

ANALYSIS

Item 16: Department of Human Services Rebalance

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Request: Acknowledge receipt of a report on the 2023-25 financial status and budget rebalance request for the Department of Human Services.

Analysis: The Department of Human Services (DHS) is presenting its first financial report of the 2023-25 biennium in anticipation of legislative action during the 2024 session. The report identifies a number of issues affecting the DHS budget, including changes in forecasted caseload levels, cost per case, the federal medical assistance percentage (FMAP), and other program changes arising since the 2023 legislative session. The agency estimates the fiscal impact of these changes is a net General Fund cost of \$118.3 million, an Other Funds expenditure limitation increase of \$15.4 million, and a Federal Funds expenditure limitation increase of \$305.5 million. The agency's rebalance also includes various position actions which result in a net increase of 87 positions (65.34 FTE).

Forecasted changes to caseload levels and cost per case adjustments account for nearly 60% of the total net General Fund impact of changes across agency programs. Each of these issues is discussed in more detail below.

DHS 2023-25 Rebalance - General Fund		
Item	GF	% of total
Caseload	40,968,195	34.6%
Cost Per Case	28,594,422	24.2%
Workload	12,464,324	10.5%
ARPA True Up	24,681,865	20.9%
Various Other	11,609,384	9.8%
Total	118,318,190	100.0%

General Fund Adjustments

Caseload: The 2023-25 legislatively adopted budget for DHS is based on the spring 2023 forecast of program caseloads, which included caseload data available through January 2023. The fall 2023 forecast, which relies on data available through September 2023, shows some significant changes from the earlier forecast. The agency estimates the net fiscal impact of these changes is \$40.9 million General Fund. The following summarizes the forecasted caseload changes for each major program:

- *Intellectual/Developmental Disabilities (\$62.7 million General Fund cost)* – The 2023-25 biennial average monthly caseload for Intellectual/Developmental Disabilities (I/DD) is 24,038 clients, which is 7% higher than the previous forecast. Notably, the caseload for Adult In-Home Support and In-home Supports for Children increased 8.7% and 14.3%, respectively. There was also an increase of 5.2% in 24-Hour Residential Care.
- *Self Sufficiency Program (\$1.7 million General Fund cost)* – For the Self Sufficiency Program (SSP), the Temporary Assistance for Needy Families average monthly caseload of 19,850 families is 3.5% higher compared to previous forecast. The Supplemental Nutrition Assistance Program (SNAP) average monthly caseload of 418,386 households is 0.8% lower.
- *Child Welfare (\$13.3 million General Fund savings)* – The average monthly Child Welfare (CW) forecast for the 2023-25 biennium is 17,370 children, which is 1,009 (or 5.5%) fewer children compared to the previous forecast. Most of this decrease is the result of a data correction to the

Adoption Assistance caseload; the foster care average monthly caseload is down by 286 children (6.1%).

- *Aging and People with Disabilities (\$10.1 million General Fund savings)* – The Aging and People with Disabilities (APD) average monthly forecast for the 2023-25 biennium totals 33,779 individuals, an increase of 0.7% compared to the spring 2023 forecast. For in-home care, the average monthly caseload increased 1.9% to 17,156. For community-based care, the caseload forecast is unchanged at 12,885. The nursing facility caseload of 3,669 represents a 2.8% decrease compared to the previous forecast.

Cost Per Case (\$28.6 million General Fund cost): Based on more recent expenditures, the agency is reporting higher than budgeted costs per case in the SSP, I/DD, and CW programs. In SSP, higher costs may potentially be attributed to TANF time limits and work participation rules. In I/DD, the increase appears to reflect the continued shift of consumers to more expensive agency in-home services. In CW, the adjustment does not appear to result from higher costs, but rather from correcting an error made by the agency during budget development.

Workload Model Positions (\$12.5 million General Fund cost): For most programs, DHS uses a workload model to determine the number of direct service staff and supervisors needed to serve agency clients. Using the updated caseload data, the models estimate a need for 62 new state positions (39.66 FTE): this includes 57 positions (35.91 FTE) in SSP and 5 positions (3.75 FTE) in APD. In addition, the rebalance includes \$6.7 million General Fund for additional contract staff at Community Developmental Disability Program (CDDP) offices and \$0.5 million for contract staff at Area Agencies on Aging (AAAs). Based on our review of historical TANF caseloads and staffing patterns, LFO does not recommend approval of the requested SSP positions.

American Rescue Plan Act - Home and Community Based Services (\$24.6 million General Fund cost): The American Rescue Plan Act (ARPA) provided enhanced federal funding for state Medicaid spending on Home and Community Based Services (HCBS). Specifically, for the period April 1, 2021, through March 31, 2022, states were eligible to receive a 10% increase in their FMAP for specified HCBS. States are required to use the funding to enhance, expand, or strengthen HCBS, including long term services and supports. In total, Oregon received an estimated \$284 million, which must be spent by March 31, 2025. In 2021-23, DHS spent \$165 million on various initiatives; however, some of the funds in the agency's budget went unspent and reverted to the General Fund. The agency's proposed budget rebalance would appropriate the \$24.6 million difference in 2023-25.

Various Other Adjustments (\$11.6 million General Fund cost): Other notable adjustments include the updated assumptions around federal financial participation, the Federal Medical Assistance Percentage, and increased staffing costs. These and other issues are discussed below.

- *Federal Medical Assistance Percentage Update (\$8.9 million General Fund savings)* – The Federal Medical Assistance Percentage (FMAP) is the federal match rate for Medicaid services, which changes each federal fiscal year based on state per capita personal income trends. Oregon's FMAPs have been trending down for several years, resulting in General Fund increases to maintain program service levels. For 2023-25, the legislatively adopted budget assumed the FMAP would decrease from 60.34% in 2021-23 to 59.24% in 2023-25. The updated base FMAP is

slightly higher at 59.32%, resulting in General Fund savings of \$8.8 million across multiple programs, with the biggest savings in APD (\$3.3 million GF) and I/DD (\$5.1 million GF).

- *Behavior Rehabilitation Services Technical Adjustment (\$1.5 million General Fund savings)* – The rebalance proposes an adjustment to correct an error in the calculation of the rate increase that was approved as part of the legislatively adopted budget.
- *Stabilization and Crisis Unit Overtime Incentive (\$3.4 million General Fund cost)* – The Stabilization and Crisis Unit (SACU) is a 24-hour crisis residential program. SACU serves individuals with I/DD, often with co-occurring mental health issues, 24-hours a day in residential and community-based settings. Through the bargaining process with AFSCME for the 2023-2025 contract, SACU and AFSCME created a Letter of Agreement that incentivizes employees to pick up overtime shifts when SACU is at critical staffing levels. The incentive would apply when the true vacancy rate for direct support workers is at 10.5% or greater.
- *Paid Leave Oregon Fund Shift (\$3.7 million General Fund cost)* – The 2023-25 legislatively adopted budget assumed federal funds would be available to cover a portion of the cost. The Centers for Medicare and Medicaid Services (CMS) later determined that Paid Leave Oregon does not qualify for federal match.
- *Child Welfare Fund Shift (\$9 million General Fund cost)* – In general, fewer children served by the CW program are eligible for Title IV-E federal participation than assumed in the legislatively adopted budget. The rebalance proposes to adjust program funding to reflect more recent trends in Title IV-E eligibility. The result is a need for more General Fund and less Federal Funds expenditure limitation.

