

Department of Human Services (DHS)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	2,181,831,985	2,329,863,216	2,683,265,564	2,680,281,716
Other Funds	442,634,121	511,617,767	517,398,669	499,773,473
Federal Funds	3,309,228,368	3,995,258,220	4,333,784,291	4,323,267,232
Federal Funds Nonlimited	2,482,546,921	2,514,345,331	2,514,345,331	2,514,345,331
Total Funds	8,416,241,395	9,351,084,534	10,048,793,855	10,017,667,752
Positions	7,427	7,635	7,712	7,830
FTE	7,320	7,479.14	7,619.00	7,710.84

* includes Emergency Board and administrative actions through December 2014

Program Description

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 2015-17 biennium, the DHS budget is presented through five major program areas: Aging and People with Disabilities, Intellectual and Developmental Disabilities, Vocational Rehabilitation, Self Sufficiency, and Child Welfare. The agency's budget also includes infrastructure support and services for both DHS and the Oregon Health Authority.

CSL Summary and Issues

Current Service Level (CSL) amounts reflect standard base budget (personal services) and essential package (inflation, phase-ins, fund shifts) calculations and, for most mandated caseload changes, are based on the Fall 2014 caseload forecast. At an increase of \$353.4 million General Fund, the 2015-17 CSL is 15.2% General Fund and 7.5% total funds higher than 2013-15 LAB. About 60% of the increase is tied to caseload and cost per case changes, while inflation and the backfill of one-time non-General Fund revenue sources account for about 30% of the growth.

New caseload forecasts, available in Spring 2015, will need to be accounted for in the legislatively adopted budget. The budgetary impacts of updated caseload numbers – which can result in increased costs or savings – will most likely be incorporated into the budget as part of a “reshoot” adjustment.

Where significant, program-specific CSL issues are discussed in the program area narratives.

Policy Issues

An overarching policy/budget issue for the agency is how to best prioritize a diverse set of programs, both at the agency-wide level and within individual programs, and to what extent should a program be reduced – if no additional resources are available – in order to invest in a higher priority program. Additionally, how much of the agency’s budget should be allocated to reactive versus preventive programs or initiatives will likely continue to be an ongoing topic of discussion and potential disagreement.

While the prioritization noted above is often driven by availability of state General Fund resources, the DHS budget relies heavily on continuity of federal funding. Much of the General Fund in DHS’ budget is used to match Federal Funds or meet federal maintenance of effort (MOE) requirements. Overall, Federal Funds support about 68% of agency expenditures. The largest single Federal Funds source is the Supplemental Nutrition Assistance Program (SNAP, previously Food Stamps); the benefits are reflected in the budget as Nonlimited Federal Funds and make up 25% of the total budget. Other federal revenue streams include Title XIX Medicaid and Temporary Assistance to Needy Families (TANF). Some Federal Funds are capped block grants, while others provide federal matching funds as partial reimbursement of state costs.

Federal revenues are tied to federal laws and regulations, changes in which can directly or indirectly affect agency programs. For example, recent modifications to rules tied to funding for child care may require more dollars to go into safety and monitoring thus providing fewer dollars for child care subsidies. Another set of federal rules changes, associated with Fair Labor Standards Act treatment of direct care workers, are currently under legal review but may require substantive changes in the agency’s in-home programs to come into compliance.

With approximately 80% of the budget going out in payments to service providers and clients, DHS’ ability to effectively predict and manage caseloads is critical to budget development and execution. The Office of Forecasting, Research, and Analysis (OFRA), which is a shared service of DHS and OHA housed in DHS, issues client caseload forecasts semiannually (spring and fall) for the major DHS program areas. OFRA staff use a combination of time-series techniques, deterministic models, and information from program experts to produce each forecast. Monthly reports track accuracy by comparing forecast caseloads with actual caseload counts. This information is used to develop program budgets, to monitor budget versus actual expenditures, and to make management decisions.

As needed, more specific policy issues are addressed in the program unit narratives.

