
MEMORANDUM

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To: Human Services Subcommittee

From: Laurie Byerly, Legislative Fiscal Office
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Date: June 10, 2013

Subject: Department of Human Services (DHS) – SB 5529
Central, Shared Services, State Assessments and Enterprise-wide Costs
Work Session Recommendations

DHS – Central, Shared Services, State Assessments and Enterprise-wide Costs (Program Totals)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	156,675,841	176,119,643	176,789,390	195,117,465
Other Funds	36,239,253	161,775,551	138,018,549	105,813,485
Federal Funds	151,158,814	160,177,494	177,168,114	176,096,951
Total Funds	\$344,073,908	\$498,072,688	\$491,976,053	\$477,027,901
Positions	657	693	700	745
FTE	633.97	673.00	680.09	724.86

Attached are the recommendations from the Legislative Fiscal Office (LFO) for the Central Services, Shared Services, and State Assessments and Enterprise-wide Costs portion of the DHS budget. The LFO recommended budget is 10.8% General Fund (GF) more than and 4.2% Total Funds (TF) less than the 2011-13 Legislatively Approved Budget. The increase in General Fund is primarily due to correcting a budget hole that was an artifact of separating the DHS and the Oregon Health Authority's (OHA) budgets during 2011-13 budget development. The budget recommendation includes:

- Standard adjustments for PERS policy changes.
- Budget changes related to 2012 Emergency Board actions.
- Adjustments to fix unknown components or inaccurate assumptions made in the budget when implementing the transfer of DHS programs to OHA and establishing a shared services model between the two agencies. Initially it was unclear what complement of positions would be needed on the DHS side to provide shared services and to support a realignment of positions between direct program and program support functions for the retained programs. After 24 months of operating

under the new environment, the agency has completed its evaluation of the position need and is requesting a net increase of 49 positions (50.21 FTE). Those positions, which when added will formally budget work currently being performed through doublefills and other temporary actions, are funded in the budget by moving expenditures from Service and Supplies to Personal Services.

When the DHS and OHA budgets were separated, assumptions regarding the revenues supporting these centralized services were based on overall fund splits for the “old” DHS agency and those splits were used to budget within each agency. After a biennium of operations and with refinement of a cost allocation model for the “new” DHS, it became clear the programs retained within the Department rely more heavily on General Fund than the programs that moved to OHA. This left centralized services budgeted with Other Funds and Federal Funds expenditure limitation that was “empty”, having no actual revenue to support it. To fix this problem and support ongoing operational needs, \$17.5 million GF is added to the budget and associated OF and FF components are right sized.

- \$1.4 million GF (\$2.9 million TF) to support costs for three new positions; two for complex project management and one for client safety; and to purchase replacement computers. This investment is consistent with a 5-year replacement cycle.
- One position and \$183,332 total funds to cover position and other costs associated with SB 123 (Oregon Foster Children’s Bill of Rights).
- Two positions at \$107,117 TF in DHS shared services (accounting and investigations) to support Package 403 in OHA. That package implements the next phase of the Oregon State Hospital replacement project.

Adjustments to Current Service Level:

See attached “SB 5529 Work Session” spreadsheet 6/6/13.

LFO recommends the Subcommittee approve a 2013-15 DHS Central Services, Shared Services, and State Assessments and Enterprise-wide Costs preliminary budget as follows:

\$	195,117,465	General Fund
\$	105,813,485	Other Funds
\$	176,096,951	Federal Funds
	745	Positions
	724.86	FTE

Accept LFO Recommendation

Move the LFO recommendation for Central Services, Shared Services, and State Assessments and Enterprise-wide Costs.

Performance Measures

See attached “Legislatively Proposed 2013-15 Key Performance Measures” form for measures. For this program, which includes the Director’s Office, the agency’s customer service measures are outlined. An agency-wide report will be presented for review and approval as part of the final action on the DHS budget.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures for Customer Service.

Budget Notes

No budget notes are recommended.

Recommended Changes to Appropriation Bill

The Central Services, Shared Services, and State Assessments and Enterprise-wide Costs budget is part of SB 5529, which is the budget bill for the entire Department of Human Services. The recommended amendments to SB 5529 will be presented after work sessions are completed on all parts of the budget.

DEPARTMENT OF HUMAN SERVICES: CENTRAL SERVICES, SHARED SERVICES, STATE ASSESSMENTS AND ENTERPRISE-WIDE COSTS
SB 5529 WORK SESSION

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2011-13 Legislatively Approved Budget (As of December 2012)	176,119,643	-	161,775,551	160,177,494	-	-	498,072,688	693	673.00	
2013-15 Current Service Level Estimate (at Governor's Budget)	176,789,390	-	138,018,549	177,168,114	-	-	491,976,053	700	680.09	
2013-15 Governor's Budget	178,105,555	-	126,247,349	172,533,595	-	-	476,886,499	734	716.02	
2013-15 LFO RECOMMENDED BUDGET	195,117,465	-	105,813,485	176,096,951	-	-	477,027,901	745	724.86	

