

DEPARTMENT OF HUMAN SERVICES

The Department of Human Services (DHS) supports children, families, seniors, and people with physical and developmental disabilities by providing a range of services through 170 field offices and community partners.

For the 2013-15 biennium, the DHS budget is presented through five major program areas: Vocational Rehabilitation, Developmental Disabilities, Self-Sufficiency, Child Welfare, and Aging and People with Disabilities. The agency’s budget also includes infrastructure support and services for both DHS and the Oregon Health Authority.

DEPARTMENT OF HUMAN SERVICES	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	1,791,286,691	2,180,437,090	2,561,372,047	2,332,119,386	0	17.5%
Other Funds	334,595,591	514,095,196	419,141,257	483,658,454	0	-18.5%
Federal Funds	3,508,015,879	3,378,868,122	3,640,031,799	3,664,075,156	0	7.7%
Federal Funds Nonlimited	2,194,068,587	2,514,345,331	2,514,345,331	2,514,345,331	0	0.0%
TOTAL FUNDS	\$7,827,966,748	\$8,587,745,739	\$9,134,890,434	\$8,994,198,327	\$0	6.4%
Positions	7,712	7,405	7,466	7,857	0	0.8%
FTE	7,494.32	7,311.44	7,364.14	7,675.10	0.00	0.7%

Major Revenues	Budget Environment	Comparison by Fund Type																				
<ul style="list-style-type: none"> General Fund supports about 28% of the budget and is used primarily to match or to meet other requirements to receive and utilize Federal Funds. Other Funds cover around 5% of agency expenditures and include provider taxes, collections, charges for services, and Federal Child Care and Development Fund moneys received from the Employment Department. About 67% of revenues come from federal sources. Along with Medicaid matching funds, these include Temporary Assistance to Needy Families (TANF) funds and Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits. 	<ul style="list-style-type: none"> Heavily influenced by demographics and economics. Constrained by federal funding and policy decisions. Affected by state politics and policy direction. Dependent on provider and community partner infrastructure and capacity. Subject to scrutiny by large and diverse groups of clients and stakeholders. 	<p style="text-align: center;">DEPARTMENT OF HUMAN SERVICES</p> <table border="1"> <caption>Revenue Breakdown (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$1,791</td> <td>\$335</td> <td>\$5,702</td> </tr> <tr> <td>2011-13</td> <td>\$2,180</td> <td>\$514</td> <td>\$5,893</td> </tr> <tr> <td>2013-15</td> <td>\$2,561</td> <td>\$419</td> <td>\$6,154</td> </tr> <tr> <td>2013-15 GB</td> <td>\$2,332</td> <td>\$484</td> <td>\$6,178</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$1,791	\$335	\$5,702	2011-13	\$2,180	\$514	\$5,893	2013-15	\$2,561	\$419	\$6,154	2013-15 GB	\$2,332	\$484	\$6,178
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MAJOR CHALLENGES AND DECISION POINTS

1. Several sources of Other Funds and Federal Funds revenue are no longer available for the 2013-15 DHS budget, driving a \$111 million General Fund budget increase to sustain programs, or a little over 5% of the 20% growth between biennia. Funding lost includes \$44 million in one-time TANF revenues, a \$5 million SNAP bonus, \$40 million in long-term care facility provider taxes (June 30, 2014 sunset), and \$11 million in one-time excess Child Care Development Fund dollars.

The Governor's budget assumes the continuation of the Nursing Facility Provider tax and corresponding increases in Nursing Facility rates. In addition, the budget assumes that Oregon receives additional Medicaid funding through transition of many services into a State Plan K Amendment. To backfill one-time revenues, \$46 million General Fund is added in TANF.

However, the Governor's budget for TANF also includes adding a 36 month, full family time-limit starting October 1, 2013. Additional budget savings are achieved by continuing policy changes made in 2011-13. These include reductions in pre- and post-TANF and extending program restrictions in HB 2049 (2011) for two more years. JOBS funding is flat funded at the 2011-13 level (\$9.77 million General Fund/\$66.4 total funds).