Other Significant Issues and Background

During the 2013-15 biennium, the Department made several appearances at interim budget committee meetings to report on programs, request rebalance or other budget adjustments, and request permission to apply for federal grants. The agency also responded to direction in budget notes and concerns raised in audits.

Budget Notes

Several budget notes, requiring various agency actions and reporting, were approved in both the 2013 and 2104 sessions. Many items received review and feedback during the interim from the Interim Joint Committee on Ways and Means or the Emergency Board, with some budget notes requiring follow up or completion during the 2015 legislative session.

Strengthening, Preserving, and Reunifying Families

Through a budget note in SB 5529 (2013), DHS was directed to report on program contracts, expenditures, and outcomes. The program provides services allowing children to remain safely with their families. The agency reported in September 2013.

Child Welfare Staffing

In September 2013 the agency complied with a budget note in SB 5529 (2013) requiring a report on its plan to allocate or reallocate new and vacant Child Welfare positions to target activities that have been understaffed in recent biennia while continuing to protect children to the fullest extent possible. The note requires a follow up report during the 2015 legislative session.

Nursing Facility Capacity Reduction

A budget note in SB 5529 (2013) directed DHS to report on discussions with providers about nursing facility capacity reduction and transition. In December 2014, the agency reported that 222 beds have been reduced since January 2014. The Department will provide an update on bed reduction progress, efforts to repurpose beds, and program challenges during its 2015 budget hearings.

Employment Related Day Care

Jointly with the Oregon Department of Education, through a budget note in HB 5201 (2014) DHS convened a stakeholder group to develop a set of recommendations on how best to modify the Employment Related Day Care (ERDC) program to provide child care subsidies to working parents enrolled in post-secondary higher education. The agencies reported in May and September 2014, but due to resource needs, time constraints, and excess demand for the base ERDC program, policy were postponed pending additional discussion during the 2015 legislative session.

Oregon Project Independence Expansion Pilot Project

A budget note in HB 5201 (2014) directed DHS to develop a pilot project to expand Oregon Project Independence (OPI) to people with disabilities. In May 2014 the agency reported on the pilot and plans to implement the pilot project. Data from the pilot will support completion of the associated OPI study and a report during the 2015 legislative session.

Wage Report

During budget discussions in the 2013 legislative session, a potential disconnect between increases in services rates paid to providers and associated increases in direct care worker salaries arose. A budget note in SB 5529 (2013) directed DHS to provide a

report during the 2015 legislative session on services, providers, and rates for each agency program relying on direct care workers for service delivery.

Read for Work Registry

In connection with HB 4151 (2014), which requires DHS to implement a “ready to work” registry for people seeking to work in elder care facilities, a budget note was included in HB 5201 (2014). The note directs DHS to report during the 2015 legislative session on the registry and associated efforts.

Senior and Disability Mental Health and Additions

A budget note included in the budget report for SB 5529 (2014) requires DHS to report, jointly with OHA, during the 2015 legislative session on how each agency has responded with plans and/or actions that address recommendations contained in the 2013 Report on Senior and Disability Mental Health and Additions.

Audits

Among several standard financial and federal program audits, the Secretary of State completed audits in the following areas:

Temporary Assistance for Needy Families (August 2014)

The audit looked for ways to improve TANF client outcomes. Recommendations included improving case management, expanding partnerships, ensuring compliance with federal requirements, and using data to drive improvements. The audit report also recommended the agency work with the Legislature to revisit program changes made during the recession, study income limits, develop alternatives for addressing initial lack of client participation, add case manager flexibility, and share best practices.

Child Care in Oregon (December 2014)

This joint program review of DHS and the Oregon Department of Education child care program elements looked at background check and inspection requirements. It also reviewed changes in federal regulations and child care affordability. The audit recommended some improvements in provider monitoring processes and data collection/client tracking.

OR-Kids Financial System (December 2014)

This audit looked at risks around OR-Kids computer controls and system automated processes. OR-Kids is the agency’s computer system used by child welfare programs to certify providers, work adoptions, determine eligibility, manage cases, and process payments. Recommendations out of the audit include verifying financial transactions for accuracy, ensuring federal funds are claimed in the correct period, and addressing security improvements.

