

Department of Human Services (DHS) – Agency Totals

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	2,326,345,063	2,778,650,152	3,275,092,200	3,173,736,725
Other Funds	472,081,293	539,197,645	546,806,345	554,442,828
Federal Funds	3,844,676,602	4,803,755,296	5,279,895,699	5,321,990,813
Federal Funds (NL)	2,363,243,469	2,514,345,331	2,214,345,331	2,214,345,331
Total Funds	\$9,006,346,427	\$10,635,948,424	\$11,316,139,575	\$11,264,515,697
Positions	7,652	8,061	8,238	8,294
FTE	7,484.69	7,908.29	8,164.88	8,076.56

* Includes Emergency Board and administrative actions through December 2016.

Program Description

The Department of Human Services (DHS) supports children, families, seniors, people with physical disabilities, and individuals with intellectual/developmental disabilities by providing a range of services through 170 field offices and many community partners. The agency's mission is to help Oregonians in their own communities achieve safety, well-being, and independence through services that protect, empower, respect choice, and preserve dignity. Programs are budgeted in five primary service groupings:

- Self Sufficiency (SS) – Assists low-income families by promoting family stability and helping them become self-supporting. Programs help clients meet basic needs, such as food and shelter, and provide job training, employment assistance, parenting supports, and childcare.
- Child Welfare (CW) – Provides prevention, protection, and regulatory programs for Oregon's vulnerable children. This includes programs that provide safe and temporary or, if necessary, permanent families for children that have been abused or neglected.
- Vocational Rehabilitation (VR) – Works with businesses, schools, and community programs to assist youth and adults with disabilities other than blindness to obtain, maintain, or advance in employment.
- Aging and People with Disabilities (APD) – Provides long-term care and other services to seniors and people with physical disabilities. Clients receive services in their own homes, in community-based care settings, and in nursing facilities.
- Intellectual and Developmental Disabilities (IDD) – Serves children, adults, and families affected by intellectual and developmental disabilities. Program services include in-home supports and out-of-home, 24-hour services delivered by various care providers.

CSL Summary and Issues

Current Service Level (CSL) amounts reflect standard base budget (personal services) and essential package (inflation, phase-ins, fund shifts) calculations and, for most caseload changes, are based on the fall 2016 caseload forecast. At an increase of \$496 million General Fund, the 2017-19 CSL is 18% General Fund and 6% total funds higher than the 2015-17 Legislatively Approved Budget (LAB). About 62% of the increase is tied to caseload and cost per case increases, with other inflation, personal services cost increases, and phase-ins accounting for about 20% of the growth. Backfill of one-time non-General Fund revenue sources drive an increase of 17%. The overall total funds growth is masked by a projected decrease in nonlimited Federal Funds for Supplemental Nutrition Assistance Program (SNAP) payments; without this effect the growth would be closer to 9%.

New caseload forecasts, available in spring 2017, will need to be accounted for in the legislatively adopted budget. The budgetary impacts of updated caseload numbers – which can result in increased costs or savings – will most likely be incorporated into the budget as part of a “reshoot” adjustment.

Where significant, program-specific CSL issues are discussed in the program area narratives.

Policy Issues

An overarching policy/budget issue for the agency is how to best prioritize a diverse set of programs, both at the agency-wide level and within individual programs, and to what extent should a program be reduced – if no additional resources are available – in order to invest in a higher priority program. Additionally, how much of the agency’s budget should be allocated to reactive versus preventive programs or initiatives will likely continue to be an ongoing topic of discussion and potential disagreement. An example of how this tension may play out in the 2017-19 budget discussion is a desire to maintain TANF-related investments made in the prior biennia while trying to find funding for what is expected to be an urgent (and high) need for shoring up child safety-related efforts.

