Analysis

Item 21: Department of Human Services

Rebalance

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on the agency's 2019-21 biennium financial status.

Analysis: The Department of Human Services (DHS) is presenting its first financial report for the 2019-20 biennium to the Joint Interim Committee on Ways and Means, in anticipation of legislative action during the 2020 session. Rebalancing allows the agency to move General Fund between appropriations and adjust Other and Federal Funds expenditure limitation to carry out its legislatively approved programs. The DHS rebalance plan reflects program cost increases and savings, revenue changes, and technical adjustments needed to keep the budget balanced.

DHS reports a rebalance need of $15.6 million General Fund, however, after a proposed transfer of positions and funding to the Oregon Health Authority (OHA), the net General Fund amount sought by the agency is $13.6 million. New projections for non-General Fund resources or programs drive requested decreases of $1.9 Other Funds expenditure limitation and $24.2 Federal Funds expenditure limitation. The rebalance also includes a series of position actions that net out to a decrease of 38 positions (33.99 FTE); the overall impact of position changes is also masked by the transfer to OHA.

The General Fund budget impact of the agency's identified costs, savings, and technical adjustments are summarized in the table below:

DHS 2019-21 Rebalance Highlights - January 2020

General Fund Summary ONLY

Dollars in Millions

	$$	Pos	FTE
Needs/Costs			
Caseload (SSP, APD, IDD)	30.4	-	-
FMAP changes	6.9	-	-
Motor pool vehicles (CW and APD)	0.4	-	-
Subtotal Needs	37.7	-	-
Savings/Decreases			
Caseload/cost per case	(10.3)	-	-
Error corrections (SSP, APD)	(11.7)	-	-
OHP Eligibility - return client services to OHA	(1.8)	(29)	(28.05)
Disband/reorg HR Shared Services - transfer pos to OHA	(0.2)	(9)	(5.67)
Tech Adjustments, Transfers, Position Abolish/Establish	(0.1)	-	(0.27)
Subtotal Savings	(24.1)	(38)	(33.99)
Net General Fund Position	**13.6**	**(38)**	**(33.99)**

The DHS 2019-21 budget is built around eight budget structures; these reflect five direct program areas: Self Sufficiency Programs (SSP), Child Welfare (CW), Vocational Rehabilitation (VR), Aging and People with Disabilities (APD), Intellectual and Developmental Disabilities (IDD), along with three support functions: Central Services, Shared Services, and State Assessments and Enterprise-wide Costs (SAEC). Rebalance plan highlights are described budget program area in the following sections.

For context, the current 2019-21 legislatively adopted budget is based on the spring 2019 caseload forecast; the proposed rebalance adjustments factor in caseload and cost changes as of the fall 2019 forecast.

Self Sufficiency (SSP)
The fall 2019 forecast projects the 2019-21 overall Supplemental Nutrition Assistance Program (SNAP) caseload to be 8.5% higher than earlier estimates, which equates to serving 27,573 more households over the biennium. However, the forecast does not reflect the potential future impact of a federal rule change modifying work requirements related to SNAP eligibility for certain able-bodied adults without dependents currently receiving benefits; the program is still working to determine which of these approximately 19,000 clients may be affected by or exempted from the change.

Projected caseloads in the Temporary Assistance for Needy Families (TANF) cash assistance programs are up 6.7% from the spring numbers, reflecting a biennial average increase of 1,161 families. The associated cost of just under $2 million General Fund ($9.4 million total funds) is included in the DHS rebalance plan. A summer hiring season did not materialize in 2019, so people did not move off of the TANF caseload as they had in the past.

In 2017-19, 476 positions were transferred from OHA to DHS as part of an inter-agency realignment of Oregon Health Plan (OHP) eligibility and other related functions. Since the initial move, the agencies have been returning some activities to OHA; based on continued evaluation of member service functions, the current request transfers 29 client service positions (28.05 FTE) and related funding from DHS to OHA, along with the Speridian contract that supports required Medicaid tax reporting of 1095B records. The agencies do not anticipate additional OHP member service transfers for future rebalance or budget development action.

The rebalance plan includes an additional $2 million Other Funds expenditure limitation to align the budget with transfers of Child Care Development Fund resources from the Oregon Employment Department to DHS; these dollars support the Employment Related Day Care (ERDC) program. The current cost per case in ERDC is trending at $935, which is an increase from the $910 amount used for 2019-21 legislatively adopted budget estimates.

Other changes affecting the SSP budget include corrections for an error in budget build; expenditure limitation adjustments for apprenticeship child care revenue and federal grant funds; and technical adjustments and transfers.

Child Welfare (CW)
Projected biennial average counts for almost all caseloads within CW have decreased between the spring and fall forecasts, for an overall decline of 1.7% or 364 children; adoption assistance grew slightly. The associated funding change is a decrease of $10.4 million General Fund ($12.8 million total funds); these amounts also include cost per case adjustments. The overall number of children served is expected to average 21,092 in 2019-21, which is a 2.7% decrease from last biennium.

The program's rebalance includes an increase of $0.4 million General Fund due to an update in the Federal Medical Assistance Percentage (FMAP). Based on the latest federal estimates, the 2019-21 biennial average FMAP rate will decrease from 61.36% to 61.23%, which raises the state contribution and reduces federal support. This change also affects other agency programs.

To provide vehicles for staff to complete travel necessary for investigations, visitation, and other needs, CW is requesting $343,766 General Fund ($429,708 total funds) to pay for 80 new vehicles; these are obtained from the Department of Administrative Services' fleet services program. The rebalance includes technical adjustments, primarily for moving enterprise costs to SAEC for new positions added in the 2019-21 adopted budget; this is standard post-session clean up activity.

Changes, both increases and decreases, are also requested for Other and Federal Funds expenditure limitation to address revenue not expected during budget development, such as an increase of $587,167 Other Funds from marriage tax collection; this funding is dedicated to domestic violence services. Two limited duration positions (1.26 FTE) and Federal Funds expenditure limitation will support an increase in the Child Abuse Prevention and Treatment Act (CAPTA) funds; the additional resources are intended to help families and infants affected by substance use disorders.

Vocational Rehabilitation (VR)

The fall 2019 forecast projects the 2019-21 VR caseload to be about 0.5%, or 51 clients, higher than the spring estimate. With a recent award of $15 million in federal reallotment dollars, for which the rebalance includes expenditure limitation, the program should be able to avoid activating the Order of Selection (priority wait list) in 2019-21. That award may allow the program to free up some General Fund dollars on a one-time basis, however, an assessment of that potential action and any associated program or budget impacts cannot be made until the next round of reallotment funding is awarded in fall 2020. The program's rebalance also includes technical adjustments and transfers.