General Fund Adjustments by Program

The net General Fund increase of \$118 million in DHS's budget rebalance plan represents a 2% increase above the 2023-25 legislatively adopted budget. As the table below shows, \$95.1 million, or 80%, of this growth is attributable to adjustments in the I/DD program.

	Self Sufficiency	Child Welfare	Vocational Rehabilitation	Aging and People with Disabilities	Intellectual and Developmental Disabilities	Oregon eligibility Partnership	Central Services	Shared Services	State ssessments and Enterprisewide Costs	Totals
General Fund \$ in millions										
2023-25 Leg Adopted Budget	346.7	970.3	39.7	1,697.2	1,819.2	369.1	71.3	-	392.2	5,705.7
Rebalance Issues										
Costs	7.55	31.71	-	11.26	107.81	-	-	-	0.20	158.5
Savings	-	(14.85)	-	(13.42)	(12.57)	-	-	-	-	(40.8)
Mgmt Actions	-	(0.31)	-	-	(0.10)	-	0.89	-	0.58	1.1
Tech Adjust/Transfers	6.21	(3.45)	0.18	4.53	(0.07)	(11.21)	0.31	-	3.09	(0.4)
Net Change from Leg Adopted	13.8	13.1	0.2	2.4	95.1	(11.2)	1.2	-	3.9	118.3

Expenditure Limitation and Position Requests

DHS's budget rebalance report proposes an Other Funds expenditure limitation increase of \$15.4 million and a Federal Funds expenditure limitation increase of \$305.5 million. These net figures capture expenditure limitation adjustments associated with several issues discussed above (e.g., updated caseload, cost per case, FMAP).

Other significant expenditure limitation increases include \$14.8 million Other Funds to support an updated interagency agreement with the Department of Early Learning and Care related to the Employment Related Day Care Program; \$22.9 million Federal Funds expenditure limitation to allow the agency to spend multiple supplemental awards related to Afghan and Ukrainian refugees; and \$56.7 million Federal Funds expenditure limitation to allow the agency to spend increased federal awards for SNAP employment and Training.

The rebalance also includes various position actions which result in a net increase of 87 positions (65.34 FTE). As discussed earlier, most of these (62 positions, 39.66 FTE) are based on workload models using the fall caseload forecast, with the bulk going to SSP. Other position requests include seven positions in CW to administer a new federal grant, and 10 new positions in Vocational Rehabilitation to administer federal funds.

Technical Adjustments

The budget rebalance includes technical adjustments that are budget neutral and consist primarily of internal transfers of positions and funding, the most common of which are transfers between programs and DHS's budget structures for Shared Services and State Assessments and Enterprise-wide Costs associated with positions approved in the 2023-25 legislatively adopted budget.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the Department of Human Services' budget rebalance report, with the understanding the Legislative Fiscal Office will develop recommendations for budgetary changes to be included in a budget reconciliation bill during the 2024 legislative session.

Request: Report on the first rebalance report of the 2023-25 biennium for the Department of Human Services (ODHS); increase General Fund appropriation by \$118,318,190, increase Other Funds expenditure limitation by \$15,382,504, increase Federal Funds expenditure limitation by \$305,486,625, and establish 87 positions (65.34 FTE).

Recommendation: Acknowledge receipt of the report.

Discussion: ODHS has submitted its first rebalance report for the 2023-25 biennium. The report updates caseload and cost projections through the fall of 2023. It also revises revenues and federal financing assumptions and requests other adjustments and corrections. Finally, the plan includes a list of other outstanding risks and issues. After accounting for all rebalance actions, the Department anticipates a need for an additional \$118.3 million General Fund, a \$15.4 million increase in Other Funds expenditure limitation, a \$305.5 million increase in Federal Funds expenditure limitation, and the establishment of 87 positions (65.34 FTE). In addition to the rebalance report, the Department will have separate letters for the Committee regarding a range of issues. Those requests are not reflected in this rebalance report. The Department is requesting the rebalance adjustments be recommended for approval during the February 2024 Legislative Session.

The primary driver of an increased budget need is due to increased forecasted caseload in the Intellectual and Developmental Disabilities (I/DD) programs, resulting in an increase of \$69.4 million General Fund, including an additional \$6.7 million for Community Developmental Disabilities Programs. In addition to the caseload forecast increase, I/DD is requesting to carry-forward \$16.4 million General Fund to meet a maintenance of effort requirement for the federal American Rescue Plan Act (ARPA) Home and Community Based Services (HCBS) spend plan; this \$16.4 million was included in the Department's 2021-23 Legislatively Approved Budget however was not expended. I/DD also has cost per case increases of \$13.1 million, including an additional \$3.4 million for over-time costs for the Stabilization and Crisis Unit (SACU), per an extension of a collectively bargained letter of agreement. The net increased General Fund need for I/DD is \$95.1 million out of the Department's total \$118.3 million.

The following table lays out the General Fund costs, savings, management actions and technical adjustments from the 2023-25 Legislatively Adopted Budget for each of the programs under the rebalance proposal:

Department of Human Services

First Rebalance of the 2023-25 Biennium (General Fund only)

Division	2023-25 General Fund Leg. Adopted Budget	Costs	Savings	Management Actions/Technical Adjustments	Net Rebalance Changes	2023-25 General Fund Change from Leg. Adopted
I/DD	\$ 1,819.2	\$ 100.6	\$ (5.3)	\$ (0.2)	\$ 95.1	\$ 1,914.3
APD	\$ 1,697.2	\$ 11.3	\$ (13.4)	\$ 4.5	\$ 2.4	\$ 1,699.6
Child Welfare	\$ 970.3	\$ 31.7	\$ (14.9)	\$ (3.8)	\$ 13.0	\$ 983.3
Oregon Eligibility Partnership	\$ 369.1	\$ -	\$ -	\$ (11.2)	\$ (11.2)	\$ 357.9
Self Sufficiency Program	\$ 346.7	\$ 7.6		\$ 6.2	\$ 13.8	\$ 360.5
Vocational Rehabilitation	\$ 39.7	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 39.8
Central Services and SAEC*	\$ 452.6	\$ 0.2	\$ -	\$ 4.9	\$ 5.1	\$ 457.7
Total	\$ 5,694.8	\$ 151.4	\$ (33.6)	\$ 0.5	\$ 118.3	\$ 5,813.1

* Statewide Assessments and Enterprisewide Costs.

All dollars are in millions; rounding may occur. SAEC Debt Service costs of \$10.9 million General Fund are not included above.

Shared Services is not shown above as the division has no General Fund budget.

Technical adjustments may generate a cost or savings for a specific division, but they net to zero across the Department. Management actions are similar to technical adjustments and are made to reflect transfers between divisions; however, they may not always net to zero across the Department.

The Federal Medical Assistance Percentage (FMAP) rate impacts the amount of General Fund needed to maintain programs. With this rebalance, the standard FMAP rate increased by 0.08 percent from Spring 2023, increasing from 59.24 percent to 59.32 percent. This resulted in an \$8.9 million General Fund savings across the Department.