Over the last two years, the Department also participated in more than twenty federal audits of various programs and funding streams. The agency also conducts its own internal audits of programs, funding, and controls.

Co-Chairs' Budget Framework Discussion

The Co-Chairs' budget framework set a target for the entire Human Services program area of \$140 million General Fund below the Governor's Budget funding level. The framework did not indicate how much of that reduction would be in DHS specifically. The framework does list a number of priorities, which are noted in the individual program discussions.

For context, the Governor's budget is set at just below CSL but is able to include expanded or new programs, primarily due to savings in Temporary Assistance for Needy Families and Nursing Facility caseloads. Reductions also help support investments; these include removal of standard inflation from most program budgets and assumptions around a higher vacancy rate. Funding Co-Chair priorities (which do not include all of the Governor's Budget investments) while still meeting the overall program area target will likely require further reductions and the scaling back of some initiatives.

Regarding reductions, options in human services programs focus on client eligibility, benefit levels, and staffing and service delivery costs. In some programs, DHS has little flexibility to modify eligibility or limit services. The cost of delivering services might be able to be reduced through provider rate reductions, but providers' operational costs, collective bargaining requirements for some providers, and state statutory requirements are all factors.

Generally, since the Co-Chair's framework uses the Governor's Budget as the reference point for the Human Services program area budget target, the components of his budget are described in the subsequent program narratives. This approach will likely differ from budget displays or descriptions for other program areas.

DHS - Aging and People with Disabilities (APD)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	741,872,154	723,346,544	847,352,513	812,787,834
Other Funds	139,658,310	162,073,357	186,803,755	182,514,309
Federal Funds	1,405,438,685	1,575,530,793	1,830,373,538	1,759,294,954
Total Funds	2,286,969,149	2,460,950,694	2,864,529,806	2,754,597,097
Positions	1,134	1,163	1,194	1,192
FTE	1,123.31	1,147.68	1,184.28	1,182.28

* includes Emergency Board and administrative actions through December 2014

Program Description

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 30,000 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.

CSL Summary and Issues

Between 2013-15 LAB and CSL, General Fund grew by 17% or about \$124 million. Along with an aging population, drivers behind this increase include changing caseloads related to the K-Plan and client preferences.

Policy Issues

While some funding to cover costs associated with federal rule changes tied to Fair Labor Standards Act treatment of home care workers has been added to the Governor's Budget (however, funding is currently sitting in a different program), the cost mitigation strategies to live within available funding are still being developed. In addition, recent court action on the rules in other jurisdiction may affect the overall implementation of the rule.

The Governor's Budget includes Fall 2014 reshoot adjustments; which reflect a recalculation of vacancy savings, a reduction of Attorney General charges, an updated FMAP, corrections in participation rates, caseload changes, and cost per case adjustments. Also accounted for are updated workload models, which direct more funding to the AAAs/APD field, and a series of technical

adjustments and transfers. The associated net change for these actions are decreases of \$9.2 million General Fund and \$3.0 total funds. APD field position counts increase by a net 24 (24.00 FTE) due to the workload model.

Actions taken to reduce General Fund need include removing standard inflation (\$4.7 million General Fund and \$11.2 million total funds) and assuming a higher level of vacancies (\$1.7 million General Fund). The budget also factors in a projected decrease of \$25.3 million General Fund, from CSL, in Nursing Facility rate costs based on initial November 2014 facility cost reports.

The evidence based health promotion initiative is reduced by \$1,250,000 General Fund; this was an investment funded through the pool of funding for seniors designated in the 2013 Special Session.

The only policy package for this program in the Governor's Budget adds \$1.4 million General Fund (\$3.4 million total funds) for the next phase of the Adult Protective Services Adult Abuse Data and Reporting Writing System project.

Other Significant Issues and Background

During the special session in September 2013, \$41 million General Fund was earmarked for senior programs, with \$15 million appropriated immediately and the remaining \$26 million set aside in a Special Purpose Appropriation (SPA). These funds were fully allocated at the December 2014 meeting of the Emergency Board. During the 2014 regular legislative session, budget report language in HB 5201 (2014) indicated that the overall 2015-17 costs for ongoing initiatives supported by this pot of senior funding should not exceed the initial revenue allocation of \$41 million plus standard inflation. Status and 2015-17 costs of the affected projects will likely need be reviewed during the session to ensure programs are continued at the appropriate funding levels.

