Analysis

Item 7: Department of Human Services

Rebalance Action

Analyst: Laurie Byerly

Request: Allocate $3,445,225 from the Emergency Fund, increase Other Funds expenditure limitation by $3,718,785, establish four permanent full-time positions (1.00 FTE), establish 138 limited duration full-time positions (34.50 FTE), and approve transfers between appropriations and expenditure limitations to rebalance the Department of Human Services' budget.

Analysis: The Department of Human Services (DHS) is requesting its second budget rebalance for the 2019-21 biennium. Rebalancing allows the agency to move General Fund between appropriations and adjust Other Funds and Federal Funds expenditure limitations to operate its legislatively approved programs. The DHS rebalance plan reflects program cost increases and savings, revenue changes, and technical adjustments needed to keep the budget balanced.

DHS reports a net rebalance need of $3.4 million General Fund; to cover this shortfall, the agency is requesting an allocation from the Emergency Fund. The agency's rebalance plan also requests a net increase of $3.7 million Other Funds expenditure limitation.

Current projections for federal resources indicate DHS should adjust Federal Funds expenditure limitation downward by $29,791,879. This change will need to be reconciled as part of a DHS 2019-21 budget action during the 2021 legislative session, since the Emergency Board does not have the authority to reduce agency budgets.

Most of the DHS rebalance request is caseload-related; for context, the current 2019-21 legislatively approved budget is based on the fall 2019 caseload forecast; the recommended rebalance adjustments reflect changes between that forecast and the fall 2020 caseload forecast, which was published in October 2020.

While several issues are covered in the DHS rebalance plan, many budget risks remain. These include changes to caseloads based on future forecasts, the agency's ability to manage personal services expenditures, volatility in usage-based costs or charges for services, federal program penalties, federal law or funding changes, and legal costs.

New for this biennium, impacts of the COVID-19 pandemic and wildfire season on agency clients, staff, providers, and spending have been both unprecedented and unpredictable. In addition, ongoing uncertainty around how long it will take to recover from these two disasters, along with the nature of those recoveries, make planning program and budget needs extremely challenging. In addition, while financial assistance may be available from the Federal Emergency Management Agency (FEMA) or other federal programs, delayed reimbursements and/or lengthy eligibility determinations can make that assistance difficult to leverage or work around.

A key budget resource tied to the COVID-19 pandemic has been a temporary increase in federal Medicaid matching funds. In March 2020, a 6.2% increase in the Federal Medical Assistance

Percentage (FMAP) was authorized as part of the Families First Coronavirus Response Act. The additional funds are available to states from January 1, 2020, through the quarter in which the public health emergency period ends; a recent extension pushes the emergency period into the first quarter of 2021. As long as the public health emergency is not ended before January 1, 2021, this means about $50 million General Fund may be freed up within the agency's budget to help address budget problems early next year; funding for calendar year 2020 was built into the state budget previously.

The DHS 2019-21 budget is built around eight budget structures; these reflect five direct program areas: Self Sufficiency Programs (SSP), Child Welfare (CW), Vocational Rehabilitation (VR), Aging and People with Disabilities (APD), Intellectual and Developmental Disabilities (IDD), along with three support functions: Central Services, Shared Services, and State Assessments and Enterprise-wide Costs (SAEC). The General Fund budget impact of the agency's identified costs, savings, and technical adjustments are summarized in the table below by program:

DHS - December 2020 Rebalance | **REQUESTED**

General Fund $ in millions	Self Sufficiency	Child Welfare	Vocational Rehabilitation	Aging and People with Disabilities	Intellectual and Developmental Disabilities	Central Services	Shared Services*	State Assessments and Enterprise-wide Costs	Total
2019-21 Leg Approved Budget	425.2	766.3	33.2	1,119.3	989.3	50.6	-	282.6	3,666.4
Rebalance Issues									
Caseload Related	19.2	5.8	-	(2.5)	(23.6)	-	-	-	(1.1)
Salary Selectives	0.1	3.9	-	-	0.5	-	-	-	4.5
Tech Adjust/Transfers	(1.2)	(0.1)	(0.0)	(0.6)	(0.0)	(0.1)	-	2.0	-
Net Chg from Leg Approved	18.2	9.6	(0.0)	(3.0)	(23.1)	(0.1)	-	2.0	3.4

*Shared Services is budgeted entirely as Other Funds

While this analysis focuses on General Fund budget adjustments, Other Funds and Federal Funds expenditure limitation changes are also being requested by DHS to fully align the budget across fund types. The following sections describe rebalance plan highlights for each budget area.

Self Sufficiency Programs (SSP)

Economic and social fallout from the COVID-19 pandemic have directly impacted SSP over the last nine months and will likely continue to drive program demands well into the future. Temporary or permanent business closures drove up unemployment, with about 13.8% of workers losing jobs between February and April. Social distancing practices designed to reduce virus spread suspended in-person education for many children, which has resulted in some parents staying home to assist their children with distance learning, foregoing employment. Other individuals have had to stay out of the work force due to health risks. Wildfires have also left people homeless, jobless, and seeking assistance from core programs.

The fall 2020 forecast projects the 2019-21 overall Supplemental Nutrition Assistance Program (SNAP) caseload to be 16.1% higher than the level projected a year ago, which equates to serving 56,662 more households over the biennium. While SNAP benefit payments are covered by federal dollars (budgeted as nonlimited), the agency's rebalance plan uses General Fund savings from other programs and limited duration positions to help shore up the eligibility work required to serve these additional clients.

Forecasted caseloads in the Temporary Assistance for Needy Families (TANF) cash assistance programs are up 6.7%, reflecting a biennial average increase of 1,240 families. Program cost per case has also increased; collectively these needs drive an increase of $14.4 million General Fund ($16.4 million total funds) in the rebalance plan. Because of maintenance of effort requirements and more than half the caseload increase being projected in the TANF Two Parent caseload, a program supported entirely by the state, General Fund is required to cover these costs.

As referenced above, due to workload, the rebalance plan includes 138 limited duration full-time positions (34.50 FTE) at a cost of $4.8 million General Fund ($7.4 million total funds). Under the SSP workload staffing model, most of the positions (86%) are driven by SNAP eligibility work.

In addition to the limited duration positions, the rebalance request includes three permanent full-time positions (0.75 FTE) supporting programs through accounting, information technology, and human resources functions. Another staffing related cost in the agency's request is $102,963 General Fund ($203,751 total funds) for salary range increases that were collectively bargained.

