

## Legislative Fiscal Office

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



## Joint Committee on Ways and Means

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**To:** Human Services Subcommittee

**From:** Gregory Jolivette, Legislative Fiscal Office

**Date:** June 17, 2021

**Subject:** SB 5529 – Oregon Department of Human Services - Child Welfare  
Work Session Recommendations

### Oregon Department of Human Services – Child Welfare

	2017-19 Actual	2019-21 Legislatively Approved	2021-23 Current Service Level	2021-23 LFO Recommended
General Fund	596,149,813	761,280,346	861,468,468	894,366,021
Other Funds	19,586,304	45,333,385	37,791,256	37,724,151
Federal Funds	474,252,682	551,451,418	554,119,567	564,640,847
<b>Total Funds</b>	<b>1,089,988,799</b>	<b>1,358,065,149</b>	<b>1,453,379,291</b>	<b>1,496,731,019</b>
Positions	2,920	3,290	3,272	3,341
FTE	2,763.89	3,237.19	3,232.36	3,295.12

Attached is the 2021-23 Legislative Fiscal Office recommended budget for the Child Welfare program. The LFO recommended total funds budget is 10.2% above the 2019-21 legislatively approved budget and 2.9% above the 2021-23 current service level (CSL). The General Fund budget is 17.5% above 2019-21.

### Adjustments to Current Service Level

See attached “Work Session” spreadsheet.

The 2021-23 LFO recommended budget includes the following adjustments to the Child Welfare current service level budget:

**Package 070 - Revenue Shortfalls.** This package reduces Other Funds by \$6.5 million and Federal Funds by \$17.1 million to remove empty expenditure limitation that has built up over time due to budgeted inflationary increases.

**Package 084 - June 2020 Special Session.** This package increases General Fund by \$0.6 million for increases in cost per case for out-of-state Behavioral Rehabilitation Services providers, as authorized in the 2020 First Special Session.

**Package 087 - August Special Session.** This package increases General Fund by \$14.7 million General Fund, \$0.4 million Other Funds and \$10.3 million Federal Funds for budgetary actions authorized in the 2020 Second Special Session. It includes a net increase of 16 permanent positions (16.00 FTE) related to Child Welfare positions recommended by Alvarez & Marsal (child welfare crisis team contractor), as well as positions transferred out of the division related to technical adjustments. It also includes funding for the Strengthening, Preserving and Reunifying Families (SPRF) program; Federal Funds limitation for transfers from Child Welfare to the Office of Public Defense Services for legal representation in Child Welfare cases; and Other Funds limitation related to a variety of rebalance actions.

**Package 095 - GB Fall Reshoot** This package decreases General Fund by \$0.2 million, decreases Other Funds by \$14,380, increases Federal Funds by \$69,242, and adds one permanent position (1.00 FTE) due to recommended budgetary actions proposed in the December 2020 Rebalance. The proposed actions are technical adjustments that net zero at the agency level. They include moving postage and handling costs to the State Assessments and Enterprise-wide Costs budget, transferring one permanent position (1.00 FTE) to the Self-Sufficiency Programs division, and receiving two permanent positions (2.00 FTE) from the Aging and People with Disabilities division.

**Package 110 - BRS OWI Update** This package provides \$6.2 million total funds to increase Behavioral Rehabilitation Services (BRS) rates by approximately 6.5% due to updated wage data.

**Package 111 - Child Welfare Training** This package provides \$4.0 million total funds and 19 positions (16.72 FTE) in the Child Welfare Training Unit to enhance the division's ability to design, deliver, evaluate and oversee training received by the Child Welfare staff. This is expected to increase workforce retention and provide more effective services to keep vulnerable children safe.

**Package 112 - Independent Living Program Expansion** This package provides \$5.9 million General Fund and two permanent positions (1.76 FTE) in the Foster Care and Youth Transitions Unit to expand the Independent Living Program. It also provides resources for service payments to contracted service providers and implements a tiered service model that includes new services for youth aged 14 through 16 and more intensive supports for youth aged 16 through 22.

