

Department of Human Services (DHS) – Agency Totals

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	2,713,968,780	3,109,000,548	3,206,487,172	3,723,069,270	3,797,162,519
Other Funds	484,567,909	598,001,557	666,808,960	570,282,885	623,272,839
Federal Funds	4,601,139,098	5,463,087,605	5,575,122,100	5,823,621,440	5,915,982,780
Federal Funds (NL)	2,129,912,523	2,214,345,331	2,214,345,331	2,214,345,331	2,214,345,331
Total Funds	9,929,588,310	11,384,435,041	11,662,763,563	12,331,318,926	12,550,763,469
Positions	8,029	8,349	9,075	9,162	9,339
FTE	7,877.90	8,164.07	8,616.92	9,084.50	9,122.81

* Includes Emergency Board and administrative actions through December 2018.

Program Description

The Department of Human Services (DHS) supports children, families, seniors, people with physical disabilities, and individuals with intellectual/developmental disabilities by providing a range of services through 170 field offices and many community partners. The agency's mission is to help Oregonians in their own communities achieve safety, well-being, and independence through services that protect, empower, respect choice, and preserve dignity. Programs are budgeted in five primary service groupings:

- Self Sufficiency (SS) – Assists low-income families by promoting family stability and helping them become self-supporting. Programs help clients meet basic needs, such as food and shelter, and provide job training, employment assistance, parenting supports, and childcare.
- Child Welfare (CW) – Provides prevention, protection, and regulatory programs for Oregon's vulnerable children. This includes programs that provide safe and temporary or, if necessary, permanent families for children that have been abused or neglected.
- Vocational Rehabilitation (VR) – Works with businesses, schools, and community programs to assist youth and adults with disabilities other than blindness to obtain, maintain, or advance in employment.
- Aging and People with Disabilities (APD) – Provides long-term care and other services to seniors and people with physical disabilities. Clients receive services in their own homes, in community-based care settings, and in nursing facilities.
- Intellectual and Developmental Disabilities (IDD) – Serves children, adults, and families affected by intellectual and developmental disabilities. Program services include in-home supports and out-of-home, 24-hour services delivered by various care providers.

CSL Summary and Issues

At an increase of \$516.6 million General Fund, the 2019-21 CSL is 16.1% General Fund and 5.7% total funds higher than the 2017-19 legislatively approved budget. Regarding General Fund, close to 50% of the increase is tied to caseload and cost per case increases, with other inflation, personal services cost increases, debt service, and phase-ins accounting for about 24% of the growth. A fundshift of \$140 million from Other and Federal Funds to General Fund contributes about 26% of the increase; this is primarily due to losing federal dollars because of a drop in Oregon's Federal Medical Assistance Percentage (FMAP).

Policy Issues

- Although a useful comparison for budget discussions, the CSL budget does not fully address issues, such as capped federal grants or limits on the use of TANF for administrative costs, that are creating structural (and expensive) budget problems.
- Recent investments in Child Welfare are helping address concerns from both executive and legislative leadership about child safety and staff workload in program but are likely to be assessed as inadequate. Challenges around using TANF to cover program costs is driving a need of at least \$40 million General Fund just to keep the program at existing levels, without any enhancements.
- An overarching policy/budget issue for the agency continues to be how to best prioritize a diverse set of programs at the agency-wide level and within individual programs and to what extent should a program be reduced – if no additional resources area available – to invest in a higher priority program.
- While DHS continues to bring forward options to stabilize caseloads and costs for both APD and IDD, proposed changes to these programs or their operations continue to encounter both political and legal challenges.
- Regarding budget choices, there are some project or budget needs, such the ONE Integrated Eligibility & Medicaid Eligibility system project, that required funding to be completed and may have to be supported while compromising direct services in the short-term.
- There is an ongoing demand to increase rates for providers across the DHS services spectrum: these include providers of foster, child, residential, direct, and long term care.
- Potential or enacted federal law changes continue to affect the agency's budget; these include implementation of the Family First Prevention Services Act, Medicaid electronic visit verification requirements, Temporary Assistance for Needy Families (TANF) reauthorization, changes to the Supplemental Nutrition Assistance Program, Social Services Block Grant modifications, Home and Community Based Services (HCBS) settings rules, Workforce Innovation and Opportunity Act (WIOA) implementation, and Child Care Development Fund (CCDF) requirements.

