

Analysis

Item 10: Department of Human Services / Housing and Community Services Department Wildfire Response and Recovery

Analyst: Laurie Byerly

Request: Increase the Federal Funds expenditure limitation by \$31,500,000 and transfer General Fund between programs to provide shelter, food, and wraparound services to Oregonians impacted by wildfires.

Analysis: Under the state's Emergency Operations Plan guiding disaster response, the Department of Human Services (DHS) is the primary agency responsible for mass care, which includes congregate sheltering, feeding, distribution of emergency supplies, reunification of family members, emergency assistance, temporary housing, and other disaster assistance programs. Since the Labor Day wildfires, DHS has worked with various partners, including the Federal Emergency Management Agency (FEMA), community-based organizations (CBOs), local governments, and the American Red Cross to help perform these functions.

DHS also works very closely with the Housing and Community Services Department (HCSD) around housing and shelter needs, particularly as people move from shorter term shelter services into longer term housing arrangements. While there is not a budget action for HCSD included in this request, the agencies are bringing it forward jointly to emphasize this partnership and set the stage for future budget request(s) that will likely be needed to continue to assist thousands of displaced individuals.

This request is a follow up to a report on wildfire costs that DHS made to the Emergency Board on December 11, 2020 (Item #6). While cost estimates from that report essentially remain unchanged, the availability of General Fund resources within the agency's budget prompted DHS to bring this request forward now. As noted in the previous item on today's Emergency Board agenda (Item #9), an additional \$50.1 million General Fund is projected to be available this quarter due to a temporary 6.2% increase in the Federal Medical Assistance Percentage (FMAP), which is primarily used to help fund Medicaid programs. The executive branch plan designates \$31.5 million General Fund of those dollars for wildfire costs.

The Legislative Fiscal Office is recommending, instead, a General Fund allocation from dollars set aside specifically for wildfire-related costs in SB 5731 (2020 3rd Special Session). While the recommended funding of \$23.0 million General Fund is not expected to fully cover all costs, it should be able to make significant headway, especially when paired with FEMA funding. Timing of that assistance is uncertain, however, and may require the agency to continue to front costs and be reimbursed at a later date. The table below shows estimated costs through March 31, 2021, along with the optimal split between state and federal sources:

DHS Wildfire Response

2019-21 Cost Estimates Through March 31, 2021

Category	Q4 2020	Q1 2021
Shelter	12,153,333	32,180,000
Feeding	15,766,393	16,233,607
Wraparound Services	100,450	12,450,000
Systems Integration	-	-
Language Capacity	900,000	1,800,000
10% Contingency	-	-
Total by Quarter	28,920,176	62,663,607
	General Fund @25%	22,895,946
	FEMA Federal Funds @75%	68,687,837
	Overall Total	91,583,783

As a reminder, the agency's 2019-21 legislatively approved budget does not have any emergency support function expenditures built into it; these are extraordinary costs falling outside of normal agency operations, programs, or caseloads. DHS has been managing costs to date with cash balances or other resources on hand but will not be able to do so indefinitely. The agency will continue to report on cost projections, detailed spending plans, spending priorities, cost mitigation options, and updated information on FEMA financial participation during the 2021 session.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$22,895,946 General Fund from the special purpose appropriation made to the Emergency Board during the 3rd special session of 2020 for the state's wildfire recovery, prevention, and preparedness activities to the Department of Human Services for providing shelter, food, and wraparound services to Oregonians impacted by wildfires.

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Department of Human Services
Streepey/Webb

Request: Increase the Department of Human Services Federal Funds expenditure limitation by \$31.5 million due to increased federal funding from the enhanced Federal Medical Assistance Percentage (FMAP) rate. Within the Department of Human Services, transfer \$31.5 million of the General Fund appropriation in the Aging and People with Disabilities and Intellectual/Developmental Disabilities programs appropriation to the Central Services and State Assessments and Enterprise-wide Costs appropriation to cover wildfire-related costs.

Recommendation: Approve the request.

Discussion: Due to the COVID-19 pandemic and the declaration of a Public Health Emergency (PHE), the Department of Human Services (DHS) will receive an enhanced FMAP rate of 6.2 percent on eligible Medicaid expenditures, totaling approximately \$50.1 million for the January 1, 2021 through March 31, 2021 time-period. The Aging and People with Disabilities program (APD) and Intellectual and Developmental Disabilities program (I/DD) are the primary programs within DHS that will experience a General Fund savings. Of the total savings, \$18.6 million is being proposed for repurposing for COVID-19 related expenses, as described in a separate letter, resulting in \$31.5 million available to pay for wildfire costs.

