



DHS reports that currently there are 2,600 providers in Oregon operating about 3,000 homes. The Spring 2007 projected caseload for relative adult foster care was 1,451, and for commercial adult foster care, 2,498. The average cost of the 3,949 total adult foster care cases is \$1,131 per month, for a biennial total of approximately \$117.8 million. After client contributions of \$22.2 million, payments made to providers through DHS will be \$58.1 million Federal Funds and \$37.4 million General Fund.

DAS assumes that a collectively bargained agreement would be in effect in the 2009-11 biennium. The immediate, quantifiable fiscal effect will be the costs to the Department of Administrative Services (DAS) Human Resource Services Division (HRSD) to provide contract negotiation services to the new interest arbitration group in 2007-09, as shown in the Expenditures and Positions tables, above. Future representation at interest arbitration is also possible. DAS is not able to estimate the Services and Supplies expenditures, but elements could include Attorney General charges and contract administration, depending on the bargained agreement and activity in grievance arbitrations. The legislatively adopted budget does not include funding for this additional function. The revenue source for DAS HRSD is by assessment to state agencies on a per FTE basis.

The bill's provisions to allow collective bargaining rights do not have a direct fiscal impact on other state expenditures. However, to the extent the collective bargaining process occurs and is used to ultimately improve the financial status of AFCH providers who receive payment from the State, there will be a fiscal impact. That impact is indeterminate, because costs will vary with the negotiated benefits and any administrative costs to implement those. If, however, payment rates were increased by 3% in 2009-11 (using the Federal Funds and General Fund totals, above), Federal Fund expenditures would increase by \$1.7 million and General Fund by \$1.2 million. If the payment rates were increased by 7% Federal Funds expenditures would increase by \$4.1 million and General Fund by \$2.6 million.

It is not known whether health care benefits will be a subject of collective negotiations, or what would be the outcome if it were. Therefore, the total fiscal impact of allowing the AFCH providers to collectively bargain with the state is indeterminate.