**Package 114 - Family Preservation and Prevention** This package provides \$6.1 million total funds and 29 permanent positions (25.52 FTE) in the Child Welfare Safety program to create a Family Preservation and Prevention program to develop internal infrastructure to provide supports and coordination of community-based prevention services to children and families.

**Package 115 - Governor's Child Foster Care Advisory Commission** As required by HB 2505 (2021), this package funds one position (0.88 FTE) to support the Governor's Child Foster Care Advisory Commission. The Commission is responsible for monitoring accountability in the foster care system by promoting statewide advocacy for children in foster care, decreasing demographic disproportionality of children in foster care and decreasing the number of placements for children in substitute care.

**Package 116 - Foster Care Respite Care Program** This package funds one permanent position (0.88 FTE) and contracting costs to develop a statewide Respite Business Plan to overlay with the Behavioral Rehabilitative Services (BRS) infrastructure. Respite care services would be provided through the BRS Proctor Care system using either the Child Welfare or CCO funding models.

**Package 117 - School of Origin Transportation** This package provides \$0.9 million total funds to fully fund transportation costs for foster children who travel to their school of origin, which is often outside the school boundaries of their foster care placement residence. Transportation is provided through an Intergovernmental Agreement with the Oregon Department of Education.

**Package 118 - Child Welfare Stabilization** This package requests \$15.4 million total funds and 59 permanent positions (51.92 FTE) in the Child Welfare Programs division to resolve double-filled positions and provide permanent funding for ongoing position costs. The Child Welfare Stabilization package also has components in the Central and Shared Services budget structures. LFO recommends the establishment of a special purpose appropriation and adoption of a budget note for this request as described below.

**Package 801 - LFO Analyst Adjustments.** This package adjusts the Child Welfare budget to reflect the Spring 2021 caseload forecast, as well as changes in cost per case, as well as the extension through Q3 of the one-time 6.2% enhanced FMAP related to the COVID-19 public health emergency, postage and handling, and the transfer of funds for from the Intellectual and Developmental Disabilities program for crossover children. Also included in this package are the following:

- Foster Care Respite Care Adjustment. Funding for Package 116 is reduced by \$4.6 million General Fund, and \$0.3 million Other Funds to account for the period of planning and development during which few if any families will receive the respite care benefit. This assumes the new service will be available for 18 months instead of the 24 months assumed in the original request.
- Alternative Child Care. The Department is directed to use funds in the Adoption Applicable Child Savings Fund to extend, at least through September 2021, the Alternative Child Care program established in the current biennium to provide flexibility to foster care parents for their foster child child-care needs during the COVID-19 public health emergency. If a budget adjustment is ultimately needed to fund this extension, or there continues to be a need for the program after September 30, 2021 due to continuing pandemic-related restrictions on childcare agencies, ODHS is expected to make a request for funding in a future rebalance.
- In-Home Services/Youth Non-Medical Needs, SB 1. Provides \$6.6 million General Fund for In-Home services for youth with non-medical necessity needs. This investment is part of the investment in the children's continuum of care services included in SB 1 (2019).
- Special Purpose Appropriation + Budget Note - Child Welfare Stabilization. LFO recommends the establishment of a \$15.9 million General Fund special purpose appropriation to the Emergency Board to fund the 99 positions (87.12 FTE) requested in Package 118 to address the agency's use of double-fill positions. This

includes \$10.9 million General Fund and 59 positions (51.92 FTE) referenced above, \$4.4 million General Fund and 34 positions (29.92 FTE) in Central Services, and \$0.5 million General Fund and six positions (5.28 FTE) in Shared Services for child welfare-related work. This recommendation reflects an ongoing concern regarding the continuing high vacancies in the Child Welfare program, and a legislative expectation that the agency fill its current vacancies and implement strategies to improve recruitment and retention.

- It should be noted that LFO recommends approval of Package 105 in Central Services, which provides the Human Resources Office with 39 permanent positions (39.00 FTE) and should accelerate the rate at which Child Welfare positions are filled. The LFO recommend adoption of a related budget note (below)

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.