The Department intends to use the General Fund FMAP savings for wildfire costs related to food, sheltering, language, and wraparound services. The Federal Emergency Management Agency (FEMA) reimbursements for eligible wildfire costs are expected to be 75 percent of the total costs; however, the timing and exact amount of FEMA reimbursements are not known at this time. It is expected that significant costs for assisting wildfire victims with response and recovery will continue to be incurred beyond March 31, 2021.

There may be an extension of the PHE and the enhanced FMAP rate extended beyond March 31, 2021, although this is currently unknown.

The Department of Human Services provides initial response to disasters. The Department's responsibilities include providing sheltering, food, language, and wraparound services to people impacted by the disaster. The Housing and Community Services Department provides longer-term recovery services related to sheltering and serves as an informational party to this request.

The Department of Human Services estimates sheltering, food, language, and wraparound services related to the wildfire disaster will be approximately \$63 million for the January 1, 2021 through March 31, 2020 time-period. Again, it is likely a large portion of these costs will be reimbursed by FEMA, potentially up to 75 percent, but the timing could occur after the end of the 2019-21 biennium. The need for services will likely continue through the remainder of the biennium and possibly into the 2021-23 biennium.

Legal Reference:

Increase the Federal Funds expenditure limitation established by chapter 668, section 3(4), Oregon Laws 2019, for the Department of Human Services, Aging and People with Disabilities and Intellectual/Developmental Disabilities Programs, by \$31,500,000 for the 2019-21 biennium.

Transfer of \$31,500,000 General Fund appropriation made by chapter 668, section 1, Oregon Laws 2019, for the 2019-21 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(1) Central Services and State Assessments and Enterprise-Wide Costs	\$+31,500,000
(4) Aging and People with Disabilities and Intellectual/Developmental Disabilities Programs	\$-31,500,000



Oregon

Kate Brown, Governor



January 5, 2021

The Honorable Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Request to use current Funding to Provide Shelter and Food to Wildfire
Survivors until FEMA provides reimbursement and increase Federal Funds
limitation

Nature of the request:

The Oregon Department of Human Services (ODHS) is requesting authority to use \$31.5 million in current General Fund freed up by COVID enhanced FMAP to provide shelter, food, and culturally appropriate wrap-around services to victims of the September 2020 wildfires, through the first quarter of 2021. To best isolate GF freed up due to enhanced FMAP, and move it to the Appropriation where expenditures will occur, ODHS is requesting to move the \$31.5 million in GF from the APD/IDD Appropriation to the Central Appropriation.

ODHS requests \$31.5 in Federal Funds limitation in the APD/IDD appropriation due to anticipated continuation of the enhanced FMAP of 6.2% through March 31, 2021. This will allow DHS to spend the enhanced Federal Funds in APD/IDD.

ODHS is pursuing FEMA reimbursement for as many of the expenditures as possible. However, those reimbursement funds are not anticipated to arrive earlier than Fall 2021. This means ODHS will have to “carry” General Fund until reimbursed by FEMA.

Agency Action:

Under Oregon’s Emergency Operations Plan, ODHS is responsible for Mass Care (sheltering, feeding, emergency assistance, and human services needs). In this role,

ODHS coordinates efforts among local and tribal governments, and nongovernmental organizations. For the September 2020 wildfires, ODHS contracted with the Red Cross to provide shelter (which has taken place through hotels, given COVID guidance) through December 31, 2020.

Starting January 1, 2021, ODHS assumed day-to-day management of sheltering activities in hotels and other locations. In addition, ODHS has been managing feeding efforts since Oct. 17 through several vendors to provide three hot meals to those being sheltered every day.

ODHS works in close partnership with Oregon Housing and Community Services (OHCS) on wildfire disaster response and recovery.

During recovery, OHCS's role is to:

- Facilitate equitable service care coordination with partners
- Advance equitable housing choices and opportunities
- Support equitable development and redevelopment of affordable housing

The collaboration between the two agencies is essential to help facilitate streamlined coordination at the local level for a smooth transition for Oregonians transitioning out of shelter. At this time, OHCS does not have a fiscal request for their role but will have needs in the future as long-term housing plans emerge.

The September 2020 wildfires brought many unique challenges, which are contributing to a lengthy and more expensive recovery than in past circumstances.

When the wildfires erupted, the American Red Cross immediately began providing shelter and meals to evacuees. But because of the COVID-19 pandemic, the Red Cross has not been able to use traditional congregate shelters and food sites, such as gyms and community centers. Instead, evacuees have been staying in hotels.

In addition, the wildfires disproportionately impacted aging and disabled, veterans, and Latinx households particularly hard, underscoring the importance of providing culturally and linguistically appropriate services and information.

