

**Legislative
Fiscal Office**

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer



**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Human Services Subcommittee
From: Laurie Byerly, Legislative Fiscal Office
Date: June 12, 2019
Subject: HB 5026 – Department of Human Services - Child Welfare Work Session Recommendations

Department of Human Services – Child Welfare

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	396,011,542	601,121,145	705,519,866	777,187,316
Other Funds	18,124,012	33,823,561	40,052,237	39,019,172
Federal Funds	498,823,061	540,082,805	591,606,400	540,302,215
Total Funds	912,958,615	1,175,027,511	1,337,178,503	1,356,508,703
Positions	2,590	2,920	3,139	3,267
FTE	2,544.82	2,761.73	3,081.46	3,217.65

Attached is the 2019-21 Legislative Fiscal Office (LFO) recommended budget for the for the Child Welfare (CW) program. The total funds budget is 15.4% above the 2017-19 legislatively approved budget and 1.4% above the 2019-21 current service level (CSL).

The General Fund increase from 2017-19 to 2019-21 is \$176.1 million, which is a 29.3% increase between biennia; the program position count increases by 347 or 11.9%. The recommended budget includes the following key budget actions or components:

- Adds \$40 million General Fund to maintain 2,420 positions (2,385.69 FTE) otherwise lost due to federal Temporary Assistance for Needy Families funding constraints; the federal dollars are moved to Self Sufficiency to help cover caseload costs and support program initiatives (Packages 070 and 107).

- Transfers the Runaway and Homeless Youth program (\$3.2 million total funds) from CW to Self Sufficiency. While unaccompanied minors can be a child safety issue, most youth served by this program are also receiving services and benefits from Self Sufficiency; the move is expected to improve service delivery and provide youth access to additional services, such as employment training (Package 095).
- Package 095 also includes an action reconciling the budget between regular and enhanced foster care; this saves \$7.4 million General Fund. Most of these savings are offset by a \$6.3 million fund shift from federal to state dollars; the budgeted fund split for attorney general charges is out of alignment with the actual allowable federal share.
- Adds \$8.9 million General Fund and 46 positions (38.51 FTE) to improve staffing levels for the Oregon Child Abuse Hotline (ORCAH); the agency's move to this centralized screening operation was initially accomplished by realigning existing positions and staff over an eight-month period ending in early April 2019. Additional staff are needed to help ORCAH handle a high volume of calls and mitigate caller wait times. The positions are fully phased in by July 1, 2020 (Package 119).
- To support development of a data-informed statewide foster family recruitment and retention model, adds \$3.0 million General Fund (\$3.8 million total funds) and 17 positions (17.00 FTE). The team will consist of a centrally located manager and a recruitment specialist located in each of the agency's 16 districts (Package 131).
- Changes the budget for caseload and cost per case changes tied to the spring 2019 caseload forecast; while 2019-21 caseload counts are projected to be lower than anticipated in fall 2018, however, savings are offset by cost per case increases. These are driven by higher costs for residential placements, primarily out of state, and a need for more state funds to cover the guardianship assistance caseload. A correction to a current service level error also increases demand for General Fund. Technical adjustments and a change in the Federal Medical Assistance Percentage (FMAP; federal share decreases from 63.33% to 61.35%) also affect the budget. Collectively, these Package 801 "reshoot" adjustments drive a net increase of \$11.7 million General Fund (\$1.7 million total funds).
- To make General Fund available for program needs, the following budget reductions are recommended (Package 801):
 - Reducing the enhanced foster care budget by \$2.3 million General Fund; this is the remainder of what is left after the Package 095 reconciliation and applying \$1.1 million General Fund to adoption savings.
 - Reducing the Strengthening, Preserving, and Reunifying Families (SPRF) budget by 50% (just under \$7 million General Fund); with the Title IV-E waiver ending by October 2019, the program becomes fully reliant on General Fund. To be eligible for future federal match under Family First, programs will need to offer approved, evidence-based services.