Other Significant Issues and Background

- The CSL, which was adjusted during development of the Governor’s budget, is based on the fall 2018 caseload forecast. The spring 2019 forecast will need to be incorporated into the 2019-21 legislatively adopted budget; depending on caseload trends, the updated forecast could result in either a net increase or decrease in the projected budget for caseload-driven expenditures.
- During the 2017-19 interim, the agency reported on position management activities as prescribed by budget note. Little progress was made on cleaning up vacant positions and double fills; next steps are yet to be determined. Budget note reporting was also required on Child Welfare and the Intellectual and Developmental Disabilities programs.
- The policy issues noted above are not all inclusive and subject to change, especially as legislative interests and priorities evolve.
- Since the 2017 legislative session, the Secretary of State Audits Division has released four performance audits, reviews, or advisories related to DHS programs:
 - Management Letter No. 100-2017-08-01; a review of concerns regarding Office of Payment Accuracy and Recovery’s overpayment referral handling procedures.
 - Report No. 2017-23; an audit of the Aging and People with Disabilities Consumer-Employed Provider Program (heard by Joint Committee on Legislative Audits in November 2017).
 - Report No. 2018-05; an audit of Foster Care in Oregon (heard by Joint Committee on Legislative Audits in May 2018).
 - June 2018; an advisory report on Supplemental Nutrition Assistance Program (SNAP) Fraud Investigations.
- The agency request budget included 57 policy packages costing a total of \$663.7 million General Fund (\$1.2 billion total funds) and almost 4,000 positions. In addition to taking reductions and supporting select program investments, the Governor’s budget funded all or portions of 15 of these packages. At \$12.6 billion total funds (\$3.8 billion General Fund), the Governor’s budget is a 7.6% increase from the 2019-21 legislatively approved budget and a 1.8% increase from CSL.
- With some exceptions, standard program reductions in the Governor’s budget for DHS increase vacancy savings by 5% and remove inflation on services and supplies expenditures. Statewide reductions tied to changes in Department of Administrative Services’ (DAS) assessments and Department of Justice (DOJ) legal charges are also applied. The agencywide total for General Fund reductions is just over \$47 million; these savings effectively pay for more than half of the General Fund investment over CSL.

DHS – Self Sufficiency

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	437,708,507	346,281,476	395,195,756	457,882,613	445,941,437
Other Funds	101,806,247	100,233,063	108,963,729	91,182,241	102,201,768
Federal Funds	299,664,391	440,547,163	534,237,954	571,902,877	587,306,958
Federal Funds (NL)	2,129,912,523	2,214,345,331	2,214,345,331	2,214,345,331	2,214,345,331
Total Funds	2,969,091,668	3,101,407,033	3,252,742,770	3,335,313,062	3,349,795,494
Positions	2,043	2,049	2,514	2,522	2,520
FTE	2,034.49	2,048.63	2,358.29	2,519.10	2,517.10

* Includes Emergency Board and administrative actions through December 2018.

Program Description

Self Sufficiency (SS) programs assist low-income families by meeting critical needs while helping them become self-supporting. Major programs in this area include:

- The Supplemental Nutrition Assistance Program (SNAP) – Offers federally funded benefits to help low-income families, single adults, and childless couples buy the food they need to stay healthy. In September 2018, 625,523 Oregonians received SNAP benefits worth more than \$76 million for the month. The benefit costs are included in the budget as Nonlimited Federal Funds.
- Temporary Assistance to Needy Families (TANF) – Provides cash assistance grants, which, when coupled with SNAP benefits, supply basic supports for families with children under the age of 19 that meet eligibility criteria. In September 2018, a total of 20,567 families received TANF cash assistance. Income qualification and benefit amounts are based on family size and expenses. Other program services include assistance and support services for Domestic Violence survivors; services to families eligible for Supplemental Security Income or Supplemental Security Disability Income (pre-SSI/SSDI); and Family Support and Connections services to help families at risk of child abuse or neglect.
- Employment Related Day Care (ERDC) – Helps parents stay employed by subsidizing child care services for low-income working families. Clients make a co-payment based on income and household size, and the state subsidizes the remaining costs up to the DHS maximum rate. In September 2018, 8,022 families received ERDC subsidies for 15,231 children in day care.

Programs are administered through coordination and collaboration with families and individuals as well as community partners, and through direct services provided by state staff. Field staff provide program services and benefits to clients through more than 100 field and branch offices throughout the state.