Aging and People with Disabilities (APD)

Overall long term care caseloads are estimated to be 2% higher than the spring 2019 forecast, with about 90% of the projected 686 additional clients anticipated to be served in-home. The caseload increase is driving a need of $12.5 million General Fund ($39.6 million total funds). However, these costs are partially offset by a correction reducing General Fund need by $5.2 million; during budget development a subset of clients were double counted.

The rebalance includes an additional $3.4 million General Fund to resolve the federal funding gap created by the FMAP change. Another program cost covered in the plan is $55,000 General Fund ($122,400 total funds) to provide 25 vehicles for APD staff, primarily driven by the new field positions approved in the 2019-21 legislatively adopted budget. Another change is a housekeeping adjustment (decrease of $641,281 General Fund) to correct the amount of budget savings tied to the elimination of evidence based health contracts in the 2019-21 adopted budget. Technical adjustments primarily involve the movement of position-related costs for rent, state government service charges, and other enterprise costs to SAEC where these charges are booked; this is standard post-session clean up.

Intellectual and Developmental Disabilities (IDD)

The caseload services forecast is 2.5% higher than the spring 2019 forecast, which is an increase of 506 clients over the 2019-21 biennium. Program caseloads had been trending fairly flat, but actuals began ticking upward soon after the spring 2019 forecast was finalized. Growth is occurring primarily in the in-home support services caseloads for both children and adults. The rebalance-related budget impact is an increase of $15.9 million General Fund ($47.3 million total funds).

Other adjustments being requested include $3.1 million General Fund to resolve the federal funding gap created by the lower FMAP, along with technical adjustments, transfers, and post-session clean up actions.

Central Services
The rebalance for this program is driven by a reorganization of human resources functions in both DHS and OHA. When the two agencies split in 2009, each agency kept some human resources staff, but some activities were housed in DHS under Shared Services. Since the 2019 legislative session, the two agencies have agreed that some of the shared functions might perform better if they were allowed to focus solely on one agency's needs. After several months of discussion, it was determined that OHA would receive 9 positions, or just under one-third of the HR positions based on cost allocation statistics; DHS would retain 20 positions (12.51 FTE). The rebalance moves the twenty positions from Shared Services to Central Services; along with the positions comes $1.8 million General Fund ($2.8 million total funds).

Shared Services
The proposed change for this program unit is a net decrease of $3.9 million Other Funds expenditure limitation and 28 positions (17.21 FTE). The most significant component of this is a reduction of $4.2 million and 29 positions (18.18 FTE) for the human resources reorganization proposed for DHS and OHA. Also included are technical adjustments, transfers, and position adjustments; the latter action repurposes three vacant positions to address workload in contracts and publication services.

As noted previously, the agency's rebalance plan as presented results in a projected General Fund need of $13.6 million; generally, the agency's request is consistent with actions and needs typically identified in rebalance actions and warrants consideration for funding. A specific funding decision, along with any other issues or concerns related to the rebalance plan, should be made considering statewide resource availability, legislative priorities, and the most current information available for 2020 session action.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report. The Legislative Fiscal Office also recommends that the proposed budgetary changes, after further review and refinement, be included in a budget reconciliation bill during the 2020 legislative session.

Request: Request: Report on the first rebalance report of the 2019-21 biennium for the Department of Human Services (DHS); increase General Fund appropriation by $13,583,132, decrease Other Funds expenditure limitation by $1,887,736, decrease Federal Funds expenditure limitation by $27,586,826, and decrease positions by 38 (33.99 FTE).

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

Executive Summary: DHS is submitting its first rebalance report for the 2019-21 biennium. The report updates caseload and cost projections through the fall of 2019. It also revises revenues and federal financing assumptions and recommends other adjustments and corrections. Finally, the plan includes a list of other outstanding issues and risks. After all rebalance actions, the Department reports a need for an additional $13.6 million General Fund, along with a net decrease of $1.9 million Other Funds expenditure limitation, and a decrease of $27.6 million Federal Funds expenditure limitation. Total funds expenditure limitation would decrease by $15.9 million under the rebalance plan. In addition to the rebalance report, DHS has submitted separate letters to the Committee regarding a range of issues, all of which are shown in the table below. The Department is requesting the rebalance adjustments be recommended for approval during the 2020 Legislative Session.

The following analysis is only on the rebalance report; however the below table summarizes all DHS letters to the Committee this January:

DHS January Letters Summary	General Fund	Total Funds
Rebalance	$ 13,583,132	$ (15,891,430)
Strengthening, Preserving and Reunifying Families Program	$ 14,288,757	$ 14,288,757
Estimated costs of bargained salary selectives and other costs	$ 4,959,109	$ 8,052,741
Behavioral Rehabilitation Services rate increases/Joint OYA	$ 8,401,266	$ 11,048,910
Third party child abuse investigations	$ 7,796,505	$ 7,796,505
Estimated costs of bargaining/Joint OHA	$ 23,131,713	$ 68,345,958
Eliminate double filled positions	$ 39,920,941	$ 70,316,105
Child welfare/fulfillment of Executive Order 19-03	$ 14,331,386	$ 21,543,579
Increase capacity in programs serving vulnerable populations	$ 3,138,271	$ 5,812,225
Total	**$ 129,551,080**	**$ 191,313,350**

Discussion: The Department identified several cost drivers increasing General Fund need and primarily include: caseload increases in the Aging and People with Disabilities (APD) program and the Intellectual and Developmental Disabilities (I/DD) Program; a decrease to Federal Medical Assistance Percentages (FMAP) rate; an increase in cost per case in Child Welfare's Permanency program; and an increase in the Temporary Assistance to Needy Families (TANF) caseloads. However, the Department has also identified issues that are offsetting some of the General Fund cost increases, including: a cost per case and caseload decreases in the Well Being program within Child Welfare, a savings related to a caseload correction in the Self Sufficiency program, and the transfer of the Oregon Health Plan (OHP) Client Services Unit from the Self Sufficiency program to the Oregon Health Authority (OHA).

The following table lays out the General Fund costs and/or savings for each of the programs under the rebalance proposal:

DHS Program	2019-21 GF Legislatively Adopted Budget	2019-21 GF Rebalance Requests
Aging and People with Disabilities	$ 1,207.0	$ 8.7
Child Welfare	$ 775.5	$ (18.2)
Intellectual and Developmental Disabilities	$ 1,054.4	$ 18.9
Self Sufficiency	$ 448.7	$ (5.6)
Vocational Rehabilitation	$ 35.6	$ -
Central and Shared Services	$ 333.9	$ 9.8
Total	**$ 3,855.1**	**$ 13.6**

Note: Dollars shown in millions.

Following are the major program, revenue, and forecast issues specific to each division. The rebalance also includes technical adjustments that net to zero across the agency.

