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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/09

SPONSOR Campos, P. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Las Vegas Juvenile Rehab Program SB 676

ANALYST Peery-Galon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$4,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

The HAFC recommendation for general appropriations includes reductions in some areas where federal funds can be used. These reductions will have to be made up to maintain the current level of appropriations in FY11 and FY12. In FY11, \$150 million will have to be restored and in FY12, \$330 million will have to be restored. This is in addition to other appropriation increases required in FY11 to maintain current service levels or to implement statutorily scheduled funding increases, such as ERB contributions, instructional material funding replacement, and restoring Medicaid funding from the general fund instead of the tobacco settlement program fund. These add up to \$80 million to \$100 million.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)  
 Juvenile Parole Board (JPB)  
 General Services Department (GSD)

#### No Response Received From

Department of Finance Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 676 appropriates \$4,500.0 from the general fund to The Children, Youth and Families Department to pay for operation of a juvenile rehabilitation program in Las Vegas. The appropriation is contingent upon enactment in 2009 of legislation authorizing a facility to be designed, built and leased in San Miguel County for this purpose.

## **FISCAL IMPLICATIONS**

The appropriation of \$4,500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The LFC and Executive budget recommendations for FY10 did not include any funding for operating costs for a new regional facility.

GSD stated that securing a facility to operate a juvenile rehabilitation center in Las Vegas would be difficult to accomplish in FY10. Currently there is no pre-design activities underway, such as financial feasibility study, programming, schematic design, design intent, and specifications. As a result, it is unlikely that a significant portion of the appropriation could be spent in FY10. Unexpended balances from the appropriation would revert to the general fund at the end of FY10 if the time frame remains and the funds are not reauthorized.

## **SIGNIFICANT ISSUES**

CYFD stated the department's five year plan (2008- 2012) for juvenile justice facilities included building smaller, regional facilities throughout New Mexico in keeping with the Cambiar model (Missouri model). The Northeast quadrant of the state was the first region in which CYFD had planned to build a smaller regional model. However, due to the economic downturn, CYFD has revised its plan to implement key components (unit management, facility remodeling to establish living units similar to a dormitory, increased staff-to-client ratios) of the Cambiar model within its existing facilities.

The Cambiar model has shown very positive results in Missouri, where it originated, and at CYFD's John Paul Taylor Center in Las Cruces where it has been implemented. When the economic forecast is more promising, CYFD will again propose moving to smaller, regional facilities.

GSD reported the project has not been approved by the Capitol Buildings Planning Commission, nor has a program been developed or a financial feasibility study completed. In order for Property Control Division (PCD) to issue a request for proposal for lease purchase, it needs a programming document, partial schematic design, and a detailed design intent/specification document prepared by a licensed architect/engineer on which developers can base their proposals. PCD is not currently funded to prepare these critical documents. An appropriation to PCD for \$400 thousand to perform pre-design activities in FY 2010, with the intent to build and occupy the facility by February 1, 2011 would be a prudent expenditure at this time.

## **PERFORMANCE IMPLICATIONS**

CYFD has performance measures focusing on the readjudication of clients receiving juvenile probation services and the recommitment of clients back into a juvenile or adult facility. CYFD noted that smaller regional facilities have evidence-based results for reducing recidivism.

**ADMINISTRATIVE IMPLICATIONS**

CYFD would require additional staff to operate a new regional facility.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

CYFD and JPB noted the proposed legislation is a companion to Senate Bill 604, which authorizes the Property Control Division of the General Services Department to lease land in San Miguel County and enter into a lease purchase agreement for the building and a sublease to CYFD for the occupancy of the building.

**OTHER SUBSTANTIVE ISSUES**

Property Control Division (PCD) is currently in contract negotiations for a master plan of CYFD facilities and needs statewide. PCD recommends that the master plan be completed before proceeding with operating funds.

**ALTERNATIVES**

GSD noted an appropriation to PCD for \$400 thousand to perform pre-design activities in FY10 with the intent to build and occupy the facility by February 1, 2011 would be a prudent expenditure at this time.

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