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$457.9 million. This is an increase of \$62.7 million or a 15.9% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$3.3 billion, or an increase of \$82.6 million over the 2017-19 approved budget. Notable CSL adjustments for Self Sufficiency include a phase-in of \$9.5 million General Fund due to the transfer of Medicaid eligibility services from the Oregon Health Authority (OHA) to DHS. While the change occurred during the 2017-19 biennium, the budget needs further adjustments to pay for this centralized eligibility work and associated tools. To account for the use of one-time federal dollars for ERDC and TANF, \$29.2 million General Fund is added to backfill those expenditures and maintain programs.

Policy Issues

By mid-2019, the DHS caseload forecast projects TANF caseloads to fall to levels not seen since autumn 2006 (pre-recession levels). While the both the floor itself and the timing for reaching it have fluctuated in recent forecasts, the 2017-19 budget pulled \$60 million General Fund out of the TANF budget to account for the caseload decline. The amount of General Fund left in the program is expected to be adequate for meeting federal 2017-19 Maintenance of Effort (MOE) requirements, but the reduction has given the program less flexibility for managing within a 15% cap on program administrative costs; these administrative costs accrue in both Self Sufficiency and Child Welfare, since a portion of the federal TANF funds are also used in the latter program.

The Department estimates it needs \$60 million General Fund in 2019-21 to cover administrative costs beyond the cap and realign General Fund/TANF between the two programs; the TANF block grant has not increased since 1996. This loss of purchasing power over the last 20 years exacerbates the impact of administrative costs, as they continue to grow (largely driven by employee salaries). The maximum TANF cash assistance grant (one parent with two children) has been capped at \$506 per month since 2011, which concerns anti-poverty advocates.

Recently, DHS and the Oregon Department of Education, Early Learning Division (ELD) developed a plan on how best to spend an increase in federal Child Care Development Block Grant (CCDBG) resources made available for Federal Fiscal Year (FFY) 2018. This additional \$25.6 million must obligated or liquidated (spent) by September 30, 2019. Portions of the plan were acted on by the Emergency Board at its September 2018 meeting, with additional ELD actions and ERDC changes in December. The cost of the plan going forward needs to be built into the 2019-21 budget, along with expectations for what happens if federal funds do not continue to be awarded at the higher level.

Other Significant Issues and Background

The 2019-21 agency request budget for the program included 7 policy packages at a combined cost of \$60.5 million General Fund (\$63.6 million total funds). These include \$20 million each for emergency housing assistance and ERDC. A total of 107 positions (95.48 FTE) would fund the workload model at 100% and true-up agency position or classification issues.

The Governor's budget does not pay for any new General Fund initiatives but does add \$1.7 million General Fund to cover 2019-21 costs associated with the carrying forward budget actions approved by the Emergency Board in December 2018. The budget includes non-General

Fund policy packages from the agency request budget that expand ERDC, continue grant funded limited-duration position, promote education attainment for parents, and transfer TANF funds to Oregon Housing and Community Services to help provide emergency housing.

The budget also transfers the agency's Runaway and Homeless Youth program internally from Child Welfare to Self Sufficiency) and realigns some TANF spending between Federal Funds and General Fund. The Governor's 2019-21 budget for Self Sufficiency is a 3.0% increase over the 2017-19 legislatively approved budget and a less than one percent increase over current service level; General Fund is 2.6% below CSL.

DHS – Child Welfare

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	396,011,542	551,626,007	601,121,145	705,519,866	761,934,034
Other Funds	18,124,012	28,127,216	33,823,561	40,052,237	39,495,732
Federal Funds	498,823,061	488,649,642	540,082,805	591,606,400	525,802,194
Total Funds	912,958,615	1,068,402,865	1,175,027,511	1,337,178,503	1,327,231,960
Positions	2,590	2,745	2,920	3,139	3,217
FTE	2,544.82	2,686.79	2,761.73	3,081.46	3,045.70

* Includes Emergency Board and administrative actions through December 2018.

Program Description

Child Welfare (CW) programs work to assure the safety of children and provide services to their families, by responding to reports of child abuse or neglect, providing in-home supports or out-of-home care when necessary, and arranging adoption or guardianship services and supports. The children served are dependent, neglected, abused, mentally or physically disabled, and/or placed in the state's legal custody.