Following are the major program, revenue, and forecast issues specific to each division:

Intellectual and Developmental Disabilities (I/DD)

Under this rebalance plan, I/DD has a net need for an additional \$95.1 million General Fund, \$5.7 million Other Funds expenditure limitation, and \$198.6 million Federal Funds expenditure limitation for a total of \$299.4 million. The need for additional General Fund is primarily due to an upwardly revised caseload forecast, cost per case increases for Adult In-Home Supports, nursing services and SACU over-time costs, as well as carry-forward for the ARPA HCBS spend plan.

The Fall 2023 Caseload Forecast shows an uptick in projected caseload, resulting in an increased General Fund need of \$62.7 million (\$211.3 total funds). The largest caseloads, I/DD's Adult and Children In-Home programs increased 8.7 percent and 14.3 percent, respectively. It is probable the end of the COVID-19 Public Health Emergency has resulted in individuals becoming more comfortable accessing services. Additionally, there is increased access to information and referrals through traditional referral pathways including children being back in schools in-person; increased access to medical, diagnostic, and other services in the community that help individuals and families find out about I/DD services and supports. Finally, investments into I/DD provider infrastructure and workforce have resulted in stabilization and recovery of I/DD providers, resulting in more individuals being able to gain access to support. The increase in projected caseload also impacted the workload model funding for Community Developmental Disabilities Programs, which resulted in an increase of \$6.7 million General Fund (\$12.9 million total funds).

Cost per case increases continue as hours per individual increase, along with greater usage of agency providers for services, rather than individuals working directly with a Personal Support Worker. Higher-cost agency providers have increased steadily over the last couple years from providing about 30 percent of services to roughly half, due to individual preference. Cost per case increases result in a projected General Fund need of \$5.8 million. A statutorily required market rate study for private duty nursing, submitted by the Oregon Health Authority (OHA), was also approved by the Centers for Medicare and Medicaid Services (CMS). OHA determined a 30 percent increase to private duty nursing reflected the market rate increases. This resulted in an additional \$3.2 million General Fund for I/DD nursing services. Additionally, a letter of agreement to incentivize SACU over-time compensation, to address workforce shortages, was extended for the remainder of 2023-25, resulting in additional \$3.4 million General Fund. I/DD is also requesting an additional \$16.4 million General Fund, based upon revised General Fund savings from the enhanced 10 percent FMAP that was in effect for part of the 2021-23 biennium as authorized by ARPA. Those resources must be utilized for the HCBS spend plan by March 31, 2025, to meet the maintenance of effort requirement. This \$16.4 million was included the Department's 2021-23 Legislatively Approved Budget however was not expended, the Department is requesting the funding be carried forward to 2023-25 budget.

The combined changes and budgetary impact to I/DD under the rebalance plan are shown in the following table:

I/DD

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Caseload Changes	\$ 62.7	\$ -	\$ 148.5	\$ 211.3		
CDDP Workload Model Update due to caseload	\$ 6.7		\$ 6.2	\$ 12.9		
Cost per Case Changes	\$ 5.8		\$ 11.2	\$ 16.9		
Nursing Rate Update	\$ 3.2		\$ 4.7	\$ 7.9		
Supported Living 5% Rate Increase	\$ 0.7		\$ 1.4	\$ 2.2		
Regular FMAP Adjustments	\$ (5.3)	\$ (0.0)	\$ 5.4	\$ 0.0		
ARPA HCBS enhanced 10% FMAP Spend Plan	\$ 16.4	\$ -	\$ 18.3	\$ 34.6		
SACU Letter of Agreement Extension	\$ 3.4		\$ 4.9	\$ 8.3		
Personal Support Worker Paid Leave Oregon	\$ 1.7		\$ (1.7)	\$ -		
Management Action move SB91 funds to SAEC	\$ (0.1)		\$ (0.1)	\$ (0.2)		
Technical Adjustments	\$ (0.1)	\$ 5.7	\$ (0.1)	\$ 5.5	(2)	(0.75)
Total	\$ 95.1	\$ 5.7	\$ 198.6	\$ 299.4	-2	-0.75

All dollars are in millions; rounding may occur.

Aging and People with Disabilities (APD)

The Aging and People with Disabilities program (APD) has a net General Fund need of \$2.4 million, decrease of \$13.7 million total funds. The primary reason for the increase is due to the ARPA HBCS carryforward request similar to the I/DD spend plan, which totals \$8.3 million General Fund. ODHS submitted a separate letter on the HCBS spend plan, to provide a more detailed update on these resources for both APD and I/DD. APD caseload savings of \$10.1 million General Fund is due to a projected decline in caseload according to the most recent Fall 2023 caseload forecast. The rebalance plan does not reflect changes in APD costs per case. The following caseload percentage changes are relative to the Spring 2023 Caseload Forecast, which was used to build the estimates for the 2023-25 Legislatively Adopted Budget.

- Nursing Facilities: 2.9 percent decrease.
- Community Based Care: unchanged.

- In-Home Services: 1.9 percent increase.

Overall, caseload changes result in projected General Fund savings of \$10.1 million (\$23.6 million total funds). The decline in caseload compared to the spring forecast likely reflects a confluence of pandemic-related factors impacting both the demand side for services (consumer behavior) and the supply side (workforce shortages and capacity).

The drop in caseload is primarily for nursing services. In-Home Services are projected to increase, which resulted in additional funding needs for services as well as \$1.0 million for the APD workload model, which is revised based on projected caseload. The workload funding model is already funded above 100 percent, and ODHS is submitting a separate letter for case-management only workload costs. For these reasons, this \$1.0 million General Fund, \$5.3 million total funds are not recommended.

In both APD and I/DD, there is a General Fund need for Paid Leave Oregon costs that are funded for Home Care Workers/Personal Support Workers through the trust administered by the Oregon Home Care Commission. The Department has determined that these costs are not eligible for Medicaid match, based upon communications with CMS. This resulted in an increased need of \$1.9 million General Fund for APD, and \$1.7 million General Fund within I/DD. Total funds change is zero for these adjustments.

With the creation of the Oregon Eligibility Partnership (OEP), positions were transferred from APD to OEP. A technical adjustment is included to transfer 17 positions back to APD, where the positions should reside, and one-position was transferred to Child Welfare. These adjustments net to zero agencywide. APD is also requesting two Accounting Tech 2 positions, along with Federal Funds expenditure limitation in Disability Determination Services, due to additional workload.

The combined changes and budgetary impact to APD under the rebalance plan are shown in the table below:

APD

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Caseload Changes	\$ (10.1)	\$ -	\$ (13.5)	\$ (23.6)		
Regular FMAP Adjustments	\$ (3.3)	\$ -	\$ 3.3	\$ -		
ARPA HCBS enhanced 10% FMAP Spend Plan	\$ 8.3	\$ -	\$ (14.5)	\$ (6.2)		
ARPA State Local Fiscal Relief Fund adjustment	\$ -	\$ (6.3)	\$ -	\$ (6.3)		
Older Americans Act Title III Funds	\$ -	\$ -	\$ 8.1	\$ 8.1		
Home Care Worker Paid Leave Oregon	\$ 1.9	\$ -	\$ (1.9)	\$ -		
Fall 2023 Workload Model Changes	\$ 1.0	\$ 3.5	\$ 0.8	\$ 5.3	5	3.75
Accounting Tech 2 Positions	\$ -	\$ -	\$ 0.4	\$ 0.4	2	2.00
Technical Adjustments	\$ 4.5	\$ (0.0)	\$ 4.0	\$ 8.6	16	16.00
Total	\$ 2.4	\$ (2.8)	\$ (13.3)	\$ (13.7)	23	21.75

All dollars are in millions; rounding may occur.

