

## ANALYSIS

### Item 9: Department of Human Services Fall 2022 Rebalance

**Analyst:** Gregory Jolivet

**Request:** Acknowledge receipt of the report.

**Analysis:** The Department of Human Services (DHS) is presenting its second financial report for the 2021-23 biennium to the Emergency Board in anticipation of legislative action during the 2023 session. This report identifies several issues affecting the DHS budget, including savings and funding gaps due to changes in caseload, cost per case, and the Federal Medical Assistance Percentage (FMAP); costs associated with COVID-19; and other program changes arising since the 2021 and 2022 regular legislative sessions.

The agency estimates the fiscal impact of these changes is a net General Fund savings of \$174.5 million, and a need to increase Other Funds expenditure limitation by \$51.3 million and Federal Funds expenditure limitation by \$365.7 million. The rebalance includes various position actions resulting in a net increase of 11 positions (2.75 FTE). The following table shows the net General Fund impact of changes in each of the agency's programs.

	Self Sufficiency	Child Welfare	Vocational Rehabilitation	Aging and People with Disabilities	Intellectual and Developmental Disabilities	Central Services	Shared Services	State Assessment and Enterprise-wide Costs	Total
<b>General Fund \$ in millions</b>									
<b>2021-23 Leg Approved Budget</b>	570.0	920.1	36.3	1,467.3	1,267.3	219.4	0.0	363.0	4,843.4
<b>Rebalance Issues</b>									
<b>Costs</b>	48.10	3.60	0.00	52.45	42.80	0.25	0.00	2.40	149.60
<b>Savings</b>	(0.13)	(88.50)	0.00	(156.90)	(129.70)	(0.32)	0.00	(0.60)	(376.15)
<b>Mgmt Actions</b>	10.00	10.00	1.00	15.00	10.00	3.00	0.00	3.00	52.00
<b>Tech Adjust/Transfers</b>	0.00	0.00	0.00	(0.03)	0.00	0.03	0.00	0.00	0.00
<b>Net Chg from Leg Approved</b>	58.0	(74.9)	1.0	(89.5)	(76.9)	2.96	0.0	4.8	(174.6)

#### **General Fund Costs**

Costs Per Case Increases: \$48.8 million General Fund cost. DHS reports higher than budgeted costs per case in the Child Welfare (CW), Self Sufficiency Program (SSP), and Intellectual/Developmental Disabilities (I/DD) programs. In CW, the net increase in cost per case reflects higher than assumed utilization and costs related to residential treatment, adoption assistance, and guardianship assistance.

In SSP, the increase is mostly driven by higher costs per case in the Temporary Assistance for Needy Families (TANF) program. In I/DD, two trends are driving the increase in costs per case: a higher than usual number of exception rates approved for adult 24-hour residential services, and a continuing increase in the use of in-home agency services. Children service hours also did not see a decrease during the school months as was typical prior to the COVID-19 pandemic.

Provider Rate Increases: \$34 million General Fund cost. This includes \$27.8 million General Fund for provider rate increases in the Aging and People with Disabilities (APD) program, and \$6.2 million General Fund for the I/DD program. In APD, the nursing facility average daily rate increased 12% compared to the daily rate assumed in the 2021-23 legislatively adopted budget (LAB). The budget adjustment captures the impact of the statutorily required annual rate adjustment for nursing facilities, as well as a legislatively approved 4% wage add-on for nursing facility employees and extension of a 5% COVID-19 enhancement through the end of the biennium.

Beginning January 1, 2021, DHS funded a 5% rate increase to support I/DD provider agencies with costs related to the workforce shortage and other expenditures related to the pandemic. The increase was scheduled to expire on June 30, 2022 but has been extended through December 31, 2022. DHS has a separate request to the Emergency Board (item #10) to continue the increase through June 30, 2023. The services impacted by this rate adjustment include I/DD group homes, host homes, day support activities, employment services, foster care services, and behavioral support services.

Hospital Capacity/Decompression Costs: \$17.3 million General Fund. To free up hospital beds during the pandemic, DHS offered adult foster care providers \$10,000 for each patient admitted directly from a hospital between January 20, 2022 and March 31, 2022. This cost the agency \$2.5 million General Fund. Additionally, for the period of April 2022 to September 2022, the agency incurred costs of \$14.8 million for Nurse Crisis Teams to ease acute workforce challenges. In September 2022, the Emergency Board approved an agency request for \$14.9 million General Fund to operate the teams for an additional six months starting in October 2022.

Personal Services Shortfall: \$9.8 million General Fund cost. To manage growth in eligibility workload, the agency has hired beyond its current position authority. The rebalance report requests a budget adjustment of \$9.8 million General Fund to cover a portion of the cost of the unbudgeted positions. In addition, DHS has a separate Emergency Board request (item #8) for \$4.9 million General Fund (\$8.5 million total funds) to establish 181 full-time permanent eligibility positions in the current biennium.

### ***General Fund Savings***

Caseload: \$21.4 million net General Fund savings. The rebalance report proposes budget adjustments based on the fall 2022 caseload forecast. The following summarizes the caseload increases and decreases resulting in net General Fund savings:

- *SSP: \$24.2 million General Fund costs.* The TANF average monthly forecast for the 2021-23 biennium is 18,053 families, which is 3.3% higher than the previous forecast. The One-Parent and Two-Parent family caseloads are higher by 3% and 4.7%, respectively. The forecast assumes modest program exits related to employment coupled with weak seasonal hiring.
- *Healthier Oregon Program: \$8.9 million General Fund costs.* Enacted by HB 3352 (2021), Healthier Oregon (named in statute as “Cover All People”) extends full Oregon Health Plan and other

medical assistance benefits to individuals who meet the eligibility criteria for Medicaid except for their citizenship status. In 2021-23, the program is available for people ages 19-25 or 55 and older. Under current law, the program will be open to all age groups starting July 1, 2023. The budget rebalance adjustment assumes a 2021-23 average caseload of 225 children and adults with disabilities receiving long-term services and supports in APD and I/DD programs.

- *CW: \$8 million General Fund savings.* The CW average monthly forecast for the 2021-23 biennium is 18,960 children, which is 0.5% lower than the previous forecast. The forecasts for Adoption Assistance and Guardian Assistance caseloads are 0.1% and 0.7% higher, respectively. The forecasted average monthly Foster Care caseload of 6,218 children is 2% lower than the previous forecast.
- *I/DD: \$8.5 million General Fund savings.* Overall caseload is 0.4% lower than the previous forecast. Children's foster care, children's residential, employment and nursing services all had caseload decreases of 10-14%, while behavioral supports had an increase of 34%.
- *APD: \$29.2 million General Fund savings.* The forecasted Nursing Facility average monthly caseload of 3,872 patients is 2.4% lower, Community Based Care is 0.4% lower, and the In-Home Services caseload is 4.5% lower, compared to the Fall 2021 forecast.

