

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 7, 2011

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: SB653 by Whitmire (Relating to abolishing the Texas Youth Commission and the Texas Juvenile Probation Commission and transferring the powers and duties of those agencies to the newly created Texas Juvenile Justice Department and to the functions of the independent ombudsman for the Texas Youth Commission.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB653, Committee Report 1st House, Substituted: a positive impact of \$3,285,296 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$1,303,449
2013	\$1,981,847
2014	\$1,984,489
2015	\$1,984,148
2016	\$1,984,489

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	\$1,303,449	(20.0)
2013	\$1,981,847	(21.0)
2014	\$1,984,489	(21.0)
2015	\$1,984,148	(21.0)
2016	\$1,984,489	(21.0)

Fiscal Analysis

The committee substitute would create TJJD, without creating any significant new responsibilities for the new agency, compared to the existing responsibilities of TYC and JPC. The committee substitute would also create an 11-member transition team that would oversee the creation of TJJD during fiscal year 2012. The committee substitute allows for the necessary costs of the transition team, such as travel expenses to meetings, to be reimbursed. This analysis assumes that up to six members of the transition team could be from locations outside of Austin, and therefore require reimbursement for travel expenditures and other necessary expenses. This analysis assumes that the responsibilities of TYC and JPC could be merged without creating additional costs for the state. Furthermore, it is assumed that nine executive staff positions could be eliminated, to reduce duplication of efforts in the new agency. It is also assumed that central office staff can be reduced by 5%, to avoid the duplication of certain positions. This analysis assumes an overall FTE reduction of 21 persons from central office positions.

The committee substitute would amend the Human Resources Code (HRC) by adding Title 12, which would create the Texas Juvenile Justice Board and the Texas Juvenile Justice Department (TJJJ). It would also create a transition team to oversee the creation of the new agency during the fiscal year 2012, and abolish the Texas Youth Commission (TYC) and the Texas Juvenile Probation Commission (JPC) on December 1, 2011. The members of the board and the transition team are to be appointed by the Office of the Governor, whose representative also serves as the presiding officer over the transition team. Beginning December 1, 2011, all powers and duties of TYC and JPC would transfer to the new agency and all references to TYC or JPC in other law would be references to the new agency. TJJJ would be subject to review by the Sunset Advisory Commission in 2017.

The committee substitute would repeal Subchapters A and B, Chapter 61, HRC, and Subchapters A and B, Chapter 141, HRC. Those two chapters establish and outline the duties of TYC and JPC, respectively. All repealed text is moved to HRC, Title 12, Chapter 201. Subchapter A establishes an 11-member transition team consisting of representatives of government, the executive directors of JPC and TYC, and other stakeholders in juvenile justice matters. The transition team is established beginning September 1, 2011 and coordinates and oversees the transition of services and facilities from JPC and TYC to TJJJ before December 1, 2011. Between November 30, 2011 and August 31, 2012, the transition team shall further assist the TJJJ in the transition. The chapter that establishes the transition team expires August 31, 2012.

Chapter 202.001 would establish the Texas Juvenile Justice Board. Section 202.006 would require board members to participate in a training program prior to exercising duties as members of the board. A board member is entitled to reimbursement for travel expenses incurred in attending the training program. Furthermore, a board member is not entitled to compensation for service on the board, but is entitled to reimbursement for actual and necessary expenses incurred in performing official duties as a board member.

SECTION 1.004 of the committee substitute would transfer Subchapters C, D, and E, Chapter 141, HRC, to Subtitle B, Title 12, HRC, and redesignates them as Chapters 221, 222, and 223, respectively. This transfers the duties of JPC regarding assistance to counties and regulation of juvenile boards and juvenile probation departments, to TJJJ. The committee substitute does not replace Section 141.056, HRC in Chapters 221, 222, or 223. This has the effect of removing the direction to study alternatives to the juvenile justice system for children who engage in acts of prostitution. The transfer also includes the present duties of JPC regarding setting standards for and regulating juvenile probation officers and distributing state aid to local juvenile probation boards. Section 223.001 (d) removes the requirement that funding formulas established by JPC (or TJJJ) include all grants for which the commission, on or before September 1, 2009, established an allocation formula. This would allow for a change in the number of grants that provide state aid to local juvenile probation boards.