Child Welfare

The Child Welfare program reflects a net increase of \$13.1 million General Fund (\$34.7 million total funds). These amounts include savings and challenges, management actions as well as technical adjustments that net to zero across the Department. The primary driver leading to the net General Fund increase is cost per case increases related to caseload changes and changes in the number of children eligible for federal matching funds.

Additional information about the Child Welfare budget adjustments is included in the following table:

Child Welfare

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Family First Certainty Grant	\$ -	\$ -	\$ 4.9	\$ 4.9	7	4.41
DSHP Federal Fund Limitation	\$ -	\$ -	\$ 18.9	\$ 18.9		
Nurse Assessment wage increase	\$ 0.9	\$ -	\$ 1.1	\$ 2.0		
Regular FMAP Adjustments	\$ (0.2)	\$ -	\$ 0.2	\$ -		
Title IV-E and Title XIX Eligibility Changes	\$ 6.0	\$ -	\$ (6.0)	\$ -		
Correction to IVE fund shift	\$ 3.1	\$ -	\$ (3.1)	\$ -		
Correction to BRS Rate Change	\$ (1.5)	\$ -	\$ 1.5	\$ -		
Caseload Changes	\$ (13.3)	\$ -	\$ (9.8)	\$ (23.1)		
Cost per Case Changes	\$ 21.9	\$ -	\$ 22.2	\$ 44.1		
Move POP118 admin positions to Central	\$ (0.3)	\$ -	\$ (0.1)	\$ (0.4)	-8	-2.00
Technical Adjustments	\$ (3.5)	\$ (5.7)	\$ (2.6)	\$ (11.8)	1	1.00
Total	\$ 13.1	\$ (5.7)	\$ 27.3	\$ 34.7	0	3.41

All dollars are in millions; rounding may occur.

Based on the Fall 2023 Caseload Forecast, total Child Welfare caseloads are projected to decrease by 5.5 percent in the current biennium and generate a caseload savings of approximately \$13.3 million General Fund (\$23.1 million total funds). Caseloads declined in five of nine mandated caseload budgets. Adoption Assistance (AA) and Regular Foster Care had large declines (-11.5 percent and -7.2 percent) while Residential Treatment rose by 9.5 percent. Much of the caseload changes are due to technical adjustments in the Office of Forecasting, Research and Analysis data extraction process of the Child Welfare data used in the forecast. The updated processes improve the accuracy of the forecasted caseload. However, the historical overstatement of the caseload has a corresponding understatement in cost-per-case. In particular, this issue affected the AA caseload and cost-per-case, though all areas were impacted.

The cost-per-case for a caseload category often increases when a caseload decreases while associated fixed costs remain static. The changes resulted in a General Fund increase of \$21.9 million (\$44.1 million total Funds). Most of the cost-per-case changes were in AA, which had a net need of \$17.5 million General Fund (\$35.5 million total funds). Due to historical data issues, AA caseload has been over reported and CPC has been under reported. The net impact of caseload and CPC is \$8.3 million General Fund (\$20.5 million total funds). Going forward, Child Welfare will have more accurate caseload and CPC data for all its programs.

There were two funding split corrections that resulted in an increased need for General Fund and a decrease in Federal Funds expenditure limitation. The first overstated the impact of the Behavioral Rehabilitation Services (BRS) rate change that was approved during the 2023 Legislative Session, which resulted in a decrease of \$1.5 million General Fund and a corresponding increase to Federal Funds expenditure limitation. The second, overstated the amount of federal funds that would be received via the Applicable Child Law. The Title IV-E eligibility rate that has increased because of the population eligible under the Applicable Child Law, though does not apply for children adopted prior to the law. The funding composition for those cases should not have been adjusted on an ongoing basis, resulting in an additional need of \$3.1 million General Fund (\$0 total funds).

The number of children eligible for Title IV-E and Title XIX federal matching funds changes over time across Child Welfare programs. The result of updating the percentage of children eligible for these federal grants increases General Fund costs by \$6.0 million, with a corresponding decrease in Federal Funds costs. The primary General Fund impacts were due to decreased number of children eligible for Title IV-E matching federal funds in the Foster Care caseload (-3.2 percent) and the Guardianship Assistance caseload (-10.6 percent).

Child Welfare requested an additional \$18.9 million Federal Funds expenditure limitation to expend additional federal revenues received under the 2022 Medicaid Designated State Health Program (DSHP). Oregon received authority for \$268 million DSHP federal buy out for the five years of the demonstration. The buy-out allows federal matching funds for a state-funded DSHP that “free up” state funding to support Youth with Special Health Care Needs coverage and Health-related social needs services and related infrastructure investments. The “freed up” state funding will result in \$1.2 billion across the demonstration, which includes a state contribution of \$88 million during the last year of the demonstration. Therefore, the total in new federal funds are \$1.1 billion for the demonstration. Currently, only four of the 10 Child Welfare program budgets with eligible expenditures have been approved by CMS for DSHP. However, limitation is being requested for all 10 budgets in anticipation of full CMS approval of the remaining programs.

Child Welfare received funding under the Family First Certainty Grant, which is subject to the Family First Transition Act. Child Welfare requested \$4.9 million Federal Funds expenditure limitation and is planning to spend the funds for:

- Family First Evaluation, cost \$2.0 million.
- Family Preservation Evaluation, cost \$1.7 million.
- Seven Limited Duration Positions, cost \$1.2 million.

As part of Policy Option Package 118, approved during the 2023 Legislative Session, Child Welfare received position-related funding for over 200 positions. Eight of those positions were administrative positions and are more appropriate in the Central Services budget. ODHS recommends moving those eight positions to Central and Shared Services. This was considered a management action adjustment as the Department is requesting additional funding in the transfer, as it does not net to zero on an agency-wide basis.

Oregon Eligibility Partnership

Oregon Eligibility Partnership (OEP) is a new division within ODHS for the 2023-25 biennium and was created to consolidate the budget for administration of the ONE system, along with program eligibility workers and supporting staff. With the implementation of the new ONE System, eligibility work is no longer siloed within different divisions in DHS. The OEP team performs eligibility processing for many OHA, ODHS, and Department of Early Learning and Care programs providing benefits for medical care, food, cash assistance, childcare, and other public assistance programs. This reorganization within ODHS is intended to consolidate efforts regarding system maintenance, workforce planning and training, communications with staff and

providers, and to ensure greater transparency and fiscal control of eligibility work throughout the Department.

For the Fall 2023 rebalance, OEP only had technical adjustments that netted to zero across the agency. Positions and related funding were transferred back to APD, as well as Shared and Central Services, and Services and Supplies funding was returned to Self-Sufficiency Programs. These adjustments were effectively administrative clean-up from funding and position related transfers made with the creation of OEP in the 2023 Legislatively Adopted Budget.

Oregon Eligibility Partnership

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Technical Adjustments	\$ (11.2)	\$ 2.0	\$ (7.6)	\$ (16.8)	-20	-19.43
Total	\$ (11.2)	\$ 2.0	\$ (7.6)	\$ (16.8)	-20	-19.43

All dollars are in millions; rounding may occur.

