

Analysis

Item 18: Department of Human Services

Strengthening, Preserving, and Reunifying Families

Analyst: Laurie Byerly

Request: Increase General Fund by \$14,288,757 for the Strengthening, Preserving, and Reunifying Families program.

Analysis: The Department of Human Services (DHS) is requesting a General Fund increase of \$14.3 million to preserve and maintain services in the Strengthening, Preserving, and Reunifying Families (SPRF) program. Objectives of this child welfare program include keeping children safely in their home if possible, improving permanency outcomes, and reducing the length of stay in foster care. Services include alcohol and drug treatment, counseling, housing assistance, and parent training; in 2017-19 about half of SPRF spending (\$26.5 million total funds) was in the last category.

Since its creation in 2011 (SB 964) and, up until October 1, 2019, SPRF has been funded with a mix of federal dollars and state General Fund. The availability of federal resources, either accrued savings and/or waiver funding, was a core assumption of the enabling legislation. A waiver was needed because SPRF services have not been eligible for regular matching federal program funds.

In 2018, the Family First Prevention Services Act (Family First) reformed federal child welfare financing streams, which led to the waiver funding for SPRF lapsing three months into the current biennium; the associated federal dollars were removed from the budget, which effectively eliminated half of the budget. While the loss of these funds was reflected in the budget throughout the 2019-21 budget development cycle, the agency did not devise a strategy for implementing the reduction.

The SPRF budget was also reduced by \$7 million General Fund in the 2019-21 legislatively adopted budget, which left the program funded at about 75% of the current service level. The SPRF General Fund reduction was part of the agency's 10% reduction list submitted, as required by statute, during the 2019-21 legislative budget review process. While it was clear that taking the reduction would further restrict SPRF program capacity that was already significantly limited due to the lapse of the federal funds, it was made to help preserve and augment other child welfare program components; the overall 2019-21 legislatively adopted budget for DHS Child Welfare is an increase of \$174.4 million General Fund or 29% over the 2017-19 biennium.

While DHS did not have a specific plan for operating SPRF at any lower level of funding, during the 2019 session the agency indicated it would strive to eliminate services that were proving less effective or not meeting desired outcomes. In addition, it appeared possible that the funds remaining could be leveraged to match federal funding anticipated to be available for foster care prevention under the Family First law; allowing match on certain prevention activities was another element of the federal financing reforms. However, efforts to eliminate specific contracts have not proven successful and the agency's review of SPRF services concluded that very few of them would be eligible for matching federal funds. The latter constraint is driven by current services not meeting evidence based criteria required under Family First and by many SPRF families not being eligible for prevention services as defined under the federal law.

For the biennium to date DHS has continued to operate the program as if no reductions in federal or state funding occurred. The agency has been able to cover a portion of these costs by reprioritizing other Child Welfare resources, but that tactic appears unsustainable. If approved, the DHS request would bring the program back up to about 90% of SPRF 2017-19 actual expenditures. So, even with the requested General Fund increase, some SPRF contracts would still need to be either modified or eliminated in the second year of the current biennium to fit within the revised budget level.

The federal fiscal year 2020 budget omnibus bill passed last month included a Family First transition component providing short-term funding to states with expired child welfare demonstration project waivers; the agency will be working on a proposal for how to best use these funds, some of which could be used for SPRF.

This request warrants potential action during the 2020 legislative session to, at a minimum, provide legislative direction (and likely some level of funding), to help DHS transition the SPRF program to a size that fits within the budget adopted by the Legislature; based on agency action to date, DHS is struggling to make a transition. At a maximum, the Legislature may want to consider resetting the SPRF budget to a higher level, based on the DHS request or some other restoration increment.

For potential 2020 session action, a specific program plan, that may need to be separated into short and long term strategies, along with an associated funding recommendation, will need to be developed. The plan should consider the availability of statewide General Fund resources, Family First transition funds, and legislative priorities for the overall Child Welfare program.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means defer action on the request to the 2020 legislative session.