SECTION 1.006 of the committee substitute would transfer Subchapter G, Chapter 61, HRC, to Subtitle C, Title 12, HRC, and redesignates it as Chapter 241. This transfers the duties of TYC regarding secure facilities to TJJJ. SECTION 1.007 of the committee substitute transfers Subchapters C, D, E, and F, Chapter 61, HRC, to Subtitle C, Title 12, HRC, and redesignates them as Chapters 242, 243, 244 and 245, respectively.

Section 242.002 directs the agency to study the effectiveness of treatment methods in cooperation with local courts and other entities, which would be easily absorbed within the current resources of TYC and JPC. SECTION 1.008 of the committee substitute transfers Subchapters H and I, Chapter 61, HRC, to Subtitle 12, HRC, and redesignates them as Chapter 246. SECTION 1.010 of the committee substitute would transfer Chapter 64, HRC to Subtitle D, Title 12, HRC and redesignate it as Chapter 261. The transfer includes the present duties of the Independent Ombudsman of TYC, and continues its responsibilities, transferring them to oversight of the new agency.

The committee substitute would repeal Subchapters A and B, Chapter 61, HRC and Subchapters A and B, Chapter 141, HRC, as described above. SECTION 4.005 of the committee substitute would allow TYC or TJJJ to transfer a closed facility to the county or municipality in which it is located, if the county has a population of less than 100,000. The transfer of property must be for a purpose that benefits the public interest of the state. If the county or municipality ceases to use the property for a

public purpose, ownership of the property would revert to TJJD. The transfer of the property would not include mineral interests in the property, and would prohibit exploration of the property related to mineral interests. The Texas Public Finance Authority would need to determine the amount of outstanding indebtedness on any property transferred to a county or municipality to ensure the transfer complies with the United States Internal Revenue code and other state laws.

Methodology

Salaries for the nine executive positions in TYC and JPC that would be redundant in the new agency are estimated to total \$1,286,589. Eight of those positions could be eliminated for 9 months of fiscal year 2012, which would produce a savings of \$811,510. All nine positions could be eliminated in fiscal year 2013, for savings of \$1,286,589. This analysis further assumes that approximately 5% of central office staff may be reduced due to duplicated efforts, beginning December 1, 2011. This would result in savings of \$613,586 in fiscal year 2012 and \$818,115 in fiscal year 2013 along with a reduction of 12 FTEs in both years. The total savings related to FTE reductions in fiscal year 2012 will be \$1,425,096 and in fiscal year 2013 will be \$2,104,704. These savings are expected to continue through fiscal year 2016. This analysis assumes that travel costs and other necessary expenditures for members of the 11-person transition team will total \$18,000 in fiscal year 2012. The estimates were determined by assuming travel costs of \$250 per monthly visit for six members of the transition team. The duties associated with that group will end on August 31, 2012.

Technology

The Texas Youth Commission presently participates in the Data Center Consolidation (DCS) project in accordance with Government Code, Chapter 2054, Subchapter L and the Juvenile Probation Commission does not. In order to add the additional FTEs from the Juvenile Probation Commission to the state consolidated data center services when the two agencies merge into the Texas Juvenile Justice Department, the Department of Information Resources will need to provide assistance and expand the services currently used by the Texas Youth Commission. The additional costs of data center consolidation services will be \$103,647 in fiscal year 2012, \$122,857 in fiscal year 2013, \$120,215 in fiscal year 2014, \$120,556 in fiscal year 2015, and \$120,556 in fiscal year 2016. This analysis assumes that other costs associated with merging TYC's and JPC's computer systems can be reasonably accomplished within the agencies' current resources.

Local Government Impact

Fiscal impact will depend upon the funding structure provided to counties; however, it is not anticipated to be significant.

Source Agencies: 665 Juvenile Probation Commission, 694 Youth Commission

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