

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

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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 13, 2019
Subject: HB 5026 – Department of Human Services - Central Services, Shared Services, State Assessments and Enterprise-wide Costs Work Session Recommendations

Department of Human Services – Central Services, Shared Services, State Assessments and Enterprise-wide Costs

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	238,011,275	281,191,623	319,018,599	323,232,535
Other Funds	135,408,602	227,830,577	189,565,416	187,923,489
Federal Funds	168,159,594	348,942,478	257,776,737	242,582,220
Total Funds	541,579,471	857,964,678	766,360,752	753,738,244
Positions	830	980	873	885
FTE	808.91	921.69	866.51	878.15

Attached is the 2019-21 Legislative Fiscal Office recommended budget for the for the Central Services, Shared Services, State Assessments and Enterprise-wide Costs programs. The LFO recommended total funds budget is 12.2% below the 2017-19 legislatively approved budget and 1.7% above the 2019-21 current service level (CSL). However, the General Fund budget almost 15% higher than 2017-19; this is primarily due to the phase in of costs related to the transfer of Oregon Health Plan eligibility staff from the Oregon Health Authority (OHA) to the Department of Human Services during 2018 and increases in state government services charges.

The recommendations include the following:

- Approval of Package 095, which includes technical adjustments, position transfers, and \$2.2 million General Fund to cover performance audit billings from the Secretary of State; federal dollars cannot pay for performance audit costs.

- Funding Package 202; which requests 2 positions (2.00 FTE) and \$554,366 total funds to support continuation of planning and begin implementation activities for modularization of the systems supporting Oregon Medicaid.
- Adding \$1.8 million General Fund (\$3.5 million total funds) and 3 positions (2.64 FTE) to provide resources for the operations and maintenance of the Centralized Abuse Management System (CAM) and pay for software licensing through 2019-21.
- Approval of Package 801, which, along with position transfers and reclassifications includes an adjustment to right size Federal Fund expenditure limitation. Two \$500,000 General Fund reductions are also taken to help balance the agency's overall budget.
- Not included in this recommendation is Package 201, which covers the next final phase of development and implementation of the Integrated Eligibility project. The requested budget for the project has a bonding component; project funding will be addressed in an omnibus bill with other bonding-related actions.

The project, which is estimated to cost \$17.6 million General Funds (\$214.1 million total funds) and a mix of 78 (65.30 FTE) limited duration and permanent positions was reviewed by the Joint Legislative Committee on Information Management and Technology on June 4, 2019. The Committee recommend project approval, contingent on the approval of funding and personnel resources in the agencies' budgets; part of the funding is for the Office of Information Systems in OHA. The detailed recommendations for project next steps, oversight, and reporting are attached to this memo.

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 Central Services, Shared Services, State Assessments and Enterprise-wide Costs preliminary budget of:

\$	323,232,535	General Fund
\$	187,923,489	Other Funds
\$	242,582,220	Federal Funds
	885	Positions
	878.15	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 Central Services, Shared Services, State Assessments and Enterprise-wide Costs programs are 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: CENTRAL · SHARED · STATE ASSESSMENTS AND ENTERPRISE-WIDE COSTS
 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)	281,191,623	-	227,830,577	348,942,478	-	-	857,964,678	980	921.69	
2019-21 Current Service Level	319,018,599	-	189,565,416	257,776,737	-	-	766,360,752	873	866.51	
2019-21 Governor's Budget	333,502,393	-	226,233,976	375,368,963	-	-	935,105,332	930	914.81	
2019-21 LFO RECOMMENDED BUDGET	323,232,535	-	187,923,489	242,582,220	-	-	753,738,244	885	878.15	

1 2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL

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3 2019-21 Current Service Level Estimate	319,018,599	-	189,565,416	257,776,737	-	-	766,360,752	873	866.51	
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5 LFO Recommendations for Existing Packages

6 Pkg 095: Dec-18 Rebalance/Non-CSL Reshoot	2,804,886	-	(376,374)	(1,630,821)	-	-	797,691	4	4.00	Tech adjustments/transfers; \$2.2M GF SOS audits
7 Pkg 202: Medicaid Modularity	277,922	-	-	276,444	-	-	554,366	2	2.00	2 positions to work with OHA on planning (90% FF)
8 Pkg 208: Centralized Abuse Management System	1,756,474	-	-	1,756,475	-	-	3,512,949	3	2.64	System operational = 50/50 federal match