- Child Safety Services – Assesses reported child abuse or neglect and, if needed, prepares and implements safety plans for children, including case management or contracted services for families. Services may include substance abuse treatment, domestic violence and sexual abuse services, in-home safety and reunification services, and System of Care flexible funding. The Strengthening, Preserving and Reunifying Families (SPRF) program delivers community based programs and services for children and families involved in the child welfare system. Under Differential Response (DR), caseworkers conduct a safety assessment, the family participates in a needs and strengths assessment, and alternative services may be offered; however, with passage of SB 942 (2017) the DR program was suspended. The bill requires every Child Protective Services (CPS) investigation to conclude with a disposition of founded, unfounded, or unable to determine; this disposition requirement does not fit with the Department's DR model.
- Substitute (out-of-home) Care – Represents a broad range of care, supervision, and treatment services for children in temporary or permanent custody of the state. Family foster care homes and “special rates” foster care are the primary service elements. Residential Care is provided by private agencies in residential or therapeutic foster care settings for children who cannot live in a family setting. Providers are reimbursed for a portion of the cost of a child's room and board, clothing, school supplies, and personal incidentals; medical, dental, and mental health services are also provided for children in the state's custody. For older youth, independent living services help with the transition out of the foster care system.

- Adoptions Program – Provides adoption and guardianship services to help achieve permanent living placements for children in the child welfare system who cannot return home, including subsidy payments to help remove financial barriers to adoption or guardianship for special needs children.

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$705.5 million. This reflects an increase of \$104.4 million or a 17.4% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$1.3 billion, or an increase of \$162.2 million over the 2017-19 budget.

The CSL for Child Welfare contains \$37 million General Fund (\$8.6 million Federal Funds) and 228 positions (109.00 FTE) to maintain staffing at 87.9% of the workload model as approved for 2017-19; this count includes 150 case worker positions. The CSL also includes the roll-up of 186 positions (85.390 FTE) that were added by the Legislature in the 2019 session. To address cost per case and nonstandard inflation related to caseload, General Fund is increased by \$29.4 million. Due to changes in federal match rates, an expiring waiver, and capped federal funding sources, \$11.7 million is shifted from Federal Funds to General Fund.

Policy Issues

Interim reporting and the Secretary of State audit on foster care continue to highlight concern about the program; while some investments have been made it is difficult to assess to what extent the agency is making progress on child safety, provider oversight, policy alignment, program performance, system accountability, and culture change. Areas of effort and interest with a budget lens include:

- Recruitment, hiring, and retention of quality caseworkers
- Effective use of newly authorized positions and ability to strategically deploy existing positions
- Next steps for legal representation of caseworkers and assessment of associated outcomes
- Ability to track and respond to changes in federal programs or funding
- Future impact and resource needs related to a new workload model still under development
- Impacts on program and outcomes related to program leadership changes
- Potential disconnects between what data indicate and anecdotal or other information on program performance
- Challenges in determining what the next best investment might be and inability to prioritize next steps

Policy and funding implications of the federal Family First Prevention Services Act are still being identified and have not yet been addressed in the budget. While the act was passed in February 2018, related federal guidance and instructions were not issued until late fall 2018; the law makes substantial changes to federal financing of child welfare and has significant implications for the structure of the Oregon's program.

Other Significant Issues and Background

The 2019-21 agency request budget for the program included 16 policy packages at a combined cost of \$311.4 million General Fund (\$342.7 million total funds). These numbers include a total of 3,228 positions (3,177,61 FTE), however, more than 2,400 of these are currently existing positions that were formerly supported by Federal Funds—primarily TANF funds that are proposed to be retained in Self Sufficiency—that cost \$65.6 million General Fund to continue. The net increase of 808 “new” positions (\$105.5 million General Fund) includes 375 positions to bring the workload model to 100%, 126 positions for case aides and other support functions, and 119 positions for centralized screening. Another \$118.9 million General Fund, along with 161 positions (141.68 FTE) would restore and expand services formerly supported by the IV-E waiver. The Governor’s budget for Child Welfare is a 13.0% total funds increase over the 2017-19 legislatively approved budget and almost 1.0% below current service level, however, the General Fund is 8.0% over CSL. The vacancy savings increase for this program is limited to 2.5% of personal services (instead of 5%); in addition to this action other spending decreases include the removal of one-time funds and adjustments tied to lower federal revenues. The timing of mandated caseload positions built into CSL is changed to bring positions one halfway through the biennium, which reduces General Fund need by \$14 million.

Freeing up General Fund helps cover several budget needs or investments, including an increase of \$40 million General Fund to maintain positions otherwise lost due to TANF funding constraints and \$3.5 GF to strengthen therapeutic foster care; this last item includes several elements to be developed with agency partners under a more robust system of care model. Funding for caregiver training at \$1.2 million General Fund will increase training for relative and non-relative foster care providers to assure the safety of children. Efforts to improve foster family recruiting will be shored up with \$3 million General Fund to pay for specialized family foster care recruitment team; this amount includes funding for 17 positions (17.00 FTE).