While the prioritization noted above is often driven by availability of state General Fund resources, the DHS budget relies heavily on continuity of federal funding. Much of the General Fund in DHS’ budget is used to match Federal Funds or meet federal maintenance of effort (MOE) requirements. Overall, Federal Funds support about 66% of agency expenditures. The largest single federal source is the Supplemental Nutrition Assistance Program (SNAP, previously Food Stamps); the benefits are budgeted as Nonlimited Federal Funds and make up 20% of the total budget. Other federal revenue streams include Title XIX Medicaid and Temporary Assistance to Needy Families (TANF). Some Federal Funds are capped block grants, while others provide federal matching funds as partial reimbursement of state costs.

Federal revenues are tied to federal laws and regulations, changes in which can directly or indirectly affect agency programs. For example, recent modifications to rules tied to funding for child care may require more dollars to go into safety and monitoring thus providing fewer dollars for child care subsidies. Another set of federal rules changes, associated with Fair Labor Standards Act treatment of direct care

workers, required substantive changes in the agency's in-home programs to come into compliance. With recent leadership changes at the federal level, more significant funding and program adjustments are highly likely but the timing and nature of those changes are very uncertain. While possible, it is unlikely these will be identified or clarified in time to make state law or budget changes during this session.

With approximately 83% of the budget going out in payments to service providers and clients, DHS' ability to effectively predict and manage caseloads is critical to budget development and execution. The Office of Forecasting, Research, and Analysis (OFRA), which is a shared service of DHS and OHA housed in DHS, issues client caseload forecasts semiannually (spring and fall) for the major DHS program areas. OFRA staff use a combination of time-series techniques, deterministic models, and information from program experts to produce each forecast. Monthly reports track accuracy by comparing forecast caseloads with actual caseload counts. This information is used to develop program budgets, to monitor budget versus actual expenditures, and to make management decisions.

Many of the agency's partner service providers are seeking increased rates to meet client needs, pay employees higher wages, and cover other costs; these include foster parents, residential service providers, direct support professionals, and long term care providers. The path to adequately quantifying or prioritizing these demands is unclear and further complicated by a revenue constrained budget environment.

Other Significant Issues and Background

After changes incorporated in the 2017-19 Governor's budget, the CSL is based on the fall 2016 caseload forecast. The 2017-19 legislatively adopted budget will be based on the spring 2017 caseload forecast. For Medicaid caseloads, the federal cost share is calculated by federal government using state per capita income to calculate each state's reimbursement rate. This rate, called the Federal Medical Assistance Percentage (FMAP) will be recalculated in spring 2017 and, if a current trend where Oregon's growth in per capita income comparatively robust, will likely result in a lower federal and shift more cost burden onto the state.

The Governor's budget is \$101.4 million General Fund below CSL; this 3% net decrease is a combination of reduction actions totaling about \$155.5 million General Fund and net program investments of about \$54.2 million General Fund. A higher vacancy rate assumption, removing most inflation, and denying General Fund backfill for capped federal grants generates about \$23.5 million General Fund (\$35.7 million total funds) in savings across the agency. About \$6.2 million General Fund savings is captured due to decreased statewide assessments and attorney general fees; these will need to be evaluated and adjusted based on the legislatively adopted budget for affected agencies.

The other \$126.1 million in General Fund reductions are program cuts; the most significant of these will be noted in the program area discussions, along with some investments. Since at the statewide level, the Governor's budget relies on revenue that does not exist today and is not part of current law, the Co-Chairs' Existing Resources Budget Framework sets an agency-wide budget target of \$2,990.1 million General Fund, or \$285 million below CSL. The target is \$183 million General Fund below the Governor's budget, which sets the stage for deeper reductions and investments achievable only by cutting other programs. The framework does not set out budget targets at the program level.

DHS – Self Sufficiency

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	393,382,439	375,351,073	452,804,156	441,153,001
Other Funds	116,839,979	99,873,152	100,256,112	91,060,426
Federal Funds	370,115,841	444,356,808	424,361,022	431,799,934
Federal Funds (NL)	2,363,243,469	2,514,345,331	2,214,345,331	2,214,345,331
Total Funds	\$3,243,581,728	\$3,433,926,364	\$3,191,766,621	\$3,178,358,692
Positions	2,018	2,044	2,040	2,046
FTE	1,985.99	2,035.49	2,039.63	2,045.63

* Includes Emergency Board and administrative actions through December 2016.