Enhanced FMAP: \$245.7 million General Fund savings. The Families First Coronavirus Response Act increased states' FMAP by 6.2 percentage points during the period of the national public health emergency. The 2021-23 legislatively adopted budget for DHS assumed enhanced FMAP savings through March 31, 2022. In its Fall 2022 rebalance report, DHS projects additional savings of \$245.7 million General Fund for the period April 1, 2022 to March 31, 2023. If the public health emergency extends through June 30, 2023, DHS estimates an additional \$60.8 million General Fund savings.

#### CW Program: 74.9 million General Fund savings

- *Program savings: \$40.8 million General Fund.* CW had one-time savings of \$16.3 million in the Residential Treatment Services program. The budget provided funding for 559 behavior rehabilitation service (BRS) beds. The rebalance projects a need for only 335 BRS beds. Additionally, an estimated \$24.5 million General Fund savings is available in various other program services, including, for example, \$11.4 million due to delayed implementation of the new Respite Foster Care program. According to DHS, the program savings in other CW services is largely related to provider staffing issues in local communities, leading to fewer services being provided to families.
- *Vacancy Savings: \$33.3 million General Fund.* DHS reports CW is expecting one-time personal service savings of \$33.3 million General Fund due to vacant positions. Of this amount \$25.2 million is in program delivery and \$8.1 million is in program design.

**Management Actions.** DHS proposes to set aside \$52 million of the General Fund savings identified in the rebalance to address unanticipated challenges in the remaining six months of the biennium. Varying amounts would be allocated to each agency program.

**Expenditure Limitation and Position Requests.** The rebalance proposes a net Other Funds expenditure limitation increase of \$51.3 million, and a Federal Funds expenditure limitation increase of \$365.7 million. These net figures capture limitation adjustments associated with several of the issues discussed above, such as updated caseload forecasts, cost per case adjustments, and the duration of the enhanced FMAP. DHS is requesting \$35.6 million Other Funds in anticipation of FEMA reimbursement for expenses related to hospital decompression beds and COVID-19 testing.

The rebalance requests 11 positions (2.75FTE) in Imaging and Records Management Services to carry out agency records management duties which are out of compliance with state, federal, and professional standards regarding public records. The agency reports it does not have adequate expertise, staffing, training, or support services to address agency records management needs.

**Technical Adjustments/Transfers.** The technical adjustment and transfers are budget neutral and consist primarily of internal transfers of positions and funding; the most common scenario is the transfer of funding from each program to Central Services and State Assessments and Enterprise-Wide Costs for overhead costs.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the Department of Human Services' financial status report, with the understanding the Legislative Fiscal Office will develop recommendations for budgetary changes to be included in a budget reconciliation bill during the 2023 legislative session.

9  
Oregon Department of Human Services  
Streepey/Webb

---

**Request:** Acknowledge receipt of a report on the Fall 2022 rebalance plan for the Oregon Department of Human Services (ODHS) 2021-23 budget.

**Recommendation:** Acknowledge receipt of the report.

**Executive Summary:** The department is submitting its second rebalance report for the 2021-23 biennium. The report updates costs due to changes in caseload, changes in cost per case, and incorporates other funding needs to cover costs through the end of the biennium. It also includes projected limitation requests due to additional Other Funds revenues or Federal Funds awards, as well as technical adjustments, which net to zero on an agencywide basis. Finally, the rebalance plan includes a list of outstanding risks not addressed in the requested rebalance budget plan. After accounting for all components in the rebalance plan, the department plan results in a decrease in General Fund of \$174.5 million, an increase in Other Funds expenditure limitation of \$51.3 million, an increase in Federal Funds expenditure limitation of \$365.7 million, and the establishment of 11 permanent full-time positions (2.75 FTE). The department requests approval of the proposed rebalance actions in the 2023 Legislative Session.

If the proposed rebalance plan is approved in its entirety, the department's new 2021-23 Legislatively Approved Budget would be as follows:

	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Legislatively Approved Budget (before rebalance)	\$ 4,843,300,377	\$ 953,504,953	\$ 12,562,517,346	\$ 18,359,322,676	10,455	10,274.68
Proposed Fall 2022 Rebalance Plan	\$ (174,503,507)	\$ 51,347,797	\$ 365,672,726	\$ 242,517,016	11	2.75
<b>Legislatively Approved Budget (after rebalance)</b>	<b>\$ 4,668,796,870</b>	<b>\$ 1,004,852,750</b>	<b>\$ 12,928,190,072</b>	<b>\$ 18,601,839,692</b>	<b>10,466</b>	<b>10,277.43</b>

In addition to this rebalance plan, the department submitted three other requests to the December 2022 Emergency Board for approval:

December 2022 Emergency Board Letters Summary	General Fund	Total Funds	Positions	FTE
Rebalance	\$ (174.5)	\$ 242.5	11	2.75
Other Funds limitation for youth homelessness IAA	\$ -	\$ 9.0	1	0.42
Eligibility and support positions	\$ 4.9	\$ 3.6	181	34.81
I/DD provider rate increase	\$ 6.3	\$ 12.1		
<b>Total</b>	<b>\$ (163.3)</b>	<b>\$ 267.2</b>	<b>193</b>	<b>37.98</b>

**Discussion:** The following table includes the General Fund costs and/or savings for each of the programs included in the rebalance proposal:

Division	2021-23 General Fund Legislatively Adopted Budget	2021-23 General Fund Rebalance Request
Aging and People with Disabilities (APD)	\$ 1,467.3	\$ (89.5)
Intellectual and Developmental Disabilities (I/DD)	\$ 1,267.3	\$ (76.9)
Child Welfare Programs	\$ 920.1	\$ (74.9)
Self-Sufficiency Programs	\$ 570.0	\$ 58.0
Vocational Rehabilitation	\$ 36.3	\$ 1.0
Central Services	\$ 219.4	\$ 3.0
Shared Services	\$ -	\$ -
State Assessments and Enterprise-wide Costs (SAEC)	\$ 339.6	\$ 4.8
<b>Total</b>	<b>\$ 4,819.8</b>	<b>\$ (174.5)</b>

*\*All dollars in millions; rounding may occur. SAEC debt service costs of \$23.4 million GF are not included above.*

The APD and I/DD programs anticipate a significant amount of one-time General Fund savings due to the continued extension of the federal Public Health Emergency (PHE) declaration, which provides states with a temporary enhanced Federal Medical Assistance Percentage (FMAP) of 6.2 percent. The PHE enhanced FMAP savings in APD and I/DD are partially offset by nursing facility rate increases and Nurse Crisis Team support, as well as higher costs per case in I/DD. The Child Welfare division expects General Fund savings due to a projected decrease in caseloads and increased vacancy savings. The Self-Sufficiency Programs division faces a General Fund shortfall due to increases in the Temporary Assistance for Needy Families (TANF) caseload and nonbudgeted position costs. The SAEC division has a General Fund shortfall due to nonbudgeted Workday costs related to employee payroll functions.