An increase of \$8.5 million General Fund supports higher monthly service rates, along with enhanced and expanded services, for the independent living program. A new program for sex education for foster youth, at a cost of \$1.7 million General Fund, is intended to ensure adolescents have the knowledge, confidence, and skills necessary for improving sexual health outcomes. Expansion of the KEEP program, which provides enhanced trauma informed training for foster parents, is funded with \$3.1 million General Fund. Completing the statewide roll out of caseworker legal representation, by the Department of Justice for caseworkers, is covered with \$6 million General Fund.

A pilot project that is intended to improve visitation services for parents and children through interactive visit coaching, is funded with \$5.5 million General Fund; this effort includes two new positions (2.00 FTE). Finally, the Governor’s budget also includes \$10.2 million General Fund and 46 positions (45.28 FTE) to finish implementation of the Oregon Child Abuse Hotline.

DHS – Vocational Rehabilitation

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	24,965,718	29,086,009	29,533,924	35,629,792	35,271,840
Other Funds	2,315,297	2,331,562	2,337,472	2,436,795	3,013,701
Federal Funds	83,526,341	81,129,815	85,660,464	83,014,868	83,968,066
Total Funds	110,807,356	112,547,386	117,531,860	121,081,455	122,253,607
Positions	260	259	259	258	261
FTE	258.09	258.25	258.25	257.04	260.04

* Includes Emergency Board and administrative actions through December 2018.

Program Description

Vocational Rehabilitation (VR) services works with businesses, schools, and community programs to help youths and adults with disabilities other than blindness prepare for and find employment. On average, 11,197 clients per month are expected to be served in 2019-21 biennium, which is a 6.3% increase from the current biennium.

- Vocational Rehabilitation “Basic Services” – Provides training, vocational, and educational services to persons with disabilities that are substantial impediments to obtaining or maintaining employment. These services are delivered through field offices and employees out stationed across the state.
- Youth Transition Program – Provides coordinated vocational rehabilitation services to students who are currently in school to ensure a smooth transition to adult services and employment after school completion.
- Supported Employment Services – Provides intensive training, job placement, and job coaching services to individuals with the most significant disabilities who can obtain competitive employment.
- Independent Living Program – Supports the State Independent Living Council and community-based Centers for Independent Living, which help persons with severe disabilities maintain independence at home, in the community, and in employment.

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$35.6 million. This is an increase of \$6.1 million or a 20.6% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$121.1 million, or an increase of \$3.5 million over the 2017-19 budget.

The CSL includes an increase of \$4.9 million General Fund to backfill one-time federal reallocation funds that were used to support program services in 2017-19. Vocational Rehabilitation caseloads are not considered mandated, so adjustments to account for caseload growth or costs above inflation are not built into CSL.

Policy Issues

The program continues to be challenged by increasing caseload and requirements associate with federal Workforce Innovation and Opportunity Act (WIOA) implementation; no new funding accompanied the law changes.

In addition, while the program has been repeatedly successful in requesting and receiving federal reallocation dollars to maintain the program, increases in both caseloads and costs also increase the risk of having to operate under an order of selection to manage the program; this action is required when demand for services exceed capacity and budget. The order mandates that services must be provided first to the most severely disabled individuals, with people who cannot be served placed on a wait list. DHS has not had to use the list since July 2010, but the program continues to assign priority levels to individuals in preparation for reinstating a wait list if needed.

Other Significant Issues and Background

The 2019-21 agency request budget for the program included 7 policy packages at a combined cost of \$19.9 million General Fund (\$20.2 million total funds). Funding requests include \$6.1 million General Fund for career technical education and youth transition program services, along with 10 positions (10.96 FTE) and \$3.1 million General Fund to help cover WIOA costs and true-up positions. Fully supporting the workload model at 100% would cost \$9.6 million General Fund to support 62 new positions (46.50 FTE).

The Governor's budget does not pay for any new General Fund initiatives but does add \$4.4 million Federal Funds to build in expected federal reallocation dollars. A little over half a million Other Funds and three positions will support pre-employment transition services; under federal law the program is required to coordinate with school districts to provide these services for all students with disabilities who are or may be eligible for VR services. The Governor's 2019-21 budget for Vocational Rehabilitation is a 4.0% increase over the 2017-19 legislatively approved budget and a 1.0% increase over current service level; General Fund is 1.0% below CSL.