Program Description

Self Sufficiency (SS) programs provide assistance for low-income families to help them meet critical needs while helping them become self-supporting. Major programs in this area include:

- The Supplemental Nutrition Assistance Program (SNAP) – Federally funded benefit program to help low-income families, single adults, and childless couples buy the food they need to stay healthy. In January 2017, 688,817 Oregonians received SNAP benefits worth over \$84 million for the month. The benefit costs are included in the budget as Nonlimited Federal Funds.
- Temporary Assistance to Needy Families (TANF) – Provides cash assistance grants, which, when coupled with SNAP benefits, supply basic supports for families with children under the age of 19 that meet eligibility criteria. In January 2017, a total of 23,200 families received TANF cash assistance. Income qualification and benefit amounts are based on family size and expenses. Other program services include assistance and support services for Domestic Violence survivors; services to families eligible for Supplemental Security Income or Supplemental Security Disability Income (pre-SSI/SSDI); and Family Support and Connections services to help families at risk of child abuse or neglect.
- Employment Related Day Care (ERDC) – Helps parents stay employed by subsidizing child care services for low-income working families. Clients make a co-payment based on income and household size, and the state subsidizes the remaining costs up to the DHS maximum rate. In September 2016, 8,034 families received ERDC subsidies for 15,265 children in day care.

Programs are administered through coordination and collaboration with families and individuals as well as community partners, and through direct services provided by state staff. Field staff provide program services and benefits to clients through more than 100 field and branch offices throughout the state.

CSL Summary and Issues

Notable adjustments for Self Sufficiency include phase-ins of \$10.7 million General Fund for Temporary Assistance for Needy Families (TANF) redesign efforts approved in 2015 legislation. Another \$9.8 million General Fund is added to biennialize 2015-17 investments in the Employment Related Day Care (ERDC) program associated with early learning initiatives. One-time federal resources (TANF contingency and carryforward) used in 2015-17 totaling \$34 million are backfilled with General Fund.

Policy Issues

Maintaining \$95 million General Fund in program investments initiated in 2015-17 will likely be difficult in the current budget environment. Recent program changes approved in HB 3535 (2015) included modifying pre- and post-TANF services, raising the income level for TANF exit from \$616 to \$1,012, reducing ERDC co-pays, providing limited transition payments while exiting TANF, and increasing flexibility in issuing support services to prevent TANF entry. Child care-related program investments and policy changes reflected in HB 2015 (2015) protected eligibility for children for 12 months; allowed working student parents and self-employed parents to access ERDC; and moved program exit eligibility from 185% to 250% of the Federal Poverty Level.

Other Significant Issues and Current Discussions

The Governor's budget assume \$10 million in TANF contingency funds will be available to offset General Fund. The budget for ERDC is projected to be \$9.2 million total funds below CSL, as the Oregon Department of Education needs to retain more federal Child Care Development Fund dollars to comply with federal program requirements.

DHS – Child Welfare

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	369,480,684	481,251,155	547,157,159	541,608,088
Other Funds	20,757,218	23,165,610	24,490,532	24,443,723
Federal Funds	464,455,198	459,015,944	470,197,291	484,724,512
Total Funds	\$854,693,100	\$963,432,709	\$1,041,844,982	\$1,050,776,323
Positions	2,480	2,597	2,726	2,718
FTE	2,403.45	2,550.05	2,682.65	2,620.15

* Includes Emergency Board and administrative actions through December 2016.

