

**FISCAL IMPACT OF PROPOSED LEGISLATION**

78th Oregon Legislative Assembly – 2016 Regular Session  
Legislative Fiscal Office

**Measure: SB 1515 - A**

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

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**Measure Description:**

Establishes standards and criteria for mandatory licensing, certification or authorization of child-caring agencies by Department of Human Services.

**Government Unit(s) Affected:**

Department of Human Services (DHS), Department of Justice, Department of Administrative Services (DAS), Oregon Youth Authority (OYA), Bureau of Labor and Industries (BOLI), Department of Revenue(DOR), Early Learning Council, Judicial Department

**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:**

Senate Bill 1515 A-Engrossed modifies statutes relating to child-caring agencies (CCA). The bill tightens mandatory licensing, certification, authorization, regulation and enforcement standards and criteria for CCAs in order to make explicit and strengthen the Department of Human Services' oversight of these facilities, and to increase legislative oversight of DHS regarding these facilities. The bill modifies DHS rules, processes and procedures, including:

- Expanding the age definition of "child" to include young adults age 18-21 who are placed in these types of facilities.
- Expanding the definition of "child-caring agency" to include certain shelter-care homes, certain independent residence facilities, and private-residential boarding schools.
- Modifying the definition of "abuse" for purposes of ensuring the investigation of allegations of child abuse or neglect in these types of facilities.
- Increasing disclosure of abuse reports to certain individuals under certain circumstances.
- Expanding the role of DHS office of licensing and regulatory oversight to require more frequent and unannounced site visits.
- Expanding both the duties and obligations of DHS to enforce health and safety standards in these facilities.
- Requiring DHS to maintain a minimum of 5.00 FTE who are responsible for issuance, renewal, suspension or revocation of licenses, certifications or other authorizations issued for the inspection and investigation of CCAs under the department's purview. The bill also requires DHS to develop workload models to measure the adequacy of staff to workload.
- Allowing DHS to conduct audits of CCAs, including auditing financial records.
- Directing DHS to make recommendations for achieving accreditation from a nationally recognized child welfare organization. Requiring DHS to submit a report to an interim committee regarding processes and requirements to achieve national accreditation by December 1, 2016.
- Directing DHS to make recommendations for the establishment and implementation of a Center for Continuous Improvement, and to report to an interim committee by October 1, 2016.

Department of Human Services (DHS)

Expenditure Impact:

	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>
Personal Services	\$84,312	\$168,018
Services & Supplies	\$46,060	\$53,676
Shared Services	\$98,659 *	\$166,725
Attorney General Fees	\$140,000	\$280,000
<b>Total General Fund</b>	<b>\$369,031</b>	<b>\$668,419</b>
Personal Services	\$77,594	\$155,189
Services & Supplies	\$21,065	\$11,536
<b>Total Other Funds</b>	<b>\$98,659 *</b>	<b>\$166,725</b>
Personal Services	84,010	168,018
Services & Supplies	29,554	38,442
Attorney General Fees	140,000	280,000
<b>Total Federal Funds</b>	<b>\$253,564</b>	<b>486,460</b>
<b>TOTAL FUNDS</b>	<b>\$721,254</b>	<b>\$1,321,604</b>
Positions	3	3
FTE	1.50	3.00

\* These amounts represent DHS allocation of Shared Services.

The Department of Human Services estimates the fiscal impact of complying with the provisions of this bill to be \$721,245 Total Funds and 3 positions (1.50 FTE) for the 2015-17 biennium, and \$1,321,604 Total Funds and 3 positions (3.00 FTE) for the 2017-19 biennium. Federal Funds reflect eligible federal Medicaid match.

Expenses for the 2015-17 biennium includes a one-time estimated cost of \$20,000 to modify the Criminal Records Information Management System (CRIMS) and to re-print paper forms related to this system. The bill requires civil order disclosures for restraining orders and protective orders which requires changes to CRIMS coding fields. In addition, expenditures estimates in the table above include Attorney General fees (\$280,000 Total Funds for 2015-17, and \$560,000 Total Funds for 2017-19) to handle the increase in required legal counsel and representation.