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Department of Human Services Webb

Request: Acknowledge receipt of report and appropriate \$14,288,757 General Fund to reverse reductions to the Strengthening, Preserving and Reunifying Families program taken during the 2019 Legislative Session. Of that amount, DHS requests \$7,000,000 General Fund be unscheduled pending clarity regarding possible federal bridge funding.

Recommendation: Acknowledge receipt of the report and consider the request during the 2020 Legislative Session.

Discussion: Senate Bill 964 (2011) created the Strengthening, Preserving and Reunifying Families (SPRF) program within the Department of Human Services (DHS) to prevent child abuse and neglect, while minimizing the trauma of removing children from their families whenever possible. DHS established contracts with service providers to offer an array of services to prevent child abuse and neglect by assisting parents in addressing challenges such as mental health and addiction treatment, housing instability or securing stable employment. By 2014, the program was implemented in all Oregon counties.

Historically, SPRF program services were considered prevention services and funded with a 50 percent Federal Funds match rate through a federal waiver under Title IV-E. The federal Family First Prevention Services Act (FFPSA) was passed on February 9, 2018 through H.R. 1892 – Bipartisan Budget Act of 2018 and included a provision to phase out Title IV-E funding for prevention services effective October 1, 2019. The FFPSA enacted stringent eligibility requirements and directs that eligible services must be promising, supported or well supported as designated through an approved clearinghouse.

In the 2017-19 biennium, 46 percent of SPRF expenditures were for parent training and education. These expenses are eligible for a FFPSA match if they are based on an FFPSA approved curriculum, however they must be provided to families with children in the home. Services provided to families already in the foster care system are ineligible because they did not prevent entry into the foster care system. Based on data from the 2017-19 biennium, approximately 82 percent of families receiving SPRF services had a child in the foster care system.

The Department believes current SPRF services meet the intent of Senate Bill 964 (2011), even if a child has entered the foster care system because the program promotes reunification of families. However, these services are ineligible for a federal match funding under the FFPSA. The DHS continues to receive guidance on the implementation of the FFPSA and the SPRF program could potentially receive federal bridge funding.

The Department estimates the SPRF program requires \$27,309,502 total funds to continue services at the current contract levels. Of this amount, the 2019-21 Legislatively Adopted Budget includes \$7,520,745 General Fund, leaving an initial budget gap of \$19,788,757 total funds. DHS estimates it will receive matching funds of approximately \$2,000,000 Federal Funds associated with expenditures in the 2019-21 biennium paid before the waiver ended on

September 30, 2019. In addition, \$3,500,000 has been reprioritized within the Child Welfare program to fund SPRF expenditures.

The estimated total budget gap is detailed below:

SPRF 2019-21 Projected Budget (Continue current contracts)	
Estimated 2019-21 Expenditures (based on current contract levels)	\$ 27,309,502
2019-21 SPRF Budget	\$ (7,520,745)
Initial Budget Gap	\$ 19,788,757
Projected Federal Funds Match	\$ (2,000,000)
Redeployed Funds within Child Welfare	\$ (3,500,000)
Total Projected Budget Gap	\$ 14,288,757



Oregon

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December 9, 2019



The Honorable Senator Elizabeth Steiner Hayward, Co-Chair

The Honorable Senator Betsy Johnson, Co-Chair

The Honorable Representative Dan Rayfield, Co-Chair

Interim Joint Committee on Ways and Means

900 Court Street NE

H-178 State Capitol

Salem, OR 97301-4048

Re: Request for funding and restoration of cuts to the Strengthening, Preserving and Reunifying Families (SPRF) program

Dear Co-Chairpersons:

Nature of the Request

The Department of Human Services (DHS) requests the Committee acknowledge receipt of the report and recommends an increase of \$14,288,757 General Fund to reverse reductions to the Strengthening, Preserving and Reunifying Families (SPRF) program taken during the 2019 Legislative Session. Of this amount DHS recommends unscheduling \$7,000,000 GF that DHS would request to be scheduled depending on the outcome of proposed federal bridge funding legislation.