Another unique aspect of this disaster is the length of time sheltering will be required. More than 4,000 homes were destroyed or sustained major damage. It is expected to take one year or more to even begin the process of rebuilding due to hazardous waste, damaged or destroyed utilities, and debris removal. In the meantime, there is an inadequate supply of affordable temporary housing in many of the areas affected by the wildfires. In addition, a significant number of people affected are undocumented, so they are not eligible for FEMA individual

assistance.

To meet these challenges, ODHS has been providing the following services;

- **Feeding:** Traditional feeding operations occur in congregate settings, such as large tents or convention centers. When people leave the center the feeding mission ends. During COVID-19, shelter needs to be provided in hotels and motels, not in large spaces containing many people. The need to provide shelter in hotels, coupled with the limited housing options, means the delivery of meals will need to endure for many months.
- **Shelter:** Three months after the start of the incident, FEMA's Direct Housing program has only been able to provide housing for 34 households (as of 12/28/2020) or about 50 individuals because of the factors listed above. ODHS estimates the need for sheltering in hotels will continue at least through June 2021.
- **Disaster Case Management:** ODHS is in the process of implementing a disaster case management program, and it has organized and implemented Multi-Agency Sheltering Transition Teams (MASTT). These teams are comprised of representatives from ODHS, OHCS, counties, regional recovery organizations, coordinating care organizations, FEMA, Housing and Urban Development, and the Red Cross. They assist survivors in their transition to housing by providing information, resources, access to various local, state, voluntary organizations, and federal programs while proactively addressing barriers.
- **Wrap-around services:** Initial priorities for wrap-around services will pay for community-based organizations (CBOs) case management. Through case management we will better understand the needs of survivors. We expect survivors' needs will increase during the time when they transition from shelter into interim housing.

Retroactive costs: From September to December 2020, ODHS, served more than 3,000 Oregonians. Cost breakdown for that period of time:

- Shelter: \$12,153,333
- Feeding: \$15,766,393
- Wraparound Services: \$100,450
- Language Services: \$900,000

Total: \$28,920,176 TF

Continuation of Services: As of Dec. 22, 2020, ODHS is sheltering 1,020 people in hotels. To continue to provide these services through March 31, 2021, the cost breakdown would be:

- Shelter: \$32,180,000
- Feeding: \$16,233,607
- Wraparound Services: \$12,450,000
- Language Capacity: \$1,800,000

Total: \$62,663,607 TF

Of this total \$90,843,607 TF, ODHS is working with FEMA to get reimbursement of 75% of eligible costs. Most likely, not all costs will be eligible, and it will be well into the 21-23 biennium before reimbursement occurs.

ODHS proposes, as a first step, to put \$31.5 million in COVID GF enhanced FMAP savings from Jan-Mar 21, towards this purpose. This GF is already in the ODHS budget. This will cover \$31.5 million of the total \$90.8 estimated TF need. As mentioned in the COVID service continuation letter also submitted to this Emergency Board, an estimated \$50.1 million of GF is anticipated to be “freed up” due to COVID enhanced FMAP. The ODHS COVID letter “spends” \$18.6 of this amount leaving the \$31.5 million for this purpose.

As in the COVID letter, to best isolate GF freed up due to enhanced FMAP, and move it to the Appropriation where expenditures will occur, ODHS is requesting to move the \$31.5 million in GF from the APD/IDD appropriation to the Central appropriation.

ODHS does request \$31.5 million of corresponding FF due to the increase in FMAP. ODHS will return at a future time for further reconciliation of this budget as more actuals begin to come in and discussions with FEMA as to timing continue. ODHS will also return for Other Funds limitation for FEMA reimbursements.

ODHS will likely need additional GF, OF and FF to cover the full amount of estimated fire costs as described above until reimbursed through FEMA funding. ODHS, due to the current budget situation, is looking internally for savings to help defray these costs especially if extended through June.

Action Requested:

ODHS requests the following:

- Approval to move \$31.5 million GF currently in the APD/IDD appropriation to the Central appropriation.

- Increase Federal Fund limitation of \$31.5 million in the APD/IDD appropriation based on the enhanced FMAP from Jan-Mar 2021 which is the \$50.1 million adjusted for by the \$18.6 million requested in the COVID letter also submitted to this Emergency Board under separate cover.

Legislation Affected:

Central ch 668 1(1) increase by \$31,500,000
APD/IDD ch 668 1(4) decrease by \$31,500,000
APD/IDD ch 668 3(4) increase by \$31,500,000

If you have questions, please contact Edwin Flick at 503-945-5600.

Sincerely,



Fariborz Pakseresht
Director

Oregon Department of Human Services



Margaret Salazar
Executive Director

Oregon Housing and Community Services

cc: Ken Rocco, Legislative Fiscal Office
Laurie Byerly, Legislative Fiscal Office
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