The remaining costs are staffing and related services & supplies expenditures to support an anticipated increase in workload, as well as to take on new duties such as working to achieve accreditation from a nationally recognized child welfare organization, formulating recommendations to establish and implement a Center for Continuous Improvement, and to audit the financial solvency of child-caring agencies, as needed. With passage of this bill, DHS will develop new curriculum and continuing education for CCA investigators, providers, partners, and other individuals with abuse reporting obligations. Currently, there are under 200 individual licensed CCA programs and facilities serving individuals under 17 years of age. With the expanded definition of “child” to include those between 18 and 21, DHS will need to identify those programs serving individuals between 18 and 21 which falls under the purview of these provisions. At this time, DHS has no way of quantifying how many of these programs and facilities exists. However, DHS predicts that the identification of these facilities, and the new licensing and enforcement duties and obligations assigned to DHS by this bill, as well as the roll out of new education and outreach efforts will result in an increase in reporting and thereby investigations. DHS will need additional resources to assist in:

- Capturing, screening, processing, and data tracking intake, assignments, and case closure information;
- Assigning reports of alleged abuse for investigation;
- Coordinating protective services for all involved clients in CCAs with other agencies,
- Cross-reporting to law enforcement agencies and Child Protective Services (CPS);

- Increasing supervision of investigators, advising, reviewing reports and approving case closure;
- Processing reports, report redactions, sending of notifications, tracking of review and appeal process and panels;
- Performing data analysis for trends, research, metric analysis for business reviews and annual reports.

In order to help existing staff cover these new and increased responsibilities, the agency anticipates repurposing existing positions, and establishing three permanent full-time positions (two Licensing positions and one Investigator position).

Department of Justice (DOJ)

Expenditure Impact:

	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>
Personal Services	141,704	283,410
Services & Supplies	34,314	56,625
<b>TOTAL OTHER FUNDS</b>	<b>\$176,018</b>	<b>\$340,035</b>
<b>Positions</b>	<b>1</b>	<b>1</b>
<b>FTE</b>	<b>0.50</b>	<b>1.00</b>

The fiscal impact of this bill to the Department of Justice (DOJ) is \$176,018 Other Funds [legal services charges billed to DHS] and 1 position (0.50 FTE) for the 2015-17 biennium, and \$340,035 Other Funds and 1.00 FTE for the 2017-19 biennium.

These amounts reflects staffing and related services & supplies expenditures to support an anticipated increase in workload. Because this bill is an extensive overhaul of the DHS' oversight of child-caring agencies, DOJ anticipates an increase in DOJ's Civil Enforcement Division services to advise and represent DHS in the preparation and adoption of rules, as well as the handling of contested case proceedings, child protective services investigations, foster home certification, and confidentiality laws and release of records. In order to handle this increase in workload, DOJ anticipates establishing one permanent full-time Senior Assistant Attorney General (0.50 FTE for the 2015-17 biennium) responsible for drafting and implementing the rules required under this legislation. Also, this position will handle contested case hearings and litigation, as well as provide continuing advice to the agency regarding licensure issues and updating of rules. The number of contested hearings and associated litigation caseload is indeterminate at this time.

The DHS fiscal impact accounts for additional Attorney General fees above the cost of this position; however, those costs are being absorbed within DOJ's current budget.

Department of Administrative Services (DAS)

The fiscal impact of this bill on the Department of Administrative Services Risk Management is indeterminate. Certain provisions of the bill are likely to increase the risk of a state employee being charged with official misconduct in the second degree (a Class C misdemeanor). State employees are eligible for legal expenses coverage under the state's Criminal Tort Equivalent Coverage policy. At this time, the number of circumstances under which an employee might seek, and is granted, coverage cannot be predicted. As a point of reference, the state's Criminal Tort Equivalent Coverage policy allows an employee's legal expenses be covered, up to \$15,000 for a Class C misdemeanor.

Oregon Youth Authority (OYA), Bureau of Labor and Industries (BOLI), Department of Revenue (DOR), Department of Education, Judicial Department

Passage of this bill is anticipated to have minimal fiscal impact on the Oregon Youth Authority (OYA), the Bureau of Labor and Industries (BOLI), the Department of Revenue (DOR), the Early Learning Division within the Department of Education, and the Judicial Department.