- Reducing the budget for Focused Opportunities for Children Utilizing Services (FOCUS) placements by 25% (\$6.3 million General Fund, \$6.6 million total funds). This program primarily supported by General Fund and serves children with specialized needs; as the state develops in-state placements to help meet those needs, federal dollars can be leveraged to help cover placement costs.
- Adds \$12.7 million General Fund (\$23.3 million total funds) cover additional billings from the Department of Justice (DOJ) for providing full legal representation to child welfare caseworkers in all juvenile dependency proceedings. The DOJ 2019-21 budget recommendation includes 54 positions in its Child Advocacy program to address base program workload and complete the last phase (July 2019) of legal representation rollout for Clackamas, Clatsop, Marion, Multnomah, Union, and Washington counties (Package 801).
- The CW 2019-21 current service level (CSL) budget includes \$37.0 million General Fund (\$45.6 total funds) and 228 positions (228.00 FTE) to address mandated caseload based on funding about 88% of the existing workload model. However, because the model is pending an update and workload continues to be challenge for caseworker recruitment and retention, CW has used “best practices standards” approach to identify the best array of positions needed to help stabilize the program. While funding is not available to buy the 754 (\$68 million General Fund) to 1,879 (\$174 million General Fund) positions estimated to be required to cover 75% to 100% of the best practices staffing gap, the CSL funding can be reworked to support more positions; this results an increase of 44 positions (43.50 FTE). The associated adjustment, in Package 801, includes a change in the CSL position mix (fewer caseworkers and more case aides, for example) and funding split based on updated spending patterns.
- Adds \$2.2 million General Fund (\$3.1 million total funds) and 16 positions (14.08 FTE) to pay for more Mentoring, Assisting, and Promoting Success (MAPS) positions; which provide mentoring and other support to first-year caseworkers.
- To assist foster families, \$3.1 million General Fund will pay for statewide expansion of a former pilot program, called Keeping Foster and Kin Parents Supported and Trained (KEEP). The program provides weekly training to small groups of parents; the sessions cover parenting techniques and skills tailored specifically each cohort’s needs.
- Includes \$2.3 million General Fund (\$3.9 million total funds) and 17.60 FTE to continue the Leveraging Intensive Family Engagement (LIFE) program at its current, limited level in five counties. The program was scheduled to be phased out by October 2019 since it was funded with expiring Title IV-E waiver funds; the 20 positions supporting the program are budgeted for three months in CSL as limited duration; this change adds 21 months and makes them permanent and ongoing. The program offers monthly case planning meetings, enhanced family finding, parent mentors, and team collaboration.

- In Package 801, adds \$578,480 Other Funds expenditure limitation to spend adoption savings; under federal law these savings, which are state dollars freed up as federal spending on adoptions increases, must be spent on certain activities. CW spends 30% on post-adoption activities and the remaining 70%, starting in the 2017-19 biennium, has been used to develop a child care stipend program for foster parents. Participation in the program, which offers up to \$375 per month to help offset employment-related child care costs for children ages zero through five, has been lower than expected. A proposed program expansion, which includes increasing eligibility for children through age 1 and covering education-related child care costs, is also recommended. The agency will monitor utilization and adjust the monthly stipend or eligible ages to ensure the program stays self-sustaining.
- Policy Package 802 includes two investments from a \$50 million General Fund behavioral health funding plan; these are also related to SB 1 and recommendations made by the Children and Youth with Specialized Needs workgroup:
 - A \$4 million General Fund appropriation to the Emergency Board to help increase capacity for non-Medicaid in home services under Family First.
 - Adds \$3.5 million General Fund (\$8.5 million total funds) to pay for therapeutic foster care home recruitment, training, and support.
- Policy Package 803 adds \$3.8 million General Fund (\$7.7 million total funds) and 9 positions (9.00 FTE) to continue planning and initiation work related to the OR-Kids system, which is the state’s primary child welfare data system. Federal rules require these systems to meet new standards regarding data quality and modularity toward becoming a Comprehensive Child Welfare Information System (CCWIS). Work completed to date includes a high level business case, which anticipates this will be at least a 5 year project. The agency with work with the Office of the State Chief Information Officer (OSCIO) and LFO throughout the lifecycle of the project; timing for formal reports back to the Legislature on project status during the 2019-21 biennium will be determined as the detailed business case and project scheduled is refined. There is also a companion package in the Oregon Health Authority for Shared Services.