The rebalance plan includes an additional $3.9 million Other Funds expenditure limitation to align the budget with transfers of Child Care Development Fund resources from the Early Learning Division (Oregon Department of Education) to DHS; these dollars support the Employment Related Day Care (ERDC) program. Federal Funds expenditure limitation of $14.2 million is added to spend revenue expected under the SNAP Employment and Training program. This increase is partially offset by a decrease of $7.1 million Federal Funds expenditure limitation to align the Refugee program budget.

Technical adjustments and transfers account for a net decrease of $1.2 million General Fund ($2.0 million total funds); embedded in this change is an increase of $63,317 total funds and one position (1.00 FTE) due to the transfer in of a position from CW. The remaining technical adjustment is part of a net-zero agencywide change centralizing (moving out of programs) the budget for postage and handling costs in SAEC.

Child Welfare (CW)

Overall projected biennial average caseload counts for CW have decreased between fall 2019 and fall 2020; for a net decline of 1.6% or 347 children. Within this decrease is 1.5% growth (159 children) in adoption assistance, offset by a decrease of 6.5% or 437 fewer children in foster care.

However, savings due to lower caseloads are offset by cost increases. These include significant cost per case increases for children in residential care; some of these children were served out-of-state previously and require additional supportive services to meet their needs now that they are back in Oregon. The subset of children in foster care receiving enhanced supervision (higher cost services) has grown and the cost per case for adoption and guardianship assistance has also increased.

In addition, General Fund costs are also driven by fewer children being eligible for federal cost sharing and a payment needed to maintain educational services for children in residential treatment in Douglas County. The collective impact of caseload-related costs for CW is a net increase of $5.8 million General Fund ($8.6 million total funds).

Collectively bargained salary range increases, shift differentials, and retention payments are included in the agency's rebalance request at a cost of $3.9 million General Fund ($5.8 million total funds).

Technical adjustments and transfers account for a net decrease of $145,443 General Fund ($223,326 total funds); included are the transfer in of two positions from APD (2.00 FTE) and the transfer out of one position (1.00 FTE) to SSP, for a net increase of one position (1.00 FTE). The net decrease also accounts for a net-zero agencywide change centralizing (moving out of programs) the budget for postage and handling costs in SAEC.

Vocational Rehabilitation (VR)

The fall 2020 forecast projects the 2019-21 VR caseload to be 10.6%, or 1,097 clients, lower than the level projected last fall. The decline is directly linked to the COVID-19 pandemic, as work with VR clients, which tends to be very in-person focused, was suspended for a while as staff modified processes and changed the way they interacted with clients. The rebalance contains a decrease of $12,050 General Fund ($20,618 total funds) tied to centralizing the budget for postage and handling costs in SAEC.

Aging and People with Disabilities (APD)

Overall long term care caseloads are estimated to serve 20,745 clients in 2019-21, which is a decrease of 255 clients (less than one percent) from the overall caseload of 21,092 forecasted a year ago. Most of the drop is within the in-home program; but the net decrease does include a small increase in community based care, along with cost increases related to more complex cases in nursing facilities. Caseload-related changes result in a decrease of $2.5 million General Fund ($8.0 million total funds).

Technical adjustments and transfers account for a net decrease of $586,987 General Fund ($1.0 million total funds); included are the transfer out of two positions to CW (2.00 FTE). The decrease also accounts for a net-zero agencywide change centralizing (moving out of programs) the budget for postage and handling costs in SAEC.

Intellectual and Developmental Disabilities (IDD)

The average IDD caseload services forecast is 6.7% lower than last fall, which is a decrease of 666 clients. However, demand for case management has grown slightly. The decrease in services, which is primarily within the in-home program is tied to COVID-19, as clients, families, and workers adjusted their daily lives to deal with the pandemic. Employment, day support, and transportation services have also seen reduced demand as clients curtailed employment and activities involving travel in order to decrease their risk for contracting the disease.

Savings from lower caseloads are partially consumed by cost per case increases, mostly within the in-home caseload; these are tied to service plans requiring more hours and provider selection changes. The net change in the rebalance plan for IDD caseload-related costs is a decrease of $22.5 million General Fund ($31.5 million total funds); this includes an adjustment to limit the decrease in General Fund and Federal Funds expenditure limitation since the Emergency Board cannot reduce the agency's overall budget.

Collectively bargained salary increases tied to a new classification (Direct Support Crisis Specialist) are included in the agency's rebalance request at a cost of $465,796 General Fund ($1.4 million total funds). Other rebalance adjustments include a decrease of $421,573 Other Fund expenditure limitation to true up the community housing budget and $84 total funds reduction of $84 tied to the agencywide change centralizing the budget for postage and handling costs in SAEC.

Central Services
The rebalance for this program consists of technical adjustments resulting in a decrease of $79,931 General Fund ($139,175 total funds) and one position (1.00 FTE). The position transfer moves a human resources position to Shared Services to support health, safety, and emergency management efforts.

The other adjustment is for a net-zero agencywide change centralizing (moving out of programs) the budget for postage and handling costs in SAEC.

Shared Services
One new permanent full-time position information technology position (0.25 FTE), at a cost of $53,092 Other Funds, is requested in the Office of Enterprise Data Analytics to support development and maintenance of the System of Care data dashboard required by SB 1 (2019). The position will be direct funded by the Oregon Health Authority.

Another position action transfers in a position from Central Services to support health, safety and emergency management efforts; this change drives increases of $134,908 Other Funds expenditure limitation and one position (1.00 FTE).

State Assessments and Enterprise-wide Costs (SAEC)
This program unit has two rebalance adjustments. One is $77,437 General Fund ($134,908 total funds) to cover the shared services funding line for the position moving from Central Services to Shared Services; the position supports health, safety, and emergency management services. The other adjustment is an increase of $1.9 million General Fund ($3.3 million total funds) to reflect SAEC receiving the centralized budget for postage and handling costs.