Aging and People with Disabilities (APD)

The APD has a net need of an additional $8.7 million General Fund, however Federal Funds expenditure limitation decreases $52.4 million under the rebalance plan, resulting in a decrease of $43.7 million in total funds. The primary reason for the decrease in Federal Funds expenditure limitation is due to a budget correction for Affordable Care Act cases that were double counted in the 2019-21 budget development, which resulted in a $74.5 million downward correction to Federal Funds expenditure limitation and a decrease of General Fund by $5.2 million.

The changes and budgetary impact to APD under the rebalance plan include:

- Caseload updates - $12.5 million General Fund, $0.4 million Other Funds and $26.6 million Federal Funds;
- Federal Match rate (or FMAP) updates - $3.4 million General Fund and corresponding decrease to Federal Funds;
- Additional Vehicles - $55,000 General Fund and $67,000 Federal Funds;
- Correction for Evidence Based Health Contracts - decrease of $0.6 million General Fund;
- Correction for ACA cases - decrease of $5.3 million General Fund, $0.3 million Other Funds and $74.5 million Federal Funds; and,
- Technical Adjustments - decrease of $1.5 million General Fund, $0.1 million Other Funds and $1.2 million Federal Funds.

This rebalance plan does not reflect changes in APD costs per case. The additional funding requested is reflective only of forecasted changes in caseloads across programs. Across all APD programs, the caseload forecast for fall 2019 has an estimated 686 per month increase in cases over the forecast from spring 2019. This represents a 2.0 percent increase in total caseload. Caseload increases in In-Home Care programs and Community Facilities are the primary drivers of General Fund increase at $9.0 million and $4.2 million, respectively. The Department is projecting savings of $0.7 million General Fund from a slight caseload decline (0.4 percent) in Nursing Facilities programs. In-Home Care programs and those provided through community facilities are generally less costly than care provided through Nursing Facilities, which are a care setting for 12.6 percent of APD clients. Total funds increased $39.6 million under the revised caseload forecast (an increase of $12.5 million General Fund, $0.5 million Other Funds, and $26.6 million Federal Funds).

In addition to caseload changes, the Federal Medicaid Assistance Percentage (FMAP) rate has been updated to a new biennial average rate at 61.25 percent, a decrease of 0.11 percent from spring 2019. The state's FMAP rate continues to drop as Oregon's economy outperforms the relative growth in other states. The General Fund impact from the changing FMAP is $3.4 million.

The Department is requesting an additional $55,080 General Fund for 25 vehicles through the Department of Administrative Services Motor Pool. The additional vehicles are needed for APD field staff and investigators to complete their work. The Services and Supplies costs for this need was not included in the 2019-21 budget.

Additional General Fund in this rebalance is partially offset by corrections to the budget namely Evidence-Based Health Contracts ($0.7 million), which were eliminated in the Legislatively Adopted Budget and savings from Affordable Care Act (ACA) cases ($5.2 million), which were inadvertently double budgeted.

Finally, the Department made a series of technical adjustments (which balance to zero within the agency) resulting in a decreased need of $1.5 million General Fund ($2.7 million less total funds) in APD. Included within the technical adjustments is the movement of position related costs from APD, such as rent and state government services charges to State Assessments and Enterprise-wide Costs (SAEC). This action transfers the related costs tied to new positions from APD to where they are accounted for in DHS SAEC.

With the transfer of Oregon Health Plan processing returning to DHS from OHA, eligibility determination work is occurring in APD. This technical adjustment moves $242,546 General Fund and $242,538 Federal Funds expenditure limitation from Central Services to APD, along with two positions (2.00 FTE). The APD is also transferring $55,000 and one position (0.63 FTE) to Central Services to for the next phase of the Centralized Abuse Management (CAM) System project. The technical adjustments lead to an increase of one position (1.37 FTE) for APD.

Intellectual and Developmental Disabilities (I/DD)

Under this rebalance plan, I/DD needs an additional $18.9 million General Fund and $28.3 million Federal Funds expenditure limitation for a total of $47.2 million. The needs for additional General Fund are primarily due to increased caseload ($15.9 million), a change to the FMAP rate ($3.1 million), followed by a couple minor technical adjustments resulting in small savings for I/DD but net to zero across the Department.

This rebalance only reflects changes to caseload and does not reflect changes in I/DD costs per case. Across I/DD's Adult and Children programs, the caseload forecast for fall 2019 has an estimated 506 per month increase in cases over the forecast from spring 2019. This represents a 2.5 percent increase in caseload. Caseload increases in In-Home Support Services and Ancillary Services are the primary drivers of the General Fund increase at $9.5 million and $7.0 million, respectively. Ancillary Services include day support activities, employment services, and non-medical transportation. As in-home support for children continues to grow, Ancillary Services will likely continue to grow to support clients remaining in-home. In-home support for children increased 7.4 percent in the latest forecast, the fastest growing caseload demographic. Projected caseload increases also result in an additional $31.4 million in Federal Funds expenditure limitation.

As noted with APD, the FMAP rate has been updated to a new biennial average rate at 61.25 percent, a decrease of 0.11 percent from spring 2019. The General Fund impact to I/DD from the changing FMAP is $2.8 million for programs and $0.3 million for case management.

Finally, two technical adjustments result in General Fund savings of $66,416 and total funds savings of $131,104 for I/DD. These technical adjustments, increase or decrease each of the program budgets, but net to zero across the entire Department. The technical adjustments are the movement of position related costs from I/DD, such as rent and state government services charges, to SAEC. These actions transfer the related costs tied to new positions from I/DD to where they are accounted for in DHS SAEC.

Child Welfare

Child Welfare's rebalance results in a net reduction of $18.2 million General Fund and a reduction of $22.0 million total funds. This amount includes savings, as well as technical adjustments that net to zero across the Department. The primary drivers in these savings are a decrease in Well Being costs per case of $3.3 million General Fund, Well Being caseload savings of $9.4 million General Fund and technical adjustments reflected in Child Welfare for $8.6 million General Fund.

In addition to the issues referenced above, the following challenges and savings are included in Child Welfare's budget request:

- An increase in Permanency cost per case resulting in a cost of $2.2 million General Fund and $2.0 million Federal Funds.
- An increase in Permanency caseload costs of $0.2 million General Fund and $0.2 million Federal Funds.
- A fund shift due to changes in the FMAP rate resulting in a $0.4 million General Fund need.
- Additional fleet costs for vehicles for Child Welfare caseworkers with a cost of $0.3 million General Fund and $0.1 million Federal Funds.
- Technical adjustments result in $8.6 million General Fund and $2.7 million of savings for Child Welfare. The adjustments are primarily due to enterprise-wide costs moving to the Statewide Assessments and Enterprise-wide Costs (SAEC) program due to the increased number of positions included in the Legislatively Adopted Budget. These technical adjustments increase or decrease each of the program budgets, but net to zero across the entire Department, and in some cases, OHA.
- Costs associated with an Independent Living Services grant totaling $0.3 million Federal Funds.
- Costs related to an increase in the Child Abuse Prevention and Treatment Act grant totaling $0.7 million Federal Funds, along with two limited duration positions (1.26 FTE) to improve responses to families and infants affected by substance use disorders.
- Increases in Other Funds and Federal Funds costs funded by revenues from the Marriage License Tax.

