

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

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To: Human Services Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: June 13, 2019

Subject: SB 5525 – Oregon Health Authority - Central Services, Shared Services,
and State Assessments & Enterprise-wide Costs
Work Session Recommendations

Oregon Health Authority – Central Services, Shared Services, and State Assessments & Enterprise-wide Costs

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	207,113,321	227,943,618	243,393,574	249,683,857
Lottery Funds	0	231,570	248,309	248,309
Other Funds	293,675,777	190,703,792	197,774,241	199,125,947
Other Funds NL	129,500,902	0	0	0
Federal Funds	64,629,329	61,532,919	54,334,269	56,292,045
Federal Funds NL	4,054,172	3,728,175	3,467,210	3,467,210
Total Funds	569,472,599	484,140,074	499,217,603	508,817,368
Positions	596	652	609	658
FTE	584.48	635.71	608.11	657.89

Attached are recommendations from the Legislative Fiscal Office (LFO) for the Central Services, Shared Services, and State Assessments and Enterprise-wide Costs (SAEC) budgets within the Oregon Health Authority (OHA). The LFO recommended total funds budget is 5.1 percent higher than the 2017-19 legislatively approved budget. The General Fund budget is 9.5 percent higher than 2017-19. The growth in General Fund is primarily due to two things:

- *Cost allocation* - the current service level budget recognized an increase of \$8 million due the General Fund's increasing share of cost allocation expenses.
- *Community Partner Outreach Program* - this program was transferred from OHA to the Department of Human Services (DHS) as part of the transfer of Medicaid eligibility services in 2017-19. Based on the subsequent determination by DHS and OHA that this program was

not sufficiently related to Medicaid eligibility determinations, the program has been returned to OHA. This includes the transfer of \$4.9 million General Fund and 21 positions from DHS to OHA. In addition to the return of this program to OHA, the budget adds one-time support of \$2.4 million General Fund to increase outreach for the Cover All Kids program.

The recommendation also reduces budgeted inflation by \$1.2 million General Fund as a cost-savings measure; trues-up position counts (no dollar impact); and adjusts Other Funds limitation to reflect the Shared Services component of the Centralized Abuse Management System and Comprehensive Statewide Automated Child Welfare Information System projects, which are funded in the DHS budget.

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

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

\$	249,683,857	General Fund
\$	248,309	Lottery Funds
\$	199,125,947	Other Funds
\$	56,292,045	Federal Funds
\$	3,467,210	Nonlimited Federal Funds

658 Positions
657.89 FTE

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525, with modifications. (VOTE)

Performance Measures

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

Recommended Changes

The Central Services, Shared Services, and State Assessments and Enterprise-wide Costs budget is part of SB 5525, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to SB 5525 will be presented after work sessions are completed on all parts of the budget.

OREGON HEALTH AUTHORITY: CENTRAL SERVICES, SHARED SERVICES, STATE ASSESSMENTS AND ENTERPRISE-WIDE COSTS (including Debt Service)

SB 5525 WORK SESSION

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of June 2019)	227,943,618	231,570	190,703,792	61,532,919	-	3,728,175	484,140,074	652	635.71	
2019-21 Current Service Level	243,393,574	248,309	197,774,241	54,334,269	-	3,467,210	499,217,603	609	608.11	
2019-21 Governor's Budget	237,710,899	243,575	204,481,750	50,193,755	-	3,467,210	496,097,189	657	642.11	
2019-21 LFO RECOMMENDED BUDGET	249,683,857	248,309	199,125,947	56,292,045	-	3,467,210	508,817,368	658	657.89	Includes \$67.7 m GF debt service
2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS										
1 2019-21 Current Service Level Estimate	243,393,574	248,309	197,774,241	54,334,269	-	3,467,210	499,217,603	609	608.11	
2 LFO Recommendations on Existing Packages										
3 Pkg 070: Revenue Shortfall	-	-	(2,651,235)	(2,434,183)	-	-	(5,085,418)	-	-	
4 Pkg 095: December 2018 Rebalance	515,458	-	27,164	185,022	-	-	727,644	5	5.00	
5 Pkg 208: Centralized Abuse Management system	-	-	446,578	-	-	-	446,578	2	2.00	Funded in DHS budget
6										
7 Other Recommended Adjustments										
8 Pkg 801: LFO Analyst Adjustments										
9 Vacancy savings	(232,899)	-	-	-	-	-	(232,899)	-	-	
10 Community Partner Outreach - ONE-TIME	2,360,000	-	-	-	-	-	2,360,000			One-time investment only
11 Community Partner Outreach - transfer from DHS	4,963,716	-	187,096	4,553,236	-	-	9,704,048	21	21.00	
12 Position and FTE true-up	-	-	-	-	-	-	-	4	4.78	
13 Inflation reduction	(1,244,974)	-	(175,368)	(500,895)	-	-	(1,921,237)	-	-	
14 Technical adjustments and transfers	(71,018)	-	700,311	154,596	-	-	783,889	8	8.00	
15 Pkg 803: Comprehensive CW Info System	-	-	2,817,160	-	-	-	2,817,160	9	9.00	Funded in DHS budget
16										
17 Total Adjustments from CSL	6,290,283	-	1,351,706	1,957,776	-	-	9,599,765	49	49.78	
18										
19 TOTAL 2019-21 Recommended Budget	249,683,857	248,309	199,125,947	56,292,045	-	3,467,210	508,817,368	658	657.89	
20										
21 Change from 2017-19 Approved	21,740,239	16,739	8,422,155	(5,240,874)	-	(260,965)	24,677,294	6	22.18	
22 Change from 2019-21 CSL Estimate	6,290,283	-	1,351,706	1,957,776	-	-	9,599,765	49	49.78	
23 Change from 2019-21 Governor's Budget	11,972,958	4,734	(5,355,803)	6,098,290	-	-	12,720,179	1	15.78	
24										
25 % Change from 2017-19 Approved	9.5%		4.4%	-8.5%			5.1%	0.9%	3.5%	
26 % Change from 2019-21 CSL Estimate	2.6%		0.7%	3.6%			1.9%	8.0%	8.2%	
27 % Change from 2019-21 Governor's Budget	5.0%		-2.6%	12.1%			2.6%	0.2%	2.5%	