Program Description

Child Welfare (CW) programs work to assure the safety of children and provide services to their families, including responding to reports of child abuse or neglect, providing in-home supports or out-of-home care when necessary, and arranging adoption or guardianship services and supports. The children served are dependent, neglected, abused, mentally or physically disabled, and/or placed in the state's legal custody. Program services and functions include:

- Child Safety Services – Assesses reported child abuse or neglect and, if needed, prepares and implements safety plans for children, including case management or contracted services for families. Services may include substance abuse treatment, domestic violence and sexual abuse services, in-home safety, and reunification services.
- Substitute Care, or out-of-home care – Represents a broad range of care, supervision, and treatment services for children in temporary or permanent custody of the state. Family foster care homes and other foster care settings are the primary service elements. Residential Care is provided by private agencies in residential or therapeutic foster care settings for children who cannot live in a family setting.
- Adoptions Program – Provides adoption and guardianship services to help achieve permanent living placements for children in the child welfare system who cannot return home, including subsidy payments to help remove financial barriers to adoption or guardianship for special needs children.

CSL Summary and Issues

The CSL for Child Welfare contains about \$18 million General Fund and 109 positions (109.00 FTE) to account for screening activities under the workload model, capture timing adjustments, and maintain staffing at about 90% of the workload model. Another 20 positions (limited duration) are phased-in to operate a demonstration project under the Title IV-E foster care capped allocation waiver approved by the federal

government in 2015. The CSL also includes \$13.9 million General Fund to backfill federal dollars lost due to a projected lower FMAP and tied to capped grants that are insufficient to maintain programs.

Policy Issues

In September 2016, the agency received the final report from an external review of child and youth safety in the state’s child substitute care system. The report lays out nine major findings about the system and identifies the most acute issue as not having enough appropriate substitute care providers available at the time when a child needs to be placed in out of home care. In response, DHS is developing a “Unified Child and Youth Safety Implementation Plan” to address problems identified in the report. While it is likely that additional resources will be needed for the agency—once specific tasks and business objectives are set out—to make progress under the plan, it is not year clear what those exact funding and/or staffing needs might be.

Other Significant Issues and Current Discussions

The Governor’s budget funds several investments for the program; these will need to be carefully evaluated in the context of statewide funding constraints and tasks or direction coming out of the Unified Plan. Components include rate increases for behavioral rehabilitation services providers and family foster care providers. Rate increase are expected to help recruit and retain these critical providers.

Her recommendation adds \$6.9 million General Fund to support legal representation for case workers. This investment will provide DHS caseworkers with continuous representation which should improve caseworker job satisfaction and avoid risk.

Related to staffing, the budget maintains 109 positions that were already included in CSL, but delays implementation until later in the biennium, so decreases the associated FTE (and funding) from 109.00 to 54.50.

DHS – Vocational Rehabilitation

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	21,017,719	24,308,416	32,421,185	26,996,950
Other Funds	1,064,885	2,327,882	2,344,754	2,340,616
Federal Funds	76,308,198	84,146,036	77,699,255	84,634,350
Total Funds	\$98,390,802	\$110,782,334	\$112,465,194	\$113,971,916
Positions	234	261	250	261
FTE	229.08	259.17	249.25	260.25

* Includes Emergency Board and administrative actions through December 2016.

Program Description

The Vocational Rehabilitation (VR) program assists youth and adults with disabilities to obtain, maintain, or advance in employment. Services are provided through field offices and multiple employee outstations located in one-stop career centers and other human services agencies across the state. The program's overarching goal is to help clients succeed in jobs that allow them to live as independently as possible, reduce or eliminate their need for publicly funded benefits, and be fully contributing members of their local communities.

All working-age (ages 18 to 64) Oregonians with a disability (except blindness) who are legally entitled to work are potentially eligible for services. The most common categories of disability among program clients are cognitive, psychosocial, physical, mental, and orthopedic impairments. In federal fiscal year 2016, the program served a total of 16,483 individuals with disabilities.

CSL Summary and Issues

For VR, \$8.5 million General Fund is added to replace one-time federal funds that were used to support program services in 2015-17.

Policy Issues

The program continues to be challenged by increasing caseload and requirements associate with federal Workforce Innovation and Opportunity Act (WIOA) implementation.