Self Sufficiency Programs

Self Sufficiency programs (SSP) have a net increase of \$13.8 million General Fund (\$127.6 million total funds). The primary driver impacting General Fund costs is the additional need for positions according to the SSP workload model. The workload model indicates additional staffing is needed, particularly Human Services Case Manager positions. The SSP workload model request represents the largest staffing request for the Fall 2023 rebalance at 57 positions (35.91 FTE) and \$4.7 million General Fund (\$8.2 million total funds).

Based on the Fall 2023 Caseload Forecast, the total Temporary Assistance for Needy Families (TANF) caseload is forecasted to increase by 3.5 percent; however, the largest cost impact is to the TANF one-parent family cases, with a 4.3 percent increase. Caseload adjustments result in a General Fund increase of \$1.7 million (\$8.8 million total funds). Approximately a quarter of TANF cases are charged fully to General Fund, as that is the proportion of cases over the 60-month time limit. SSP is currently researching opportunities to maximize the use of Federal funds.

CPC changes total \$1.1 million General Fund (\$3.1 million total funds). CPC increases are mostly driven by the TANF UN program (two parent households) is expected to increase by 2.5 percent and that program is funded entirely with General Fund.

SSP has several requests to align the Federal Funds expenditure limitation with the anticipated, available federal revenues. SSP had \$11.2 million in Federal Funds expenditure limitation at the time of budget adoption for Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T). SSP anticipates SNAP E&T awards to total \$64.1 million, resulting in a needed increase to Federal Funds expenditure limitation of \$52.9 million. The Oregon Employment Department's WorkSource Oregon, provides SNAP related E&T services. SSP also receives funding for nutrition education and is requesting an additional \$3.9 million Federal Funds expenditure limitation to align the SNAP education budget with anticipated award amounts.

SSP is responsible for administering refugee assistance funding received from the federal government. The Refugee Program had \$6.6 million Federal Funds expenditure

limitation at the time of budget adoption and anticipates additional federal awards totaling \$29.5 million for the biennium, resulting in a net need of \$22.9 million. The increase is due largely to the influx of funding related to Afghan and Ukrainian refugees. These resources support the provider community, which delivers a variety of social services that support refugee communities. The Department is also seeking position authority and Federal Funds expenditure limitation and establishment of permanent positions for a State Refugee Health Coordinator and a State Refugee Housing Coordinator within SSP.

Additional information about the Self Sufficiency budget adjustments is included in the following table:

Self-Sufficiency Program

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
SSP caseload changes	\$ 1.7	\$ -	\$ 7.2	\$ 8.8		
SSP cost per case changes	\$ 1.1	\$ -	\$ 2.0	\$ 3.1		
ERDC - Additional pass through limitation from DELC		\$ 14.8		\$ 14.8		
SSP Workload Model Update	\$ 4.7	\$ -	\$ 3.4	\$ 8.2	57	35.91
FTE increase	\$ -	\$ -		\$ -		0.37
Sexual Risk Avoidance Education grant	\$ -	\$ -	\$ 0.6	\$ 0.6	2	1.58
State Refugee Health and Housing Coordinators	\$ -	\$ -	\$ 0.5	\$ 0.5	2	2.00
SNAP Employment and Training limitation alignment	\$ -	\$ -	\$ 52.9	\$ 52.9		
SNAP Nutrition Education limitation alignment	\$ -	\$ -	\$ 3.9	\$ 3.9		
Refugee grant funding limitation alignment	\$ -	\$ -	\$ 22.9	\$ 22.9		
Technical Adjustments	\$ 6.2	\$ -	\$ 5.8	\$ 12.0	-1	-1.00
Total	\$ 13.8	\$ 14.8	\$ 99.2	\$ 127.7	60	38.86

All dollars are in millions; rounding may occur.

Vocational Rehabilitation Program

The Vocational Rehabilitation (VR) program requests limited changes to its budget as a result of technical adjustments, as well as the establishment of ten limited duration positions to enhance oversight of Pre-Employment Transition Services (Pre-ETS) expenditures. Pre-ETS support students with disabilities as they transition out of the K-12 education system into the workforce or post-secondary educational system. Pre-ETS Coordinators partner with school districts, state agencies, and community providers to assist in delivering, enhancing, and growing transition-based programs and opportunities for students. VR has received guidance from the Rehabilitation Services Administration that more guidance and oversight of the grant funds is needed. In order to limit administrative burden for school districts, VR is proposing to hire limited duration staff to enhance oversight of Pre-ETS funds to ensure the agency is adhering to federal guidance and not unduly burdening local school districts that also provide administrative oversight of the funds. Several large districts have indicated that they will no longer contract with VR because of these contractual changes. As a result, VR is requesting 10 positions/6.30 FTE, allowing DHS to now provide and coordinate these services as well as enhance contract oversight and reporting. The positions would be funded with existing Federal Funds expenditure limitation.

Vocational Rehabilitation

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Pre-Employment Transition Services Staffing Oversight	\$ -	\$ -	\$ -	\$ -	10	6.30
Technical Adjustments	\$ 0.2	\$ -	\$ (0.1)	\$ 0.1	0	0.00
Total	\$ 0.2	\$ -	\$ (0.1)	\$ 0.1	10	6.3

All dollars are in millions; rounding may occur.

Central Services, Shared Services, Statewide Assessments and Enterprise-wide Costs

Central Services provides essential business supports to ODHS programs, helping programs achieve their mission, vision, and best outcomes for Oregonians. ODHS Shared Services supports both DHS and OHA by providing business services to ensure accountability, data driven decisions, and stewardship of resources. Shared Services are completely Other Funded. The Statewide Assessments and Enterprise-wide Costs (SAEC) division pays for statewide assessments and other administrative costs for the Department's Shared Services positions.

The rebalance request for the three administrative divisions totals \$5.1 million General Fund (\$7.9 million total funds). The majority of this rebalance request is due to technical adjustments which net to zero on an agency-wide basis. On a Departmental-wide basis, technical adjustments and management actions result in an additional \$0.5 million General Fund. The Central, Shared, and SAEC management actions include moving eight positions from Child Welfare approved through Policy Package 118, with six going to Central Services and two going to Shared Services. The action increases the months of funding for those positions, resulting in an increase of \$0.6 million General Fund. The six positions going to Central Services include three Human Resource positions, two Operations and Policy Analyst positions, and one Fiscal Analyst 2. A Facility Operations Specialist 2 and Publishing and Design Specialist position are transferred into Shared Services.

Another management action moves seven positions from other parts of the agency and OHA into Shared Services, where the work is more appropriately budgeted and performed. This includes an Accounting Technician from SSP, one accounting position and one Administrative Specialist 2 from I/DD approved with Senate Bill 91 (2023), one Payroll Analyst and one Procurement and Contract Specialist from OEP, and two positions from OHA including an Information Systems Specialist 8 and an Accounting Technician.

Shared and SAEC have a request to increase the months of funding for several positions that have been budgeted as permanent part-time positions, but the work being performed necessitates a full-time position. The positions were either budgeted as part-time initially or reduced at some point to utilize the position-funding as part of a Permanent Finance Plan. The positions include administrative and facilities operations positions, as well as an Investigator 3 and Program Analyst 2 position in the Office of Training, Investigations and Safety.

