

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3445**

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Requires Department of Human Services to determine whether there are alternative placement options for child or ward in department's custody before committing child or ward to residential care or residential treatment.

**Government Unit(s) Affected:**

Department of Human Services (DHS)

**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:**

House Bill 3445 requires the Department of Human Services to explore and consider using alternative placement options to residential care facilities in order to allow a child in the legal custody of the department to remain in the family home or in a current foster care placement.

The fiscal impact of this bill to the Department of Human Services is indeterminate dependent on several factors that cannot be predicted at this time, including the availability of alternative placement options, the number of children eligible for alternative placement options and services, and the availability of funding sources. The bill directs DHS, in implementing alternative placement options, to use available state and federal funds for services including mentoring, tutoring, respite care, parent education and training, and family-centered interventions. DHS reports that the Medicaid portion of the residential care rate, which covers 62% of the overall costs expended, would not be allowable to redirect to these services required in the bill. An additional 16% of the overall costs covered by other federal funds (Title IV-E, SSBG, Title IV-B) may or may not qualify to be redirected for these services. Only the state General Fund and Child Trust funds, which account for the remaining 22% of the residential care costs, could be redirected toward the services required by the bill.

In addition, with passage of this bill, DHS will incur additional administrative and operational costs, including training for, and support to, staff to teach a different residential care placement practice model. Furthermore, the bill requires DHS to report annually to an interim legislative committee regarding the amount and use of funds to deliver services provided in implementing alternative placement options. The department will need to modify the ORKIDS system in order to identify and track these services in order to deliver the information required for this annual report.