Other Significant Issues and Current Discussions

The Governor's budget assumes \$7.4 million Federal Funds from the reallocation process will be again be available to reduce reliance on General Fund. The budget also includes a technical adjustment moving 11 positions (11.00) into the program that were incorrectly keyed to the Intellectual and Developmental Disabilities program budget structure.

DHS – Aging and People with Disabilities

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	733,874,670	897,033,751	1,066,550,927	991,999,727
Other Funds	165,026,262	206,960,674	223,197,395	218,311,152
Federal Funds	1,568,835,684	2,001,265,680	2,299,155,462	2,204,521,559
Total Funds	\$2,467,736,616	\$3,105,260,105	\$3,588,903,784	\$3,414,832,438
Positions	1,167	1,246	1,368	1,451
FTE	1,151.76	1,235.28	1,357.43	1,381.93

* Includes Emergency Board and administrative actions through December 2016.

Program Description

Aging and People with Disabilities (APD) and its partners provide services for seniors and adults with physical disabilities. Historically, APD administered Oregon's Medicaid long-term care program per a federal Home and Community-Based Care (HCBS) waiver under Section 1915(c) of the Social Security Act. Since July 2103, many services now fall under the K Plan, which is a Medicaid state plan option authorized under the Affordable Care Act. Oregon Project Independence (OPI) provides in-home services outside of the Medicaid program. Federal Older American Act services include abuse prevention, caregiver supports, medication management, nutrition services, senior employment, legal issues, and other support services. The program also includes federally required supports to aged, blind, and disabled persons who receive Supplemental Security Income (SSI).

Medicaid long-term care services for the elderly and clients with physical disabilities fall into one of three major delivery categories: in-home programs designed to delay the need for costlier institutionalized care; community-based facilities or "substitute homes;" and nursing facilities. In-home care services are provided by home care workers who are employees of the client with oversight by the Home Care Commission and through providers working through local Area Agencies on Aging (AAAs). Community-based facilities include adult foster care homes, assisted living, residential care, and enhanced residential care.

Eligibility for Medicaid long-term care is based in part upon the ability to perform certain activities of daily living. Applicants for Medicaid long-term care are evaluated on their ability to perform activities of daily living such as eating, toileting, mobility, bathing, and dressing. This evaluation is used to rank the applicant within categories known as "service priority levels." Priority level 1 clients are those most unable to perform activities of daily living and more likely to need services offered in nursing facilities. In contrast, those at lower priority levels are less impaired and more likely to receive in-home assistance. Oregon provides services for clients in categories 1 through 13. Participation can also be tied to income, assets, and eligibility under other programs.

APD is the state administrator of the Older Americans Act (OAA), a federal program targeted to people 60 years of age and older. The state distributes the funds to local partners, which deliver a variety of services including information and referral, transportation, congregate meals and “meals on wheels,” senior employment programs, legal services, insurance counseling, and family caregiver counseling and training.

CSL Summary and Issues

Caseload growth and associated costs continue to drive increases in the APD budget. Long term care clients overall are expected to increase by about 7% or more than 2,400 people between biennium, with \$70 million General Fund built into CSL to address this growth along with higher cost per case. Another \$29.3 million General Fund is added to cover costs for both state and local Area Agency on Aging (AAA) staff needed to serve more clients; this results in a state staff increase of 116 positions (116.00 FTE) at about 92% of the workload model. An adjustment to account for increased costs associated with higher hourly wages (in-home programs) accounts for an increase of \$7.5 million General Fund. The CSL also includes fund shifts to address a lower FMAP (at a cost of \$25 million General Fund) and to take advantage of non-General fund resources (provider tax, estate recoveries) to help cover the cost of continuing existing programs.

