

ANALYSIS

Item 18: Department of Human Services / Oregon Health Authority Office of Financial Services Positions

Analyst: Matt Stayner and Gregory Jolivette

Request: Appropriate \$379,748 General Fund, increase Other Funds expenditure limitation by \$912,099, increase Federal Funds expenditure limitation by \$222,220, and authorize the establishment of seven positions (3.75 FTE) for the Department of Human Services; and appropriate \$235,419 General Fund, increase Other Funds expenditure limitation by \$33,189, and increase Federal Funds expenditure limitation by \$56,904 for the Oregon Health Authority, to provide staffing support for the Department of Human Services, Office of Financial Services.

Analysis: The Office of Financial Services (OFS) within the Department of Human Services (DHS) provides financial reporting and accounting support for DHS and the Oregon Health Authority (OHA) operating programs. Funding for OFS is provided via a pass-through of funding generated from a cost allocation methodology managed in both agencies' Statewide Assessments and Enterprise-wide Costs program budgets.

The OFS staffing request results from legislation adopted in the 2023 session and ongoing agency initiatives, particularly the expansion of Medicaid funded services under the current demonstration waiver that have increased the volume and complexity of work undertaken by the OFS. The portion of the increased workload due to adopted legislation is the cumulative impact of multiple bills. The fiscal impact statements of these measures often acknowledge the increased administrative burden on the agencies, but the measures do not always provide specific budgetary resources due to the small incremental impact of any single bill.

Subsequent to the submission of the original request by the agencies, revisions were made resulting in the current request including the establishment of six positions (3.00 FTE): three accountants, one accounting technician, two operations and policy analysts, and the conversion of two permanent part-time positions to full-time. Total costs to support these positions in the current biennium is \$730,884. The expenditures in the Office of Financial Services are recognized as Other Funds. Due to the allocation of these costs to each agency and the structure of the budgets, a portion of the costs (\$690,156) is "double counted," once when each agency transfers funding to OFS, and once when the funding is expended. The recommended budgetary adjustments for each agency include both parts of the transaction and represent the originating fund types as well as the Other Funds for the OFS expenditures.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$294,877 General Fund, increasing Other Funds expenditure limitation by \$702,814, increasing Federal Funds expenditure limitation by \$172,531, and authorizing the establishment of six positions (3.00 FTE) for the Department of Human Services; and appropriating \$181,398 General Fund, increasing Other Funds expenditure limitation by \$25,574, increasing Federal Funds expenditure limitation by \$43,846 for the Oregon Health Authority, in a budget reconciliation bill during the 2024 legislative session, to provide staffing support for the Department of Human Services, Office of Financial Services.

Request: Appropriate \$615,167 General Fund, increase Other Funds expenditure limitation by \$945,288, increase Federal Funds expenditure limitation by \$279,124, and establish seven positions (3.75 FTE) to provide additional administrative staffing support within the Department of Human Services and the Oregon Health Authority Shared Services and State Assessments and Enterprise-Wide Costs.

Recommendation: Approve the request during the 2024 Legislative Session, with the following modifications: Appropriate \$476,275 General Fund, increase Other Funds expenditure limitation by \$728,388, increase Federal Funds expenditure limitation by \$216,377, and establish six positions (3.00 FTE) to provide additional administrative staffing support within Department of Human Services and Oregon Health Authority Shared Services and State Assessments and Enterprise-Wide Costs.

Discussion: The Department of Human Services (ODHS) Shared Services supports both ODHS and Oregon Health Authority (OHA) by providing business services to ensure financial accountability and compliance, data driven decision-making, and stewardship of resources. Within Shared Services, the Office of Financial Services (OFS) provides financial reporting and accounting support to both ODHS and OHA. As a part of Shared Services, funding for OFS is included in the Shared Services Funding portion of the Statewide and Enterprise-wide Costs (SAEC) budget.