Co-Chairs' Budget Framework Discussion

Supports preserving core services and prior investments made in senior programs. Also wants to fund forecasted client caseload levels, cover increased costs, and maintain 2013-15 provider reimbursement rates.

Making permanent a 2013-15 pilot project, funded with Senior SPA monies, that expands Oregon Project Independence services to people with disabilities is also a Co-Chair priority. This program is not in the Governor's Budget.

DHS - Intellectual and Developmental Disabilities (I/DD)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	536,602,209	574,125,096	669,218,379	695,039,219
Other Funds	33,641,248	28,756,404	29,838,935	29,599,974
Federal Funds	862,808,675	1,158,908,259	1,321,323,210	1,367,432,297
Total Funds	1,433,052,132	1,761,789,759	2,020,380,524	2,092,071,490
Positions	777	761	760	774
FTE	770.93	745.59	757.33	769.89

* includes Emergency Board and administrative actions through December 2014

Program Description

The Intellectual and Developmental Disabilities (I/DD) 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.

CSL Summary and Issues

Between 2013-15 LAB and CSL, General Fund grew by 17% or about \$95 million. The primary drivers behind this increase are volatile and unpredictable caseload growth resulting from the expansion of services under the K-Plan.

Policy Issues

Caseload growth and cost per case continue to both a budget and program/service delivery concern. Implementation of the K-Plan, while leveraging a higher federal match on eligible services, also resulted in expanding eligibility and increasing service costs for some individuals. The agency is transitioning to a system that will better identify and quantify program dynamics and assist in forecasting caseloads and cost per case more explicitly.

The Governor's Budget includes Fall 2014 reshoot adjustments; these reflect a recalculation of vacancy savings, a reduction of Attorney General charges, an updated FMAP, corrections in participation rates, caseload changes, and cost per case increases. The

last item is responsible for an increase of \$18.7 million General Fund; with a net \$11.4 million General Fund increase (\$34.0 million total funds) for all changes. Costs for children's in-home and adult supports are specific drivers.

Some actions to reduce General Fund need are taken in the Governor's Budget; these include the eliminating the remainder of the Fairview trust, reducing inflation, and assuming a higher level vacancies (total decrease of \$22.7 million General Fund and \$34.1 million Federal Funds).

The Governor's Budget contains the following:

- To support the Employment First policy and continue to address underemployment and unemployment of people with disabilities, adds \$4.4 million General Fund, \$5.2 million total funds, and 12 positions (10.80 FTE). Vocational rehabilitation counselors, transition coordinators, staff to work with youth and schools, benefits counseling, and innovation pilots are included in the package.
- The budget includes a package to develop provider capacity within the community for placement of Stabilization and Crisis Unit (SACU) clients who have stabilized, but still require intensive oversight and staffing. The cost is \$653,730 General Fund, \$806,988 total funds, and two positions (1.76 FTE).
- A provider rate increase of 4% for providers not belonging to bargaining units is included, at a cost of \$8.5 million General Fund and \$18.2 million Federal Funds.
- The budget adds \$35.0 million General Fund to help cover the cost of implementing USDOJ FLSA rule changes for home care workers; this amount assumes some cost mitigation through program changes. However, the bulk of these costs are associated with the senior programs, so if carried forward into the legislatively adopted budget, this component needs to be moved.

Other Significant Issues and Background

A proposal to create regional Crisis Outreach Assessment Teams to be deployed to SACU locations as crises arise was brought up over the interim; it is not addressed in the budget.

Co-Chairs' Budget Framework Discussion

Supports funding forecasted client caseload levels, covering projected cost per case, and maintaining 2013-15 provider reimbursement rates.

