

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

**MEASURE NUMBER:** HB 3065

**STATUS:** Original

**SUBJECT:** Authorizes the Department of Human Services to provide noncash benefits instead of cash payments in Oregon Supplemental Income Program

**GOVERNMENT UNIT AFFECTED:** Department of Human Services

**PREPARED BY:** Kim To

**REVIEWED BY:** Sheila Baker, John Britton

**DATE:** April 20, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b>		
Department of Human Services – General Fund		
Personal Services (Administrative Services Division)	\$ (40,560)	\$ (40,560)
Services and Supplies	\$ (931,698)	\$ (931,698)
<b>Total General Funds</b>	<b>\$ (972,258)</b>	<b>\$ (972,258)</b>
Department of Human Services – Federal Funds		
Personal Services	\$ (40,560)	\$ (40,560)
Services and Supplies	\$ -0-	\$ -0-
<b>Total Federal Funds</b>	<b>\$ (40,560)</b>	<b>\$ (40,560)</b>
Department of Human Services – Total Funds		
Personal Services	\$ (81,120)	\$ (81,120)
Services and Supplies	\$ (931,698)	\$ (931,698)
<b>Total Funds</b>	<b>\$ (1,012,818)</b>	<b>\$ (1,012,818)</b>

**EFFECTIVE DATE:** January 1, 2010

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** This measure relating to the Department of Human Services' administration of the Oregon Supplemental Income Program (OSIP) amends the definition of assistance to include noncash benefits. The bill also removes provisions specifying the type of payments that are issued and the individuals who would receive them, only requiring that OSIP provide assistance according to the rules of the Department of Human Services and on the basis of need, taking into account the income and resources available to the applicant or recipient. The bill also specifies that recipients of assistance under OSIP qualify for medical assistance.

Passage of this bill will result in a cost savings of approximately \$1,012,818 per biennium by allowing DHS flexibility in the administration of OSIP. The measure removes program complexity and stringency that have resulted in excessive administrative costs. Currently, OSIP provides small cash payments (SIP) to certain individuals who qualify for the federal Supplemental Security Income (SSI) program. Most recipients current receive approximately \$1.70 per month or \$20.40 annually. Those individuals who are blind get an additional \$25 a month. The Department estimates that each SIP check costs the department approximately \$4 to process, excluding the cost of cancelled checks and staffing. The estimated

combined cost of processing and staffing for the Department to process SIP checks is \$506,409 annually (\$1,012,818 biennially). The direct program benefit to clients in 2008 was approximately \$1,003,440. The administrative costs in order to comply with current statutes are inefficiently high relative to the costs of the benefit that clients actually receive.

If this bill passes, instead of sending these checks with nominal cash amounts, OSIP program funds (approximately \$1,003,440) would be used to provide clients with other more beneficial cash and noncash assistance including transportation services currently not covered by Medicaid, emergency assistance and Medicare prescription co-payments.

This bill requires budgetary action to address the estimated \$1,012, 818 administrative savings.