The cumulative impact of new bills passed during the 2023 Legislative Session, approval of Oregon's new 1115 demonstration waiver including additional federal support through Designated State Health Programs (DSHP), and the implementation of new governmental accounting standards, result in a need for more staffing support in OFS. Specifically, ODHS and OHA are requesting additional General Fund and Other Funds/Federal Funds expenditure limitation for six positions (3.00 FTE). The request for seven positions (3.75 FTE) was revised downward by DHS since the December 8, 2023 letter submission due to the correction of an error. The positions and changes driving the work include:

- One Accountant 2 (0.50 FTE) for DSHP, incremental work on House Bill 2286 (2023) and House Bill 2683 (2023);
- One Accountant 3 (0.50 FTE) to implement new Governmental Accounting Standards Board (GASB) standards 87 and 96, which respectfully changed tangible operating leases to capital leases and information technology subscriptions to operating leases;
- One Accounting Technician (0.50 FTE) to support the 1115 waiver and new work required by House Bill 3396 (2023), House Bill 2128 (2023), Senate Bill 1089 (2023), and Senate Bill 548 (2023);
- One Accountant 1 (0.50 FTE) to support implementation of the Healthier Oregon Program as well as various bills;

- One Operations and Policy Analyst 2 (0.50 FTE) and one Operations and Policy Analyst 3 (0.50 FTE) to translate complex financial reporting requirements due to the 1115 waiver into the IT system changes and financial reporting tables. These positions would also support implementation of Senate Bill 91 (2023) and House Bill 2286 (2023).

In addition to the six positions (3.00 FTE), OFS will request to change two permanent part-time positions to permanent full-time positions for the 2025-27 biennium to allow additional workload to be spread to more staff in the division. For the 2025-27 biennium, the projected General Fund cost of the additional positions and conversion of part-time to full-time staff is \$1.2 million, \$3.7 million total funds.

The Departments received additional funding for staff support with the Legislatively Adopted Budget for the 1115 Medicaid Waiver and the Healthier Oregon Program, although the needed positions within OFS were not included. This omission along with the cumulative impact of new bills and accounting standards, results in the need for additional staffing support.

Legal References:

- Appropriate \$294,877 from the General Fund to supplement the appropriation made by chapter 610, section 1(2), Oregon Law 2023, for the Department of Human Services, State Assessments and Enterprise-Wide Costs, for the 2023-25 biennium.
- Increase the Other Funds expenditure limitation established by chapter 610, Section 2(8), Oregon Laws 2023, for the Department of Human Services, Shared Services, by \$690,156 for the 2023-25 biennium.
- Increase the Other Funds expenditure limitation established by chapter 610, Section 2(2), Oregon Laws 2023, for the Department of Human Services, State Assessments and Enterprise-Wide Costs, by \$12,658 for the 2023-25 biennium.
- Increase the Federal Funds expenditure limitation established by chapter 610, Section 3(2), Oregon Laws 2023, for the Department of Human Services, State Assessments and Enterprise-Wide Costs, by \$172,531 for the 2023-25 biennium.
- Appropriate \$181,398 from the General Fund to supplement the appropriation made by chapter 591, section 1(7), Oregon Law 2023, for the Oregon Health Authority, State Assessments and Enterprise-Wide Costs, for the 2023-25 biennium.
- Increase the Other Funds expenditure limitation established by chapter 591, Section 2(9), Oregon Laws 2023, for the Oregon Health Authority, State Assessments and Enterprise-Wide Costs, by \$25,574 for the 2023-25 biennium.
- Increase the Federal Funds expenditure limitation established by chapter 591, Section 5(7), Oregon Laws 2023, for the Oregon Health Authority, State Assessments and Enterprise-Wide Costs, by \$43,846 for the 2023-25 biennium.

December 8, 2023

The Honorable Senator Elizabeth Steiner, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Re: Cumulative effects of Legislation

Dear Co-Chairpersons:

The Oregon Department of Human Services (ODHS) is requesting \$379,748 general fund, \$912,099 other funds, \$222,220 federal funds, 7 positions, and 3.75 full time equivalents (FTE) to support the ODHS Shared Services Office of Financial Services (OFS). Oregon Health Authority (OHA) is requesting \$235,419 general funds, \$33,189 other funds, and \$56,904 federal funds to cover the Shared Services Funding supporting the OFS request.

Nature of the Request

During the historic 2023 Legislative Session, there were multiple bills passed that had a direct effect on the Office of Financial Services (OFS) workload. Most of these bills have a routine impact to OFS units, meaning that the incremental impact of each bill was minor enough not to need additional staffing, however the cumulative effect continues to increase workload across multiple units. Additionally, some of these bills will have greater workload impacts later in the biennia.