DHS - Vocational Rehabilitation (VR)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	13,756,161	20,866,337	21,226,188	20,694,165
Other Funds	1,877,706	2,324,758	2,388,141	2,320,512
Federal Funds	72,758,146	74,438,950	76,031,436	74,158,866
Total Funds	88,392,013	97,630,045	99,645,765	97,173,543
Positions	224	234	234	253
FTE	220.28	229.08	230.28	249.28

* includes Emergency Board and administrative actions through December 2014

Program Description

The Vocational Rehabilitation program assists youth and adults with disabilities to obtain, maintain, or advance in employment. Services are provided through 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.

CSL Summary and Issues

CSL includes Federal Funds inflation that is in excess of the capped federal grant.

Policy Issues

VR continues to be affected by fixed federal funding, higher costs per case, and service demands (employment of people with developmental disabilities). It is estimated to cost about \$1.3 million General Fund to backfill expenditure limitation built into CSL for which there are no federal dollars; the Basic Rehabilitation Grant is a formula grant that works similar to a capped grant in that the federal dollars do not increase year to year. This funding is not included in the Governor's Budget, which does provide for a realigned of expenditures to eliminate double filled positions.

Other Significant Issues and Background

Reauthorization of the federal Rehabilitation Act, as part of the Workforce Innovations and Opportunities Act (WIOA) in July 2014, may also affect state service deliver and budget adequacy. The new act was effective October 1, 2014 but the legislation allowed for two years of transition and implementation specifics are still developed; another topic for further discussion during the 2015 legislative session.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this program.

DHS - Self Sufficiency (SS)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	393,507,702	349,209,639	416,130,061	433,009,208
Other Funds	116,637,598	136,863,602	126,405,396	111,030,484
Federal Funds	301,877,938	462,306,138	404,188,935	427,220,463
Federal Funds Nonlimited	2,482,546,921	2,514,345,331	2,514,345,331	2,514,345,331
Total Funds	3,294,570,159	3,462,724,710	3,461,069,723	3,485,605,486
Positions	2,045	2,001	2,018	2,035
FTE	2,027.15	1,981.99	2,008.97	2,025.97

* includes Emergency Board and administrative actions through December 2014

Program Description

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.

CSL Summary and Issues

CSL values above include \$54.9 million GF backfill for several sources of Federal Funds used on a one-time basis in the 2013-15 budget. Funding lost includes \$40.5 million in one-time TANF revenues, a \$3.3 million Supplemental Nutrition Assistance Program (SNAP) bonus and \$11.1 million in one-time excess Child Care Development Fund (CCDF) dollars. These backfill actions account for about 86% of the General Fund increase between 2013-15 LAB and 2015-17 CSL.

Policy Issues

In November 2014, the federal Child Care and Development Block Grant Act of 2014 was signed into law. This reauthorized the child care program for the first time since 1996 and changed some elements of the prior program, including defining health and safety requirements and outlining family-friendly eligibility policies. Federal guidance on new program requirements is being rolled out in December 2014; specific program impacts will not be known until DHS and Early Learning are further along in their analyses of the new law. Policy and budget impacts will likely be a topic for discussion during the 2015 legislative session.

The Governor's Budget includes Fall 2014 reshoot adjustments; which account for a recalculation of vacancy savings and \$38.3 million in net General Fund savings from TANF caseloads. Standard inflation is removed from the budget, reducing the budget by

\$6.5 million General Fund. Also assumed in the budget is \$24 million in TANF contingency funds, which can be used to offset General Fund. These actions reduce General Fund need in the budget and help pay for Governor's Budget investments, which include the following:

- An addition of \$2.2 million General Fund (\$1.8 million total funds) which reflects both the transfer of food assistance programs from Oregon Housing and Community Services and continuing a 2013-15 contribution to the Oregon Food Bank.
- Uses \$7.1 million General Fund and \$8.0 million Federal Funds to eliminate empty Other Funds expenditure limitation affecting 1,195 positions. The empty limitation issue results from actions taken prior to the 2003-05 spreading Other Funds across all positions and from the loss of provider and hospital tax funding for Self Sufficiency positions.
- Includes about \$23 million General Fund for the redesign of the TANF program, for elements such as increasing flexibility in support services to stabilize families, creating a glide path off TANF, and adding case manager positions.
- About \$50 million General Fund is added to expand Employment Related Day Care to more children and families while working with the Early Learning Division to improve access to quality child care.