Issue	General Fund	Other Funds	Federal Funds	Total Funds
Well Being Cost per Case	$ (3.3)	$ (0.5)	$ (3.5)	$ (7.3)
Well Being Caseload	$ (9.4)	$ (0.6)	$ (0.1)	$ (10.1)
Permanency Cost per Case	$ 2.2	$ -	$ 2.0	$ 4.2
Permanency Caseload	$ 0.2	$ -	$ 0.2	$ 0.4
Federal Match Rates	$ 0.4	$ -	$ (0.4)	$ -
Increased fleet costs	$ 0.3	$ -	$ 0.1	$ 0.4
Independent Living Services Grant			$ 0.3	$ 0.3
CAPTA Grant			$ 0.7	$ 0.7
Technical Adjustments	$ (8.6)	$ -	$ (2.7)	$ (11.3)
Marriage License Tax Increase	$ -	$ 0.6	$ 0.1	$ 0.7
Total	**$ (18.2)**	**$ (0.5)**	**$ (3.3)**	**$ (22.0)**

All dollars are in millions; rounding may occur.

Self Sufficiency

The Self Sufficiency program has a net savings of $5.6 million General Fund and a reduction of $22.2 million total funds. The primary driver impacting the General Fund savings includes a caseload correction resulting in a reduction of $5.8 million General Fund and a reduction of $21.3 million Federal Funds. The correction is due to an incorrect forecast used when developing the 2019-21 budget. Other drivers include an increase of $2.0 million General Fund and increase of $7.5 million Federal Funds from a Temporary Assistance to Needy Families (TANF) caseload increase; as well as a $1.8 million General Fund reduction and $2.9 million Federal Funds reduction as a result of transferring the Oregon Health Plan (OHP) Client Services Unit from DHS to OHA.

In addition to the drivers referenced above, the following challenges and savings are included in Self Sufficiency's budget request:

- An increase of $1.5 million Federal Funds expenditure limitation due to an increase in the cost per case for the Temporary Assistance for Domestic Violence Survivors (TA-DVS) program.
- Removing empty Federal Funds expenditure limitation of $4.1 million.
- An increase of $0.6 million Federal Funds expenditure limitation for expenses related to the Trade Mitigation grant for the Emergency Food program.
- An increase of $2.0 million Other Funds expenditure limitation for expenses related to the Child Care and Development Fund revenue received from the Oregon Department of Education.
- An increase of $0.3 million Other Funds expenditure limitation for expenses related to revenue received from the Bureau of Labor and Industries and the Oregon Department of Transportation for the Employment-Related Day Care program.
- A decrease of $0.2 million Federal Funds expenditure limitation for a variety of technical adjustments for the phase in of two limited duration positions to SAEC.

Issue	General Fund	Other Funds	Federal Funds	Total Funds
Caseload Correction	$ (5.8)	$ -	$ (21.3)	$ (27.1)
TANF Caseload Increases	$ 2.0		$ 7.5	$ 9.5
TA-DVS Cost per Case			$ 1.5	$ 1.5
Remove Empty Limitation	$ -	$ -	$ (4.1)	$ (4.1)
Trade Mitigation			$ 0.6	$ 0.6
CCDF Funding		$ 2.0		$ 2.0
Apprenticeship Child Care		$ 0.3		$ 0.3
Transfer Client Services Unit to OHA	$ (1.8)		$ (2.9)	$ (4.7)
Technical Adjustments			$ (0.2)	$ (0.2)
Total	**$ (5.6)**	**$ 2.3**	**$ (18.9)**	**$ (22.2)**

All dollars are in millions; rounding may occur.

Vocational Rehabilitation (VR)

Vocational Rehabilitation's rebalance request includes an increase of $15.1 million Federal Funds expenditure limitation due to two issues. First, $15.0 million additional Federal Funds were received due to a "reallotment" of the federal Vocational Rehabilitation grant for the Federal Fiscal Year 2019. Second, the State Independent Living Center grant was increased by $0.1 million Federal Funds.

Central Services

Central Services has one primary budget adjustment resulting in a request for $1.8 million General Fund due to the transfer of 29 human resources positions from Shared Services and Central Services. When OHA became its own agency, the human resources functions were shared between DHS and OHA and resided in the Shared Services program. Over time, it became clear the human resources functions of both agencies result in greater efficiency if they are housed within each agency's organizational structure. Of the 29 positions transferred from the Shared Services program, nine were moved to OHA and 20 were moved to Central Services. The transfer of the 20 positions to the Central Services program results in a request for $1.8 million General Fund, an increase in Other Funds expenditure limitation and an increase of $0.8 million Federal Funds expenditure limitation.

Shared Services and State Assessments and Enterprise-Wide Costs (SAEC)

The Shared Services program rebalance results in an overall savings of $3.9 million Other Funds and reduction of 28 positions (17.21 FTE). The majority of the Other Funds savings, approximately $4.2 million, is a result of transferring 29 positions (18.18 FTE) in the human resources unit to the Central Services program and OHA, as described above.

In addition to the transfer of human resources staff, two positions were included in the 2019-21 Current Service Level budget in the Child Welfare program that should have been placed in the Shared Services program. One position will be transferred to the Facilities office and one will move to the Office of Publications and Creative Services. These transfers result in additional costs in Shared Services and the program has requested an increase in Other Funds expenditure limitation of $0.3 million. Also, one position with no budget dollars or associated FTE was abolished because it was an on-call position and is not supported in the position management system.

Lastly, there are three vacant positions in the Office of Financial Services that will be repurposed as two positions, one position in the Office of Contracts and Procurement and one position in the Office of Publications and Create Services. The changes result in a net zero budget impact in dollars, but results in a combined reduction of one position (1.03 FTE).

The State Assessments and Enterprise-wide Costs (SAEC) program has requested an increase of $7.7 million General Fund, an increase in Other Funds expenditure limitation of $0.1 million and an increase in Federal Funds expenditure limitation of $4.2 million. The primary drivers for the General Fund rebalance request are a $2.0 million savings from the transfer of human resources positions from the SAEC program to the Central Services program and a technical adjustment resulting in an increase of $9.3 million General Fund, an increase of $0.2 million Other Funds and an increase of $4.2 million Federal Funds. Other miscellaneous technical adjustments result in a $0.4 million General Fund request.