Analyst Recommendation Summary
Due to a shrinking Emergency Fund balance, the rebalance recommendation excludes funding requested by DHS to cover selective salary increases. With this change, and an adjustment retaining $1.0 million General Fund in IDD caseload-related savings to avoid a negative balance, the General Fund request becomes zero:

DHS - December 2020 Rebalance — **RECOMMENDED**

General Fund $ in millions	Self Sufficiency	Child Welfare	Vocational Rehabilitation	Aging and People with Disabilities	Intellectual and Developmental Disabilities	Central Services	Shared Services*	State Assessments and Enterprise-wide Costs	Total
2019-21 Leg Approved Budget	425.2	766.3	33.2	1,119.3	989.3	50.6	-	282.6	3,666.4
Rebalance Issues									
Caseload Related	19.2	5.8	-	(2.5)	(22.5)	-	-	-	-
Salary Selectives	-	-	-	-	-	-	-	-	-
Tech Adjust/Transfers	(1.2)	(0.1)	(0.0)	(0.6)	(0.0)	(0.1)	-	2.0	-
Net Chg from Leg Approved	18.1	5.6	(0.0)	(3.0)	(22.5)	(0.1)	-	2.0	0.0

*Shared Services is budgeted entirely as Other Funds

While these costs are very real, after receiving $47.4 million General Fund being recommended as part of the statewide employee compensation adjustment in agenda Item #44, DHS will be in a better position to reassess any ability to manage the salary selectives without additional General Fund. If required, a budget adjustment can be made in a rebalance bill during legislative session that starts in January 2021.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board implement the Department of Human Services rebalance plan with the modifications recommended by the Legislative Fiscal Office in this analysis and approve the transfers between appropriations and expenditure limitations, net increase to Other Funds expenditure limitation, and position and FTE changes as shown in the following table:

Program/Appropriation	**General Fund**	**Other Funds**	**Federal Funds**	**Total Funds**	**Pos**	**FTE**
Self Sufficiency Vocational Rehabilitation	18,052,207	3,759,455	10,963,446	32,775,108	142	36.25
Child Welfare	5,629,619	70,754	2,690,171	8,390,544	1	1.00
Aging & People with Disabilities Intellectual & Developmental Disabilities	(25,580,410)	(473,396)	(14,828,714)	(40,882,520)	(2)	(2.00)
Central Services State Assessments and Enterprise-wide Costs	1,898,584	173,972	1,175,097	3,247,653	(1)	(1.00)
Debt Service	-	-	-	-	-	-
Shared Services	-	188,000	-	188,000	2	1.25
DHS AGENCY TOTALS	**$ -**	**$ 3,718,785**	**$ -**	**$ 3,718,785**	**142**	**35.50**

Department of Human Services
Streepey/Webb

Request: The Department of Human Services is requesting the following actions as part of its second 2019-21 Rebalance Plan:

- Allocate $3,445,255 from the State Emergency Fund for increased costs in the Child Welfare program;

- Transfer $18,155,170 General Fund from Aging and People with Disabilities and Intellectual/Developmental Disabilities to the Self-Sufficiency and Vocational Rehabilitation Services;

- Transfer $1,898,584 General Fund from Aging and People with Disabilities and Intellectual/Developmental Disabilities to Central Services and Statewide Assessments & Enterprise-wide Costs;

- Transfer $6,133,938 General Fund from Aging and People with Disabilities and Intellectual/Developmental Disabilities to Child Welfare;

- Transfer $473,396 in Other Funds expenditure limitation from Aging and People with Disabilities and Intellectual/Developmental Disabilities to Self-Sufficiency and Vocational Rehabilitation Services.

- Increase Other Funds expenditure limitation by $3,286,059 in Self-Sufficiency and Vocational Rehabilitation, by $188,000 in Shared Services, by $173,972 in Central Services and Statewide Assessments & Enterprise-wide Costs Other Funds, and by $70,754 in Child Welfare Other Funds;

- Transfer $16,797,075 Federal Funds expenditure limitation from Aging and People with Disabilities and Intellectual/Developmental Disabilities to other agency programs including $11,064,234 to Self Sufficiency and Vocational Rehabilitation, $1,175,097 to Central Services and Statewide Assessments & Enterprise-wide Costs, and $4,557,744 to Child Welfare;

- Recommend that the Department of Administrative Services unschedule $29,791,879 Federal Funds expenditure limitation in Aging and People with Disabilities and Intellectual/Developmental Disabilities Federal Funds;

- Establish 138 limited duration positions (34.50 FTE) and three permanent positions (0.75 FTE) in Self-Sufficiency Programs to address the Supplemental Nutrition Assistance Program (SNAP) eligibility and benefits processing workloads; and

- Establish one permanent position (0.25 FTE) in the Shared Services Oregon Enterprise Data and Analytics (OEDA) program to support the development and maintenance of the System of Care dashboard.

Recommendation: Approve the request.

Summary: The Department of Human Services (DHS) is submitting its second rebalance report for the 2019-21 biennium. The report updates caseload and cost projections through the Fall of 2020, and includes a list of other outstanding issues and risks. After all actions, the Department requests an increase of $3.4 million General Fund, an increase of $3.7 million Other Funds expenditure limitation, and a recommendation to the Department of Administrative Services to unschedule $29.8 million Federal Funds expenditure limitation. Across the Department, the rebalance request is represented in the following table:

Program	General Fund	Other Funds	Federal Funds	Total	Positions	FTE
Central Services	(79,931)	(1,579)	(57,665)	(139,175)	(1)	(1.00)
Shared Services	0	188,000	0	188,000	2	1.25
SAEC (less Debt Service)	1,978,515	175,551	1,232,762	3,386,828	0	0.00
Self Sufficiency	18,167,220	3,760,568	11,071,689	32,999,477	142	36.25
Child Welfare	9,579,163	70,754	4,557,744	14,207,661	1	1.00
VR - Basic Rehabilitative Services	(12,050)	(1,113)	(7,455)	(20,618)	0	0.00
Aging & People with Disabilities	(3,045,460)	(51,818)	(5,896,121)	(8,993,399)	(2)	(2.00)
Intellectual & Developmentally Disabilities	(23,142,232)	(421,578)	(40,692,833)	(64,256,643)	0	0.00
Total	**3,445,225**	**3,718,785**	**(29,791,879)**	**(22,627,869)**	**142**	**35.50**

Discussion: The Department's report includes major rebalance issues and discusses on-going risks.

This analysis outlines budget adjustments by each program in the Department, however the most significant budget issues being resolved with this rebalance are:

- A significant increase in Supplemental Nutrition Assistance Program (SNAP) caseloads result in a staffing request of 141 positions to address the eligibility and benefit processing workload; and
- Increasing caseloads and the cost per case in the Child Welfare Permanency program.