9 Other LFO Recommended Adjustments

10 Pkg 801: LFO Analyst Adjustments

11 Tech Adjustments/Transfers/Reclasses	374,654	-	(265,553)	(14,596,615)	-	-	(14,487,514)	3	3.00	Internal transfers; 1 HR position out to OHA
12 Reduce Business Information Services	(500,000)	-	-	(500,000)	-	-	(1,000,000)	-	-	Less budget flexibility; closely manage budget
13 Reduce Shared Services General Fund	(500,000)	-	(1,000,000)	(500,000)	-	-	(2,000,000)	-	-	Distributed across all shared services programs

14 Total adjustments LFO Rec from CSL	4,213,936	-	(1,641,927)	(15,194,517)	-	-	(12,622,508)	12	11.64	
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16 TOTAL 2019-21 LFO Recommended Budget	323,232,535	-	187,923,489	242,582,220	-	-	753,738,244	885	878.15	
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18 \$ Change from 2017-19 Approved	42,040,912	-	(39,907,088)	(106,360,258)	-	-	(104,226,434)	(95)	(43.54)	
19 % Change from 2017-19 Approved	14.95%		-17.52%	-30.48%			-12.15%	-9.69%	-4.72%	
20 \$ Change from 2019-21 CSL Estimate	4,213,936	-	(1,641,927)	(15,194,517)	-	-	(12,622,508)	12	11.64	
21 % Change from 2019-21 CSL Estimate	1.32%		-0.87%	-5.89%			-1.65%	1.37%	1.34%	
22 \$ Change from 2019-21 Governor's Budget	(10,269,858)	-	(38,310,487)	(132,786,743)	-	-	(181,367,088)	(45)	(36.66)	
23 % Change from 2019-21 Governor's Budget	-3.08%		-16.93%	-35.37%			-19.40%	-4.84%	-4.01%	

MEMORANDUM

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To: Human Services Subcommittee
Joint Committee on Ways and Means

From: Joint Legislative Committee on Information Management and Technology (JLCIMT)

Date: June 4, 2019

Subject: Department of Human Services and Oregon Health Authority
Integrated Eligibility (IE) Project - JLCIMT Recommendations

The Joint Legislative Committee on Information Management and Technology (JLCIMT) recommends that the Policy Option Package requests for the Department of Human Services (DHS) and Oregon Health Authority's (OHA) Integrated Eligibility (IE) Project be conditionally approved, assuming the requested funding, spending authority and personnel resources are made available to the agencies by the Joint Committee on Ways and Means. Specifically, the JLCIMT recommends that DHS and OHA undertake the following specific actions:

1. Report to the JLCIMT during the 2019-2020 legislative interim and during the 2020 legislative session with project status, progress, and variances to key performance metrics (i.e. scope, schedule, resource usage, financial, milestones, and risks). Develop a plan for dealing with the risks, issues, and concerns identified by the quality assurance vendor and the Legislative Fiscal Office (LFO). This mitigation plan should be provided to the JLCIMT no later than November 2019.
2. Closely monitor project requirements, scope, schedule, resource usage, and financial expenditures throughout the balance of the project.
3. Continue to utilize independent quality management services. The contractor should:
 - Conduct ongoing risk and performance assessments, and respond to agency, Office of the State CIO (OSCIO), LFO, and Department of Administrative Services (DAS) feedback.
 - Perform quality control reviews on the key IE Project execution phase deliverables.
 - Perform ongoing, independent quality management services.
4. Provide OSCIO and LFO with all quality assurance reports throughout the project's remaining lifecycle.
5. Continue to follow the Joint State OSCIO/LFO Stage Gate Review Process.
6. Continue to utilize a qualified systems integrator and project manager with experience in planning and managing programs and projects of this type, scope, magnitude, and complexity.
7. Regularly report project status to the OSCIO and LFO throughout the project's lifecycle.
8. Utilize the OSCIO's Enterprise Project and Portfolio Management (PPM) System for all project review, approval, and project status and QA reporting activities throughout the remaining lifecycle of the IE Project.
9. Complete a formal "project close out" report upon completion of all IE Project phases.