Agency Action

The Federal Family First Prevention Service Act (FFPSA) was passed in 2018 and has begun implementation. The passing of this act included an end date to the current federal waiver dollars funding 50 percent of the Strengthening, Preserving and Reunifying Families (SPRF) program effective October 1, 2019. These funds were removed from the budget in package 070 as part of the “modified” Current Service Level. In addition, a \$7,000,000 GF reduction was taken from the SPRF program during the 2019 Legislative Session. The impact of both these financial shifts resulted in an approximate 75 percent reduction in its funding for the current biennium.

Current contract levels 19-21 if first year commitments are continued	\$27,309,502
19-21 budget	(\$7,520,745)
- GAP -	\$19,788,757
<i>Funding identified with Child Welfare based on priorities</i>	<i>(\$3,500,000)</i>
<i>Funding identified by matching FF before waiver end date</i>	<i>(\$2,000,000)</i>
- REMAINING GAP -	\$14,288,757

The options for continuing SPRF through the full biennium are limited, given the strain on the current Child Welfare budget. DHS is closely monitoring a federal bill Senator Wyden is working on to provide some level of bridge funding for states during the FFPSA implementation period.

SPRF was created by the Oregon State Legislature in 2011 and implemented in all Oregon counties by 2014. Child Welfare contracts with community-based providers for services designed to support the following SPRF goals:

- Reducing trauma by maintaining children safely in their homes whenever possible;
- Reducing the length of stay in foster care; and,
- Reducing the re-abuse rate and improving permanency outcomes.

SPRF was not created as a “prevention” program as defined in FFPSA and therefore most, if not all, services are not eligible for Title IV-E match under the current design. Further, many of the families served were engaged in the foster care system already and these services would not be considered prevention in that scenario.

SPRF includes a broad range of services most of which, if not all, are not included in the FFPSA in their current state. The FFPSA will fund services that meet specific evidence-based model requirements and are focused on in-home parent skills building, mental health treatment and substance abuse treatment. SPRF services primarily included housing, visitation, mentoring and parent training. The current parent training services do not meet the FFPSA requirements.

In general, with current funding, DHS can continue the majority of the current SPRF contracts until June 2020; there are a few that may conclude in spring. But second year funding for these services is in question.

DHS will continue working with other programs and our local offices to identify SPRF services at risk of being discontinued and explore options to minimize service reductions as we prepare for Family First implementation. A solution is not currently available to continue funding the SPRF contracts beyond June 2020 without a new investment. Should the contracts expire in June, the current Child Welfare service array will be dramatically reduced, and it would be very difficult to quickly re-start these services later even with a new investment.

As our federal partners continue to release more information about the prevention framework, it is becoming clear that the majority of Oregon's SPRF services will not be eligible for federal funding. DHS appreciates your understanding of the complexity of shifting our Child Welfare program into the preventative framework outlined by FFPSA and supported by the assessments regarding what families need to be safe, stable and thriving.

If any level of federal bridge funding becomes available, DHS will return at a future rebalance to request federal fund limitation and either revert the equivalent amount of federal funding received or request it to be repurposed within the DHS budget depending on the circumstances DHS is under at the next rebalance.

Action Requested: DHS requests acknowledgement of receipt of this report and the appropriation of \$14,288,757 General Fund and of that amount to have \$7,000,000 GF unscheduled pending additional clarity around possible federal bridge funding.

Legislation Affected:

PROGRAM	PROPOSED LEGISLATION / SECTION	FUND TYPE	REQUESTED ADJUSTMENTS
Child Welfare	Ch. 668 1(3)	General	\$ 14,288,757

If you have questions, please contact Eric Moore at 503-884-4701.

Sincerely,



Eric Luther Moore
DHS Chief Financial Officer

The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
December 9, 2019
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cc: Laurie Byerly, Legislative Fiscal Office
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