Adjustments to Current Service Level

See attached “HB 5026 Work Session” spreadsheet.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

LFO recommends the Subcommittee approve a 2019-21 DHS Child Welfare preliminary budget of:

\$	777,187,316	General Fund
\$	39,019,172	Other Funds
\$	540,302,215	Federal Funds
	3,267	Positions
	3,217.65	FTE

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026, with modifications. (VOTE)

Performance Measures

All agency performance measures will be presented for approval as part of the final action on the DHS budget.

Recommended Changes

The Child Welfare budget is part of HB 5026, which is the budget bill for the entire Department of Human Services. The recommended amendments to HB 5026 will be presented after work sessions are completed on all parts of the budget.

**DEPARTMENT OF HUMAN SERVICES: CHILD WELFARE
HB 5026 WORK SESSION**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of December 2018)	601,121,145	-	33,823,561	540,082,805	-	-	1,175,027,511	2,920	2,761.73	
2019-21 Current Service Level	705,519,866	-	40,052,237	591,606,400	-	-	1,337,178,503	3,139	3,081.46	
2019-21 Governor's Budget	761,934,034	-	39,495,732	525,802,194	-	-	1,327,231,960	3,217	3,045.70	
2019-21 LFO RECOMMENDED BUDGET	777,187,316	-	39,019,172	540,302,215	-	-	1,356,508,703	3,267	3,217.65	

2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL

1	2019-21 Current Service Level Estimate	705,519,866	-	40,052,237	591,606,400	-	-	1,337,178,503	3,139	3,081.46	
2											
3	LFO Recommendations for Existing Packages										
4	Pkg 070: Revenue Shortfall	-	-	-	(61,440,518)	-	-	(61,440,518)	(2,420)	(2,385.69)	IV-E Waiver Ending + TANF 15% Admin Cap
5	Pkg 095: Dec-18 Rebalance/Non-CSL Reshoot										
6	Runaway and Homeless Youth	(2,554,375)	-	-	(600,000)	-	-	(3,154,375)	-	-	Transfer out RHY to Self Sufficiency
7	Reconcile Enhanced Foster Care Budget	(7,366,395)	-	(962,418)	(6,417,540)	-	-	(14,746,353)	-	-	Covered by Regular FC; net after reduction/adoptions savings
8	Align Attorney General Fund Splits	6,284,984	-	(1,595)	(8,658,405)	-	-	(2,375,016)	-	-	Budgeted split mismatch with actuals
9	Tech Adjustments/Transfers	(298,136)	-	308	1,630,599	-	-	1,332,771	(1)	(1.00)	Grant and S&S true-up, RHY Position to SSP
10	Pkg 107: Backfill TANF on CW Positions	40,000,000	-	-	-	-	-	40,000,000	2,420	2,385.69	Restores positions eliminated in Pkg. 070
11	Pkg 119: Centralized Screening	8,947,301	-	-	-	-	-	8,947,301	46	38.51	Positions phased in @ 21, 18, 12 months
12	Pkg 131: Foster Family Recruitment Team	3,008,924	-	-	749,993	-	-	3,758,917	17	17.00	Statewide foster family recruitment and retention
13											
14	Other Recommended Adjustments										
15	Pkg 801: LFO Analyst Adjustments										
16	Caseload/Cost Per Case	3,418,863	-	(1,369,608)	(8,612,976)	-	-	(6,563,721)	-	-	FOCUS ↑; \$3M for non IV-E guardian assistance
17	Tech Adjustments/Transfers	(311,944)	-	-	(808,091)	-	-	(1,120,035)	(3)	(2.50)	2 pos to ORRAL; 1 pos to Self Sufficiency
18	Error Corrections	8,574,708	-	423,747	425,128	-	-	9,423,583	-	-	General Fund @ GB CSL Reshoot Incorrect
19	Federal Medical Assistance Percentage	66,477	-	-	(66,477)	-	-	-	-	-	Fed Share ↓ from 63.33% to 61.36%
20	Enhanced Foster Care	(2,292,741)	-	-	-	-	-	(2,292,741)	-	-	After \$1.1M moved to adoptions savings
21	Reduce FOCUS by 25%	(6,312,614)	-	(131,979)	(187,488)	-	-	(6,632,081)	-	-	Equivalent to 4.4% of overall Res Care budget
22	Reduce SPRF by 50%	(6,995,871)	-	-	-	-	-	(6,995,871)	-	-	Waiver gone; promote transition to FFPSA eligible services