Other Significant Issues and Background

While TANF caseloads have decreased, this program area overall is especially sensitive to Oregon's economy; a poor economy creates more need for basic services for those who have few or no financial resources. Caseload fluctuations may still occur and elements of TANF redesign may place additional work load on staff even if caseloads continue to decline

Co-Chairs' Budget Framework Discussion

The budget framework supports reinvestment of savings due to caseload decreases in the TANF program and supports statewide early learning initiatives by strengthening the Employment Related Day Care program. Also supports backfilling 2013-15 one-time revenue sources with General Fund.

DHS - Child Welfare (CW)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	281,301,656	439,292,050	482,435,080	470,120,909
Other Funds	26,650,855	23,048,472	23,432,630	22,915,332
Federal Funds	419,325,752	462,502,356	458,049,022	445,338,657
Total Funds	727,278,263	924,842,878	963,916,732	938,374,898
Positions	2,254	2,481	2,521	2,550
FTE	2,207.35	2,402.82	2,470.34	2,492.09

* includes Emergency Board and administrative actions through December 2014

Program Description

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.

CSL Summary and Issues

CSL includes the full phase-in of staffing added in 2013-15 and honors rate agreements for Behavioral Rehabilitation Services.

Policy Issues

Continued pressure to invest in staffing and improve services.

The Governor's Budget includes Fall 2014 reshoot adjustments; which account for a recalculation of vacancy savings and caseload changes. Standard inflation is removed from the budget and a higher position vacancy rate is assumed, reducing the budget by \$3.5 million General Fund and 18.9 million total funds.

A package adding 29 positions (21.75 FTE) at a cost of \$2.2 million General Fund and \$4.4 million total funds supports workload increases and meeting foster care reduction and child safety goals. The Governor's budget also includes \$5 million General Fund for Pay for Prevention, with a status update on the current biennium's work and next steps expected sometime during the 2015 legislative session.

Other Significant Issues and Background

Costs for legal representation of CW caseworkers have been difficult to manage and were exacerbated in the interim by increased enforcement of ORS 9.320, which requires state agencies to appear in court proceedings with attorney general counsel. While that is the law, in practice DHS child welfare caseworkers had been appearing in court without counsel in post-judicial, uncontested hearings. The cost of covering additional appearances was not built into the 2013-15 budget. Instead, HB 4156 (2014) suspended the requirement until June 30, 2015 to allow time for both representation and underlying cost issues to get resolved. DHS and the Department of Justice have been working on potential solutions. The Governor's Budget deals with this issue by extending the suspension in SB 222 (2015).

Co-Chairs' Budget Framework Discussion

Protecting investments in Differential Response and Strengthening, Preserving and Reunifying Families programs are identified as a Co-Chair priority. These programs provide supports and interventions to help children stay safe and keep families together.

DHS - Program Design Services (PDS)

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	44,599,872	20,592,854	26,552,127	28,470,204
Other Funds	24,761,081	14,616,714	590,596	2,467,172
Federal Funds	98,039,066	78,907,230	44,088,598	51,223,089
Total Funds	167,400,019	114,116,798	71,231,321	82,160,465
Positions	313	253	248	262
FTE	311.05	253.00	247.96	257.41

* includes Emergency Board and administrative actions through December 2014

Program Description

The Program Design Services budget structure was created as part of the agency's first 2013-15 rebalance in HB 5201 (2014) to capture services to DHS clients and programs that span across the Department's five major program areas. The budget was created primarily through budget transfers from other programs. The change is targeted at increasing both program utility and transparency by consolidating certain services, which include the following offices: Program Integrity, Licensing and Regulatory Oversight, IT Business Supports, Business Intelligence, and Continuous Improvement.

While the change did not actually take place until the 2013-15 legislatively approved budget window, historical PDS expenditures have been allocated to prior columns in the display above for comparison purposes.