The most significant risks remaining to the DHS budget after this rebalance are:

- Within Intellectual and Developmental Disabilities (I/DD), the latest caseload forecast projects significant savings, but these savings may be overstated if the state resumes to more normal functioning. Cost per case increases in I/DD continue to remain a budget challenge for the Department.
- Pandemic-related costs within Aging and People with Disabilities (APD) are not reflected in this rebalance plan. For example, APD has significant ongoing costs for COVID beds that are currently funded with federal Coronavirus Relief Funds that are set to expire. In addition, the Department is requesting an additional $15 million General Fund for serial COVID testing in long-term care settings that is not reflected in this rebalance plan.
- Future fire related costs for food and sheltering are unknown, however preliminary estimates indicate costs in the 2019-21 biennium could exceed $157 million in total funds. The Federal Emergency Management Agency (FEMA) may provide up to 75 percent of federal funding, however the timing of reimbursement is unclear.
- The Temporary Assistance to Needy Families (TANF) and Employment Related Day Care (ERDC) programs are only currently authorized through a federal continuing resolution until December 11, 2020. Should the continuing resolution lapse and funding

for the programs not be authorized by another federal budget action, there may be a loss of federal funding.

Aging and People with Disabilities:

The proposed 2019-21 rebalance for Aging and People with Disabilities (APD) results in a savings of $3.0 million General Fund ($9.0 million total funds). This includes three technical adjustments that reduce spending in APD, but net to zero across the Department. The savings in APD's rebalance are primarily due to changes in caseload, which are expected to reduce General Fund need by $2.5 million. Specifically, there was a slight decrease in the number of individuals (-12) receiving services in Nursing Facilities, an increase in the number of individuals (34) receiving services in Community Based Care settings, and a decrease in the number of individuals receiving In Home Care (-277). Within Community Based Care, there was a large increase in the number of individuals within the Program for All-inclusive Care for the Elderly (PACE), as additional capacity has increased with the opening of a new facility in Southern Oregon in September 2020.

The rebalance plan also includes three technical adjustments, which decrease APD's costs, but net to zero at the Department level. The technical adjustments include the movement of two positions from APD to Child Welfare and the transfer of postage costs from APD to SAEC. Within APD, these technical adjustments reduce General Fund need by $0.6 million, and total funds savings of $1.0 million. At the Department level, these adjustments net to zero. The transfer of two positions (2.00 FTE) from APD to Child Welfare is needed to align work performed with the appropriate Division. Previously, Child Welfare moved two Disability Analyst positions to APD's Collaborative Disability Determination Unit to bring staff together who were doing similar work. However, it has been determined that the work more appropriately aligns with the Central Background Unit within Child Welfare, and the Department is requesting the transfer of these two positions.

The total of APD actions results in $3.0 million General Fund savings and decreases of $51,818 Other Funds expenditure limitation and $5.9 million Federal Funds expenditure limitation.

Intellectual and Developmental Disabilities:

The proposed 2019-21 rebalance for Intellectual and Developmental Disabilities (I/DD) results in a savings of $23.1 million General Fund ($64.3 million total funds). The projected savings are primarily due to caseload declines from significant disruptions to Ancillary Services impacted by the COVID-19 pandemic and changes in individual behavior in response to the pandemic. Within Ancillary Services, this includes Day Support Activities, Employment Services, and Non-Medical Transportation Services. Day Supports were forced to temporarily close due to COVID-19, resulting in caseload declines of 41.2 percent compared to the Fall 2019 caseload forecast. Similarly, the Employment Services caseload dropped by over 31.2 percent, as the economic fallout from the pandemic reduced employment opportunities and program participation. With social distancing and drops in Day Supports and Employment Services, there has also been a drop of non-Medical Transportation Services of 15.3 percent. The drop in caseloads in these three Ancillary Services, results in a combined General Fund savings of $26.9 million. Changes to individual behavior, as a result of the pandemic, have also impacted the demand for services within adult and children In-Home Supports, which are forecasted to have decreases of 4.4 and 7.7 percent, respectively. In-Home Supports caseload decreases result in General Fund savings of $15.0 million in the 2019-21 biennium.

The drop in caseloads and corresponding General Fund savings are being partially offset by rising costs per case, particularly for adult In-Home Supports, which are projected to result in an additional General Fund need of $16.2 million. Adult In-Home Support costs are increasing due to the use of more service hours per individual, along with greater utilization of services through Agencies, which are more costly than procuring services directly from Personal Support Workers. These two factors directly impact the cost per case increase. Additionally, through collective bargaining, 171 positions were reclassified upwards as Mental Health Therapy Technicians, increasing the salary range for workers and cost per case. This reclassification resulted in an additional General Fund cost of $0.5 million.

The rebalance plan also includes one technical adjustment, which decreases I/DD's General Fund costs but nets to zero across the Department.

The total of all I/DD 2019-21 rebalance actions results in a $23.1 million General Fund decrease, $0.4 million decrease to Other Funds expenditure limitation and $40.7 million decrease to Federal Funds expenditure limitation. It is anticipated that individual behavior and organizational services will return to more normal patterns once progress addressing COVID-19 takes root, suggesting the savings from this rebalance are not indicative of changes to long-term trends.

Child Welfare:

The Child Welfare division requested an increases of $9.6 million General Fund, $70,754 Other Funds expenditure limitation and $4.6 million Federal Funds expenditure limitation. The primary drivers of the General Fund need are related to caseload and cost per case changes in the Permanency program, a reduction in the number of children eligible for Title IV-E federal funding in the Permanency program, and salary selectives that were bargained outside of the Salary Pot. The components of the division's request are as follows:

- The aggregate impact of changes in the Well Being caseload and cost per case changes result in a modest savings of $48,322 General Fund, an increase of $82,558 Other Funds and an increase of $532,092 Federal Funds. The cost per case component grew by $24.9 million General Fund due to cost increases in the Residential Treatment, Focused Opportunities for Children Utilizing Services (FOCUS) and Foster Care programs. The increased costs include providing additional supportive services to children who were moved from out-of-state residential placements to in-state placements and an increase in the number of children in foster care receiving enhanced supervision. In addition to cost per case increases, a savings of $24.9 million resulted due to a decrease in the Residential Treatment and FOCUS caseloads, which decreased by 16.3 percent and 46.3 percent, respectively. The fiscal impact associated with the decrease in caseloads offsets the General Fund increase in cost per case for Well Being caseloads.

- The aggregate impact of changes in the Permanency caseload and cost per case changes result in a need of almost $3.6 million General Fund and an increase of $3.5 million Other Funds expenditure limitation. The caseload component increases General Fund by $1.3 million and is due to a 1.8 percent increase in Adoption Assistance caseloads. The cost per case component increases General Fund by $2.3 million due to a 2.7 percent increase in costs in the Adoption Assistance program and a 2.6 percent increase in costs in the Guardianship Assistance program.

