

SB 1534 -2 STAFF MEASURE SUMMARY

Senate Committee On Human Services

Prepared By: Matthew Perreault, LPRO Analyst

Meeting Dates: 2/3

WHAT THE MEASURE DOES:

The measure modifies the authority of the Oregon Department of Human Services (ODHS) to regulate providers of services for children in care. The measure modifies provisions relating to abuse of a child in care. The measure also modifies provisions that govern the department's licensing and regulatory authority over child-caring agencies. The measure allows the department to place children in care in certain congregate care settings pursuant to specified requirements. The measure declares an emergency and is effective on passage.

Detailed Summary:

Children in Care

- Specifies acts that constitute abuse or neglect of a child in care.
- Modifies the definition of "child in care" to include children in the physical or legal custody of ODHS and children residing in an adjudicated youth foster home certified by the Oregon Youth Authority.

Child-Caring Agency Regulation

- Consolidates definitions relating to certified foster homes, child-caring agencies, and developmental disabilities residential facilities.
- Specifies that certain entities must be licensed and regulated as child-caring agencies by ODHS, with exemptions.
- Specifies additional requirements for child-caring agencies to be licensed, certified, or authorized by ODHS.
- Requires ODHS to take regulatory enforcement actions in response to a child-caring agency's failure to respond to abuse or provide access or information to the department.
- Requires the Director of Human Services to notify the Children's Advocate following regulatory enforcement actions.
- Modifies requirements for ODHS to investigate reports of suspected abuse by a child-caring agency or if another entity is investigating a child-caring agency.
- Modifies requirements for reporting and responding to suspected abuse of a child in care.
- Modifies requirements for ODHS to report to the legislature on child welfare outcomes and abuse investigations.
- Modifies duties and requirements for ODHS to review, monitor compliance, and enforce requirements for child-caring agencies that are licensed, certified, or approved by the department to ensure the health, safety, welfare, and rights of children in care.

Out-of-State Placements of Children

- Modifies requirements for ODHS to place a child in a psychiatric residential treatment facility.
- Authorizes ODHS to place a child or ward over age 16 in an approved congregate care facility for substance use disorder treatment under certain circumstances.
- Authorizes ODHS to extend a placement of a child or ward over age 16 in a homeless, runaway, or transitional living shelter for an additional 90 days under certain circumstances.
- Prohibits ODHS from placing a child or ward in an out-of-state institution for mental disease.

Miscellaneous

- Declares emergency, effective on passage.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 The amendment replaces the caption for the portion relating to placements of children.

BACKGROUND:

During the 2025 legislative session, the legislature considered [House Bill 3835 A](#), which was not enacted. That bill would have made several changes to the authority of ODHS to investigate and respond to reports of child abuse, including changes to the definition of abuse with regard to the use of restraint and seclusion. The bill also would have created additional exceptions restrictions on the placement of children in out-of-state child-caring agencies. Oregon law restricts ODHS from sending children in its custody to out-of-state placements unless the programs are licensed and approved as child-caring agencies by ODHS, according to specific requirements and with some exceptions.

ODHS has been involved in class-action lawsuits related to the safety and welfare of children in its custody. These cases highlighted systemic challenges, including placements of children in hotels, out-of-state programs, and unlicensed care facilities. In 2012, *CASA for Children v. State of Oregon* was filed following reports that ODHS was placing foster children in hotels and other nonstandard placements, a practice known as "temporary lodging." The court for CASA appointed a special master, whose [report](#) made several recommendations to improve the system of care for foster children. A separate lawsuit filed in 2019, *Wyatt v. Kotek*, alleged that ODHS had failed to protect foster children in its care from trauma, citing frequent moves, inadequate therapy, and unsafe placements. The parties for that case reached a [settlement](#) in 2024 that required ODHS to contract with a neutral expert to address foster care system outcomes. The neutral's [initial review](#) outlined several metrics that ODHS must meet to ensure safety in the foster care system.