#### ***Agencywide Issue: Extension of the Federal PHE***

Due to the extension of the PHE, the enhanced 6.2 percent FMAP is the single largest driver of General Fund savings in the rebalance plan. The General Fund savings estimates assume the PHE is extended through March 31, 2023; however, the Federal Funds expenditure limitation need is based on a PHE extension through June 30, 2023. Although not definitively known, there is consensus that the enhanced FMAP will be received at least through March 31, 2023. Considerable uncertainty exists beyond the first quarter next calendar year. The department requested an increase in Federal Funds expenditure limitation to provide additional flexibility if the PHE is extended through June 30, 2023. The department estimates the impact of the enhanced FMAP as follows:

Division	General Fund	Other Funds	Federal Funds	Total Funds
Intellectual and Developmental Disabilities (I/DD)	\$ (121.3)	\$ 0.2	\$ 153.1	\$ 32.0
Aging and People with Disabilities (APD)	\$ (119.2)		\$ 146.0	\$ 26.8
Child Welfare Programs	\$ (4.7)		\$ 6.6	\$ 1.9
Self-Sufficiency Programs	\$ 0.1		\$ (0.0)	\$ 0.1
Central Services	\$ (0.3)		\$ 0.3	\$ -
State Assessments and Enterprise-wide Costs (SAEC)	\$ (0.6)		\$ 0.6	\$ -
<b>Total</b>	<b>\$ (246.0)</b>	<b>\$ 0.2</b>	<b>\$ 306.6</b>	<b>\$ 60.8</b>

*\*All dollars in millions; rounding may occur.*

### ***Agencywide Issue: Contingency Fund for Unexpected Budget Challenges***

The department requests using \$52.0 million of General Fund savings as a contingency fund within agency divisions in the event unanticipated budget challenges arise over the remainder of the biennium. The requested amounts, by division, are as follows:

<b>Division</b>	<b>Proposed Contingency Fund (in millions)</b>
Aging and People with Disabilities (APD)	\$ 15.0
Intellectual and Developmental Disabilities (I/DD)	\$ 10.0
Child Welfare Programs	\$ 10.0
Self-Sufficiency Programs	\$ 10.0
Vocational Rehabilitation	\$ 1.0
Central Services	\$ 3.0
State Assessments and Enterprise-wide Costs (SAEC)	\$ 3.0
<b>Total</b>	<b>\$ 52.0</b>

If a divisional budget contingency plan is approved, the Chief Financial Office recommends unscheduling the associated General Fund appropriation until the department presents an approved spending plan for the proposed use of funds to the Chief Financial Office and Legislative Fiscal Office.

### ***Child Welfare Programs***

The Child Welfare Programs division projects a net General Fund savings of \$74.9 million (\$56.5 million total funds) for the remainder of the 2021-23 biennium. The primary factors driving the savings are due to anticipated caseload decreases, vacancy savings, one-time program savings due to delays in launching the Respite Program, underutilization of residential treatment beds, and enhanced FMAP savings due to the extension of the PHE. The savings is partially offset by Child Welfare cost per case increases and a penalty imposed by the U.S. Department of Health and Human Services related to the Child and Family Service Review (CFSR) Program Improvement Plan (PIP). The requested budget actions are as follows:

<b>Issue</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>FTE</b>
Budget Challenges:						
Cost per case increases	\$ 1.9	\$ (0.2)	\$ 5.5	\$ 7.3		
CFSR PIP penalty	\$ 1.7	\$ -	\$ -	\$ 1.7		
Other Funds limitation for refinancing transactions	\$ -	\$ 13.5	\$ -	\$ 13.5		
Federal Funds limitation for PHE FMAP savings	\$ -	\$ -	\$ 3.8	\$ 3.8		
Total Child Welfare Challenges	\$ 3.6	\$ 13.4	\$ 9.3	\$ 26.3		
Budget Savings:						
Caseload decreases	\$ (8.0)	\$ (0.3)	\$ (6.8)	\$ (15.1)		
One-time program savings	\$ (24.5)	\$ -	\$ -	\$ (24.5)		
Residential Treatment bed savings	\$ (16.3)	\$ -	\$ -	\$ (16.3)		
CFSR PIP penalty (using General Fund savings)	\$ (1.7)	\$ -	\$ -	\$ (1.7)		
PHE FMAP savings	\$ (4.7)	\$ -	\$ 2.9	\$ (1.9)		
Vacancy savings	\$ (33.3)	\$ -	\$ -	\$ (33.3)		
Total Child Welfare Savings	\$ (88.5)	\$ (0.3)	\$ (3.9)	\$ (92.8)		
Maintain savings for budget contingencies	\$ 10.0	\$ -	\$ -	\$ 10.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ (74.9)</b>	<b>\$ 13.0</b>	<b>\$ 5.4</b>	<b>\$ (56.5)</b>		

*\*All dollars in millions; rounding may occur.*

### ***Self-Sufficiency Programs***

The Self-Sufficiency Programs division projects a net General Fund shortfall of \$58.0 million (\$65.6 million total funds) for the remainder of the 2021-23 biennium. The primary factors driving the shortfall are due to costs per case and caseload increases in TANF caseloads, Personal Services costs related to nonbudgeted and temporary positions, and a reinvestment in the Supplemental Nutrition Assistance Program as required by a federal penalty agreement with the United States Department of Agriculture. The requested budget actions are as follows:

<b>Issue</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>FTE</b>
Budget Challenges:						
Cost per case increases	\$ 12.3	\$ 0.1	\$ (0.1)	\$ 12.3		
Caseload increases	\$ 24.2	\$ (0.0)	\$ -	\$ 24.2		
Federal Funds limitation for FS&C CBCAP award	\$ -	\$ -	\$ 1.7	\$ 1.7		
Federal Funds limitation for Refugee Program	\$ -	\$ -	\$ 4.3	\$ 4.3		
ERDC IAA	\$ -	\$ 1.7	\$ -	\$ 1.7		
SNAP penalty reinvestment	\$ 1.7	\$ -	\$ -	\$ 1.7		
Federal Funds limitation for PHE FMAP savings	\$ 0.2	\$ -	\$ (0.1)	\$ 0.1		
Personal Services General Fund shortfall	\$ 9.8	\$ -	\$ -	\$ 9.8		
<b>Total Self-Sufficiency Programs Challenges</b>	<b>\$ 48.1</b>	<b>\$ 1.8</b>	<b>\$ 5.7</b>	<b>\$ 55.7</b>		
Budget Savings:						
PHE FMAP savings	\$ (0.1)	\$ -	\$ 0.1	\$ (0.1)		
<b>Total Self-Sufficiency Programs Savings</b>	<b>\$ (0.1)</b>	<b>\$ -</b>	<b>\$ 0.1</b>	<b>\$ (0.1)</b>		
Technical Adjustments	\$ (0.0)	\$ -	\$ (0.0)	\$ (0.0)		
Maintain savings for budget contingencies	\$ 10.0	\$ -	\$ -	\$ 10.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ 58.0</b>	<b>\$ 1.8</b>	<b>\$ 5.8</b>	<b>\$ 65.6</b>		

*\*All dollars in millions; rounding may occur.*

### ***Aging and People with Disabilities (APD)***

APD projects a net General Fund savings of \$89.5 million (total funds increase \$77.4 million) for the remainder of the 2021-23 biennium. The primary factors driving the savings are due to anticipated caseload decreases, General Fund savings from the extension of the PHE enhanced FMAP rate, and FEMA reimbursement for COVID-testing costs. The latest caseload forecast indicates the caseload for nursing facilities decreasing by 2.4 percent, Community Based Care declining by 0.4 percent and In-Home decreasing by 2.8 percent. The savings is partially offset by nursing facility rate increases in year two of the current biennium, funding for the Nurse Crisis Team, a hospital decompression incentive payment for adult foster care providers and an increase in General Fund caseload costs from the implementation of the Healthier Oregon Program (HOP) on July 1, 2022. In September 2022, the Emergency Board allocated \$14.9 million from a Special Purpose Appropriation for the Nursing Crisis Team and \$4.2 million for discharge incentive payments. The costs shown here are in addition to those allocations.