Central Services, Shared Services, SAEC

Issue	General Fund	Other Funds	Federal Funds	Total Funds	Positions	FTE
Part-time to Full-time for various positions	\$ 0.2	\$ 0.5	\$ 0.2	\$ 0.9		2.45
Funding correction related to Senate Bill 790	\$ -	\$ -	\$ 0.1	\$ 0.1		
Management Actions	\$ 1.5	\$ 1.2	\$ 0.7	\$ 3.4	15	11.75
Technical Adjustments	\$ 3.4	\$ (0.1)	\$ 0.3	\$ 3.5	1	1.00
Total	\$ 5.1	\$ 1.5	\$ 1.3	\$ 7.9	16	15.20

All dollars are in millions; rounding may occur.

Outstanding Issues

The Department raised several outstanding issues as part of the fall 2023 rebalance that did not have a corresponding budgetary ask at this juncture but may in the future.

These include telecommunications costs in SAEC, IT support positions in Child Welfare to assist with extended hours of operation, and overtime staffing costs for Social Services Specialists in Child Welfare.

Risks

Outside the typical risks of federal participation in funding and potential variation in expenses due to costs per case or caseloads, below are specific outstanding risks to the ODHS budget not addressed elsewhere:

- The projected drop in APD's Nursing Facilities caseload is likely the largest budgetary risk in this rebalance plan, in the scenario the forecast ultimately doesn't align with projected decreases, the Department will require an increase in General Fund, which could be sizable.
- The fall 2023 caseload adjustments are not reflected in the Special Purpose Appropriation request for non-state employee bargaining costs. The caseload impacts on the latest collective bargaining agreement costs will be determined in a future rebalance.
- I/DD caseloads and costs per case may continue to increase as Oregonians age and their individual choice impacts the cost of services.
- Workload model updates and the addition of new workload model funding requests related to the Oregon Eligibility Partnership and APD's case management only services are not reflected in this rebalance but may have future budgetary impacts.
- Non-budgeted positions exist throughout the agency and those positions will not receive additional funding related to the cost-of-living adjustments. Position-budgeting misalignment may pose challenges for the Department, particularly within certain appropriations such as Central Services.



December 4, 2023

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

RE: ODHS Fall 2023, 23-25 Biennium First Rebalance Report

Dear Co-Chairpersons:

Nature of the Request

The Oregon Department of Human Services (ODHS) requests receipt of this letter as its Fall 2023 Rebalance Report for the 2023-25 biennium.

Background

Based on actual expenditures through August 2023 and updated projections through the end of the 2023-25 biennium, ODHS is projecting a \$118,318,190 General Fund net challenge for the rebalance issues.

ODHS has identified \$151,927,193 in General Fund budget challenges and management actions and \$33,609,003 in General Fund savings. Additionally, the agency is projecting an increase of Other Funds limitation by \$15,382,504 and an increase of Federal Funds limitation by \$305,486,625.

Overview of ODHS General Fund Standpoint	
Program	Rebalance Request
Aging and People with Disabilities	\$ 2,368,949
Intellectual and Developmental Disabilities	\$ 95,065,826
Child Welfare	\$ 13,093,045
Self Sufficiency	\$ 13,759,143
Vocational Rehabilitation	\$ 182,265
Oregon Eligibility Partnership	\$ (11,211,235)
Other including debt service	\$ 5,060,197
TOTAL General Fund	\$ 118,318,190

Aging and People with Disabilities (APD)

APD has a net challenge of \$2.4 million General Fund, a net decrease of \$2.8M Other Funds and a net decrease of \$13.3 million Federal Funds limitation.

Major APD General Fund savings and challenges are as follows:

- *Savings*
 - \$10.1M in Fall 2023 Forecast Caseload Savings. The overall caseload change is a 0.6% increase, from the Spring 2023 forecast to the Fall 2023 forecast for the 2023-25 budget: Nursing Facilities – 2.9% decrease (forecast down by 107 cases or \$19M); In-Home Services –1.9% increase (forecast up by 321 cases or \$8.2M).
 - \$3.3M in FMAP change. Federal Medical Assistance Percentage (FMAP) is the percentage rate used to determine the matching funds rate allocated to each state annually to certain medical and social service programs. Oregon's 2023-2025 FMAP increased by 0.08% when compared to the Spring 2023 biennial average, 59.24% to 59.32%.
- *Challenges*
 - \$8.3M in HCBS Carryover. This action true up the ARPA HCBS Spend Plan carryover request in Spring 2023. Now that the 21-23 biennium is closed, we are able to true up the amount spent in 21-23 and true up the remaining amount APD must spend by March 31, 2025 to avoid CMS penalties. APD had revised their Spend Plan.
 - \$1.9M in HCW Paid Leave Correction. The employer cost of APD's Home Care Worker Paid Leave Oregon was assumed to be matched at

- Standard FMAP. We got a confirmation from CMS that Oregon's state program Paid Leave Oregon (PLO) does not qualify for federal funds matching. This correction removes federal funds budgeted at LAB and General fund is requested to backfill.
- \$5.6M in technical net-zero agencywide adjustments. These include \$2M move between a newly created OEP and APD. In Establishing the OEP Program area, positions were moved as part of LAB. Upon further review, some of the positions were included that should not have been and others should have been included that were initially omitted a net of 17 positions. The other \$3.5M are in DAS assessment error corrections. During the 2023-25 Legislatively Adopted Budget process, DAS State Government Service Charge adjustments and DAS Service Charge adjustments were proposed by DAS at the Total Fund level. However, the Summary Cross Reference level was misaligned. This net-zero agency-wide Technical Adjustment corrects those errors.

Intellectual and Developmental Disabilities (IDD)

IDD has a net challenge of \$95.1M General Fund, a net increase of \$5.7M Other Funds and a net increase of \$198.6M Federal Funds limitation.

Major IDD General Fund savings and challenges are as follows:

- *Savings*
 - \$5.3M in FMAP change. Federal Medical Assistance Percentage (FMAP) is the percentage rate used to determine the matching funds rate allocated to each state annually to certain medical and social service programs. Oregon's 2023-2025 FMAP increased by 0.08% when compared to the Spring 2023 biennial average, 59.24% to 59.32%.
- *Challenges*
 - \$75.2M in Caseload and Cost Per Case increases. These include \$69.4M in IDD caseload growth from Spring 2023 to Fall 2023. Case Management Enrollment caseload have outgrown the Spring 2023 forecast by about 1.7% by June 2023. This caseload is increased by 2.3% for 2023-25. The two big caseloads- Adult In-Home Support and In-Home Support for Children have each increased the caseload right after the Spring 2023 forecast completed and consistently outpacing

the Spring forecasts: Adult In-Home Support caseload increased to 4.6% over the Spring 2023 forecast by June 2023; Thus, the Fall 2023 Adult In-Home Support caseload forecast is 8.7% higher than the previous forecast. Similarly, In-Home Support for Children caseload increased to 7.5% over the Spring 2023 forecast by June 2023. As a result, the Fall 2023 In-Home Support for Children caseload forecast is 14.3% higher than the previous forecast. Additionally, 24 Hours Residential Care caseload is also outpacing the Spring 2023 forecast to 4.1% by June 2023. Therefore, this caseload forecast is 5.2% higher than the previous forecast. Possible contributing factors to the increased enrolment and utilization of in-home and group home services are: end of the COVID-19 Public Health Emergency (PHE) resulting in people becoming more comfortable accessing services that are in-person. Additionally, there is increased access to information and referrals through traditional referral pathways including children being back in schools in-person; increased access to medical, diagnostic, and other services in the community that help individuals and families find out about I/DD services and supports and be referred to ODDS services. Investments into I/DD provider infrastructure and workforce have resulted in stabilization and recovery of I/DD providers following COVID-19 pandemic. Implementation of the new rate models supporting better wages for the direct care workforce and workforce development resources made available through American Rescue Plan Act funding are making providers more available resulting in more individuals being able to get access to supports. It is likely that recent workforce recruitment efforts are not only attracting workforce, but also creating greater awareness among individuals and families of I/DD services and supports available through ODDS. The other \$5.8M in Cost Per Case increase is driven by Adult In-Home with a 1.3% agency providers increased use compared to PSW providers. Agency providers cost more compared to PSW providers.