The LFO recommends the Subcommittee approve a 2021-23 ODHS Child Welfare Budget of:

\$894,366,021	General Fund
\$37,724,151	Other Funds
\$564,640,847	Federal Funds
3,341	Positions
3,295.12	FTE

### **Performance Measures**

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

### **Budget Notes**

#### **#1 Child Welfare Stabilization Special Purpose Appropriation**

To access the special purpose appropriation established in SB 5529 to address double-fill positions in the Child Welfare program, the Oregon Department of Human Services must present information to the Human Services Subcommittee of the Joint Committee on Ways and Means during the 2022 legislative session that demonstrates the agency's progress in filling child welfare vacancies, reducing turnover, implementing strategies to improve recruitment and retention, and curbing the establishment of double-fill positions.

#### **#2 Foster Care Respite Care Program**

The Oregon Department of Human Services shall submit a report to the Human Services Subcommittee of the Joint Committee on Ways and Means during the 2022 legislative session on the status of implementation of foster care respite services, including the number and type of certified and trained respite providers, and the number of families and children who have received and will receive respite services during the 2021-23 biennium.

The report should also discuss the metrics the agency will be using to evaluate the program's effectiveness with regard to family stability, reduced risk or neglect, and improved provider recruitment and retention.

### **Recommended Changes**

The Child Welfare budget is part of SB 5529, which is the budget bill for the entire Oregon Department of Human Services. The recommended amendments to SB 5529 will be presented after work sessions are completed on all parts of the budget.