Estate Recovery Revenue Shift to OHA

DHS generally books estate recovery collections to the APD budget to offset General Fund. However, some recoveries may relate to expenditures that originated in the Oregon Health Plan within OHA. A six-month pilot study was conducted and found approximately 20 percent of estate recovery collections were related to OHP expenditures and should offset General Fund within the OHA budget, rather than DHS. DHS reviewed the amount of assumed offset it would receive from estate recoveries and found that a $0.5 million General Fund shortfall could result if DHS continues to receive 80 percent of total recoveries.

Risks

Outside the known risks of federal participation in funding and potential variation in expenses due to costs per case or caseloads, there are four outstanding risks to the DHS budget not addressed elsewhere:

- I/DD caseloads and costs per case may continue to increase as Oregonians age and experience acute health issues.
- A federal penalty has been levied by the federal government on the TANF program and could result in a potential $8.0 million General Fund impact. DHS is awaiting further instructions on how and when the penalty will be applied.
- Disallowance finding from the Administration for Children and Families (ACF) of approximately $14.0 million. DHS discovered errors related to duplicate federal claims due to an OR-Kids financial transaction conversion issue. DHS submitted a good cause waiver in February 2016 and provided additional requested information to ACF in April 2019. DHS has not yet received a determination from ACF, but believes the request will be approved.
- Estate recoveries may not reach the projected levels and the Department would need to request a small amount of General Fund.
- Title IV-E and Medicaid eligibility rates change over time. As these rates change, there may be changes to the amount of Federal Funds match the Child Welfare program receives, thereby shifting a higher proportion of the expenditures onto General Fund.

Oregon

Kate Brown, Governor

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December 9, 2019

The Honorable Representative Dan Rayfield, Co-Chair
The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Department of Human Services (DHS) first rebalance report and request.

Dear Co-Chairpersons:

Nature of the Request: The purpose of this letter is to provide the first DHS Rebalance report and request (attached) of the 2019-21 Biennium to the Interim Joint Ways and Means Human Services Subcommittee.

Action Requested: DHS requests acknowledgement of receipt of this first Rebalance report of the 2019-21 Biennium. While this is technically a report, it will be the basis of actions taken during the 2020 regular session so DHS also requests the committee recommend approval of these rebalance actions as part of actions to be taken during the 2020 regular session.

Legislation Affected: See Report Attachment A.

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

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

Enclosure

cc: Laurie Byerly, Legislative Fiscal Office
Ken Rocco, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Tamara Brickman, Department of Administrative Services
Ali Webb, Department of Administrative Services
Mike Streepey, Department of Administrative Services

DHS
Oregon Department of Human Services

Report to The State of Oregon January 2020 Interim Joint Ways and Means Human Services Sub-Committee

The Department of Human Services (DHS) Rebalance Report

December 9, 2019

Executive Summary and Nature of Request:

The Oregon Department of Human Services (DHS) is submitting its first rebalance report for the 2019-21 biennium to the Interim Joint Ways and Means Human Services Subcommittee. This report reflects several issues affecting the DHS budget. DHS expects to continue to work with the Legislature, Legislative Fiscal Office, Governor's Office and Chief Financial Office to identify any actions management can take to balance the DHS 2019-21 budget.

Close out of 2017-19 Overview

DHS is in the process of finalizing the 17-19 budget. DHS is currently anticipating reverting approximately $18 million General Fund (GF). DHS was able to manage without a final rebalance in April 2019 as had been done in the past. This reversion amount is 0.6% of the LAB GF and 0.16% of the LAB Total Funds budget. The savings are primarily due to higher than anticipated savings in the In-Home services program in Aging and People with Disabilities, higher than anticipated Estate Recovery collections and a better match rate than anticipated in the Intellectual and Developmental Disabilities program. DHS' final reversion figure will be available at the end of December when the books for 2017-19 close.

Budget Issues for 2019-21

At this first rebalance, DHS is requesting net additional General Fund (GF) of $13,583,132, a net reduction to Other Funds (OF) of $(1,887,736) a net reduction to Federal Funds (FF) of $(27,586,826), a reduction of 38 positions and a reduction of 33.99 Full Time Equivalent (FTE). Included in this request are management actions and technical adjustments that move funding and positions from DHS to the Oregon Health Authority (OHA). This movement is a net $0 between DHS and OHA.

While from a legal citation standpoint DHS is asking for a net increase in GF of $13.6 million, the actual request is for $15.7 million GF. The difference are actions that transfer funding and positions to OHA related to the OHP processing center and the separation of most shared HR functions between the agencies. The table below lays out the difference between the legal citation change and the total GF requested by DHS for this rebalance.

	GF	OF	FF	TF	Pos	FTE
DHS Rebalance request	15,682,638	(1,897,984)	(24,245,663)	(10,461,009)	1	0.23
DHS Transfer to OHA	(2,099,506)	10,248	(3,341,163)	(5,430,421)	(39)	(34.22)
Total DHS request	13,583,132	(1,887,736)	(27,586,826)	(15,891,430)	(38)	(33.99)

DHS has several other significant requests for General Fund, including funds from two Special Purpose Appropriations that are not included in this request but are addressed as separate letters to the committee. These issues were addressed separately due to the nature of each request and the policy implications they may have.

The table below summarizes the DHS GF rebalance position by major program area. See attachment A for the appropriation changes that will be discussed throughout this document. Again, the issues DHS has at this time are a projected need of $15.7 million GF but $2.1 million GF of the total DHS budget is being transferred to OHA so the legal citations are to increase the DHS GF by $13.6 million GF. OHA will have corresponding actions to increase their funding, positions and FTE as set out above.

The sections below set out the main GF issues for the department from a legal citation standpoint.

Program General Fund In Millions	2019-21 LAB	Rebalance Request	Proposed LAB
Aging and People with Disabilities	$ 1,207.0	$ 8.7	$ 1,215.7
Child Welfare	$ 775.5	$ (18.2)	$ 757.3
Intellectual and Developmental Disabilities	$ 1,054.4	$ 18.9	$ 1,073.3
Self Sufficiency	$ 448.7	$ (5.6)	$ 443.1
Vocational Rehabilitation	$ 35.6	$ -	$ 35.6
Other	$ 333.9	$ 9.8	$ 343.7
TOTAL GF	$ 3,855.1	$ 13.6	$ 3,868.7

Program Rebalance Details

This section contains details on the Department's updated budget position by program area (see attachment B for caseload change details from spring 2019 to fall 2019).

Aging and People with Disabilities (APD)

APD has a net need of $8.7 million GF, a reduction to Other Funds limitation of ($18,428) and a reduction of ($52.4) million Federal Funds limitation.

APD has two main challenges and one smaller challenge offset in part by two areas of savings. APD also has parts of other technical adjustments one of which is significant but adds to $0 DHS wide.