- \$16.4M in ARPA HCBS funds that weren't spent in 21-23 being moved to 23-25. It is likely ARPA spending will be reviewed again and trued up again in future rebalances.
- \$3.2M in Nursing Rate increases. Per Oregon state legislation, OHA is required to conduct a market rate study to determine appropriate Medicaid rates for private duty nursing. OHA uses the Oregon Nursing Workforce study to set new rates. OHA is required to review

rates at least once a biennium. In late June OHA completed this study and determined a 30% rate increase for private duty nursing. A request to CMS has been sent to retro increase these rates on 7/1/2023. ODDS must follow these Medicaid rates OHA sets. This requests the funds to implement a 30% rate increase for private duty nursing in ODDS.

- \$3.4M SACU Overtime Incentive. This action is to request funding for the SACU Letter of Agreement (LOA) that was bargained for from the ACSME union. This extended the original extension from July 31 2023, through June 30, 2025 (through the end of the biennium). SACU serves individuals with intellectual and developmental disabilities (I/DD), often with co-occurring mental health issues, 24-hours a day in residential and community-based settings. The support needs exceed the supports offered or provided by other community-based programs. These individuals often enter SACU in crisis, and over time, SACU staff work to stabilize and transition them to lower level of care with the goal of reintegrating them into community-based settings.
- \$1.7M PSW Paid Leave correction. The employer cost of IDD's Personal Support Worker Paid Leave Oregon was assumed to be matched at Standard FMAP. We got a confirmation from CMS that Oregon's state program Paid Leave Oregon (PLO) does not qualify for federal funds matching. This correction removes federal funds budgeted at LAB and General fund is requested to backfill.

Child Welfare (CW)

CW has a net challenge of \$13.1M General Fund, a net decrease of \$5.7M Other Funds limitation, and net increase of \$27.3M Federal Funds limitation.

Major CW General Fund savings and challenges are as follows:

- *Savings*
 - \$13.3M in net Caseload decrease based on the Fall 2023 forecast. Caseloads declined in five of nine mandated caseload budgets. Adoption Assistance (AA) and Regular Foster Care had large declines (-11.5% and -7.2%) while Residential Treatment rose by 9.5%. Some of the caseload changes are due to technical adjustments to the data

extraction process of the Child Welfare data used in the forecast. The updated processes improve the accuracy of the forecasted caseload. However, the historical overstatement of the caseload has a corresponding understatement in cost-per-case. This issue affected the Adoption Assistance caseload and cost-per-case in particular, though all areas were impacted, which will be reflected further below in challenges.

- \$1.5M correction to the BRS rate changes. When pricing the LAB rates for BRS from the new model, related Medicaid and IV-E FMAP rates were updated to the current rates. The Medicaid match rate was 59.32% but was accidentally input as 39.32%. This action corrects the fund split issue created by that input error, resulting in more Federal Fund match by Medicaid.
- \$3.6M in technical net-zero agencywide adjustments in DAS assessment error corrections. During the 2023-25 Legislatively Adopted Budget process, DAS State Government Service Charge adjustments and DAS Service Charge adjustments were proposed by DAS at the Total Fund level. However, the Summary Cross Reference level was misaligned. This net-zero agency-wide Technical Adjustment corrects those errors.

- *Challenges*

- \$21.7M Cost Per Case (CPC) increase. This issue adjusts budget for mandated caseload categories based on the forecasted caseload for the 23-25 biennium. Some of the caseload changes are due to technical adjustments in the data extraction process of the Child Welfare data used in the forecast. Most of the cost increase is in this budget action is from the Adoption Assistance cost-per-case (\$17.5M). Nearly half of the CPC change in Adoption Assistance is due to the inclusion of one biennium's expenditures that are part of the Applicable Child savings process. This expenditure was improperly dropped from the CPC in the Spring 2023 reshoot.
- \$6M in Title IV-E and XIX Eligibility Changes. This issue adjusts budget based on the changing IV-E and XIX eligibility rates for children being served in each area. This action changes the rate from the level in place in 21-23 to the projected 23-25 level. The projection was calculated using average annual change methodology. IV-E Foster Care Eligibility Rate changed from 51.07% to 47.91%. IV-E Medicaid Eligibility Rate changed from 93.80% to 95.38%. IV-E

Guardianship Assistance Eligibility Rate changed from 81.14% to 70.51%

- \$3.1M correction of Adoption Assistance Title IV-E fund shift. In Fall 2021 a fund shift was made for the Adoption Assistance program to recognize a higher IV-E eligibility rate.

Self-Sufficiency Programs (SSP)

SSP has a net challenge of \$13.8M General Fund, a net increase of \$14.7M Other Funds limitation, and net increase of \$99.2M Federal Funds limitation.

Major SSP General Fund challenges are:

- \$7.6M in Caseload, Cost Per Case, and Workload Model increases. These include \$4.7M in Workload Model, \$1.7M in Caseload and 1.1M in Cost Per Case increases for TANF. The 57 requested positions for the workload model will maintain SSP at the 77% funding level out of LAB. SSP program is identified as Mandated Caseload as outlined in the Department of Administrative Services 2023-25 Budget and Legislative Concept Instruction document.
- \$7.5M in technical net-zero agencywide adjustments. Self Sufficiency Delivery transferred 1,353 positions to OEP in Pkg 801 (see 100-SSP-801-201). The S&S transferred to OEP was in excess of the actual need.

The main reasons for the Federal Fund limitation increases are:

- \$23M for the Refugee Program. The Refugee Program has received multiple, supplemental awards related to Afghan and Ukrainian refugees. This request is to increase the limitation in order to spend those federal funds.
- \$56.7M for SNAP Employment and Training and Education. This request also aligns these programs with the federal awards.

Oregon Eligibility Partnership (OEP)

OEP has a net savings of \$11.2M General Fund, a net increase of \$2M Other Funds limitation, and net decrease of \$7.6M Federal Funds limitation.

OEP's major General Fund savings are:

- \$10.8M in technical net-zero agencywide adjustments covered above with APD and SSP
- \$1.3M in State Assessments & Enterprise Wide Costs (SAEC) transfers

Potential Risk Factors and Outstanding Issues

ODHS continuously monitors and informs the Governor's Office and LFO about ongoing potential risks and outstanding issues that are outside of our control.