DHS – Aging and People with Disabilities

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	866,700,420	1,028,740,708	1,018,971,037	1,207,637,026	1,231,954,898
Other Funds	187,143,856	228,832,647	265,740,018	218,081,806	217,368,227
Federal Funds	1,958,014,226	2,289,999,875	2,255,802,269	2,435,466,260	2,451,068,784
Total Funds	3,011,858,502	3,547,573,230	3,540,513,324	3,861,185,092	3,900,391,909
Positions	1,348	1,464	1,488	1,457	1,487
FTE	1,337.90	1,397.51	1,407.26	1,447.97	1,489.22

* Includes Emergency Board and administrative actions through December 2018.

Program Description

Aging and People with Disabilities (APD) and its partners provide services for seniors and adults with physical disabilities. Historically, APD administered Oregon’s Medicaid long-term care program per a federal Home and Community-Based Care (HCBS) waiver under Section 1915(c) of the Social Security Act. Since July 2103, many services now fall under the K Plan, which is a Medicaid state plan option authorized under the Affordable Care Act. Oregon Project Independence (OPI) provides in-home services outside of the Medicaid program. Federal Older American Act services include abuse prevention, caregiver supports, medication management, nutrition services, senior employment, legal issues, and other support services. The program also includes federally required supports to aged, blind, and disabled persons who receive Supplemental Security Income (SSI).

Medicaid long-term care services for the elderly and clients with physical disabilities fall into one of three major delivery categories: in-home programs designed to delay the need for costlier institutionalized care; community-based facilities or “substitute homes;” and nursing facilities. In-home care services are provided by home care workers who are employees of the client with oversight by the Home Care Commission and through providers working through local Area Agencies on Aging (AAAs). Community-based facilities include adult foster care homes, assisted living, residential care, and enhanced residential care.

Eligibility for Medicaid long-term care is based in part upon the ability to perform certain activities of daily living. Applicants for Medicaid long-term care are evaluated on their ability to perform activities of daily living such as eating, toileting, mobility, bathing, and dressing. This evaluation is used to rank the applicant within categories known as “service priority levels.” Priority level 1 clients are those most unable to perform activities of daily living and more likely to need services offered in nursing facilities. In contrast, those at lower priority levels are less impaired and more likely to receive in-home assistance. Oregon provides services for clients in categories 1 through 13. Participation can also be tied to income, assets, and eligibility under other programs.

APD is the state administrator of the Older Americans Act (OAA), a federal program targeted to people 60 years of age and older. The state distributes the funds to local partners, which deliver a variety of services including information and referral, transportation, congregate meals and “meals on wheels,” senior employment programs, legal services, insurance counseling, and family caregiver counseling and training.

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$1.2 billion. This is an increase of \$188.7 million or a 18.5% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$3.9 billion, or an increase of \$320.7 million over the 2017-19 budget.

Growth in the CSL for the Aging and People with Disabilities’ program budget is largely driven by caseload growth and associated costs. Fund shifts, mostly due to the FMAP rate change, increase General Fund need by \$51.1 million. The CSL also includes \$21.4 million General Fund to cover phased-in program costs and the roll-up of positions approved in the 2017-19 biennium.

Policy Issues

With implementation of the K Plan in the 2013-15 biennium, DHS was able to expand person-centered and community-based services for eligible seniors and people with physical and developmental disabilities. The plan also allows Oregon to receive a six percentage point increase in the matching rate the state receives from the federal government. These additional dollars are built into the budget but have not been able to offset growth in caseload and cost per case, some of which are associated with the K Plan or other policy changes.

More recently, as part of legislative budget discussions during both the 2015 and 2017 legislative sessions and concerns about caseload and cost growth, DHS was directed to develop program sustainability options. This resulted in some program changes built into the 2017-19 legislatively adopted budget, however, the cost savings associated with those changes has been impacted by a legal challenge and its related settlement agreement.

Other Significant Issues and Background

The 2019-21 agency request budget for the program included 12 policy packages at a combined cost of \$102.3 million General Fund (\$134.5 million total funds). Funding requests support a total of 326 positions (296.69 FTE) and cover initiatives including full funding of the workload model, position true-up actions, additional case management and system access efforts, family caregiver and community supports, adult protective services resources, deaf and hard of hearing program services, and information technology initiatives.