ODHS acts as the employer of record for Home Care Workers (HCW). The paid FMLA item is to provide funding to the department for the employer share of the paid family leave program costs for HCW's taking effect on January 1, 2023. The rebalance plan for APD includes \$15 million General Fund for budget contingencies. The requested budget actions are as follows:



Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Budget Challenges:						
State Fiscal Year Two of 2021-23 Nursing Facility Rate Increase	\$ 27.8		\$ 43.5	\$ 71.3		
Home Care Workers Paid FMLA effective 1/1/2023	\$ 0.2		\$ 0.5	\$ 0.7		
Nurse Crisis Team contract costs from 4/1-9/1/2022	\$ 14.8		\$ -	\$ 14.8		
Hospital decompression Incentive for adult foster care providers	\$ 2.5		\$ -	\$ 2.5		
Healthier Oregon Program - caseload costs for year two of 2021-23	\$ 7.1		\$ -	\$ 7.1		
Administration for Community Living grant for adult protective service	\$ -		\$ 2.1	\$ 2.1		
Federal Funds limitation for PHE Continuation from March-June 2023	\$ -		\$ 26.8	\$ 26.8		
<b>Total APD Challenges</b>	<b>\$ 52.4</b>	<b>\$ -</b>	<b>\$ 73.0</b>	<b>\$ 125.4</b>		
Budget Savings:						
Fall 2022 Caseload Update (caseload decreases)	\$ (29.2)	\$ -	\$ (60.9)	\$ (90.1)		
PHE FMAP savings	\$ (119.2)	\$ -	\$ 119.2	\$ -		
FEMA Limitation for decompression bedholds and COVID Testing	\$ (8.5)	\$ 35.6	\$ -	\$ 27.1		
<b>Total APD Savings</b>	<b>\$ (156.9)</b>	<b>\$ 35.6</b>	<b>\$ 58.3</b>	<b>\$ (63.0)</b>		
Technical Adjustments	\$ (0.0)	\$ -	\$ (0.0)	\$ (0.1)	(1)	(1.00)
Maintain savings for budget contingencies	\$ 15.0	\$ -	\$ -	\$ 15.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ (89.5)</b>	<b>\$ 35.6</b>	<b>\$ 131.3</b>	<b>\$ 77.4</b>	<b>(1)</b>	<b>(1.00)</b>

*\*All dollars in millions; rounding may occur.*

### ***Intellectual and Developmental Disabilities (I/DD)***

I/DD projects a net General Fund savings of \$76.9 million (total funds increase \$143.5 million) for the remainder of the 2021-23 biennium. The primary factors driving the General Fund savings are from the extension of the PHE enhanced FMAP rate and caseload savings. The savings is partially offset by higher costs per case, continuation of a temporary COVID-19 five percent rate increase for certain provider types, and an increase in General Fund caseload costs from the implementation of the Healthier Oregon Program (HOP) on July 1, 2022. I/DD continues to have cost per case increases due to consumer choice towards agency providers, which are more costly than Personal Support Worker (PSW) provided care. Additionally, Adult 24-hour Residential experienced a 4.5 percent cost per case increase due to a higher number of exception rates approved along with costs exceeding prior forecasted levels.

ODHS has another separate letter to continue the temporary COVID-19 five percent rate increase for the last six months of the biennium, which if approved, would decrease the savings shown here by an additional \$6.3 million General Fund. Finally, similar to APD, ODHS acts as the employer of record for PSWs within I/DD. The paid FMLA item shown here is to provide funding to the department for the employer share of the paid family leave program for PSW's taking effect on January 1, 2023. The requested budget actions are as follows:

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Budget Challenges:						
Cost per Case increases	\$ 34.5		\$ 68.5	\$ 103.0		
Continuation of Temporary COVID-19 Five Percent Rate Increase	\$ 6.2		\$ 12.0	\$ 18.2		
Personal Support Workers Paid FMLA effective 1/1/2023	\$ 0.2		\$ 0.5	\$ 0.7		
Healthier Oregon Program - caseload costs for year two of 2021-23	\$ 1.8		\$ -	\$ 1.8		
Federal Funds limitation for PHE Continuation from March-June 2023	\$ -		\$ 32.0	\$ 32.0		
<b>Total I/DD Challenges</b>	<b>\$ 42.8</b>	<b>\$ -</b>	<b>\$ 112.9</b>	<b>\$ 155.7</b>		
Budget Savings:						
Fall 2022 Caseload Update (caseload decreases)	\$ (8.5)	\$ -	\$ (13.7)	\$ (22.2)		
PHE FMAP savings	\$ (121.3)	\$ 0.2	\$ 121.1	\$ -		
<b>Total I/DD Savings</b>	<b>\$ (129.7)</b>	<b>\$ 0.2</b>	<b>\$ 107.4</b>	<b>\$ (22.2)</b>		
Maintain savings for budget contingencies	\$ 10.0	\$ -	\$ -	\$ 10.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ (76.9)</b>	<b>\$ 0.2</b>	<b>\$ 220.3</b>	<b>\$ 143.5</b>		

*\*All dollars in millions; rounding may occur.*

### ***Vocational Rehabilitation***

The Vocational Rehabilitation division does not have any requested rebalance budget actions, other than a request to reallocate \$1.0 million of agencywide savings to the division to provide a contingency fund for unexpected budget challenges.