- Due to less children meeting a Title IV-E income eligibility test, $1.3 million Federal Funds is shifted onto the General Fund. The impact primarily affects the Guardianship Assistance program, with smaller impacts in the Contracted Adoption Services and Private Adoptions programs.

- Increased costs for children receiving behavioral rehabilitation services (BRS) in Douglas County result in a need of $1.0 million General Fund.
- On behalf of 421 Child Welfare staff, salary selectives were bargained outside of the Salary Pot resulting in an increase need for $3.9 million General Fund and $1.9 million Other Funds expenditure limitation. The salary selectives include shift differentials for off hour and weekend work, as well as retention payments for Child Welfare staff.
- A technical adjustment to transfer one permanent Operations and Policy Analyst 2 position (1.00 FTE) from the Child Welfare division to the Self-Sufficiency Programs division. The position serves as the Data Steward and supports the Self-Sufficiency data system. This budget action results in a division savings of $46,612 General Fund, $1,673 Other Funds, and $19,032 Federal Funds; however, the agency-wide impact nets to zero.
- A technical adjustment to transfer two permanent Disability Analyst positions (2.00 FTE) from the APD Collaborative Disability Determinations Unit to the Child Welfare Children's Benefit Unit. This budget action results in a division need of $60,180 General Fund, $3,152 Other Funds and $50,700 Federal Funds; however, the agency-wide impact nets to zero.
- A technical adjustment due to a change in how postage and handling costs are budgeted in the agency. Rather than budget costs in each program division, costs will be budgeted in the State Assessments and Enterprise-wide Costs (SAEC) division. This technical adjustment results in a savings of $159,121 General Fund, $13,283 Other Funds, and $97,637 Federal Funds within the Child Welfare programs; however, the agency-wide impact nets to zero.

Self-Sufficiency Programs
The Self-Sufficiency Programs division requested an increase of $18.2 million General Fund, $3.8 million Other Funds expenditure limitation, $11.1 million Federal Funds expenditure limitation, and 142 positions. The primary driver in the division's General Fund need is due to the significant increase in the Supplemental Nutrition Assistance Program (SNAP) caseload and projected increases in Temporary Assistance to Needy Families (TANF) caseloads. The components of the division's request is as follows:

- TANF caseloads for TANF Basic (one parent households) and TANF UN (two parent households) are expected to increase over the remainder of the biennium, resulting in a $14.2 million General Fund need. As the economic impacts of the pandemic continue, TANF caseloads will likely remain elevated.
- TANF cost per case is projected to increase slightly over the remainder of the biennium, resulting in a $0.2 million General Fund need. The cost per case increases as the number of family members in a household receiving TANF benefits increases.
- SNAP has experienced a large increase in caseload due to the COVID-19 pandemic. In the 2019-21 biennium, the division is expecting a 25.1 percent increase in SNAP cases. As long as the pandemic results in economic hardships for people, there will be an elevated need for SNAP benefits. The Department requested 141 positions, 128 of which are limited duration positions, to address the increased workload and minimize the potential of a backlog. Increasing the positions, as requested, would result in a $4.8 million General Fund need.
- The Department has requested $0.1 million for salary selectives that were bargained outside of the salary pot, including shift differentials for off hour and weekend work.

- A $1.2 million General Fund reduction due to technical adjustments was included in the division's rebalance request. They primarily include the transfer of postage and handling costs from the Self-Sufficiency Programs division to the SAEC division.
- The ERDC program is requesting a $3.9 million increase in Other Funds expenditure limitation due to an anticipated receipt of funding from the Early Learning Division for the Child Care Development Block Grant.
- An increase in Federal Funds expenditure limitation of $11.8 million due to SNAP Employment and Training expenses.

Vocational Rehabilitation:

The Vocational Rehabilitation division requests one technical adjustment due to a change in how postage and handling costs are budgeted in the Department. Rather than budget costs in each program division, costs will be budgeted in the SAEC division. This technical adjustment results in a savings of $12,050 General Fund, $1,113 Other Funds, and $7,455 Federal Funds within the division; however, the agency-wide impact nets to zero.

Central Services/Shared Services/SAEC:

In aggregate, the Central Services, Shared Services, and State Assessments and Enterprise-wide Costs (SAEC) divisions indicate a need of $1.9 million General Fund, $0.4 million Other Funds, and $1.2 million Federal Funds, as well as the establishment of one permanent position (0.25 FTE). Technical adjustments account for most of the requested budget actions and result in a net zero fiscal impact on an agency-wide basis. After considering technical adjustments, the net fiscal impact of the requested adjustments is an increase of $0.2 million in Other Funds expenditure limitation in the Shared Services division. Requested adjustments in the three divisions include the following:

- Transferring one Operations and Policy Analyst 3 position (1.00 FTE) from the Central Services Human Resources unit to the Shared Services Occupational Health, Safety and Emergency Management program. The position was originally authorized in the August 2020 Special Session. The budget action is a reduction of $77,437 General Fund, $1,349 Other Funds, and $56,122 Federal Funds in the Central Services division, with a corresponding increase in the same amounts in the SAEC division due to Shared Services Funding payments. The aggregate agency-wide impact of the preceding actions nets to zero. In addition, this budget action creates a need to increase Other Funds expenditure limitation by $134,908 in the Shared Services division.
- A technical adjustment due to a process change that transfers postage and handling duties from Central Services to SAEC. This budget action is a reduction of $2,494 General Fund, $230 Other Funds and $1,543 Federal Funds in the Central Services division; however, the agency-wide impact nets to zero.
- Establishment of one permanent Information Systems Specialist 6 position (0.25 FTE) in the Shared Services Oregon Enterprise Data and Analytics program. The position will support the development and maintenance of the System of Care dashboard. The position will be directly funded by the Oregon Health Authority. The fiscal impact of this budget action is an increase of $53,092 Other Funds expenditure limitation.
- As described above, a technical adjustment is included in the rebalance request due to a change in how postage and handling costs are budgeted in the Department. Rather than budget costs in each program division, costs will be budgeted in the SAEC division. This

budget action creates a division need of $1,901,078 General Fund, $174,202 Other Funds, and $1,176,640 Federal Funds; however, the agency-wide impact nets to zero.

Legal Reference:
Allocation of $3,445,255 from the State Emergency Fund to supplement the appropriation made by chapter 668, section 1(3), Oregon Laws 2019, for the Department of Human Services, Child Welfare program for the 2019-21 biennium.