The Governor’s budget for Aging and People with Disabilities is a 10.2% increase over the 2017-19 legislatively approved budget and a 1.0% increase over current service level; General Fund is 2.0% over CSL. Included in the budget is \$25.5 million General Fund (\$37.2 million total funds) to cover rate and cost of living increases for certain service providers: adult foster homes, assisted living facilities, residential care facilities, memory care facilities, Providence ElderPlace, and in-home agencies. The investment also includes 25 surveyor positions (25.00 FTE) to eliminate a backlog of inspections and to keep up with required ongoing oversight. Additional General Fund and position authority

will cover 2019-21 costs associated with the carrying forward budget actions approved by the Emergency Board in December 2018; these are resources needed to address nursing facility complaint investigations.

DHS – Intellectual and Developmental Disabilities

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	750,571,318	885,640,676	880,473,687	997,381,374	988,557,917
Other Funds	39,769,895	27,952,491	28,113,603	28,964,390	34,959,435
Federal Funds	1,592,951,485	1,808,925,375	1,810,396,130	1,883,854,298	1,892,467,815
Total Funds	2,383,292,698	2,722,518,542	2,718,983,420	2,910,200,062	2,915,985,167
Positions	958	903	914	913	924
FTE	893.69	902.00	909.70	912.42	895.94

* Includes Emergency Board and administrative actions through December 2018.

Program Description

The Intellectual and Developmental Disability (IDD) program serves over 25,000 children and adults with intellectual and developmental disabilities throughout their life span. This program's mission is to help individuals be fully engaged in life and, at the same time, address any critical health and safety needs. The state, counties, brokerages, providers, families, and self-advocates are all critical parts of Oregon's Developmental Disabilities service system that focuses on individuals with I/DD living in the community and having the best quality of life at any age. Oregon no longer has an institutional facility for persons with developmental disabilities, so all clients are served in the community. Most of these services are administered under Medicaid waivers.

To receive services, individuals must meet eligibility requirements and have intellectual or developmental disabilities that impede their ability to function independently. These disabilities include mental retardation, cerebral palsy, Down's syndrome, autism, and other impairments of the brain that occur during childhood. Some program clients also have significant medical or mental health needs.

Community Developmental Disability Program (CDDP) offices at the county level determine eligibility for I/DD services, assess client needs, determine service rates, arrange and oversee contracts with providers, and respond to protective services issues. Regional brokerages provide case management and link individuals with services. Local providers deliver the support and residential services. The budget covers payments to counties and brokerages for program administration as well as for program services. Brokerage enrollment is capped, so when services demand increases, the CDDPs try to cover the gap.

In-home services are typically provided by individuals hired by the client, with the help of a personal agent, who gives them the assistance they need to remain in their own homes. Primary support services available include home modifications and services to help clients function appropriately within their communities, respite care for primary caregivers such as parents, and non-medical transportation. Other clients

may live in residential facilities or group homes. The Stabilization and Crisis Unit (SACU) provides 24-hour community residential care for approximately 100 people who have intensive support needs because of medical or behavioral conditions.

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$997.4 million. This is an increase of \$108.1 million or a 12.3% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$2.9 billion, or an increase of \$197.0 million over the 2017-19 approved budget. The CSL for IDD also is heavily influenced by caseload growth, with \$23.0 million included to address mandated caseload costs. Phase-ins drive an increase of \$4.1 million General Fund; these are primarily tied to the roll-up of provider rate increases and collective bargaining agreements. Even after applying participation rate savings, a lower FMAP requires backfill of \$43.3 million General Fund to offset the projected loss in federal resources.

Policy Issues

With implementation of the K Plan in the 2013-15 biennium, DHS was able to expand person-centered and community-based services for people with developmental and intellectual disabilities. Under the K Plan, access to services for children is virtually unrestricted while lifting caps on support services make programs more attractive to adult clients. Trying to estimate how many more clients, particularly children, may come seeking services is challenging.

Lawsuits or other legal actions have historically impacted this caseload; for example, the class action settlement agreement for a 2012 lawsuit (Lane v. Brown) that alleged Oregon unnecessarily segregates individuals with IDD in sheltered workshops, in violation of the rights of these individuals under federal law. In 2013, under executive orders and with funding from the Legislature, the agency committed to phasing out sheltered workshops and to replace them with employment services directed toward integrated workplaces. Over the last two biennia, \$13 million General Fund (\$27 million total funds) has been directly added to the budget for these efforts.

Action related to a 2017 lawsuit filed by Disability Rights Oregon, C.S. v Saiki Lawsuit, prevented IDD from using the Adult Needs Assessment (ANA) and Child Needs Assessment (CNA) to reduce authorized in-home service hours prior to levels authorized up to September 2016. This eliminated expected cost savings and required the program to develop and implement improved assessment and service planning processes.