The first challenge is a net caseload increase in long term care of $12.5 million GF. This is made up of a slight reduction in projected Nursing Facility costs which is forecasted to remain relatively flat that is netted against needs in both Community Based Care and In-home services both which are forecasted higher based on recent trends.

The second issue is one that will impact several programs. Every year the federal government sets match rates for Medicaid and related services that use this match rate. As Oregon's economy has improved compared to other states, the match rate has continued to drop requiring more General Fund match to draw down Medicaid and other program area benefits. This change for APD leads to an increased General Fund need of $3.4 million General Fund.

The final smaller challenge is related to the need for additional vehicles for APD field and investigators who need to travel. While there were investments in staffing including some Services and Supplies (S&S), DHS and Department of Administrative Services (DAS) Motor Pool did not request additional vehicles necessary for this body of work. As DHS adds staff that do significant traveling, additional vehicles are needed. DAS ultimately provides fleet vehicles for use by DHS through DAS vehicle assessments. DHS is requesting $55k GF to add 25 additional vehicles to the DHS fleet for APD purposes (there is also a request for vehicles in Child Welfare below).

Partially offsetting these challenges are two estimated savings. The first is a housekeeping savings of ($641K) related to the Evidence-Based Health Contracts which were eliminated in the LAB. This action removes the remaining budget for these contracts missed during budget build. The second area of savings is related to "ACA" or Affordable Care Act cases. During budget build, ACA cases were inadvertently double counted in the budget. This leads to a net reduced GF need of ($5.2) million.

APD has parts of several technical adjustments that net to a change of ($1.4) million GF. The largest part of these technical adjustments is the movement of position related costs for rent, state government service charges and other enterprise costs to State Assessments and Enterprise-wide Costs (SAEC) where these charges are booked.

APD is also requesting net reductions of ($18,428) OF limitation and a net reduction of ($52.4) million FF limitation related to the items above.

Intellectual and Developmental Disabilities (I/DD)
I/DD has a net need of $18.9 million GF based on the following three issues.

First, based on recent trends, I/DD caseloads are again trending up. While fairly flat prior to the Spring forecast, actuals immediately increased after the Spring forecast. This led to increases in the Fall forecast compared to spring. This includes changes to In-Home Supports: Adult In-Home Supports which increased 2.8%, $6M GF and Kids In-Home Supports which increased 7.4%, $4M GF.

Ancillary Services has a projected increase related to the increase in In-Home Supports. This leads to a total increase of $7.1M GF consisting of Day Support Activities (DSA) increased by 20%, $5.1M GF, Employment Services increased by 4%, $1.6M GF, and Non-Medical Transportation Services increased by 4.5%, $400k GF.

There is a minor savings in Children's Intensive In-Home Services (CIIS) where the caseload was reduced by 4%, $600k GF, in order to align forecast with program's plan to serve.

Overall, there was a savings of ($630k) GF reported in Residential Services because of a small decline in Adult 24 Hour Group Homes, (0.09%), ($2.3) million GF; however, minor increases in the following programs negate most of the savings:

- Adult Foster Care, 1% increase, $1 million GF
- Kids Foster Care, 2% increase, $300k GF
- Adult Supported Living Services, 1% increase, $415k GF

Second, as in other programs the federal match rate has been reduced leading to a net $3.1 million GF need to offset the lost FF.

I/DD has technical adjustments netting a savings to I/DD of ($66k) GF but add to $0 GF agency wide.

I/DD is also requesting $28.3 million of related Federal Funds limitation.

Child Welfare (CW)
Child Welfare has a net GF reduction of ($18.2) million GF. This is a net of the following issues:

- Permanency cost per case went up in Adoption Assistance by 3.27% over the Spring 2019 levels. Guardianship Assistance cost per case declined by 0.19%. Because of the relative size of the caseloads, Permanency had a net higher need of $2.2 million GF for the 19-21 biennium.
- Permanency also had a small caseload increase of $178k GF.
- Federal match rates declined as described earlier impacting CW by a net $396k GF.

- As described in the APD section with added positions in the 19-21 LAB additional vehicles are required for necessary travel for investigations, visitation and other transportation needs and requirements. An estimated 80 vehicles are requested from DAS which will increase the GF need of CW by $343k GF.

More than offsetting this GF need are savings in Well being in both cost per case of ($3.3) million GF and caseload savings of ($9.4) million GF.

Technical adjustments account for ($8.6) million in GF savings in the Child Welfare program. However, these are in large part related to moving enterprise-wide costs to SAEC where expenditures for rent, state government service charges and other enterprise costs related to new positions provided in the 19-21 LAB. These net to $0 agency wide and include several position transfers within DHS as planned in LAB.

CW is also requesting net reductions to Other Funds limitation of ($457,447) and ($3.4) million in Federal Funds limitation. Included in this net request are three requests related to increased other and federal funding not anticipated during budget build. DHS is anticipating increases in Marriage Tax collections that fund domestic violence services. There is a small increase in the Independent Living Services grant.

Finally, DHS is requesting Federal Fund limitation, 2 Limited Duration positions and 1.26 FTE related to an increase in the Child Abuse Prevention and Treatment Act (CAPTA) grant. This additional funding is intended to help improve the response to families and infants affected by substance use disorders. This additional funding is required to be used to develop, implement and monitor safe-care plans for substance-exposed infants. CW Design currently has one OPA4 permanent position that has been fulfilling the current workload for CAPTA. Furthermore, currently CW Design has a budget for $310K FF, but to fulfill the additional workload and funding request CW Design needs to increase the budget by $690K FF ($259K for 2 OPA3's LD positions and $444K FF for development, implementation, and monitoring of this program.)

Self Sufficiency (SSP)
SSP has a net GF savings of ($5.6) million GF. The savings is the net of the following GF actions.

During budget build an error was discovered that led to additional GF and FF funding provided at LAB. In this case the wrong caseload forecast was used to compare budget needs for 19-21. This led to additional funding being added to the DHS budget. This error is both undone and the actual “ask” that should have been in LAB (in this case a net savings of ($5.8) million GF and ($27.1) million Total Funds).

Once this corrective action is taken, adjustments for the Fall 2019 caseload forecast must then be accounted for. Adjustments for the most recent fall 19 caseload forecast leads to a need of $2.0 million General Fund for Pre-SSI and TANF-UN (both state-only non-Maintenance of Effort (MOE) programs) and $7.5 million in Federal Funds limitation for TANF Basic that is primarily funded with TANF FF. Each of these programs has seen caseload growth compared to the last forecast. TANF FF is available for this action in TANF Basic due to the previously mentioned error. While the FF was technically not needed when LAB was built, it is needed now to cover the costs of the TANF Basic program.