Examples include the following:

- Caseload and CPC fluctuations are an ongoing factor that is influenced by the economy, employment, and global or local events. Spring and Fall forecasting help ODHS to be prepared for such fluctuations to the best extent possible.
- Migration of population between states that impacts availability of workforce levels needed to maintain services for the population ODHS supports.
- Natural disasters or public health emergencies.
- Global economic and political environment that impacts the levels of immigration to the state of Oregon.
- Federal policies that directly impact the population that ODHS serves, including immigration policies.
- Federal regulations and penalties due to maintenance of effort and requirements of minimum participation rates.
- Legislative actions that impact cost drivers.
- The hybrid work structure that is not yet accounted for in workload models or workforce classification structure creates challenges for ODHS to keep up with the demand and pace of the evolving operations needs.
- Retiring legacy IT systems and transitioning to the new systems.
- ODHS has several outstanding issues that are in addition to this rebalance which will be submitted and presented separately during the 2024 Short Session.

Agency Request

Acknowledge receipt of the ODHS Fall 2023 Rebalance Report.

Legislation Affected

See Attachment A.

Sincerely,



Fariborz Pakseresht, ODHS Director



Rob Kodiriy, ODHS CFO

ENC: Summary Table; Attachment A – Legislation Affected; Attachment B – Caseload Forecast Changes.

EC: Amanda Beitel, Legislative Fiscal Office
Gregory Jolivet, Legislative Fiscal Office
Kate Nass, Department of Administrative Services
Mike Streepey, Department of Administrative Services

Summary of ODHS Challenges, Savings and Management Actions by Fund Type (in Millions)*

Challenges	General Fund Need/(Savings)	Other Fund Need/(Savings)	Federal Funds Need/(Savings)	Total Funds Need/(Savings)
ARPA Adjustments	\$ 24.7	\$ 0.8	\$ 3.7	\$ 29.3
SSP Fall '23 Caseload+Workload	\$ 6.4	\$ (0.0)	\$ 10.6	\$ 17.0
IDD + CDDP Fall '23 Caseload	\$ 69.4	\$ -	\$ 154.7	\$ 224.1
APD + AAA Fall '23 Caseload	\$ 1.0	\$ 3.5	\$ 0.8	\$ 5.3
Rate Increases	\$ 5.0	\$ -	\$ 7.6	\$ 12.6
SSP, CW, IDD CPC updates	\$ 28.6	\$ (0.0)	\$ 35.0	\$ 63.6
OF/FF Limitation requests	\$ -	\$ 16.6	\$ 112.0	\$ 128.6
Position-related requests	\$ 3.6	\$ 0.5	\$ 6.3	\$ 10.4
Fund shifts	\$ 12.6	\$ -	\$ (12.6)	\$ -
Total Challenges	\$ 151.3	\$ 21.4	\$ 318.3	\$ 491.0
Savings				
CW Fall '23 Caseload	\$ (13.3)	\$ -	\$ (9.8)	\$ (23.1)
APD Fall '23 Caseload	\$ (10.1)	\$ -	\$ (13.5)	\$ (23.6)
Fund shifts	\$ (10.2)	\$ (0.0)	\$ 10.2	\$ -
Limitation savings	\$ -	\$ (7.2)	\$ -	\$ (7.2)
Total Savings	\$ (33.6)	\$ (7.2)	\$ (13.0)	\$ (53.8)
Management Actions				
Position-related moves	\$ 0.7	\$ 1.2	\$ 0.2	\$ 2.1
Total Management Actions	\$ 0.7	\$ 1.2	\$ 0.2	\$ 2.1
Net ODHS Fall 2023 Rebalance	\$ 118.3	\$ 15.4	\$ 305.5	\$ 439.2

* Due to rounding, numbers may not add up precisely to totals.

Oregon Department of Human Services
2023-25 First Rebalance
Appropriation and Limitation Adjustments

Attachment A

DIVISION	OREGON LAWS 2023 / SECTION/SUBSECTION	FUND	REBALANCE ADJUSTMENT
Central Services	ch 610 1(1)	General	1,198,989
	ch 610 2(1)	Other	(7,899)
	ch 610 3(1)	Federal	318,599
		Total	1,509,689
SAEC	ch 610 1(2)	General	3,861,208
	ch 610 2(2)	Other	59,644
	ch 610 3(2)	Federal	1,006,105
		Total	4,926,957
Shared Services	ch 610 2(8)	Other	1,473,073
SSP	ch 610 1(3)	General	13,759,143
	ch 610 2(3)	Other	14,669,575
	ch 610 3(3)	Federal	99,202,264
		Total	127,630,982
VR	ch 610 1(4)	General	182,265
	ch 610 2(4)	Other	180
	ch 610 3(4)	Federal	(70,871)
		Total	111,574
CW	ch 610 1(5)	General	13,093,045
	ch 610 2(5)	Other	(5,691,842)
	ch 610 3(5)	Federal	27,292,927
		Total	34,694,130
APD	ch 610 1(6)	General	2,368,949
	ch 610 2(6)	Other	(2,828,164)
	ch 610 3(6)	Federal	(13,257,409)
		Total	(13,716,624)
IDD	ch 610 1(7)	General	95,065,826
	ch 610 2(7)	Other	5,671,712
	ch 610 3(7)	Federal	198,626,698
		Total	299,364,236
OEP	ch 610 1(8)	General	(11,211,235)
	ch 610 2(9)	Other	2,036,225
	ch 610 3(8)	Federal	(7,631,688)
		Total	(16,806,698)

Attachment B								
Total Oregon Department of Human Services Biennial Average Forecast Comparison								
	2023-25 Biennium			% Change Between Forecasts	Fall 2023 Forecast			% Change Between Biennia
	Spring 23 Forecast	Fall 23 Forecast	Change		2023-25	2025-27	Change	
Self Sufficiency								
Supplemental Nutrition Assistance Program (Households)	420,349	418,386	-1,963	-0.5%	418,386	408,180	-10,206	-2.4%
Temporary Assistance for Needy Families (Families: Cash/Grants)	19,179	19,850	671	3.5%	19,850	18,784	-1,066	-5.4%
Child Welfare (children served)								
Adoption Assistance	10,099	9,189	-910	-9.0%	9,189	9,052	-137	-1.5%
Guardianship Assistance	2,515	2,598	83	3.3%	2,598	2,752	154	5.9%
Out of Home Care ¹	4,724	4,438	-286	-6.1%	4,438	4,416	-22	-0.5%
Child In-Home	1,041	1,145	104	10.0%	1,145	1,100	-45	-3.9%
Aging & People with Disabilities								
Long-Term Care: In Home	16,833	17,156	323	1.9%	17,156	17,886	730	4.3%
Long-Term Care: Community Based	12,887	12,885	-2	0.0%	12,885	13,241	356	2.8%
Long-Term Care: Nursing Facilities	3,776	3,669	-107	-2.8%	3,669	3,649	-20	-0.5%
Long-Term Care: Healthier Oregon*	60	69	9	0	69	69	0	0.0%
Intellectual and Developmental Disabilities								
Total Case Management Enrollment ²	34,908	35,521	613	1.8%	35,521	37,768	2,247	6.3%
Total I/DD Services	22,470	24,038	1,568	7.0%	24,038	25,232	1,194	5.0%
Vocational Rehabilitation	8,919	8,956	37	0.4%	8,956	9,821	865	9.7%
*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.								