Transfer of $26,187,692 General Fund appropriation made by chapter 668, section 1, Oregon Laws 2019, for the 2019-21 biennium as follows:

Subsection		Amount
(1) Central services and state assessments and enterprise-wide costs	$	+1,898,584
(2) Self-sufficiency and vocational rehabilitation services	$	+18,155,170
(3) Child welfare	$	+6,133,938
(4) Aging and people with disabilities and intellectual/ developmental disabilities programs	$	-26,187,692

Transfer the Other Funds expenditure limitation established by chapter 668 (2), Oregon Laws 2019, for the 2019-21 biennium, as follows:

Subsection		Amount
(2) Self-sufficiency and vocational rehabilitation services	$	+473,396
(4) Aging and people with disabilities and intellectual/ developmental disabilities programs	$	-473,396

Increase the Other Funds expenditure limitation established by chapter 668, section 2, Oregon Laws 2019, for the 2019-21 biennium as follows:

Subsection		Amount
(1) Central services and state assessments and enterprise-wide costs	$	173,972
(2) Self-sufficiency and vocational rehabilitation services	$	3,286,059
(3) Child welfare	$	70,754
(5) Shared services	$	188,000

Transfer the Federal Funds expenditure limitation established by chapter 668, section 3, Oregon Laws 2019, for the 2019-21 biennium as follows:

Subsection		Amount
(1) Central services and state assessments and enterprise-wide costs	$	+1,175,097
(2) Self-sufficiency and vocational rehabilitation services	$	+11,064,234
(3) Child welfare	$	+4,557,744
(4) Aging and people with disabilities and intellectual/ developmental disabilities programs	$	-16,797,075

Oregon

Kate Brown, Governor

Department of Human Services
Office of the Director
500 Summer St. NE, E-15
Salem, OR 97301
Voice: 503-945-5600
Fax: 503-581-6198

DHS Oregon Department of Human Services

November 4, 2020

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Department of Human Services (DHS) second rebalance report and request.

Dear Co-Chairpersons:

Nature of the Request: The purpose of this letter is to provide the second DHS Rebalance report and request (attached) of the 2019-21 Biennium to the Interim Joint Ways and Means Human Services Subcommittee.

Action Requested: DHS requests acknowledgement of receipt of this second Rebalance report of the 2019-21 Biennium. In addition, DHS is requesting a net total of $3.4 M GF, $3.7 M Other Funds limitation, ($29.8) M Federal Funds limitation, 142 pos and 35.50 FTE (139 LD for 19-21 only for SNAP Caseload increases) as set out in the summary table below.

	GF	OF	FF	NLFF	TF	Pos	FTE
DHS ROLLUP	**3,666.4**	**755.6**	**6,310.8**	**2,489.3**	**13,222.2**	**9,431**	**9,330.24**
Challenge	71.0	5.2	67.0	-	143.2	142	35.50
Savings	(67.5)	(1.5)	(96.8)	-	(165.8)	-	-
Technical	-	-	-	-	-	-	-
TOTAL	**3,669.8**	**759.3**	**6,281.0**	**2,489.3**	**13,199.5**	**9,573**	**9,365.74**
Request	3.4	3.7	(29.8)	-	(22.6)	142	35.50

Legislation Affected: See Report Attachment A.

If you have questions, please contact Eric Moore at 503-884-4701.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

Enclosure

cc: Ken Rocco, Legislative Fiscal Office
Laurie Byerly, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Ali Webb, Department of Administrative Services
Mike Streepey, Department of Administrative Services

Oregon Department of Human Services

Report to The State of Oregon December Emergency Board

The Oregon Department of Human Services (ODHS) Rebalance Report

November 3, 2020

Executive Summary and Nature of Request:

The Oregon Department of Human Services (ODHS) is submitting its second rebalance report for the 2019-21 biennium to the Emergency Board. This report reflects several issues affecting the ODHS budget. ODHS expects to continue to work with the Legislature, Legislative Fiscal Office, Governor's Office and Chief Financial Office to identify any actions management can take to balance the ODHS 2019-21 budget.

Budget Issues for 2019-21

At this second rebalance, ODHS is requesting a net $3,445,225 General Fund, $3,718,785 in Other Funds Limitation and a redistribution of Federal Funds limitation. Also included in this request are management actions and technical adjustments that net to $0.0 within ODHS.

The table below summarizes the ODHS General Fund (GF) rebalance position by major program area. See attachment A for the appropriation changes that will be discussed throughout this document.

Program GF in Millions	19-21 LAB	Rebalance Request	Proposed new LAB
Aging and People with Disabilities	1,119.3	(3.0)	1,116.3
Child Welfare	766.3	9.6	775.8
Intellectual and Developmental Disabilities	989.3	(23.1)	966.1
Self Sufficiency	425.2	18.2	443.3
Vocational Rehabilitation	33.2	(0.01)	33.2
Other	333.2	1.9	335.1
TOTAL GF	3,666.4	3.4	3,669.8

Program Rebalance Details

This section contains details on the Department's updated budget position by program area (see attachment B for caseload change details from spring 2020 to fall 2020).

Aging and People with Disabilities (APD)

APD has a net savings of ($3.0) million GF including technical adjustments. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	TF	Pos	FTE
APD	**1,119,343,147**	**288,476,224**	**2,527,214,898**	**3,935,034,269**	**1,546**	**1,505.74**
Challenge				-		
Savings	(2,458,473)	-	(5,518,164)	(7,976,637)		
Technical	(586,987)	(51,818)	(377,957)	(1,016,762)	(2)	(2.00)
TOTAL	**1,116,297,687**	**288,424,406**	**2,521,318,777**	**3,926,040,870**	**1,544**	**1,503.74**

APD has a currently projected savings in GF of ($2.5) Million. APD also has parts of other technical adjustments which reduce the APD budget by ($0.59) GF but adds to $0 ODHS wide.

This update represents the caseload change from the Fall 2019 forecast to the Fall 2020 forecast for the 2019-21 budget. Nursing Facilities saw a slight decrease; overall, with a reduction of 12 clients for Nursing Facilities noted in the Fall 2020 forecasted update. This netted a slight GF savings ($0.3). Complex services caseload is increasing; however, caseload decreases in all other Nursing Facilities services negated the Complex caseload increased costs.

Community Based Care: Net client's average caseload increase of 34. Decreases in Residential Care services (both), while caseload increases within Foster Care, Assisted Living, & the Program for All-inclusive Care for the Elderly (PACE) services. These increases outweigh the Residential caseload decreases creating a $1.0 Million GF need.