In the Employment Related Day Care program, \$11.2 million General Fund is used to backfill in one-time 2011-13 Child Care Development Funds. The Governor's budget keeps the 2011-13 policy changes in place uses these dollars plus another \$1.5 million General Fund to bring number of ERDC cases up from 8,500 to 9,000 (average).

In Self-Sufficiency programs overall, from current service level, the Governor's budget eliminates \$56.3 million General Fund which is a 12.5% reduction. Some General Fund resources are added to leverage \$34.7 million Federal Funds for system modernization.

2. About 6% of General Fund growth (\$138 million) is due to increases in mandated caseload based on the Spring 2012 forecast. The largest portion is being driven by the Aging and People with Disabilities program where both the number of client and cost per case are projected to grow. The 2013-15 adopted budget will need to reflect the Spring 2013 caseload forecast; it is quite likely further adjustments will be needed based on those projections.

The Governor's budget includes caseload growth of \$306 million total funds based on the Fall 2012 forecast. It also includes transferring Medicare Buy-in programs to the Oregon Health Authority; the program is \$348 million total funds (\$126 million General Fund).

The Governor's budget assumes the continuation of the Nursing Facility Provider tax and corresponding increases in Nursing Facility rates. In addition, the budget assumes that Oregon receives additional Medicaid funding through transition of many services into a State Plan K Amendment.

General Fund supports investments in options counseling services, improve nursing facility care quality, pilot innovative approaches to long-term care, and improve case management. The budget also includes \$9.1 million General Fund (\$29.2 million total funds) to support rate increases for in-home and community-based providers. No additional investments are made in Oregon Project Independence.

The Governor's budget also supports the agency's initiative, called Long Term Care 3.0, which would mandate a planning process to modernize the long-term care system. The goal is a person-centered, locally driven long-term services and support system that can meet growing demand in cost-effective ways.

3. In addition to system modernization, DHS wants to replace aging physical infrastructure (personal computers and network hardware) to support these systems. The agency has identified a need of more than \$20 million in new General Fund to cover technology expenditures in 2013-15.
 The Governor’s budget includes about \$8 million General Fund in information technology investments for long term care infrastructure, electronic record keeping, and computer replacements.

4. The agency has also outlined more than \$60 million in new General Fund as being needed to address Child Welfare caseloads, address foster care federal formula changes, and account for various issues related to the Developmental Disabilities program.
 The Governor's budget includes \$68.3 million General Fund for Child Welfare programs. Investments are made to improve staffing ratios, implement Differential Response, support localized child welfare services, and enhance outcomes for Tribal children. General Fund for Child Welfare programs is at \$28.7 million or 6.7% above current service level.
 The budget for Developmental Disabilities includes about \$30 million General Fund to expand family-to-family networks, increase integrated employment options, restore the Fairview Trust, and increase services supported by providers.

DHS – VOCATIONAL REHABILITATION

The Vocational Rehabilitation program assists youth and adults with disabilities to obtain, maintain, or advance in employment. Services are provided through 34 field offices and multiple employee outstations located in one-stop career centers and other human services agencies across the state. The program’s overarching goal is to help clients succeed in jobs that allow them to live as independently as possible, reduce or eliminate their need for publicly funded benefits, and be fully contributing members of their local communities.

All working-age (ages 18 to 64) Oregonians with a disability (except blindness) who are legally entitled to work are potentially eligible for services. The most common categories of disability among program clients are cognitive, psychosocial, physical, mental, and orthopedic impairments.

VOCATIONAL REHABILITATION	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	14,339,538	15,879,444	16,617,227	16,445,239	0	4.6%
Other Funds	1,885,239	2,269,521	2,324,474	2,320,412	0	2.4%
Federal Funds	57,098,909	61,506,963	65,274,269	64,627,927	0	6.1%
TOTAL FUNDS	\$73,323,686	\$79,655,928	\$84,215,970	\$83,393,578	\$0	5.7%
Positions	227	224	224	224	0	0.0%
FTE	222.31	220.28	220.28	220.28	0.00	0.0%