### ***Central Services***

The Central Services division requests a net General Fund amount of \$3.0 million (\$3.6 million total funds) for the remainder of the 2021-23 biennium through its rebalance actions. The primary component of the request is a reallocation of agencywide savings to the division to provide a contingency fund for unexpected budget challenges. Additional requested actions include funding to expand Employee Resource Groups to further advance the department's equity efforts and savings related to the enhanced FMAP due to the PHE. The requested budget actions are as follows:

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Budget Challenges:						
Employee Resource Group expansion	\$ 0.3	\$ -	\$ -	\$ 0.3		
Other Funds limitation for emergency funds	\$ -	\$ 0.0	\$ -	\$ 0.0		
Federal Funds limitation for Repatriation grant	\$ -	\$ -	\$ 0.2	\$ 0.2		
Total Central Services Challenges	\$ 0.3	\$ 0.0	\$ 0.2	\$ 0.5		
Budget Savings:						
PHE FMAP savings	\$ (0.3)	\$ -	\$ 0.3	\$ -		
Total Central Services Savings	\$ (0.3)	\$ -	\$ 0.3	\$ -		
Technical Adjustments	\$ 0.0	\$ -	\$ 0.0	\$ 0.1	1	1.00
Maintain savings for budget contingencies	\$ 3.0	\$ -	\$ -	\$ 3.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ 3.0</b>	<b>\$ 0.0</b>	<b>\$ 0.6</b>	<b>\$ 3.6</b>	<b>1</b>	<b>1.00</b>

*\*All dollars in millions; rounding may occur.*

### ***Shared Services***

The Shared Services division requests Other Funds expenditure limitation of \$0.6 million and the establishment of 11 permanent full-time positions (2.75 FTE) in the Imaging and Records Management Service (IRMS) unit. The requested positions will support efforts to improve records management for ODHS and the Oregon Health Authority. The funding to support these positions on an ongoing basis will ultimately be paid from program divisions using General Fund, Other Funds or Federal Funds. Shared Services also has requested several reclassifications of positions in the Office of Financial Services, IRMS, and Procurement and Contract Services that net to zero within the division.

### ***Statewide Assessments and Enterprise-wide Costs (SAEC)***

The SAEC division requests \$4.8 million General Fund (\$7.4 million total funds) for the remainder of the 2021-23 biennium through its rebalance plan. The primary components of the request include funding for unbudgeted Workday invoices for check charges, enhanced FMAP savings due to the PHE, and a contingency fund for unexpected budget challenges. The requested budget actions are as follows:

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Budget Challenges:						
SGSC Price List unfunded invoices	\$ 2.4	\$ 0.1	\$ 1.8	\$ 4.4		
Total SAEC Challenges	\$ 2.4	\$ 0.1	\$ 1.8	\$ 4.4		
Budget Savings:						
PHE FMAP savings	\$ (0.6)	\$ -	\$ 0.6	\$ -		
Total SAEC Savings	\$ (0.6)	\$ -	\$ 0.6	\$ -		
Maintain savings for budget contingencies	\$ 3.0	\$ -	\$ -	\$ 3.0		
<b>Net Impact of Requested Budget Actions</b>	<b>\$ 4.8</b>	<b>\$ 0.1</b>	<b>\$ 2.4</b>	<b>\$ 7.4</b>		

*\*All dollars in millions; rounding may occur.*

### ***Departmental Technical Adjustments***

Technical adjustments may generate a cost or savings for a specific division, but net to zero across the department. The current rebalance request includes technical adjustments to transfer positions or costs between departmental divisions, or within a division, to better align positions within the appropriate organizational division structure.

### ***Departmental Risks***

The department has identified budget risks not included in the rebalance plan. These potential costs are outside the typical cost per case and caseload variances:

- I/DD caseloads and cost per case may outpace forecasted projections due to a higher number and acuity level of cases.
- APD caseloads may increase as the provider workforce crisis eases and provider capacity increases to accommodate the number of eligible APD clients.
- Operational backlogs created by Covid process exceptions may arise and require temporary staffing to clean up files.
- Additional eligibility staffing and support functions are likely needed to address increased caseloads due to Legislatively approved program expansions.
- The federal Administration for Children and Families assessed a TANF penalty of approximately \$8.0 million due to the program not meeting the work participation rate requirements. The penalty is not funded. The department intends to bring this request to the 2023 Legislative Session for further discussion.
- Federal Emergency Management Agency (FEMA) reimbursements for wildfire costs may not be received by December 31, 2023, for use in closing out the 2021-23 biennium, due to timing issues or a determination that costs are ineligible for reimbursement. The Central Services division may have a General Fund shortfall if FEMA reimbursement is not received before December 31, 2023.



# Oregon

Kate Brown, Governor

Department of Human Services

Office of the Chief Financial Officer

500 Summer St. NE, E-15

Salem, OR 97301

Voice: 503-945-5600

Fax: 503-581-6198

Date 10/24/22

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Emergency Board  
900 Court Street NE H-178 State Capitol  
Salem, OR 97301-4048



Re: Oregon Department of Human Services (ODHS) Second Rebalance  
Report and Request for the 2021-2023 Biennium.

Dear Co-Chairpersons:

### **Nature of the Request:**

The purpose of this letter is to provide the second ODHS Rebalance report and request for acknowledgment of receipt of report. This with the understanding that funding will be adjusted as laid out in the rebalance, in order ensure a balanced budget in each appropriation.

ODHS 21-23 Current to Proposed LAB						
	General Fund (GF)	Other Funds (OF)	Federal Funds (FF)	Total Funds (TF)	Positions	FTE
FF NL Increase 9/15/2022	\$ 4,843,300,377	\$ 953,504,953	\$ 12,562,517,346	\$ 18,359,322,676	10,455	10,274.68
December 2022 Rebalance	\$ 4,668,796,870	\$ 1,004,852,750	\$ 12,928,190,072	\$ 18,601,839,692	10,466	10,277.43
Difference	\$ (174,503,507)	\$ 51,347,797	\$ 365,672,726	\$ 242,517,016	11	2.75

**Action Requested:** ODHS requests the Human Services subcommittee of the Emergency Board acknowledge receipt of this second rebalance of the 2021-23 Biennium, with the understanding funding will be addressed to balance the ODHS budget during the 23 Legislative Session.

**Legislation Affected:** See Attachment A to the Report.

If you have questions, please contact Eric Moore at (503) 884-4701.

Sincerely,



Fariborz Pakseresht  
Director  
Oregon Department of Human Services

Attachments

cc: Amanda Beitel, Legislative Fiscal Office  
Gregory Jolivette, Legislative Fiscal Office  
George Naughton, Department of Administrative Services  
Ali Webb, Department of Administrative Services  
Mike Streepey, Department of Administrative Services



---

Date 10/24/22

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

RE: ODHS Rebalance Report to The Oregon December 2022 Emergency Board

**Executive Summary and Nature of Request:**

The Oregon Department of Human Services (ODHS) is submitting its Second Rebalance report for the 2021-23 biennium to the state Emergency Board. This report reflects issues impacting the ODHS budget and services to needy Oregonians. ODHS will continue to coordinate with the Legislature, Legislative Fiscal Office, Governor, and DAS Chief Financial Office (CFO) to identify any actions management can take to balance the ODHS 2021-23 budget

At this rebalance, ODHS is anticipating a net General Fund (GF) savings of \$(174,503,507), a net increase to Other Funds (OF) of \$51,347,797 and a net increase in Federal Funds (FF) of \$365,672,726. Included in these numbers are technical adjustments that net to \$0 agency wide.