Finally, In Home caseloads are all projected to slightly decrease leading to a net savings of ($3.2) million GF.

APD is also requesting net reductions of ($51,818) OF limitation and a net reduction of ($9.0) million FF limitation related to the items above.

Intellectual and Developmental Disabilities (I/DD)
I/DD has a net savings of ($23.1) million GF including technical adjustments. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	TF	Pos	FTE
I/DD	**989,263,593**	**48,263,116**	**2,144,886,687**	**3,182,413,396**	**917**	**916.30**
Challenge	16,966,562	-	33,493,908	50,460,470	-	-
Savings	(40,108,745)	(421,573)	(74,186,711)	(114,717,029)		
Technical	(49)	(5)	(30)	(84)	-	-
TOTAL	**966,121,361**	**47,841,538**	**2,104,193,854**	**3,118,156,753**	**917**	**916.30**

I/DD has two challenges. First Adult In-Home Cost Per Case (CPC) has been steadily rising over the biennium. The first 12 months of the biennium had a projected cost per case at $3,117 while actual expenditures came in at $3,356. Analysis of this challenge shows an increase in hours used per individual along with a higher percentage of services being provided by Agencies which bill at a higher hourly rate than Personal Support Workers (PSW). These two factors directly impact the CPC increase. This leads to a $16.4 million GF need.

Second, during AFSCME Bargaining, 171 positions were reclassified upwards as Mental Health Therapy Technicians. This increased the salary range and resulted in increased salaries for the workers impacted.

This also allowed those workers at the top step of their prior pay scale to receive an increase. No funding was provided for these additional bargained costs and they are not included in the Salary Pot distribution calculation. Anticipated costs of $0.5 million GF. This is like the funding provided to ODHS for non-state employee bargaining costs above what was originally budgeted. ODHS was provided funding for the additional amount in APD and I/DD during the August second special session of 2020.

Offsetting these challenges are caseload changes determined by the Office of Forecasting, Research and Analysis. This update represents the caseload change from the Fall 2019 forecast to the Fall 2020 forecast for the 2019-21 budget. The Forecasting unit projects decreases in caseload largely due to COVID. Most Daily Support Activities (DSA) services were forced to momentarily suspend service due to COVID and this has caused a large caseload decrease, at 41.2% ($12.2M GF) savings in Fall 2020 Forecast compared to Fall 2019 Forecast. Similarly, Employment Services caseload dropped by 31.2% ($12.9M GF) savings. In-Home Supports is forecasted to have a decrease in caseload for a ($15M GF) savings. There is also a ($1.8M) projected Non-Medical Transportation savings.

Residential services overall have a slightly higher forecasted cost at an additional $1.8M GF need.

I/DD has technical adjustments netting a savings to I/DD of ($49.0) dollars GF but add to $0 GF agency wide.

I/DD is also requesting a decrease in Other Funds limitation of ($0.42) million and a reduction in Federal Funds limitation of ($40.7) million of related Federal Funds limitation.

NOTE: In the legal citations the reduction of FF in APD and I/DD were adjusted to net to zero as the Emergency Board is not able to reduce budget limitation agency wide. Instead the number was altered to shift limitation to other areas of ODHS to net to zero agency wide.

Child Welfare (CW)
Child Welfare has a net GF challenge of ($9.6) million GF including technical adjustments. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	TF	Pos	FTE
CW	**766,263,623**	**38,983,764**	**558,312,194**	**1,363,559,581**	**3,289**	**3,236.19**
Challenge	34,670,652	1,150,355	14,609,257	50,430,264	-	-
Savings	(24,945,936)	(1,067,797)	(9,985,544)	(35,999,277)	-	-
Technical	(145,553)	(11,804)	(65,969)	(223,326)	1	1
TOTAL	**775,842,786**	**39,054,518**	**562,869,938**	**1,377,767,242**	**3,290**	**3,237.19**

Child Welfare has several challenges.

- First a net $24.9 million GF need due to changes in cost per case in wellbeing programs over the biennium. Cost-per-case increased primarily in Residential Treatment and FOCUS areas, showing the impact of providing additional supportive services for children moved to an in-state placement. The in-state levels of care often did not meet a child's needs so more supportive services were provided to compensate for that. Cost-per-case increased in regular foster care as well, reflecting the growth in children receiving enhanced supervision.
- Second, a net $2.3 million GF need due to cost per case changes in Permanency and an additional $1.3 million GF in forecasted caseload increases.
- Third, is that less children are eligible for Title IV-E due to the income test being tied to a 1996 test that has not been updated since then. This impacts the budget by $1.3 million GF.
- The fourth challenge is related to education in Douglas County for children in a BRS setting that leads to a need of $1.0 Million GF.

The final two challenges relate to two salary selectives that impact Child Welfare workers. These are added costs bargained but not included in the salary pot distribution calculation. Net need of $3.9 million GF. This is like the funding provided to ODHS for non-state employee bargaining costs above what was originally budgeted. ODHS was provided funding for the additional amount in APD and I/DD during the August second special session of 2020.

To partially offset the challenges there is one major savings in CW. Based on the last forecast the Well-being caseload changes result in a savings of ($24.9) million GF. This happens to almost exactly offset the change in cost per case above.

The remainder of CW issues relate to technical adjustments that while cause a small savings for CW net to $0 agency wide.

Self Sufficiency Program (SSP)
SSP has a net GF need of $18.2 million GF including technical adjustments. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	NL/FF	TF	Pos	FTE
SSP	**425,158,672**	**131,743,597**	**604,088,242**	**2,489,345,331**	**3,650,335,842**	**2,469**	**2,483.85**
Challenge	19,321,165	3,869,800	18,886,385	-	42,077,350	141	35.25
Savings	-	-	(7,091,010)	-	(7,091,010)	-	-
Technical	(1,153,945)	(109,232)	(723,686)	-	(1,986,863)	1	1.00
TOTAL	**443,325,892**	**135,504,165**	**615,159,931**	**2,489,345,331**	**3,683,335,319**	**2,611**	**2,520.10**

General Fund challenges for SSP includes the following issues:

- First, Temporary Assistance for Needy Families (TANF) caseloads are forecasted to increase in 2019-21 and 2021-23. Both TANF Basic and the Two Parent TANF program (UN) have seen increases with UN being a GF only program. TANF caseloads are anticipated to lead to a $14.2 million GF need.
- Second, TANF cost per case has also slightly risen due to changes in caseload makeup within the TANF program. As the number of family members per case changes so does the cost per case. The cost per case change adds $0.2 million GF need.