**DEPARTMENT OF HUMAN SERVICES: CHILD WELFARE
HB 5026 WORK SESSION**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments	
23	Legal Representation	12,657,727	-	-	10,670,188	-	-	23,327,915	-	-	54 DOJ Child Advocacy Pos; includes Multnomah Co
24	Apply Best Practices Staffing to Pkg 040	(21,939)	-	-	6,125,228	-	-	6,103,289	44	43.50	80/20 → 70/30 split; change position mix; 272 total
25	Mentoring Assisting Promoting Success	2,170,701	-	-	961,779	-	-	3,132,480	16	14.08	Add 16 MAPS Positions @ 21 months each
26	Expand KEEP Program Statewide	3,100,000	-	-	4,650,000	-	-	7,750,000	-	-	Supports foster and kin parents w/weekly sessions
27	Leveraging Intensive Family Engagement	2,281,394	-	-	1,647,006	-	-	3,928,400	-	17.60	Waiver gone 10/1/19; LF→PF, ↑ months, adj steps
28	Applicable Adoptions Expenditure Limitation	-	-	578,480	369,848	-	-	948,328	-	-	Includes Child Care for Foster Parents Expansion
29	Pkg 802: \$50 M Behavioral Health Invest										
30	Family First Prevention Services - SPA	-	-	-	-	-	-	-	-	-	\$4M Special Purpose Appropriation/2020 Session
31	Strengthen Therapeutic Foster Care	3,500,000	-	430,000	4,600,000	-	-	8,530,000	-	-	Specialized recruitment, training, serve 169 youth
32	Pkg 803: Comprehensive CW Info System	3,810,386	-	-	3,657,541	-	-	7,467,927	9	9.00	High level business case done; hiring project manager
33	Total adjustments LFO Rec from CSL	71,667,450	-	(1,033,065)	(51,304,185)	-	-	19,330,200	128	136.19	
34											
35	TOTAL 2019-21 LFO Recommended Budget	777,187,316	-	39,019,172	540,302,215	-	-	1,356,508,703	3,267	3,217.65	
36											
37	\$ Change from 2017-19 Approved	176,066,171	-	5,195,611	219,410	-	-	181,481,192	347	455.92	
38	% Change from 2017-19 Approved	29.29%		15.36%	0.04%			15.44%	11.88%	16.51%	
39	\$ Change from 2019-21 CSL Estimate	71,667,450	-	(1,033,065)	(51,304,185)	-	-	19,330,200	128	136.19	
40	% Change from 2019-21 CSL Estimate	10.16%		-2.58%	-8.67%			1.45%	4.08%	4.42%	
41	\$ Change from 2019-21 Governor's Budget	15,253,282	-	(476,560)	14,500,021	-	-	29,276,743	50	171.95	
42	% Change from 2019-21 Governor's Budget	2.00%		-1.21%	2.76%			2.21%	1.55%	5.65%	