Major Revenues	Budget Environment/Decision Points	Comparison by Fund Type																				
<ul style="list-style-type: none"> General Fund is used to match federal funding from the Department of Education. Other sources of funding include Social Security reimbursements and Youth Transition Program grants. 	<ul style="list-style-type: none"> Flat funding has frequently not kept pace with demand, requiring the agency to implement an Order of Selection (wait list for services). Disability severity is a major cost driver for the program; in addition, many clients have more than one disability. Oregon’s economic climate makes it difficult to place clients in jobs; 383,381 working-age adults experience a disability but only 36% of them are employed. The Governor’s budget supports a policy expected to increase program referrals and serve an additional 200 clients annually. 	<p>DEPARTMENT OF HUMAN SERVICES</p> <table border="1"> <caption>DEPARTMENT OF HUMAN SERVICES - Funding by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$1,791</td> <td>\$335</td> <td>\$5,702</td> </tr> <tr> <td>2011-13</td> <td>\$2,180</td> <td>\$514</td> <td>\$5,893</td> </tr> <tr> <td>2013-15</td> <td>\$2,561</td> <td>\$419</td> <td>\$6,154</td> </tr> <tr> <td>2013-15 GB</td> <td>\$2,332</td> <td>\$484</td> <td>\$6,178</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$1,791	\$335	\$5,702	2011-13	\$2,180	\$514	\$5,893	2013-15	\$2,561	\$419	\$6,154	2013-15 GB	\$2,332	\$484	\$6,178
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DHS – DEVELOPMENTAL DISABILITIES

The Developmental Disabilities program helps children and adults with intellectual and other developmental disabilities have the best quality of life possible at all stages of their lifespan. Developmental disabilities include mental retardation, cerebral palsy, Down’s syndrome, autism, and other impairments of the brain that occur during childhood. Some people with developmental disabilities also have significant medical or mental health needs. Due to their economic situation, most program clients are eligible for a Medicaid waiver, which allows them to remain in their family home or a community setting; Oregon no longer has institutional facilities for persons with developmental disabilities.

DEVELOPMENTAL DISABILITIES	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	405,394,129	537,713,615	562,044,660	560,458,115	0	4.5%
Other Funds	33,723,765	38,379,649	25,952,618	28,599,045	0	-32.4%
Federal Funds	926,919,458	876,862,704	916,934,077	993,764,676	0	4.6%
TOTAL FUNDS	\$1,366,037,352	\$1,452,955,968	\$1,504,931,355	\$1,582,821,836	\$0	3.6%
Positions	825	846	807	854	0	-4.6%
FTE	784.38	841.01	804.33	844.99	0.00	-4.4%

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> As most program services are designed and approved using a Medicaid 1915c Home and Community-Based Services waiver, General Fund is used to provide Federal Funds match. Federal funding supports over 60% of the program’s budget. Some Other Funds revenue comes from clients who are able to make a financial contribution. The Governor’s budget anticipates leveraging additional Federal Funds for home and community based services. 	<ul style="list-style-type: none"> Growing caseload. Serves over 21,000 children and adults, but demographics less of a budget driver than policy. Often dictated by state policy, federal Medicaid policy and the Staley Settlement Agreement. Pressure to improved employment outcomes; Governor’s budget includes \$9.4 million General Fund for the Employment First initiative. With \$6.9 million General Fund, Governor’s budget also restores Fairview trust back to level it was prior to 2011-13. 	

DHS – SELF-SUFFICIENCY

The Self-Sufficiency program provides assistance for low-income families to promote family stability and help them become self-supporting. The program helps clients meet basic needs, such as food and shelter. Other program services include job training, employment assistance, parenting supports, health care, and child care.

SELF-SUFFICIENCY	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	381,049,803	303,855,060	450,524,645	394,177,657	0	48.3%
Other Funds	101,982,343	145,684,999	125,947,009	145,544,021	0	-13.5%
Federal Funds	429,507,179	446,953,925	414,594,306	450,226,101	0	-7.2%
Federal Funds Nonlimited	2,191,996,819	2,514,345,331	2,514,345,331	2,514,345,331	0	0.0%
TOTAL FUNDS	\$3,104,536,144	\$3,410,839,315	\$3,505,411,291	\$3,504,293,110	\$0	2.8%
Positions	2,341	2,068	2,089	2,063	0	1.0%
FTE	2,288.64	2,065.71	2,071.59	2,053.77	0.00	0.3%