Policy Issues

In response to legislative concerns about budget growth and increases in both caseload volume and costs, the agency was required to develop and report on program sustainability options, along with taking more immediate actions to help contain costs. This sustainability work is specific to APD and the IDD programs; growth in both programs has been spurred by implementation of the K Plan. The last progress report was heard at the December 2016 meeting of the Emergency Board and outlined the following initiatives; some of these should help inform 2017-19 budget decisions:

- Refining recommendations for making changes to activities of daily living criteria to ensure service needs and hours are appropriately calculated.
- Reviewing samples of new consumers to ensure consistency and accuracy of assessments.
- Supporting local offices and home care workers to improve record keeping and ensure hours worked are within authorized levels.
- Examining, through a contracted time study, the amount of time it takes to perform tasks for a consumer; the report should be finalized in February 2017.
- Implementing collective bargaining agreement provisions, effective September 1, 2016, that generally limit a home care worker’s weekly hours (and reducing overtime costs) to no more than 50 hours per week.
- Working with a federal technical assistance vendor to improve practices around natural supports and the balance between natural and paid supports.

- Restricting the live-in program and reviewing all program plans or requests centrally; this change has reduced the number of program consumers by 77% over the last year.

Other Significant Issues and Current Discussions

The Governor's budget continues funding for the Centralized Abuse Management project, which will support adult abuse data collection and report writing activities. The bulk of her remaining recommendations for this budget are \$83.9 million General Fund (\$207.1 total funds) in program reductions, including elimination of the General Assistance program, elimination of the live-in program, elimination of OPI for people with disabilities and a reduction of 75% for the senior component, suppression of nursing facility rates, and a 50% reduction in the complex medical add-on rate for nursing facilities.

Consistent with an adjustment made in the Child Welfare program, the Governor's plan maintains 116 positions that were already included in CSL, but delays implementation until later in the biennium, so decreases the associated FTE (and funding) from 116.00 to 58.00. There is a commensurate reduction in the equity funding model for AAA staffing.

To better realign some functions with program, the Governor's budget recommendation also includes the movement of 87 positions (87.00 FTE) from Program Design Services back into the APD budget. These are surveyors, licensors, and compliance specialists that work with licensed or registered providers in APD programs.

DHS – Intellectual and Developmental Disabilities

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	583,418,110	743,386,397	893,719,977	893,907,067
Other Funds	33,998,166	31,386,168	29,099,174	28,984,810
Federal Funds	1,179,879,554	1,548,261,903	1,760,061,101	1,789,806,816
Total Funds	\$1,797,295,830	\$2,323,034,468	\$2,682,880,252	\$2,712,698,693
Positions	760	888	887	894
FTE	744.59	842.23	885.50	893.00

* Includes Emergency Board and administrative actions through December 2016.

Program Description

The Intellectual and Developmental Disability (I/DD) program serves over 25,000 children and adults with intellectual and developmental disabilities throughout their life span. This program's mission is to help individuals be fully engaged in life and, at the same time, address any critical health and safety needs. The state, counties, brokerages, providers, families, and self-advocates are all critical parts of Oregon's Developmental Disabilities service system that focuses on individuals with I/DD living in the community and having the best quality of life at any age. Oregon no longer has an institutional facility for persons with developmental disabilities, so all clients are served in the community. Most of these services are administered under Medicaid waivers.

To receive services, individuals must meet eligibility requirements and have intellectual or developmental disabilities that impede their ability to function independently. These disabilities include mental retardation, cerebral palsy, Down's syndrome, autism, and other impairments of the brain that occur during childhood. Some program clients also have significant medical or mental health needs.

Community Developmental Disability Program (CDDP) offices at the county level determine eligibility for I/DD services, assess client needs, determine service rates, arrange and oversee contracts with providers, and respond to protective services issues. Regional brokerages provide case management and link individuals with services. Local providers deliver the support and residential services. The budget covers payments to counties and brokerages for program administration as well as for program services. Brokerage enrollment is capped, so when services demand increases, the CDDPs try to cover the gap.

