

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 556 - 2**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Prohibits the Department of Human Services from using any money intended for a child ward for maintenance costs or legal custodian related expenses unless specifically required by federal or state law, court order or other legal direction.

Government Unit(s) Affected:

Department of Justice, Department of Human Services, Department of Revenue, State Treasurer

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Human Services		
General Fund		
Personal Services	\$123,830	\$165,109
Services and Supplies	\$14,405	\$17,517
Special Payments	\$1,679,846	\$2,239,794
Total General Fund	\$1,818,081	\$2,422,420
Federal Funds		
Personal Services	\$30,959	\$41,278
Services and Supplies	\$3,600	\$4,379
Special Payments	\$646,114	\$861,485
Total Federal Funds	\$680,673	\$907,142
Total Fiscal Impact	\$2,498,754	\$3,329,562
<i>Total Positions</i>	1	1
<i>Total FTE</i>	0.75	1.00

Analysis:

SB 556-2 prohibits the Department of Human Services (DHS) from using any money intended for a child ward for maintenance costs or legal custodian related expenses unless specifically required by federal or state law, court order or other legal direction. Any funds DHS receives on behalf of a child ward must be deposited into an account established with Treasury. The measure prescribes when DHS or the child (or child's representative) may disburse or distribute funds. DHS is granted rulemaking authority. The establishment of new accounts and disbursement and distribution guidelines are operative January 1, 2024. DHS and Treasury are authorized to take any steps necessary to implement the measure on the operative date. The measure declares an emergency and is effective on passage.

The fiscal impact to the Department of Human Services is approximately \$2.5 million total funds in 2023-25. Of this amount, \$2.1 million is to backfill for monies that would no longer be used to cover foster care maintenance costs. The remaining amount will support one full-time permanent Program Analyst 2 position needed to handle

increased workload associated with establishing and maintaining an estimated 180 new special trust account for children in the Child Welfare and Intellectual/Developmental Disabilities (IDD) programs. The fiscal impact assumes General Fund dollars totaling \$2.8 million will draw down \$680,673 of federal funds. In 2025-27, the estimated fiscal impact is \$3.3 million total funds, which reflects projected growth in the number of children served as well as full biennial funding for the Program Analyst 2 position.

Currently foster care maintenance costs are primarily funded through social security benefits, child support and supplemental security income (SSI). 88% of SSI is required, by law, to be used for foster child maintenance costs. The measure prohibits the remaining 12% of SSI and all child support income from funding maintenance costs, an estimated reduction in current maintenance cost funds of \$2.1 million in 2023-25 and \$2.8 million in 2025-27. To offset these costs, DHS will require General Fund and Federal Fund expenditure limitation to offset the reduction of revenue. For the 2023-25 biennium, the General Fund increase is just under \$1.5 million and a Federal Funds expenditure limitation of just under \$650,000 for the 2023-25 biennium. For the 2025-27 biennium, approximately \$2 million General Fund and approximately \$860,000 in Federal Funds expenditure limitation are required.

DHS manages 330 special trust accounts on behalf of foster children. The measure is anticipated to increase accounts by approximately 180. As a result, one full-time permanent Program Analyst 2 position is needed to assist with the increased workload. The 2023-25 cost for the position and services and supplies (0.75 FTE) is \$138,235 General Fund and \$34,559 Federal Funds. The position increases to 1.00 FTE in the 2025-27 biennium with a projected total cost of \$182,626 General Fund and \$45,657 Federal Funds.

There are 19 children in IDD receiving both social security benefits and supplemental security income, five children receive only social security benefits. The costs for children placed in Intellectual and Developmental Disabilities division's care is \$193,572 General Fund for 2023-25 and \$258,096 General Fund for 2025-27 biennium.

There is a minimal fiscal impact to the Department of Justice and State Treasurer and no fiscal impact to the Department of Revenue.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the state's General Fund.