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# MEMORANDUM

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**To:** Human Services Subcommittee

**From:** Laurie Byerly, Legislative Fiscal Office  
(503) 986-1833

**Date:** June 22, 2015

**Subject:** HB 5026: Department of Human Services – Program Design  
Services  
Work Session Recommendations

## Department of Human Services – Program Design Services

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 LFO Recommended
General Fund	44,599,872	23,204,193	26,552,127	30,441,568
Other Funds	24,761,081	14,616,714	590,596	410,196
Federal Funds	98,039,066	78,907,230	44,088,598	35,961,799
<b>Total Funds</b>	<b>\$167,400,019</b>	<b>\$116,728,137</b>	<b>\$71,231,321</b>	<b>\$66,813,563</b>
Positions	313	253	248	236
FTE	311.05	253.00	247.96	236.00

Attached are the recommendations from the Legislative Fiscal Office for the Program Design Services (PDS) program. The LFO recommended total funds budget for PDS is about 42.8% percent below 2013-15 Legislatively Approved Budget. However, the General Fund budget is 31.2% higher than the current biennium. More than half of the increase is due to the backfill of empty federal funds expenditure limitation; in part because of a disproportionate allocation of federal revenues. The large Other Funds change is due to phase-out of the curtailed Modernization project. The recommended budget includes the following key budget actions or components:

- Eliminating standard inflation and assuming a 3% higher vacancy rate, allowing \$0.6 million General Fund (\$1.2 million total funds) to be repurposed for other budget needs.
- Adds \$750,000 General Fund (\$7.5 million total funds) for initial planning to improve eligibility determination systems for non-MAGI (Modified Adjusted Gross Income) Medicaid programs (Policy Package 103). Planning efforts are eligible for 90/10 enhanced federal match over the next three years and the agency plans to return in the 2016 legislative session with a project update and a request for additional funding. The project was reviewed by the Ways and Means Subcommittee on Information Technology, which recommended incremental and

conditional approval of the package; detailed recommendations are attached to this memo.

- One position (\$79,725 General Fund, \$79,725 Federal Funds) to support ongoing child welfare quality control and improvement efforts.

**Adjustments to Current Service Level:**

See attached “HB 5026 Work Session” spreadsheet dated 6/22/15.

LFO recommends the Subcommittee approve a 2015-17 DHS Program Design Services budget as follows:

\$	30,441,568	General Fund
\$	410,196	Other Funds
\$	35,961,799	Federal Funds
	236	Positions
	236.00	FTE

**Accept LFO Recommendation**

*Move the LFO preliminary budget recommendations for Program Design Services and HB 5026.*

**Performance Measures**

None of the agency’s “Legislatively Proposed 2015-17 Key Performance Measures” are tied to this specific program. An agency-wide report will be presented for review and approval as part of the final action on the DHS budget.

**Recommended Changes to Appropriation Bill**

The Program Design Services budget is part of HB 5026, which is the budget bill for the entire Department of Human Services. The recommended amendments to HB 5026 will be presented after work sessions are completed on all parts of the budget.

DEPARTMENT OF HUMAN SERVICES: PROGRAM DESIGN SERVICES  
 HB 5026 WORK SESSION

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
<b>2013-15 Legislatively Approved Budget (As of May 2015 Rebalance)</b>	23,204,193	-	14,616,714	78,907,230	-	-	116,728,137	253	253.00	
<b>2015-17 Current Service Level Estimate (at Governor's Budget)</b>	26,552,127	-	590,596	44,088,598	-	-	71,231,321	248	247.96	
<b>2015-17 Governor's Budget (GB)</b>	28,470,204	-	2,467,172	51,223,089	-	-	82,160,465	262	257.41	
<b>2015-17 LFO RECOMMENDED BUDGET</b>	<b>30,441,568</b>	-	<b>410,196</b>	<b>35,961,799</b>	-	-	<b>66,813,563</b>	<b>236</b>	<b>236.00</b>	