Major Revenues	Budget Environment	Comparison by Fund Type																								
<ul style="list-style-type: none"> • Most General Fund is used to match federal funds or cover ineligible administrative costs. • Just under 85% of the budget is supported by Federal Funds. • Benefits under the Supplemental Nutrition Assistance Program (SNAP) are 100% federally funded; the state has to cover 50% of the administrative costs (General Fund). • A major source of Other Funds is \$99 million in federal Child Care and Development funds sent from the Employment Department for the Employment Related Day Care (ERDC) program. 	<ul style="list-style-type: none"> • Program demand increases particularly in poor economic times. • The Temporary Assistance for Needy Families (TANF) federal block grant is capped and does not grow with caseload. • 2013-15 biennial average caseloads for SNAP and TANF are forecasted to be lower 2011-13 averages. (Does not account for changes in costs per case.) • Forecasted need for ERDC is at 10,400 families. 	<p>SELF-SUFFICIENCY</p> <table border="1"> <caption>SELF-SUFFICIENCY - Millions of Dollars</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$381</td> <td>\$102</td> <td>\$2,622</td> </tr> <tr> <td>2011-13</td> <td>\$304</td> <td>\$146</td> <td>\$2,961</td> </tr> <tr> <td>2013-15</td> <td>\$451</td> <td>\$126</td> <td>\$2,929</td> </tr> <tr> <td>2013-15 GB</td> <td>\$394</td> <td>\$146</td> <td>\$2,965</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$381	\$102	\$2,622	2011-13	\$304	\$146	\$2,961	2013-15	\$451	\$126	\$2,929	2013-15 GB	\$394	\$146	\$2,965	2013-15 CSL	\$0	\$0	\$0
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DHS – CHILD WELFARE

The Child Welfare program conducts prevention, protection, and regulatory activities to keep children safe and improve their quality of life. Services include responding to reports of child abuse or neglect, providing in-home supports or out-of-home care when necessary, and arranging adoption or guardianship services and supports. The children served are dependent, neglected, abused, mentally or physically disabled, and/or placed in the state’s legal custody by an Oregon court.

CHILD WELFARE	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	271,386,116	393,526,597	429,229,748	457,961,859	0	9.1%
Other Funds	28,221,778	23,378,065	20,175,569	22,355,547	0	-13.7%
Federal Funds	405,713,174	386,982,115	411,084,530	420,178,214	0	6.2%
TOTAL FUNDS	\$705,321,068	\$803,886,777	\$860,489,847	\$900,495,620	\$0	7.0%
Positions	2,378	2,376	2,380	2,684	0	0.2%
FTE	2,316.10	2,326.09	2,332.40	2,554.27	0.00	0.3%

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> General Fund supports about 50% of the Child Welfare budget. Most General Fund is used to leverage federal dollars, while some goes to cover costs for adoption assistance and foster care payments that are not eligible for federal programs. Federal dollars support about half the program as well, through several funding streams, primarily through the Social Security Act. Other Funds come from user fees for some adoption-related programs, grants, and various client resources. 	<ul style="list-style-type: none"> Received more than 75,000 reports of child abuse in 2011; number of reports have almost doubled in last decade. Child Welfare forecast information not updated since Fall 2011 due to OR-KIDS implementation; forecast with data out of new system expected for Spring 2013. Foster care population being reduced, which shifts costs to the front-end of the system. Demand for services for runaway and homeless youth. 	<p>CHILD WELFARE</p> <p>Millions of Dollars</p> <p>Legend: General Fund/Lottery (Red), Other Funds (Blue), Federal Funds (Green)</p>

DHS – AGING AND PEOPLE WITH DISABILITIES

The Aging and People with Disabilities (APD) program assists seniors and people with disabilities of all ages to achieve well-being through opportunities for community living, employment, family support, and services that promote independence, choice, and dignity.

APD administers Oregon’s Medicaid long-term care program under a federal Home and Community Based Care waiver under Section 1915(c) of the Social Security Act. Clients receive a range of services including case management, supportive in-home care, community-based residential care, and nursing facility care. Over 28,000 seniors and adults with physical disabilities receive Medicaid long-term care services. The budget supports local Area Agencies on Aging, county and state Medicaid field staff, disability determination services staff, and Oregon Project Independence.