Total GF Changes by Division	GF
Central Services	\$ 2,966,119
Shared Services	\$ -
SAEC (less Debt Service)	\$ 4,830,866
Debt Service	\$ -
Self Sufficiency	\$ 58,011,826
Child Welfare	\$ (74,911,513)
VR - Basic Rehabilitative Services	\$ 1,000,000
Aging & People with Disabilities	\$ (89,475,555)
Intellectual & Developmentally Disabled Programs	\$ (76,925,250)
<b>Total</b>	<b>\$ (174,503,507)</b>

## **2021-23 ODHS Budget Issues**

This section contains details on the Department's updated budget position by program area (see attachment B for caseload change details from Spring 2022- Fall 2022.)

Major GF issues will be addressed in detail below.

### **Agency Wide**

#### **Public Health Emergency (PHE)**

One of the PHE's broadest and most direct benefits to states is the additional 6.2% added to Oregon's Federal Medical Assistance Percentage (FMAP) Medicaid spending. For example, if Oregon was at 60% FF with a 40% GF match, until the PHE ends, Oregon is instead on a 66.2% FF and 33.8% match. This has had significant impacts on Oregon's available GF in 19-21, and in 21-23 as well. Savings is primarily in Aging and People with Disabilities, and Intellectual and Developmental Disabilities. Oregon Health Authority (OHA) will benefit for Oregon Health Plan (OHP) type expenses. ODHS, who does the eligibility for OHP, will not benefit for eligibility because it is a separate administrative match rate rather than the FMAP rate for eligibility work.

NOTE: Adjustments for the 6.2% in the rebalance does not represent all the GF savings and FF limitation need because some of it was already in LAB. The table below sets out all the actions relating to the 6.2% in rebalance. The numbers reflect an assumption that the PHE FMAP will extend through March 2023. Legislative Fiscal Office (LFO), CFO and ODHS agree this assumption is reasonable, acknowledging the risk that the PHE could end December 31.

ODHS Estimates For 6.2% enhanced FMAP GF savings from Oct 22-June 23*			
6.20%	GF	OF	FF
Central	\$(317,498)	\$-	\$317,498
SAEC	\$(568,745)	\$-	\$568,745
SSP	\$88,845	\$-	\$(34,666)
CW	\$(4,741,223)	\$-	\$6,628,481
APD	\$(119,217,857)	\$-	\$146,049,053
I/DD	\$(121,284,410)	\$189,438	\$153,072,965
<b>Total</b>	<b>\$(245,723,390)</b>	<b>\$189,438</b>	<b>\$306,284,578</b>

- *Note: FF limitation is estimated through June 23, however, GF savings is only through March 23*

#### **Ensuring ODHS can Balance the ODHS Budget by Appropriation June 30, 2023**

ODHS Requests to retain a GF "buffer" in each area based on the risk to each GF appropriation. Risk is primarily due to the uncertainty of the economy and the real possibility ODHS caseloads can turn either way quickly without the ability of ODHS to react accordingly at the end of the biennium. ODHS requests the legislature approve the request to retain the following GF amounts, with the understanding these funds be unscheduled by the CFO. ODHS has no plans to spend this funding unless necessary. ODHS request the Legislature direct these funds not to revert until January 1, 2024, or the day after the 21-23 budget must be final and balanced within all appropriation.

The intent is to avoid the need for ODHS to request an Emergency Board post Session to balance the ODHS budget, by including GF in each appropriation as set out below.

Central	\$3,000,000
SAEC	\$3,000,000
SSP	\$10,000,000
CW	\$10,000,000
VR	\$1,000,000
APD	\$15,000,000
<u>IDD</u>	<u>\$10,000,000</u>
<b>Total</b>	<b>\$52,000,000</b>

### **Aging and People with Disabilities (APD)**

APD has a net savings of (\$89.5 million GF), a net increased need of Other Funds limitation of \$45.6 million and a net increased need of \$131.3 million Federal Funds limitation. Most coming from savings due to the additional 6.2% because of the continuation of the Public Health Emergency.

#### **Major APD General Fund Challenges:**

- Nursing facility SFY2 daily rates were increased as required by statute leading to a need of \$27.8 million.
- Nurse Crisis Team, initial spend from 4/1/22 to 9/30/22 led to a need of \$14.8 million, this excludes the September 2022 Emergency Board request which was for extending contracts for an additional six months. ODHS requests \$7.1 million for the cost of the Healthier Oregon Program funding for state fiscal year 2 (July 1, 22 through June 30, 2023), based on Fall 22 caseload forecast.
- Other challenges include Home Care Worker Paid Family Medical Leave Act (FMLA) costs from January 1, 2023 to June 30, 2023 and Hospital Decompression Incentives for Adult Foster Care Providers, initial spend from 3/1/22 to 9/30/22 led to a need of \$2.8 million, this excludes the September 2022 Emergency Board request which was intended for future months
- \$15 million to balance the APD budget, if necessary, as described above.

#### **Major APD GF Savings**

- Fall 22 forecast of APD caseload costs savings (\$29.2) million.
- Savings from the additional 6.2% FMAP of (\$119.2) million.
- Federal Emergency Management Agency (FEMA) Limitation for Decompression bed holds leads to savings of (\$8.5) million.

APD has Other Funds Limitation need of \$35.6 million, to refinance FEMA claims, and net Federal Fund Limitation need of \$131.3 million.

There is also a small technical adjustment to reclass a position at a net \$0.0 within ODHS.



## **Intellectual and Developmental Disabilities (I/DD)**

I/DD has a net savings of (\$77.0) million GF, a need of \$190,000 OF limitation and \$220.2 million in Federal Funds Limitation. As with APD, most coming from savings due to the additional 6.2% FMAP currently in place due to the Public Health Emergency (PHE).

### **Major I/DD General Fund Challenges:**

- There has been a projected \$34.5 million increase in the overall cost per case in I/DD
- I/DD provided a 5% rate increase for certain services through September 30th, 2022, and then extended it through December 31, 2022. ODHS requests funding of \$6.2 million to cover the cost of the 5% rate increase through December 31, 2022. NOTE: ODHS was requested to submit a separate letter that proposes to continue the 5% be funded through the end of the biennium.
- ODHS requests \$1.8 million for the cost of the Healthier Oregon Program funding for state fiscal year 2 (July 1, 22 through June 30, 2023, based on Fall 22 caseload forecast.)
- Personal Support Workers Paid FMLA from January 1, 2023, to June 30, 2023, \$0.23 million.
- ODHS requests \$10.0 million to balance the IDD budget, if necessary, as described above.

### **Major General Fund savings in I/DD**

- I/DD anticipates, based on the fall 2022 forecast to realize \$(8.4) million in net caseload savings.
- As with APD, I/DD has significant savings due the extension of the PHE additional 6.2% FMAP of \$(121.3) million.

I/DD has Other Funds Limitation need of \$189,438, and net Federal Fund Limitation need of \$220.3 million.

There is also a small technical adjustment at a net \$0.0 within ODHS.