1 2015-17 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL										
2										
3	<b>2015-17 Current Service Level Estimate</b>	26,552,127	-	590,596	44,088,598	-	-	71,231,321	248	247.96
4										
5 <b>Recommendations for Existing Packages</b>										
6 Pkg 090: CFO Analyst Adjustments										
7	Reduce standard inflation	(116,037)	-	(1,958)	(106,118)	-	-	(224,113)	-	- Gov's funding strategy
8	Add'l 3% vacancy factor	(476,804)	-	(11,092)	(532,349)	-	-	(1,020,245)	-	- Gov's funding strategy
9 Pkg 091: December Rebalance										
10	Transfer SPA Item #11 from APD	734,800	-	-	-	-	-	734,800	-	- Long term care annual reporting
11	Pkg 103: Non-MAGI Eligibility Automation	750,000	-	-	6,750,000	-	-	7,500,000	-	- System planning
12	Pkg 108: Child Welfare Quality Control	79,725	-	-	79,725	-	-	159,450	1	1.00 From 3 to 4 staff
13	Pkg 121: Oregon Enterprise Data Analytics	-	-	-	-	-	-	-	-	- Moved to Shared Services
14 <b>Other Recommended Adjustments</b>										
15 Pkg 801: LFO Analyst Adjustments										
16	Backfill/remove empty FF limitation	3,800,000	-	-	(13,456,668)	-	-	(9,656,668)	-	- Mostly Modernization artifact
17	Position Repurposing	(148,482)	-	(146,832)	(5,812)	-	-	(301,126)	(5)	(5.00) Remove doublefills, correct classes
18	Technical adjustments and transfers	(733,761)	-	(20,518)	(855,577)	-	-	(1,609,856)	(8)	(7.96) From/To IDD, CW, OIS
19										
20	<b>Total adjustments LFO Rec from CSL</b>	<b>3,889,441</b>	-	<b>(180,400)</b>	<b>(8,126,799)</b>	-	-	<b>(4,417,758)</b>	<b>(12)</b>	<b>(11.96)</b>
21										
22	<b>TOTAL 2015-17 LFO Recommended Budget</b>	<b>30,441,568</b>	-	<b>410,196</b>	<b>35,961,799</b>	-	-	<b>66,813,563</b>	<b>236</b>	<b>236.00</b>
23										
24	<b>\$ Change from 2013-15 Approved</b>	<b>7,237,375</b>	-	<b>(14,206,518)</b>	<b>(42,945,431)</b>	-	-	<b>(49,914,574)</b>	<b>(17)</b>	<b>(17.00)</b>
25	<b>% Change from 2013-15 Approved</b>	<b>31.19%</b>	-	<b>-97.19%</b>	<b>-54.43%</b>	-	-	<b>-42.76%</b>	<b>-6.72%</b>	<b>-6.72%</b>
26	<b>\$ Change from 2015-17 CSL Estimate</b>	<b>3,889,441</b>	-	<b>(180,400)</b>	<b>(8,126,799)</b>	-	-	<b>(4,417,758)</b>	<b>(12)</b>	<b>(11.96)</b>
27	<b>% Change from 2015-17 CSL Estimate</b>	<b>14.65%</b>	-	<b>-30.55%</b>	<b>-18.43%</b>	-	-	<b>-6.20%</b>	<b>-4.84%</b>	<b>-4.82%</b>
28	<b>% Change from 2015-17 Governor's Budget</b>	<b>1,971,364</b>	-	<b>(2,056,976)</b>	<b>(15,261,290)</b>	-	-	<b>(15,346,902)</b>	<b>(26)</b>	<b>(21.41)</b>
29	<b>% Change from 2015-17 Governor's Budget</b>	<b>6.92%</b>	-	<b>-83.37%</b>	<b>-29.79%</b>	-	-	<b>-18.68%</b>	<b>-9.92%</b>	<b>-8.32%</b>

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**To:** Human Services Subcommittee  
Joint Committee on Ways and Means

**From:** Information Technology Subcommittee  
Joint Committee on Ways and Means

**Date:** May 19, 2015

**Subject:** Department of Human Services: HB 5026 – POP #103 – DHS Non-MAGI Eligibility  
Automation Project  
LFO Recommendations

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The Information Technology Subcommittee recommends incremental, conditional approval of Policy Option Package #103, assuming the associated budget request is approved within the 2015-17 budget for the Department of Human Services (DHS). Specifically, the Information Technology Subcommittee recommends that DHS:

- Immediately develop the following materials for the proposed planning effort: a project charter (including deliverables and roles/responsibilities), a workplan (including a schedule, a budget/spending plan, and a resource plan), and a description of project deliverables (including purpose and value), that clearly address the questions and concerns identified by LFO. These deliverables should be provided to both the Office of the State Chief Information Officer (OSCIO) and Legislative Fiscal Office (LFO) for their review.
- Work with the OSCIO and LFO to finalize a controlled funding release plan that is based upon completing all remaining stage gate #1 foundational documentation deficiencies, and all additional stage gate #2, and #3 requirements.
- Clearly document the plans, documents, and related schedule that DHS plans on following in preparation for asking for the balance of the project's funding in the 2016 legislative session.
- Continue to work closely with and regularly report project status to the OSCIO and LFO throughout the project's lifecycle.
- Continue to follow the Joint State CIO/LFO Stage Gate Review Process.
- Retain/hire/appoint or contract for qualified project management services with experience in planning and managing projects of this type, scope, and magnitude.
- Update the business case and foundational project management documents as required.
- Work with the OSCIO to obtain independent quality management services. The contractor shall:
  - Conduct an initial risk assessment and respond to DHS feedback.
  - Perform quality control reviews on the key project deliverables including the business case, individual cost benefit/alternatives analysis documents, and foundational project management documents as appropriate.
  - Perform ongoing, independent quality management services as directed by the OSCIO.

- Submit the updated business case, updated project management documents, initial risk assessment, and quality control reviews to the OSCIO and LFO for Stage Gate Review.
- Work with OSCIO and LFO to conduct a formal readiness/ability assessment at stage gate #3 to validate readiness and ability to proceed. Legislative approval to proceed with the execution and implementation phase of the Non-MAGI Eligibility Automation Project will be dependent upon OSCIO and LFO concurrence that DHS is both ready and able to initiate project execution activities.
- Utilize the Office of the State CIO's Enterprise Project and Portfolio Management (PPM) System as it is deployed for all project review, approval, project status, and QA reporting activities throughout the life of the project.