1 2013-15 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL										
2	2,142,801	-	7,068	1,262,971	-	-	3,412,840			
3 2013-15 Current Service Level Estimate	176,789,390	-	138,018,549	177,168,114	-	-	491,976,053	700	680.09	
4										
5 LFO Recommendations for Existing Packages										
6 Pkg 081: May 2012 E-Board	(702,421)	-	(1,796,773)	(703,561)	-	-	(3,202,755)	(18)	(17.04)	Span of control roll-up
7 Pkg 091: Statewide Administrative Savings	(4,127,636)	-	(6,891,887)	(3,933,926)	-	-	(14,953,449)	-	-	Reallocated between DHS and OHA
8 Pkg 092: PERS Taxation Policy	(26,020)	-	(251,964)	(24,094)	-	-	(302,078)	-	-	Eliminate non-resident tax remedy
9 Pkg 093: Other PERS Adjustments	(207,909)	-	(2,013,310)	(192,524)	-	-	(2,413,743)	-	-	COLA modification and admin actions
10 Pkg 094: December 2012 Rebalance	3,380,581	-	(5,592,155)	(1,636,603)	-	-	(3,848,177)	49	50.21	Fund & pos true-up; \$8.5 m from S&S to PS
11 Pkg 101: Central and Shared POP										
12 Strategic Workforce Investment	193,065	-	-	191,832	-	-	384,897	2	1.76	Support complex projects
13 Office of Investigations and Training	135,564	-	188,391	53,464	-	-	377,419	1	1.00	Client safety/includes SS limitation
14 Computer Replacement	1,071,139	-	7,068	1,071,139	-	-	2,149,346	-	-	Supports 5-year replacement cycle
15 Pkg 102: Healthy People	878,597	-	-	-	-	-	878,597	-	-	Modernization Debt Services
16 Subtotal recommended existing packages	594,960	-	(16,350,630)	(5,174,273)	-	-	(20,929,943)	34	35.93	
17										
18 Other LFO Recommended Adjustments										
19 Pkg 810: LFO Analyst Adjustments										
20 OHA State Innovation Grant	-	-	281,386	-	-	-	281,386	2	1.50	Limited duration positions for contracting
21 FMAP Change (Federal percentage increase)	(13,026)	-	-	13,026	-	-	-	-	-	From 62.86% to 63.06%
22 Assessments & Shared Services Funding True-up	17,552,968	-	(17,707,476)	7,375,118	-	-	7,220,610	-	-	Empty limitation from DHS - OHA split
23 Technical adjustments and transfers	105,761	-	1,464,539	(3,380,954)	-	-	(1,810,654)	6	6.00	2 pos from CW; 4 pos from APD
24 Senate Bill 123	87,412	-	-	95,920	-	-	183,332	1	0.75	Dedicated hotline staff
25 OSH Replacement Project Next Phase (OHA Pkg 403)	-	-	107,117	-	-	-	107,117	2	0.59	Accounting Tech and Investigator
26 Subtotal other LFO recommended adjustments	17,733,115	-	(15,854,434)	4,103,110	-	-	5,981,791	11	8.84	
27										
28 Total adjustments LFO Rec from CSL	18,328,075	-	(32,205,064)	(1,071,163)	-	-	(14,948,152)	45	44.77	

DEPARTMENT OF HUMAN SERVICES: CENTRAL SERVICES, SHARED SERVICES, STATE ASSESSMENTS AND ENTERPRISE-WIDE COSTS
 SB 5529 WORK SESSION

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
29										
30	TOTAL 2013-15 LFO Recommended Budget	195,117,465	-	105,813,485	176,096,951	-	-	477,027,901	745	724.86
31										
32	\$ Change from 2011-13 Approved	18,997,822	-	(55,962,066)	15,919,457	-	-	(21,044,787)	52	51.86
33	% Change from 2011-13 Approved	10.79%	0.00%	-34.59%	9.94%	0.00%	0.00%	-4.23%	7.50%	7.71%
34	\$ Change from 2013-15 CSL Estimate	18,328,075	-	(32,205,064)	(1,071,163)	-	-	(14,948,152)	45	44.77
35	% Change from 2013-15 CSL Estimate	10.37%	0.00%	-23.33%	-0.60%	0.00%	0.00%	-3.04%	6.43%	6.58%
36	\$ Change from 2013-15 Governor's Budget	17,011,910	-	(20,433,864)	3,563,356	-	-	141,402	11	8.84
37	% Change from 2013-15 Governor's Budget	9.55%	0.00%	-16.19%	2.07%	0.00%	0.00%	0.03%	1.50%	1.23%

Legislatively Proposed 2013-15 Key Performance Measures

Agency: HUMAN SERVICES, DEPARTMENT of

Mission: Assisting people to become independent, healthy and safe.

Current KPM #	Proposed KPM #	Legislatively Proposed KPMs	Customer Service Category	PGM	Agency Request	Most Current Result	Target 2014	Target 2015
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Overall	AGY	Approved KPM	68.00	75.00	75.00
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Accuracy	AGY	Approved KPM	71.60	75.00	75.00
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Availability of Information	AGY	Approved KPM	72.10	75.00	75.00
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Expertise	AGY	Approved KPM	72.70	75.00	75.00
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Helpfulness	AGY	Approved KPM	72.20	75.00	75.00
17	17	CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information	Timeliness	AGY	Approved KPM	71.40	75.00	75.00
NEW	18	PLACEHOLDER: SERVICE EQUITY - Measure agency's ability to reduce disparities in client outcomes.		AGY	Proposed New KPM			

LFO Recommendation:

Approve the customer service performance measure elements with targets as shown. Approve the placeholder request for Service Equity as KPM #18; specific measure and targets to be included with requested KPMs for 2015-17.