In-home services are typically provided by individuals hired by the client, with the help of a personal agent, who gives them the assistance they need to remain in their own homes. Primary support services available include home modifications and services to help clients function appropriately within their communities, respite care for primary caregivers such as parents, and non-medical transportation. Other clients

may live in residential facilities or group homes. The Stabilization and Crisis Unit (SACU) provides 24-hour community residential care for approximately 100 people who have intensive support needs because of medical or behavioral conditions; state employees operate group homes serving these clients.

CSL Summary and Issues

The CSL for IDD also is heavily influenced by demand, especially after implementation of the K Plan. Case management enrollment is expected to increase by over 11% or more than 2,900 people in 2017-19; over half of these clients will likely receive services beyond case management with the strongest growth anticipated in in-home services for both adults and children. In addition to caseload growth, which accounts for \$48.9 million General Fund in CSL, cost per case and inflation (including the roll up of rate increases and hourly wages) is built in at \$37.9 million General Fund. More than \$15.6 million General Fund covers brokerage and CDDP costs to serve these individuals. About \$29.9 million General Fund covers a lower federal Medicaid contribution (FMAP) rate.

Policy Issues

A budget note in SB 5507 (2015) clarified legislative intent for the use of funding for IDD provider rate increases in the 2015-17 budget; that the funds be used to increase compensation (wages and/or benefits) for direct care staff by at least 4% during the 2015-17 biennium. At a hearing during the 2016 session providers indicated that directive had been followed, although they also stated the increase was not enough to retain employees and mitigate high turnover rates. This is likely to continue to be both a budget and policy issue (from the context of how providers apply rate increases) during the 2017 session.

As mention in the APD section, the agency was required to develop and report on program sustainability options, along with taking more immediate actions to help contain costs. Initiatives for IDD include the following:

- Using an update an updated service hour calculation to assess new clients starting September 1, 2016, and existing clients as their annual Individual Support Plans (ISPs) are renewed starting November 1, 2016, with all clients reassessed by November 1, 2017.
- Testing a new assessment that integrates other tools used previously, with pilot results expected to ready by the end of March 2017.
- Implementing collective bargaining agreement provisions, effective September 1, 2016, that generally limit a personal support worker's weekly hours (and reducing overtime costs) to no more than 50 hours per week.
- Working with a federal technical assistance vendor to improve practices around natural supports and the balance between natural and paid supports.

Other Significant Issues and Current Discussions

The Governor's budget addresses the issue of direct care staff compensation by adding \$22.3 million GF for rate increases for services providers. The funding would likely increase safety for clients because providers would be better able to hire, train, and retain adequate staff.

However, program cuts or adjustments freeing up \$9.7 million General Fund (\$16.8 million total funds) are also included in the budget. These reduce family networking and support programs; eliminate regional staff; reduce support to brokerages and CDDPs; and redirect the balance of the Fairview Housing Trust Fund to help pay for IDD programs.

The Governor's recommendation also captures \$6.5 million General Fund in lower costs associated with the sustainability work noted above; this is attribute to savings achieved by reducing overall hours as supports are realigned in client service plans. To better realign some functions with program, 17 positions (17.00 FTE) are transferred from Program Design Services back into the IDD budget; these staff are responsible for licensing and regulatory work.

DHS – Program Design Services

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	21,747,244	31,368,970	36,542,026	31,200,622
Other Funds	1,450,107	8,007,985	1,675,112	18,547,526
Federal Funds	30,656,467	77,765,397	29,498,112	111,882,768
Total Funds	\$53,853,818	\$117,142,352	\$67,715,250	\$161,630,916
Positions	252	270	215	150
FTE	251.84	250.70	215.00	139.87

* Includes Emergency Board and administrative actions through December 2016.

Program Description

The Program Design Services (PDS) budget structure was initially created as part of the agency's first 2013-15 rebalance (2014 legislative session) to capture services to DHS clients and programs that span across the Department's five major program areas. The budget was created primarily through budget transfers from other programs. The change is targeted at increasing both program utility and transparency by consolidating certain services, which include the following offices: Program Integrity, Licensing and Regulatory Oversight, IT Business Supports, Business Intelligence, and Continuous Improvement.

