staff will gather additional input before making a determination.

The second is how to distribute the statewide commitment target. In prior years the TJJJ Board reviewed and approved specific commitment targets by department. Internal discussions are still underway about how best to distribute the statewide target of 780 in the context of the forthcoming regionalization of probation activities.

Mr. Meyer stated the resolution before the Board would approve the funding structure and allocation recommendations just reviewed, and would empower agency staff to resolve the two issues mentioned and craft and execute the State Financial Assistance Contract with probation departments.

Mr. Matthew moved to approve the resolution approving the distribution methodology for the state aid grants and authorizing the negotiation and execution of contracts for the same. Ms. Weiss seconded. The motion passed. Ms. Weiss commended Mr. Meyer and his staff for the work they have done on the funding structure and allocation recommendations. Mr. Reilly also commended Mr. Meyer and all the staff that worked on this important task.

### **Adjourn**

Chairman Fisher adjourned the meeting at 9:46 a.m.