There is also a significant transfer of funds ($1.7) million GF ($4.7) million TF, 29 position and 28.05 FTE from DHS to OHA related to the Oregon Health Plan (OHP) processing center. When the OHP processing center was transitioned to DHS from OHA the intent was for all eligibility related work to move to DHS. Once the move was completed it was realized that these 29 positions are for the Client

Services Unit, who assist OHP members who want to change their Coordinated Care Organization (CCO) or enroll in one. This team also assists OHP members with obtaining a bill, aiding with making appointments, and/or aiding with questions about their healthcare coverage. In other words, the work is not really related to eligibility and so should reside within OHA. This action returns these positions and related costs to OHA.

DHS is requesting $2.3 million in other funds limitation due to $2.0 million additional Child Care Development Fund block grant (CCDF) funds now anticipated to be received from the Early Learning Division for use in the Employment Related Day Care program. In addition, there is a $300k increase in the BOLI/ODOT Apprenticeship Child Care Revenue pass-through leading to the same amount of Other Funds limitation.

DHS is requesting a net reduction in Federal Funds of ($19.0) million. This includes ($21.3) in FF savings due to the error mentioned above, the removal of identified empty federal fund limitation of ($4.1) million, and ($2.9) million due to the transfer of the OHP Processing center positions and associated costs. Offsetting these Federal Funds savings are three actions including the increase of $7.5 million in TANF Basic mentioned above, an increase in the cost per case for Domestic Violence services of $1.5 million and $604k related to an increase in the Trade Mitigation grant used for the Emergency Food Program. Self Sufficiency also has two technical adjustments that while net to $0 agency wide, result in a net savings of $209k FF.

Vocational Rehabilitation (VR)

VR has only one main issue in this rebalance. VR received $15.0 million in “reallotment” federal funds from the Federal Government. This was the full amount requested and can be “matched” within the current VR budget. These funds will go a long way to avoiding an “Order of Selection” (OOS) during this biennium. If VR is successful in the next federal fiscal year in securing at least $3 million in federal reallotment funds, depending on caseloads and caseload costs, VR may be able to give up $2.4 of GF on a one-time basis this biennium. Because DHS will not know until September of 2020 whether it will secure these federal funds DHS is not able to give these funds up at this time. However, these funds could be unscheduled until such time as it is determined needed by the department. In addition, the “SILC” (State Independent Living Centers) grant has been increased by $151,228 to a new total of $338,717. VR is requesting an additional $15.15 million in Federal Funds limitation.

Central Services

Central services has one main action. When the two agencies split, several parts of the organization were created as “shared” services between DHS and OHA. Some Human Resource (HR) functions were included as shared services. At the time, HR was determined to likely be the most difficult to keep as a shared service. Earlier in the year, OHA approached DHS with a request to “split” apart some of the HR shared functions that were determined to be better focused within each agency rather than be a shared service. After several months of discussion, it was determined that OHA would receive 9 positions, or just under one-third of the HR positions based on cost allocation statistics. DHS would retain 20 positions. This management action acknowledges this change by moving the funding from SAEC (see below) where shared services are funded, to the central DHS HR shop as funded positions. This is a net $0 action across DHS and OHA, as DHS and OHA are simply moving the funding associated with these 20 positions from the shared services funding buckets in DHS and OHA SAEC to the central DHS HR Office. As part of this transaction there is also the movement of an Operations and Policy Analyst 4 from OHA to DHS as OHA needed a manager for the positions moving to OHA. This creates an ask of $1,832,038 of GF in central office that will be self-funded from the SAEC shared services funding line of DHS and OHA.

State Assessments and Enterprise-wide Costs (SAEC)
SAEC has two management actions and part of a large technical adjustment resulting in a General Fund need of $7.7 million GF. The first management action is a reduction of ($31,000) GF related to the transfer of 29 positions to OHA as is described in the Self-Sufficiency section. The second management action is related to the reorganization of the Shared Human Resource Center. This action moves the DHS portion of the separating parts of shared services funding from the Shared Services Budget Line item to DHS Central HR Services resulting in a reduction in SAEC GF of $(1.99) million.

The major technical adjustment is the receipt funds earned with agency positions in the LAB that are being transferred to SAEC where charges for things like state government service charge, rent, computer replacements and other enterprise costs. This increases the General Fund of SAEC by $9.32 million General Fund but is a net $0 cost General Fund agency wide. Other technical adjustments account for and net additional $408k in General Fund in SAEC.

SAEC is also requesting related limitation for Other Funds of $140,041 and Federal Funds of $3.1 million.

Shared Services
Shared services have one major issue and several smaller ones. The main issue is a reduction of ($4.2) million OF, (29) positions and (18.18) FTE in the shared HR office as mentioned above. This is the result of breaking up the majority of shared HR and moving 9 positions to OHA and 20 positions to DHS Central HR within the DHS central budget. This is the Other Funded, or “double counted” part of the equation and is a reduction of Other Funds limitation, positions and FTE as stated above.

A second issue is the movement of 2 positions from the Current Service Level (CSL) build that were placed in Child Welfare but were intended to be moved to shared services. One position is moving to the Facilities office and the other to Publications and Creative Services. This is a need of $336,084 in Other Funds limitation.

Finally, DHS is repurposing three vacant shared positions in OFS to instead have the positions as two added resources(positions) for the shared Office of Contracts and Procurement and one added resource to the Office of Publications and Creative Services both seeing a large increase in workloads over the last few years. OFS anticipates that efficiencies and leaned processes have created the capacity to allow these positions to be repurposed. This is a net $0 action financially and will better align scarce resources with the prioritized needs of the agencies.

Shared Services is requesting a net reduction to Other Funds limitation of ($3.9) million and a reduction of (28) positions and (17.21) FTE.

Estate Recovery Revenue Shift to OHA
DHS has traditionally booked all estate recovery collections to the APD budget to offset GF. However, while this is not inappropriate, some of the collection originated from expenditures from the Oregon Health Plan (OHP), which is managed within the Oregon Health Authority. OHA approached DHS to begin receiving a portion of those estate revenues. After a six-month pilot, it was determined that approximately 20% of collections were related to OHP expenditures that could be booked to OHA as a reduction of GF expense. Initially OHA proposed to swap GF for these OF estate recovery revenues. DHS agreed to review the issue as it made sense to book some of these expenditures back to OHA.

After review, it was determined by DHS that DHS budgeted an estimated revenue from estate recoveries of $27.2 OF that would be used instead of GF. This was based on an estimated $55.0 million TF of estate recoveries in 2019-21 which is in line with the budget once the Federal Government receives its share. Based on recent trends and the strong housing market, revised estimated estate recoveries are $66.8M TF. If the higher estimate is correct, making the split 80% DHS/20% OHA, could lead to DHS having a $484k budget problem in GF in APD assuming no movement of General Fund between agencies. DHS will need to collect about $70 million in TF from estate collections to make DHS fully whole without moving or asking for GF. Moving 20% of the Estates Recovery OF to OHA is $4-$5 million for a full biennium to OHA that would enhance available revenues or offset GF need.