AGING AND PEOPLE WITH DISABILITIES	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	562,441,264	753,342,731	926,166,377	724,970,961	0	22.9%
Other Funds	132,543,213	142,607,411	106,723,038	158,592,080	0	-25.2%
Federal Funds	1,539,690,113	1,446,384,921	1,654,976,503	1,562,744,643	0	14.4%
TOTAL FUNDS	\$2,234,674,590	\$2,342,335,063	\$2,687,865,918	\$2,446,307,684	\$0	14.8%
Positions	1,284	1,198	1,266	1,298	0	5.7%
FTE	1,248.92	1,185.35	1,255.45	1,285.77	0.00	5.9%

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> General Fund makes up 34.5% of the budget; most of the General Fund is used to match federal Title XIX Medicaid. A smaller share supports General Fund-only programs such as Oregon Project Independence. Other Funds revenue is 4.8% of the overall budget and comes from nursing facility provider taxes, clients’ contributions, and estate recoveries. Federal Funds make up about 62% of the budget and are primarily Medicaid funds. For the 2013-15 biennium, the average Medicaid match rate is estimated at about 63%. 	<ul style="list-style-type: none"> Demand driven largely by demographics; senior population projected to grow from 502,000 to 800,000 by 2020. Overall, long-term care caseload expected to grow by 2.4% in 2013-15. Shift from institutional to community-based care. Nursing facility provider tax sunsets in 2014. Demand for higher provider reimbursement rates. 	

DHS – CENTRAL SERVICES, SHARED SERVICES, STATE ASSESSEMENTS AND ENTERPRISE-WIDE COSTS

These three central program units provide an array of services and supports for DHS programs.

CENTRAL SERVICES SHARED SERVICES STATE ASSESSEMENTS AND ENTERPRISE-WIDE COSTS	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co- Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	156,675,841	176,119,643	176,789,390	178,105,555	0	0.4%
Other Funds	36,239,253	161,775,551	138,018,549	126,247,349	0	-14.7%
Federal Funds	149,087,046	160,177,494	177,168,114	172,533,595	0	10.6%
Federal Funds Nonlimited	2,071,768	0	0	0	0	N/A
TOTAL FUNDS	\$344,073,908	\$498,072,688	\$491,976,053	\$476,886,499	\$0	-1.2%
Positions	657	693	700	734	0	1.0%
FTE	633.97	673.00	680.09	716.02	0.00	1.1%

Major Revenues	Budget Environment	Comparison by Fund Type																				
<ul style="list-style-type: none"> • About a third of the General Fund supports shared services such as budget, forecasting, financial services, imaging, facilities, investigations, overpayment recovery, and training. General Fund is also used to help pay for statewide assessments. • Federal Funds are used where they can be leveraged and reflect a program’s portion of the agency’s infrastructure costs. • Other Funds include charges for services received and paid for by OHA and other recipients. 	<ul style="list-style-type: none"> • Complexity of splitting apart services between DHS and OHA. • Balancing finite resources with growing demand. • Tendency to prioritize direct services and agency programs over infrastructure needs. • Internal and external focus on reducing infrastructure footprint and costs. 	<div style="text-align: center;"> <p>CENTRAL SERVICES SHARED SERVICES STATE ASSESSEMENTS AND ENTERPRISE-WIDE COSTS</p> <table border="1"> <caption>Chart Data: Millions of Dollars</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$157</td> <td>\$36</td> <td>\$151</td> </tr> <tr> <td>2011-13</td> <td>\$176</td> <td>\$162</td> <td>\$160</td> </tr> <tr> <td>2013-15</td> <td>\$177</td> <td>\$138</td> <td>\$177</td> </tr> <tr> <td>2013-15 GB</td> <td>\$178</td> <td>\$126</td> <td>\$173</td> </tr> </tbody> </table> </div>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$157	\$36	\$151	2011-13	\$176	\$162	\$160	2013-15	\$177	\$138	\$177	2013-15 GB	\$178	\$126	\$173
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