

## SB 1534 A STAFF MEASURE SUMMARY

### Senate Committee On Human Services

---

**Action Date:** 02/12/26

**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

**Vote:** 5-0-0-0

**Yeas:** 5 - Drazan, Gelser Blouin, Linthicum, Prozanski, Reynolds

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Matthew Perreault, LPRO Analyst

**Meeting Dates:** 2/5, 2/10, 2/12

---

#### 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, effective on its passage.

#### Detailed Summary:

##### Children in Care

- Specifies acts that constitute abuse or neglect of a child in care
- Exempts certain third parties from investigations of suspected abuse of a child in care
- Specifies exceptions to provisions regarding abuse and restraint and seclusion of a child in care
- Modifies the definition of "child in care" to include children in the physical or legal custody of ODHS

##### 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 ODHS director to notify the Children's Advocate following regulatory enforcement actions
- Modifies requirements for reporting and responding to suspected abuse of a child in care
- Prohibits ODHS from substantiating an allegation of abuse involving the use of restraint solely because the individual did not have a current certification to impose the restraint
- Modifies requirements for ODHS to report to the legislature on child welfare outcomes and abuse investigations
- Specifies requirements for ODHS to take regulatory enforcement action against a child-caring agency

##### Placements of Children

- Modifies requirements for ODHS to place a child in a psychiatric residential treatment facility for medically necessary and medically appropriate treatment
- Authorizes ODHS to extend a placement of a child or ward over age 16 under certain circumstances
- Prohibits ODHS from placing a child or ward in an out-of-state institution for mental disease

## **SB 1534 A STAFF MEASURE SUMMARY**

### **Miscellaneous**

- Makes conforming amendments
- Becomes operative on January 1, 2027
- Allows ODHS to take necessary actions before the operative date

### **ISSUES DISCUSSED:**

- Children in care who are not in the physical or legal custody of ODHS
- Required notification to certain individuals following a report of abuse
- Individuals who may be investigated for suspected abuse of a child in care
- Definitions of abuse
- Comparison with previously proposed legislation
- Regulatory enforcement for child-caring agencies

### **EFFECT OF AMENDMENT:**

The amendment replaces provisions relating to acts that constitute abuse of a child in care. The amendment exempts certain individuals who may be investigated for abuse of a child in care. The amendment also modifies provisions relating to the regulation and licensing of child-caring agencies and specifies exceptions for abuse of a child in care. The amendment modifies enforcement requirements relating to financial statements, notifications upon receiving reports of abuse, and provisions that allow certain placements to be extended.

### Detailed Summary:

#### **Children in Care**

- Replaces provisions relating to acts that constitute abuse of a child in care
- Exempts certain third parties from investigations of suspected abuse of a child in care
- Removes provisions authorizing ODHS to impose a corrective action in lieu of a civil penalty
- Specifies exceptions to provisions regarding abuse and restraint and seclusion of a child in care

#### **Child-Caring Agency Regulation**

- Removes references to a child-caring agency's managers
- Specifies that secure nonmedical transportation services providers are considered child-caring agencies for regulatory purposes
- Requires all developmental disabilities residential facilities to be licensed as child-caring agencies
- Modifies enforcement requirements for child-caring agencies to provide financial statements to ODHS
- Modifies requirements for ODHS to conduct investigations and notify the governor and the Children's Advocate of regulatory enforcement actions
- Removes the requirement for a child-caring agency to provide financial statements and tax compliance certificates to ODHS when applying for licensure
- Removes references to adjudicated youth foster homes
- Modifies the requirement for ODHS to notify certain individuals upon receiving a report of abuse
- Removes references to temporary placements from a requirement for ODHS to report quarterly on placements of children in care
- Modifies requirements for ODHS to report on incidents involving the restraint and seclusion of a child in care
- Specifies requirements for ODHS to take regulatory enforcement action against a child-caring agency
- Removes the requirement for ODHS to post notice of regulatory enforcement actions that it has taken

#### **Placements of Children**

- Removes provisions that allow ODHS to place a child or ward over age 16 in an approved congregate care facility for substance use disorder treatment under certain circumstances
- Modifies provisions that allow ODHS to extend a placement of a child or ward under certain circumstances and removes requirements relating to education

## SB 1534 A STAFF MEASURE SUMMARY

### Miscellaneous

- Becomes operative on January 1, 2027
- Allows ODHS to take necessary actions before the operative date

### BACKGROUND:

During the 2025 legislative session, the legislature considered [House Bill 3835 B](#), 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 to 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 by ODHS as child-caring agencies, in accordance with 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 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 expert’s [initial review](#) outlined several metrics that ODHS must meet to ensure safety in the foster care system.