Because the split has not yet occurred the early recoveries are all in DHS – this is a look forward situation so we would not go back and retroactively apply revenues – likely DHS will not have a shortfall if the higher amount is collected.

DHS and OHA plan to make the revenue shift as soon as is practicable from an accounting standpoint unless there are significant concerns over the shift. At this time no GF is planned to be moved between agencies. If collections do not continue at their current pace, DHS may have a small GF issue later in the biennium based on this shift of revenue without corresponding GF. However, based on the collection trends and the current split of revenue, DHS does not currently believe there will be a GF issue for DHS this biennium. If collections remain high DHS and now OHA will not have revenue shortfalls relating to estate recoveries. This is the reason for the mention of this issue the risks section.

Risks

Outside the normal risks of federal participation in funding DHS and normal changes in costs per case or caseloads, in DHS programs there are four major outstanding risks to the DHS budget at this time:

- I/DD caseloads and cost per case may continue to increase as the number of Oregonians coming to DHS for services and acuity levels increase. While it appeared this trend was starting to plateau, recent actuals have shown new growth in the caseload, the risk remains that the caseload forecast is low and/or cost per case rises during the biennium.
- TANF penalty for 2007. This penalty has been levied by the federal government, but DHS has not received final instructions on how and when the penalty will take effect. This is a $8 million risk to DHS TANF funds. DHS is still waiting on clarification as to the General Fund impact if any.
- $14.0 million ACF Disallowance finding. In December 2014 DHS completed a yearlong remediation process involving duplicate federal claims due to an OR-Kids financial transaction conversion issue. In that remediation DHS discovered that millions of decreasing adjustments were erroneously reported in 2011 – 2013. DHS discussed these errors with ACF and ACF requested that DHS wait until system enhancements and data fixes were completed before truing up the federal reimbursement report, which was completed in June 2015.

  If DHS had submitted the corrections when analysis was completed in December 2014 the retroactive reimbursement request would have been within allowable reporting requirements of two years. By waiting until June 2015 to finalize the reimbursement requests of increasing adjustments of $14,028,109.82 the request was outside the period of performance therefore a good cause waiver request was required. DHS submitted a good cause waiver request originally in February 2016 and ACF requested more detail for this request in early 2019.   On April 25, 2019, pursuant to 45 C.F.R. Sec 95.19 and 95.22, DHS submitted a request for a good cause waiver to the Administrative for Children and Families (ACF). DHS has not received a response from ACF as of this date. DHS believes that this will be approved. If it is not approved DHS will appeal. But this is still a possible risk to the DHS budget this biennium depending on timing and the results of the good cause waiver.
- As mentioned above there is a risk that estate recoveries will not reach projected levels based on recent trends and DHS may have a small GF need it this occurs.

- In Child Welfare, Title IV-E and Medicaid eligibility rates are changing over time. For example, in Well-being programs between 2018 and 2019 the IV-E Eligibility Rate declined by 2.57 percentage points and Medicaid eligibility declined by 0.5 percentage points. The changes may be due to changes in federal regulations, changes in the population being served, or changes in the providers being used. As these rates change, they impact the amount of expenditures that can be matched with federal funds, and thus the GF need. We will be monitoring these rates going forward in order to bring forward issues resulting from these changes.

Conclusion

DHS looks forward to working with the Legislature and Governor’s Office to address the budget issues outlined in this report and will continue to work with the Legislative Fiscal Office and Chief Financial Office on the budget and outstanding issues to ensure that the Legislature has the information it needs to make decisions about this rebalance report and request.

Attachment A DHS 2019-21 January 2020 Rebalance Appropriation and Limitation Adjustments

DIVISION	PROPOSED LEGISLATION / SECTION	FUND	REBALANCE ADJUSTMENT
Central Services/SAEC	ch 668 1(1)	General	9,798,222
	ch 668 2(1)	Other	246,424
	ch 644 section 108	Other	-
	ch 668 3(1)	Federal	3,718,082
		Total	**13,762,728**
Shared Services	ch 668 2(5)	Other	**(3,861,994)**
Debt Service	ch 668 1(5)	General, Debt Service	-
	ch 644 section 106	IE/ME Debt Service	-
		Total	**-**
SSP/VR	ch 668 1(2)	General	(5,576,926)
	ch 668 2(2)	Other	2,203,709
	ch 668 sec 4	Federal Non LTD	-
	ch 668 3(2)	Federal	(3,808,397)
		Total	**(7,181,614)**
CW	ch 668 1(3)	General	(18,216,795)
	ch 668 2(3)	Other	(457,447)
	ch 668 3(3)	Federal	(3,371,935)
		Total	**(22,046,177)**
APD/IDD	ch 668 1(4)	General	27,578,631
	ch 668 2(4)	Other	(18,428)
	ch 668 3(4)	Federal	(24,124,576)
		Total	**3,435,627**
		Total	**(15,891,430)**
	Total	General	13,583,132
		General DS	-
		Other	(1,887,736)
		Federal	(27,586,826)
		Federal Non-Limited	-
		Total	(15,891,430)

Attachment B

Total Department of Human Services Biennial Average Forecast Comparison						
	2019-21 Biennium		*% Change*	**Fall 2019 Forecast**		*% Change*
	Spring 19 Forecast	**Fall 19 Forecast**	*Between Forecasts*	**2019-21**	**2021-23**	*Between Biennia*
Self-Sufficiency						
Supplemental Nutrition Assistance Program (Households)	324,970	352,543	8.5%	352,543	350,421	-0.6%
Temporary Assistance for Needy Families - Basic & UN (Families: Cash Assistance)	17,405	18,566	6.7%	18,566	18,063	-2.7%
Child Welfare (children served)						
Adoption Assistance	10,509	10,539	0.3%	10,539	10,374	-1.6%
Guardianship Assistance	2,269	2,266	-0.1%	2,266	2,353	3.8%
Out of Home Care	7,077	6,745	-4.7%	6,745	6,636	-1.6%
Child In-Home	1,601	1,542	-3.7%	1,542	1,555	0.8%
Vocational Rehabilitation	10,347	10,398	0.5%	10,398	10,561	1.6%
Aging & People with Disabilities						
Long-Term Care: In Home	18,483	19,077	3.2%	19,077	19,357	1.5%
Long-Term Care: Community Based	12,131	12,240	0.9%	12,240	12,524	2.3%
Long-Term Care: Nursing Facilities	4,456	4,439	-0.4%	4,439	4,441	0.0%
Intellectual and Developmental Disabilities						
Total Case Management Enrollment	30,592	30,564	-0.1%	30,564	32,684	6.9%
Total I/DD Services	20,125	20,631	2.5%	20,631	21,387	3.7%