## **Child Welfare (CW)**

Child Welfare has a net GF savings of (\$74.9) million, a net Other Funds Limitation need of \$13.0 million, and a net need of \$5.4 million Federal Funds Limitation.

### **Major Child Welfare General Fund Challenges**

- There has been a projected \$1.9 million increase in the overall cost per case in Child Welfare.
- CW Program received a letter regarding Oregon's failure to meet requirements set out in the current Child and Family Service Review (CFSR) Program Improvement Plan (PIP). The federal decision is to withhold federal funds in the amount of \$1.7 million for 2021-23. For this year's penalty ODHS is requesting \$1.7 million, to be paid for with an offsetting savings in this rebalance for the 21-23 biennium. ODHS will receive yearly penalties until Child Welfare is in compliance with the PIP requirements.

- ODHS requests \$10.0 million to balance the Child Welfare budget, if necessary, as described above.

#### Major Child Welfare General Fund Savings

- Based on the Fall 22 caseload forecast, Child Welfare will see a net increase. ODHS requests \$8.0 million to cover these costs.
- Child Welfare has one-time net savings of (\$24.5) million in program budgets. The largest area of savings is related to the delayed start of the new Respite Program, funded in Policy Option Package 116 during the 2021 session. The program start has been delayed due to a lack of provider responses to requests for proposals. The start date is now anticipated to be March 2023. Savings in other budget areas are related to the provider staffing issues in local communities, leading to fewer services being provided to children and families.
- Child Welfare has savings in the Residential Treatment as bed usage is projected to be lower than budgeted.
- As with APD and IDD, Child Welfare has a much more modest due the extension of the PHE additional 6.2% FMAP of (\$4.7) million.
- Child Welfare currently anticipates (\$25.2) million in one-time savings in Delivery Personal Services.
- Child Welfare also projects savings of (\$8.1) million in Design.
- ODHS requests \$10.0 million to balance the Child Welfare budget, if necessary, as described above.

Child Welfare has a net Other Funds Limitation need of \$13.0 million, and net Federal Fund Limitation need of \$5.4 million.

There is also a small technical adjustment at a net \$0.0 within ODHS.

#### Self Sufficiency (SSP)

Self Sufficiency has a net General Fund need of \$58.0 million, an Other Funds Limitation need of \$1.8 million, and a Federal Funds need of \$5.8 million.

#### Major General Fund Challenges in SSP

- SSP, based on the revised cost per case and forecasted increases in caseloads that total a need of \$36.5 million.
- SSP has a need of \$9.8 million in personal services.
- ODHS requests \$1.7 million for a Settlement Agreement between the State of Oregon and the Department of Agriculture, Food and Nutrition Services to resolve Oregon's payment error rate liability for Federal Fiscal Year 2019. This funding will be used for a contract for system improvements to enhance Oregon's Integrated Eligibility System (ONE) through the implementation of a mobile application platform. This system integration will increase Oregonian's ability to access accurate case and program information. The technology will expand the Oregonian's view into their case information while also increasing the option to communicate with ODHS. This is a one-

time request.

- SSP, after readjusting for a very limited amount of PHE additional 6.2% FMAP, has a net need of \$88,845.
- ODHS requests \$10.0 million to balance the SSP budget, if necessary, as described above.

SSP has no identified savings.

SSP has Other Funds Limitation need of \$1.8 million, and net Federal Fund Limitation need of \$5.8 million.

SSP also has three small technical adjustments that net to \$0.0 within ODHS.

### **Vocational Rehabilitation (VR)**

VR has one challenge. ODHS requests \$1.0 million to balance the VR budget, if necessary, as described above.

VR also has two small technical adjustments that net to \$0.0 within ODHS.

### **Central Services (Central)**

#### **Major Central Services Challenges**

Central has one challenge. As part of the Agency goal to become an anti-racist organization that provides culturally responsive and equitable services to all Oregonians, ODHS requests \$250,000 to increase funding for ODHS Employee Resource Groups (ERGs). These staff-run employee groups have become an important part of the ODHS culture and input into decisions. In addition, these groups have been working to increase staff diversity, and are an indispensable way for ODHS to begin connecting with all communities to receive input and develop better relations. ODHS now has 12 active ERGs and 2-3 new ones in process, each with their own focus and valuable input.

ODHS requests \$3.0 million to balance the Central budget, if necessary, as described above.

Central has a small savings due to the PHE FMAP of (\$317,498).

Central has Other Funds Limitation need of \$39,000, and net Federal Fund Limitation need of \$551,946.

Central also has seven small technical adjustments that net to \$0.0 within ODHS.

### **State Assessments and Enterprise-wide Costs (SAEC)**

SAEC (not including Debt service which has no changes) has one Challenge. This is related

to unfunded State Government Service Charges totaling \$2.4 million General Fund.

SAEC has one savings from the PHE FMAP extension of (\$568,745).

ODHS requests \$3.0 million to balance the SAEC budget, if necessary, as described above.

SAEC has Other Funds Limitation need of \$130,888, and a net Federal Fund Limitation need of \$2.4 million.

SAEC also has one technical adjustment that nets to \$0.0 within ODHS.

### **Shared Services**

Shared services has no General Fund, however, ODHS requests 11 positions at a cost of \$564,950 Total Fund. ODHS is requesting these positions for the Imaging and Records Management Services unit (IRMS) to carry out agency record management duties which are currently out of compliance for both ODHS and OHA. ODHS and OHA do not have adequate expertise, staffing, training, or aligned support to address agency records (including but not limited to paper, electronic, video, and text messaging). ODHS and OHA do not have extensive records management capabilities in the manner that is needed to properly support programs and the agencies enterprise wide.

Lack of records management resources and tools has ultimately resulted in both agencies staying in a perpetual state of non-compliance in both State, Federal and professional standards regarding public records. Secretary of State wants to ensure proper storage, archiving, retention, and destruction of records and currently both agencies are not in alignment with the direction and status that the Secretary of State requests by law.

Currently it is up to each program individually to ensure that records are taken care of. This results in inconsistencies enterprise wide. Ultimately, this lack of compliance affects all Oregonians served by all programs incorporated in these agencies. These positions are necessary for both agencies to come into compliance.

Shared Services also has three technical adjustments that nets to \$0.0 within ODHS.

Shared Services has no General Fund or Federal Fund. The Revenue for these shared services is in SAEC of both agencies.

### **Risks**

Outside the normal risks of federal participation in funding ODHS and normal changes in costs per case or caseloads, in ODHS programs there are several major outstanding risks to the ODHS budget:

- I/DD caseloads and cost per case may continue to outpace the forecasted caseload and cost per case as the number of Oregonians coming to ODHS for services and their acuity levels increase. During COVID this caseload dropped, it now appears

to be rebounding as recent actuals have shown new growth in the caseload.