CSL Summary and Issues

CSL includes standard adjustments, some technical changes, and is \$42.9 million total funds lower than 2013-15 LAB, due to the phase out of expenditures for the Modernization project. Historically, while this is a multi-biennium project, the expenditures have been phased out in CSL and reauthorized in a policy package.

Policy Issues

The Governor's budget also includes Fall 2014 reshoot adjustments and 2015-17 impacts of actions expected to be approved the December 2014 meeting of the Emergency Board. Vacancy savings were recalculated and the budget for the reestablishing the annual long term care reports was transferred from APD to PDS (Business Intelligence).

The Governor's budget includes one policy package, for the Non-MAGI (Modified Adjusted Gross Income) eligibility project. The project is the next (and redefined) stage of the agency's eligibility systems modernization effort and supports planning at a cost of \$750,000 General Fund and \$6,750,000 Federal Funds.

Other Significant Issues and Background

While the Governor's budget does include an amount for planning the next portion of agency's eligibility systems modernization initiative, this work still needs to be fully vetted on both the project and funding side. Centers for Medicare and Medicaid Services (CMS) recently announced a three-year extension waiver authority for states to complete their work on eligibility and enrollment systems integration through December 2018, with 90/10 federal matching funds continuing to be available.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this program.

DHS - Central Services, Shared Services, and Statewide Assessments and Enterprise-wide Costs

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	170,192,231	202,430,696	220,351,216	220,160,177
Other Funds	99,407,323	143,934,460	147,939,216	148,925,690
Federal Funds	148,980,106	182,664,494	199,729,552	198,598,906
Total Funds	418,579,660	529,029,650	568,019,984	567,684,773
Positions	680	742	737	764
FTE	659.47	718.98	719.84	733.92

* includes Emergency Board and administrative actions through December 2014

Program Description

This program unit display combines three central budget structures providing an array of services and supports for DHS and, in the case of Shared Services, for Oregon Health Authority (OHA) programs.

Central Services includes functions directly related to policy and program in the agency, such as the agency director's office, communications, portions of budget and human resources, and the Governor's Advocacy Office.

With the transition of some former DHS programs to OHA, a number of support functions were designated as shared services. Some functions are housed in OHA and some in DHS, but all shared services units support both agencies. DHS' portion of Shared Services includes Budget Center; Office of Forecasting, Research and Analysis; Office of Financial Services; Human Resources Center; Facilities Center; Office of Imaging and Records Management; Office of Contracts and Procurement; Office of Investigations and Training; Internal Audit and Consulting Unit; Office of Payment Accuracy and Recovery and the Office of Adult Abuse Prevention and Investigations.

The budget for Statewide Assessments and Enterprise-wide Costs (SAEC) contains various Department of Administrative Services' assessments/charges (e.g., State Data Center, Risk Management, Chief Financial Office), Central Government Services Charges, Oregon State Library, and Secretary of State audits. It also includes direct charges, shared services funding, rent, debt service, and computer replacements.

CSL Summary and Issues

CSL is \$17.9 million General Fund (\$38.9 million total funds) over 2013-15 LAB; this 8.9% General Fund increase is primarily due to higher state government service charges and DAS charges for services.

Policy Issues

The Governor's budget accounts for Fall 2014 caseload adjustments and 2015-17 impacts of actions that were approved the December 2014 meeting of the Emergency Board. Along with technical adjustments, vacancy savings were recalculated and a reduction in Attorney General charges was made. The Volunteer Transportation program (\$1.1 million General Fund/2.2 million total funds) is also transferred from DHS to OHA.

For Central Services, the Governor's budget includes one policy package, REaL-D, which supports the establishment of uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status by DHS. There is a companion package in the OHA budget; \$743,644 General Fund (\$1.7 million total funds) and 3 positions (2.84 FTE).

In Shared Services, a package adds 22 positions (14.75 FTE) and \$1.3 million Other Funds to provide the additional investigative staffing needed to reduce backlogs in the TANF fraud investigations unit, reduce existing safety concerns, and utilize new data-mining techniques. There is also an associated General Fund expenditure component in the SAEC budget structure.

Other Significant Issues and Background

None identified at this time.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this program.