**OREGON DEPARTMENT OF HUMAN SERVICES: CHILD WELFARE  
SB 5529 WORK SESSION**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments
<b>2019-21 Legislatively Approved Budget (As of June 2021)</b>	761,280,346	-	45,333,385	551,451,418	-	-	1,358,065,149	3,290	3,237.19	
<b>2021-23 Current Service Level</b>	861,468,468	-	37,791,256	554,119,567	-	-	1,453,379,291	3,272	3,232.36	
<b>2021-23 Governor's Budget</b>	889,934,481	-	31,561,699	552,406,853	-	-	1,473,903,033	3,398	3,345.28	
<b>2021-23 LFO RECOMMENDED BUDGET</b>	894,366,021	-	37,724,151	564,640,847	-	-	1,496,731,019	3,341	3,295.12	
<b>2021-23 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL</b>										
<b>2021-23 Current Service Level Estimate</b>	861,468,468	-	37,791,256	554,119,567	-	-	1,453,379,291	3,272	3,232.36	
<b>LFO Recommendations for Existing Packages</b>										
Pkg 070: Revenue Shortfall	-	-	(6,531,059)	(17,065,610)	-	-	(23,596,669)	-	-	
Pkg 084: June 2020 Special Session Rollup	555,666	-	-	-	-	-	555,666	-	-	
Pkg 087: August Special Session Rollup	14,746,052	-	442,222	10,328,138	-	-	25,516,412	16	16.00	
Pkg 095: GB Fall Reshoot	(211,171)	-	(14,380)	69,242	-	-	(156,309)	1	1.00	
Pkg 110: BRS OWI Update Package	3,102,604	-	-	3,049,627	-	-	6,152,231	-	-	Upates rate formula
Pkg 111: Increase CW Training Capacity	992,940	-	-	2,978,570	-	-	3,971,510	19	16.72	
Pkg 112: ILP Expansion	5,892,004	-	-	-	-	-	5,892,004	2	1.76	Expands to 14-22 year olds
Pkg 114: Family Preservation and Prevention	4,607,137	-	-	1,535,672	-	-	6,142,809	29	25.52	Implementation of Family First Act
Pkg 115: Gov's Child Foster Care Adv Commission	166,400	-	-	55,466	-	-	221,866	1	0.88	HB 2505 position
Pkg 116: FC Respite Care Program	18,275,883	-	-	1,165,112	-	-	19,440,995	1	0.88	
Pkg 117: School of Origin Transportation	927,925	-	32,881	894,375	-	-	1,855,181	-	-	IGA w/Oregon Department of Education
Pkg 118: Child Welfare Stabilization	-	-	-	-	-	-	-	-	-	Special Purpose Approp to E Board + Budget Note
<b>Other Recommended Adjustments</b>										
<b>Pkg 801: LFO Analyst Adjustments</b>										
Caseload	(36,560,945)	-	(888,958)	(8,829,986)	-	-	(46,279,889)	-	-	Spring 2021 Reshoot
Cost per Case	24,916,490	-	260,908	1,573,599	-	-	26,750,997	-	-	Spring 2021 Reshoot
Reg FMAP	573,006	-	-	(573,006)	-	-	-	-	-	Spring 2021 Reshoot
Enhnced FMAP	(7,076,473)	-	-	7,076,473	-	-	-	-	-	Spring 2021 Reshoot
Postage and Handling	(2,230)	-	(207)	(1,379)	-	-	(3,816)	-	-	Spring 2021 Reshoot
I/DD Crossover Children to CW	-	-	6,631,488	-	-	-	6,631,488	-	-	Spring 2021 Reshoot
COVID Relief Omni ILP	-	-	-	3,542,398	-	-	3,542,398	-	-	Spring 2021 Reshoot
FC Respite Adj	(4,607,735)	-	-	(277,411)	-	-	(4,885,146)	-	-	Adjusts for 18-month program
In-Home Services/Non-Medical Youth SB1	6,600,000	-	-	5,000,000	-	-	11,600,000	-	-	Children's Continuum of Care Services/SB 1
Alternative Child Care	-	-	-	-	-	-	-	-	-	Extends program through September 30, 2021
<b>Total adjustments LFO Rec from CSL</b>	<b>32,897,553</b>	<b>-</b>	<b>(67,105)</b>	<b>10,521,280</b>	<b>-</b>	<b>-</b>	<b>43,351,728</b>	<b>69</b>	<b>62.76</b>	
<b>TOTAL 2019-21 LFO Recommended Budget</b>	<b>894,366,021</b>	<b>-</b>	<b>37,724,151</b>	<b>564,640,847</b>	<b>-</b>	<b>-</b>	<b>1,496,731,019</b>	<b>3,341</b>	<b>3,295.12</b>	
<b>\$ Change from 2019-21 Approved</b>	<b>133,085,675</b>	<b>-</b>	<b>(7,609,234)</b>	<b>13,189,429</b>	<b>-</b>	<b>-</b>	<b>138,665,870</b>	<b>51</b>	<b>57.93</b>	
<b>% Change from 2019-21 Approved</b>	<b>17.48%</b>	<b>-</b>	<b>-16.79%</b>	<b>2.39%</b>	<b>-</b>	<b>-</b>	<b>10.21%</b>	<b>1.55%</b>	<b>1.79%</b>	
<b>\$ Change from 2021-23 CSL Estimate</b>	<b>32,897,553</b>	<b>-</b>	<b>(67,105)</b>	<b>10,521,280</b>	<b>-</b>	<b>-</b>	<b>43,351,728</b>	<b>69</b>	<b>62.76</b>	
<b>% Change from 2021-23 CSL Estimate</b>	<b>3.82%</b>	<b>-</b>	<b>-0.18%</b>	<b>1.90%</b>	<b>-</b>	<b>-</b>	<b>2.98%</b>	<b>2.11%</b>	<b>1.94%</b>	
<b>\$ Change from 2021-23 Governor's Budget</b>	<b>4,431,540</b>	<b>-</b>	<b>6,162,452</b>	<b>12,233,994</b>	<b>-</b>	<b>-</b>	<b>22,827,986</b>	<b>(57)</b>	<b>(50.16)</b>	
<b>% Change from 2021-23 Governor's Budget</b>	<b>0.50%</b>	<b>-</b>	<b>19.53%</b>	<b>2.21%</b>	<b>-</b>	<b>-</b>	<b>1.55%</b>	<b>-1.68%</b>	<b>-1.50%</b>	