- APD caseloads may increase above current forecasts. APD caseloads have been impacted greatly with the COVID-19 pandemic. The APD caseload is also based on the actual claims data rather than the number of eligible clients. The provider workforce crisis has impacted the availability of services and there is pent up demand which will likely be released as the provider capacity returns.
- In general, the impact of COVID policies to make exceptions for certain tasks will likely lead to large backlogs once the pandemic is over. There is risk that additional resources will be needed on a temporary basis to clean up files once the exceptions to process have been lifted.
- As indicated above there is a chance the PHE will end December 31, 2022. The assumption made, and agreed to by ODHS, CFO and LFO, is the PHE FMAP will extend through March.
- The Oregon Legislature passed several pieces of legislation in the last two biennia that significantly increased service eligibility, and the number of Oregonian's that are now eligible for these programs. This has led to a significant increase in caseloads. However, while program funding was provided, staff was not provided to ODHS to keep up with eligibility and redeterminations. ODHS will not be able to provide the level of service OHA, the People of Oregon, or even ODHS expect without a significant and timely increase in eligibility staffing. ODHS is examining different alternatives to create viable and accurate staffing models. But this will take time and resources to create. ODHS is in desperate need of eligibility and associated staff, including in shared and central services to adequately provide the service Oregonian's expect.
- TANF penalty for 2007. This penalty has been levied by the federal government, and ODHS has finally received the Departmental Appeal Board letter indicating ODHS is out of appeals. This is no longer a risk, but an issue that needs to be addressed. The penalty is approximately \$8.0 million. From what ODHS has been instructed so far, the next Federal Fiscal year of the TANF grant will be reduced by \$8.0 million, in addition ODHS must also apply an additional \$8.0 million in General Fund into the program to replace the FF lost and maintain the program at the same level. ODHS will return, likely during the 2023 session to discuss this issue.
- There is a risk that FEMA reimbursement for fire costs expended by ODHS will not be received by December 31, 2023. If that occurs, and ODHS at this point believes it is likely not to be received by that date, there is a real possibility ODHS will not be able to close the 21-23 budget without an increase in funding in the Central appropriation.
- In addition, the amount of FEMA reimbursement for Fire costs is still very uncertain in that ODEM or FEMA may determine many of the costs ineligible for FEMA reimbursement.

## **Conclusion**

ODHS looks forward to working with the Legislature and Governor's Office to address

budget issues outlined in this report and will continue to work with the LFO and CFO on outstanding issues so the Legislature has the information it needs to make decisions about this rebalance report and request.

OREGON DEPARTMENT OF HUMAN SERVICES		Attachment A		
2021-23 December 2022 Emergency Board				
APPROPRIATION AND LIMITATION ADJUSTMENTS				
DIVISION	PROPOSED LEGISLATION / SECTION	FUND	REBALANCE ADJUSTMENT	Appropriation
Central Services	ch 606 1(1)	General	2,966,119	87401
	ch 606 2(1)	Other	39,000	34401
	ch 606 3(1)	Federal	551,946	64401
	Item #18 June e-bd	GF Drought Response	-	87405
		Total	3,557,065	
SAEC				
	ch 606 1(2)	General	4,830,866	87404
	ch 606 2(2)	Other	130,888	34404
	ch 606 3(2)	Federal	2,401,175	64404
		Total	7,362,929	
Shared Services				
	ch 606 2(8)	Other	564,950	34402
Debt Service				
	ch 606 1(8)	General, Debt Service	-	87402
	ch 606 2(9)	Other, Debt Service	-	35403
		Total	-	
VR				
	ch 606 1(4)	General	1,000,000	87105
	ch 606 2(4)	Other	-	34105
	ch 606 3(4)	Federal	-	64105
		Total	1,000,000	
SSP				
	ch 606 1(3)	General	58,011,826	87102
	ch 606 2(3)	Other	1,819,669	34102
	ch 669 105	ARPA Emergency Food Stabilization (OF)	-	34107
	ch 606 3(3)	Federal	5,795,592	64102
	ch 606 4	Federal NL	-	62101
	Total	65,627,087		
CW				
	ch 606 1(5)	General	(74,911,513)	87101
	ch 606 2(5)	Other	13,027,468	34101
	New ARPA appn	Other - ARPA	-	
	ch 606 3(5)	Federal	5,377,215	64101
	Total	(56,506,830)		
APD				
	ch 606 1(6)	General	(89,475,555)	87301
	ch 606 2(6)	Other	35,576,384	34301
	ch 606 6	ARPA COVID State Fiscal Recovery Fund (OF)	-	34305
	Item #17 June eboard	Other CRF APD	-	34307
	ch 606 3(6)	Federal	131,261,652	64301
	Total	77,362,481		
IDD				
	ch 606 1(7)	General	(76,925,250)	87303
	ch 606 2(7)	Other	189,438	34303
	Item #17 June eboard	Other CRF IDD	-	34306
	ch 606 3(7)	Federal	220,285,146	64303
	Total	143,549,334		
		Total	242,517,016	
	Total	General	(174,503,507)	
		General DS	-	
		Other DS	-	
		Other	51,347,797	
		Federal	365,672,726	
		Federal Non-Limited	-	
		Total	242,517,016	

**Attachment B**  
**Total Oregon Department of Human Services Biennial Average Forecast Comparison**

	2021-23 Biennium		% Change Between Forecasts	Fall 2022 Forecast		% Change Between Biennia
	Spring 22 Forecast	Fall 22 Forecast		2021-23	2023-25	
<b>Self Sufficiency</b>						
Supplemental Nutrition Assistance Program (Households)	415,087	416,697	0.4%	416,697	369,172	-11.4%
Temporary Assistance for Needy Families (Families: Cash/Grants)	17,478	18,053	3.3%	18,053	17,928	-0.7%
<b>Child Welfare (children served)</b>						
Adoption Assistance	10,312	10,320	0.1%	10,320	10,162	-1.5%
Guardianship Assistance	2,405	2,422	0.7%	2,422	2,515	3.8%
Out of Home Care <sup>1</sup>	5,119	5,042	-1.5%	5,042	4,840	-4.0%
Child In-Home	1,228	1,176	-4.2%	1,176	1,174	-0.2%
<b>Aging &amp; People with Disabilities</b>						
Long-Term Care: In Home	17,088	17,421	1.9%	17,421	17,572	0.9%
Long-Term Care: Community Based	12,102	12,210	0.9%	12,210	12,765	4.5%
Long-Term Care: Nursing Facilities	3,725	3,872	3.9%	3,872	3,863	-0.2%
Long-Term Care: Healthier Oregon*	215	225	0	225	525	133.3%
<b>Intellectual and Developmental Disabilities</b>						
Total Case Management Enrollment <sup>2</sup>	32,975	32,829	-0.4%	32,829	35,011	6.6%
Total I/DD Services	21,429	21,400	-0.1%	21,400	21,960	2.6%
<b>Vocational Rehabilitation</b>	7,180	7,767	8.2%	7,767	8,988	15.7%

\*Note: Healthier Oregon categories are based on House Bill 3352 (2021 legislative session), which provides medical assistance for Oregonians who would qualify but for citizenship.

1. Includes residential and foster care.

2. Some clients enrolled in Case Management do not receive any additional I/DD services.