Since that time, the agency has continued to evaluate that consolidation and has begun to unwind some portions of the original plan.

CSL Summary and Issues

Total funds CSL is \$49.4 million below 2015-17 LAB, this is due to the phase-out of limited duration positions approved for the 2015-17 phase of the Integrated Eligibility project and the transfer of some program integrity positions back to the Self Sufficiency program. Embedding those staff back into the program is expected to improve program quality assurance efforts. General Fund growth of \$5.2 million is associated with a 2015-17 investment that offset reduced federal dollars.

Policy Issues

None.

Other Significant Issues and Current Discussions

The next phase of the Integrated Eligibility project is funded in the Governor's budget, at a cost of \$7.6 million General Fund (\$127.7 million total funds) and 38 positions (28.29 FTE). This large and complex project will automate eligibility for non-MAGI Medicaid, ERDC, SNAP, and

TANF programs, by replacing outdated technology and streamlining processes. Current federal rules allow the effort to take advantage of excellent federal funding match rates but some of those provisions are time-limited in nature; if project schedules cannot be met the state may need to pick up a larger portion of project costs.

That budget recommendation also includes the movement of 87 positions (87.00 FTE) from the Office of Licensing and Regulatory Oversight back into the APD budget. These are surveyors, licensors, and compliance specialists that work with licensed or registered providers in APD programs. Another 17 positions (17.00 FTE) are transferred from PDS back into the IDD budget; these staff are responsible for similar regulatory work in those programs.

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

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Governor's Budget
General Fund	203,424,197	225,950,390	245,896,770	246,871,270
Other Funds	132,944,676	167,476,174	165,743,266	170,754,575
Federal Funds	154,425,660	188,943,528	218,923,456	214,620,874
Total Funds	\$490,794,533	\$582,370,092	\$630,563,492	\$632,246,719
Positions	741	755	752	774
FTE	717.98	735.37	735.42	735.73

* Includes Emergency Board and administrative actions through December 2016.

Program Description

This program unit display combines three central budget structures providing an array of services and supports for DHS and, in the case of Shared Services, for Oregon Health Authority (OHA) programs.

Central Services includes functions directly related to policy and program in the agency, such as the agency director's office, communications, portions of budget and human resources, and the Governor's Advocacy Office.

With the transition of some former DHS programs to OHA, a number of support functions were designated as shared services. Some functions are housed in OHA and some in DHS, but all shared services units support both agencies. DHS' portion of Shared Services includes Budget Center; Office of Forecasting, Research and Analysis; Office of Financial Services; Human Resources Center; Facilities Center; Office of Imaging and Records Management; Office of Contracts and Procurement; Office of Investigations and Training; Internal Audit and Consulting Unit; Office of Payment Accuracy and Recovery; Office of Adult Abuse Prevention and Investigations; and the Background Check Unit.

The budget for Statewide Assessments and Enterprise-wide Costs (SAEC) contains various Department of Administrative Services' assessments/charges (e.g., State Data Center, Risk Management, Chief Financial Office), Central Government Services Charges, Oregon State Library, and Secretary of State audits. It also includes direct charges, shared services funding, rent, debt service, and computer replacements.

CSL Summary and Issues

CSL is \$19.9 million General Fund (\$48.2 million total funds) over 2015-17 LAB; this 8.8% General Fund increase is primarily due to higher state government service charges and DAS charges for services.

Policy Issues

None.

Other Significant Issues and Current Discussions

The Governor's Budget adds \$6.1 million General Fund and more staff (22 positions and 11.00 FTE) for the Background Check Unit, which will help eliminate a backlog of background checks. The unit's work includes processing checks on service providers, volunteers, and employees of qualified entities that provide care and are licensed, certified, registered or otherwise regulated by DHS or OHA. To cover debt payments on bond obligations, \$4.4 million General Fund is recommended.