Other Significant Issues and Background

The 2019-21 agency request budget for the program included 7 policy packages at a combined cost of \$120 million General Fund (\$342.1 million total funds). Funding requests including funding the workload model at 100%, at \$19.3 million General Fund, and \$84.9 million General Fund to better support the workforce. Other initiatives would true-up positions, improve supports for children with significant needs, provide more employment services, and begin work on a statewide program data system.

Along with taking reductions for a higher vacancy rate and removing services and supplies inflation, the Governor's budget makes the following program reductions in IDD. These include using the remainder of the Fairview Trust, closing the SACU Elliott homes, reducing CDDP and brokerage equity from 95% to 93%, and lowering the budget tied to job coaching hours. Collectively, actions curtailing spending freed up \$17.3 million General Fund.

The Governor's budget includes one policy package to help children with significant needs by adjusting residential capacity and slots to support step down from more restrictive group home settings, along with expanding the capacity in the waiver programs that support children with intensive medical needs in their family homes. This investment costs \$25.5 million total funds (\$8.5 million General Fund) and includes 11 positions (7.52 FTE). The total funds Governor's budget for Intellectual and Developmental Disabilities is a 7.2% increase over the 2017-19 legislatively approved budget and just barely above current service level; General Fund is almost 1% below CSL.

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

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	238,011,275	267,625,672	281,191,623	319,018,599	333,502,393
Other Funds	135,408,602	210,524,578	227,830,577	189,565,416	226,233,976
Federal Funds	168,159,594	353,835,735	348,942,478	257,776,737	375,368,963
Total Funds	541,579,471	831,985,985	857,964,678	766,360,752	935,105,332
Positions	830	929	980	873	930
FTE	808.91	870.89	921.69	866.51	914.81

* Includes Emergency Board and administrative actions through December 2018.

Program Description

This program unit display combines three central budget structures providing an array of services and supports for DHS and, in the case of Shared Services, for Oregon Health Authority (OHA) programs. Central Services includes functions directly related to policy and program in the agency, such as the agency director's office, communications, portions of budget and human resources, and the Governor's Advocacy Office.

With the transition of some former DHS programs to OHA, a number of support functions were designated as shared services. Some functions are housed in OHA and some in DHS, but all shared services units support both agencies. DHS' portion of Shared Services includes budget, forecasting, financial services, human resources, facilities, research and analytics, imaging and records, contracts and procurement, training, internal audit, payment recovery, and background checks.

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

CSL Summary and Issues

The 2019-21 current service level for General Fund is \$319.1 million. This is an increase of \$36.1 million or a 13.5% increase over the 2017-19 legislatively approved budget. The total funds current service level is \$766.4 million, or a decrease of \$91.6 million from the 2017-19 budget.

The total funds CSL decrease is due to the phase-out of Other and Federal Funds associated with system development of the ONE Integrated Eligibility & Medicaid Eligibility project; the next phase of the project is requested in a policy package.

Policy Issues

In Central Services, the agency has been carrying a significant number of doublefills to staff up functions at the desired levels and has been using program/field resources to help cover some of these costs. A path to correcting this mismatch and inconsistency between budget execution and the budget approved by the Legislature needs to be developed.

Other Significant Issues and Background

These budget structures are affected by or connected to 17 policy packages in the 2019-21 agency request budget, at a combined cost of \$43.4 million General Fund (\$227.6 million total funds) and 170 positions (152.12 FTE). Some packages support investments in direct service programs, while others add resources for equity and inclusion efforts, civil rights services, systems projects, and to true-up positions.

The total funds Governor's budget for these combined program units is a 9.0% increase over the 2017-19 legislatively approved budget and a 22.0% increase over current service level; General Fund is 4.5% over CSL. The substantial increase over CSL is due to the next phase of an integrated eligibility system, called ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME). As noted above, prior biennium project spending was phased out in CSL and the 2019-21 project estimated need of \$173.6 million total funds is included in a policy package. Due to project timeline changes since the Governor's budget was released, it is likely funding beyond this amount will be needed in 2019-21.

Other components funded by the Governor include maintenance and operations costs of the Centralized Abuse Management system; two positions to assist in the Oregon Health Authority's "Medicaid Modularity" project; ten positions to in the Office of Reporting, Research, Analytics and Implementation to focus on the Child Welfare research agenda; and five positions to assist with agency budgeting, revenue analysis and position management.