In addition to new legislation, the impact of the 1115 waiver, implementation of the Designated State Health Program (DSHP), and new Governmental Accounting Standards Board (GASB) pronouncements has increased the workload substantially for OFS. Specifically, positions are needed for system configuration for the various federal reporting and funding changes to ensure the agencies can accurately do federal reporting and ensure financial transactions in these systems meet state and federal audit requirements for 1115 waiver, DSHP and other new programs. For the 1115 Waivers [Population Breakout; Continuous Eligibility; Health Related Social Needs (HRSN); Young Adults with Special Healthcare

Needs (YSCHN); Substance Use Disorders (SUD)], OFS is responsible for setting up structure in both the Statewide Financial Management Application (SFMA) and other systems to meet required federal reporting requirements.

This additional breakout and programs create additional workload and impact production units for processing payments, accounts receivable, receipting activities and grant reporting.

A position is also needed to ensure the agencies comply, report and disclose activity to ensure accurate statewide financial reporting associated with new GASB pronouncements including GASB 87, which changed tangible operating leases, such as copiers, to capital leases which increased assets, liabilities and amortization schedules by almost 2,000 new assets and GASB 96, which changed some information technology subscriptions to operating leases requiring more substantial asset tracking and reporting.

Incremental increases in staffing are needed for overall higher volume of transactions associated with new funding sources for accounts receivable, receipting, contracts and accounts payable. The agencies had approximately \$239.6 million in enhanced funding for various ODHS and OHA programs or services. This volume includes new grants, contracts, invoice payments, travel reimbursements for new staff, SPOTS Visa management, and new board/commission member reimbursements and stipend programs.

Below is a table of analyzed need by topic and the requested FTE by topic:

Item generating staffing need	# items analyzed	Staffing need (Full Time Equivalent - FTE)	Position Classification
2023 Legislative bills passed with no funding, but incremental need	8	2.00	1.00 Accounting Tech, 1.00 Accountant 3
2023 Legislative bills passed with minimal funding	2	2.00	1.00 Accountant 2, 0.50 OPA3, 0.50 Accountant 1
Other Efforts implement with OFS incremental need (ex: 1115 Waiver)	10	3.75	1.25 OPA3, 1.00 OPA2, 0.50 Accountant 3, 1.00 Accountant 1
Total		7.75	

Action Requested

The Oregon Department of Human Services (ODHS) is requesting that the Committee acknowledge receipt of this report and recommend an increase of \$379,748 general fund, \$912,099 other funds, \$222,220 federal funds, and the establishment of 7 new positions (3.75 full time equivalents (FTE)) for the ODHS Shared Services Office of Financial Services (OFS) in the February 2024 Legislative Session to fund position and infrastructure costs related to emergent agency needs. The Oregon Health Authority (OHA) is requesting that the Committee acknowledge receipt of this report and recommend an increase of \$235,419 general funds, \$33,189 other funds, and \$56,904 federal funds to fund Shared Services Funding which supports the OFS request.

Legislation Impacted

Oregon Laws 2023, Chapter 610, section 1, subsection 2, \$379,748
Oregon Laws 2023, Chapter 610, section 2, subsection 2, \$ 16,413
Oregon Laws 2023, Chapter 610, section 3, subsection 2, \$222,220
Oregon Laws 2023, Chapter 610, section 2, subsection 8, \$895,686

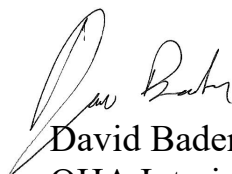
Oregon Laws 2023, Chapter 591, section 1, subsection 7, \$235,419
Oregon Laws 2023, Chapter 591, section 2, subsection 9, \$ 33,189
Oregon Laws 2023, Chapter 591, section 5, subsection 7, \$ 56,904

If you have questions, contact Rob Kodiriy at Rob.Kodiriy@odhs.oregon.gov.

Sincerely,



Fariborz Pakseresht
ODHS Director



David Baden
OHA Interim Director

Ec: Amanda Beitel, Legislative Fiscal Office
Gregory Jolivet, Legislative Fiscal Office
Matt Stayner, Legislative Fiscal Office
Kate Nass, Department of Administrative Services
Patrick Heath, Department of Administrative Services
Mike Streepey, Department of Administrative Services
Janell Evans, Oregon Health Authority
Mollie Bates, Oregon Health Authority