- Third, and most significant, is the anticipated increase in SNAP cases. SNAP cases on a biennial average are projected to increase 16.8 % (25.1% in SSP SNAP) in 2019-21. While this is a biennial percentage, the actual work will create a large bubble that could lead to significant backlogs especially once the temporary rules (due to COVID) are eliminated. Most of the additional work is in the second half of the biennium. This request is for 138 Limited Duration (LD) positions at 34.50 FTE and 3 permanent infrastructure positions (and .75 FTE that include 1 Accounting Tech 3 for fiscal accountability, 1 Human Resource Analyst 3 to address strained HR resources and one Information Specialist 4 to provide tech support) at $4.8 million GF. These staff are needed to keep up with the workload and are based on the approved workload model. ODHS is requesting LD authority for the rest of the biennium for the program related workers. For context, SSP earned over 700 positions in the 2021-23 CSL for the projected increases in TANF and SNAP caseloads in 2021-23. ODHS still believes there is significant risk to these forecasts. There are too many policy changes and unknowns around the Pandemic, fire response, the economy, and their true impact on caseloads. Without these staff there is a high likelihood of large backlogs in issuing SNAP benefits.

- The final challenge is related to Salary Selectives not included in the calculation of the salary pot. This cost, as seen in other sections, relate to bargaining for state employees. These are costs directly incurred by ODHS, but no funding was provided for the selectives. This is $0.1 million GF.

SSP is asking for $3.9 million in other funds related to Employment Related Day Care (ERDC) and funding anticipated from Early Learning Division through the Child Care Development Block Grant (aka Child Care Development Fund (CCDF)) grant.

SSP is asking for a net $11.8 million in Federal Funds limitation. This is primarily driven by additional SNAP E&T revenue anticipated by ODHS. This is partially offset by the removal of some empty FF limitation in the Refugee program.

SSP also has a $1.2 million GF "savings" in technical adjustments that add to a net $0 within the department.

Vocational Rehabilitation (VR)
VR has only one technical adjustment moving postage to a central location based on changes in DAS billing practices. This rebalance moves ($12,050) GF to State-Wide Assessments and Enterprise Costs (SAEC) where the charges are now hitting. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	TF	Pos	FTE
VR	**33,176,784**	**10,932,301**	**107,493,745**	**151,602,830**	**261**	**260.04**
Challenge	-	-	-	**-**	-	-
Savings	-	-	-	**-**	-	-
Technical	(12,050)	(1,113)	(7,455)	(20,618)	-	-
TOTAL	**33,164,734**	**10,931,188**	**107,486,290**	**151,582,212**	**261**	**260.04**

Other - Central, Shared, State Assessments and Enterprise-Wide Costs (SAEC) and Debt Service
These areas collectively have a GF need of $1.9 million GF. However, all the GF is part of technical adjustments that add to $0 in the ODHS wide budget. There were no changes to Debt Service. The table below sets out a high-level view of the challenges, savings and technical adjustments by fund type:

	GF	OF	FF	TF	Pos	FTE
Other	**333,180,049**	**237,218,946**	**368,828,767**	**939,227,762**	**949**	**928.12**
Challenge	-	188,000	-	188,000	1	0.25
Savings	-	-	-	-		
Technical	1,898,584	173,972	1,175,097	1,260,790	-	-
TOTAL	**335,078,633**	**237,580,918**	**370,003,864**	**942,663,415**	**950**	**928.37**

<u>Risks and Outstanding Issues</u>
Outside the normal risks of federal participation in funding ODHS and normal changes in costs per case or caseloads, in ODHS programs there are several major outstanding risks to the ODHS budget currently:

- Fire related costs for food and sheltering have not yet been fully vetted and provide a significant risk to the department. ODHS has responsibility for ESF 6/11 and the Recovery Function of social services. In partnership with non-profit organizations such as the Red Cross ODHS is providing shelter and food to Oregonians impacted by fires. It is anticipated that ODHS will have sheltering and feeding responsibilities into 2021. In addition, ODHS has responsibility for case management of affected households. Coordination is occurring between ODHS, OHCS and the Office of Emergency Management.

ODHS will be applying for Federal Emergency Management (FEMA) for partial reimbursement but GF costs could be significant even with FEMA match. Early estimates for ODHS expenses are about $157.3 million TF of which ODHS anticipates about 75% coming from FEMA and 25% coming from state funding.

- Continued Pandemic related costs post December 2020. If there is no new stimulus package or a change in the timeline for use of Coronavirus Relief Fund (CRF) there may be costs necessarily incurred due to the Pandemic. For example, APD has COVID-related beds that are likely going to be necessary after December. These become GF costs, or if allowed, would be matched at the Medicaid rate.

- Available CRF is a risk to ODHS. ODHS is incurring costs that it anticipated would be funded ultimately through CRF or a combination of FEMA and CRF. Depending on how funds are ultimately distributed ODHS could have incurred costs that will have to be shifted to GF only or where possible to the proper federal funding source as well.

- Outstanding Issue – On a more positive note, after rebalance numbers were finalized, there was an extension of the Public Health Emergency declaration (PHE) for another three months that takes us into January. This should mean an extra three months, or approximately $50.1 million of additional enhanced FMAP (Jan-March 2021) not currently accounted for in the budget as long as the emergency is not ended before January 1. If the emergency goes into April, there would be another approximately $50.5 million of enhanced FMAP (April-June 21). This may free up GF within the ODHS budget that could be made available for anticipated fire or other costs not otherwise covered by federal funds.

- I/DD caseloads and cost per case may continue to increase as the number of Oregonians coming to ODHS for services and acuity levels increase. The latest forecast projects significant savings but could increase as the state resumes normal functioning.

- TANF penalty for 2007. This penalty has been levied by the federal government, but ODHS has not received final instructions on how and when the penalty will take effect. This is an $8 million risk to ODHS TANF funds. ODHS is still waiting on clarification as to the General Fund impact if any.

- $14.0 million Administration for Children and Families (ACF) Disallowance finding. In December 2014 ODHS completed a yearlong remediation process involving duplicate federal claims due to an OR-Kids financial transaction conversion issue. In that remediation ODHS discovered that millions of decreasing adjustments were erroneously reported in 2011 – 2013. ODHS discussed these errors with ACF and ACF requested that ODHS wait until system enhancements and data fixes were completed before truing up the federal reimbursement report, which was completed in June 2015.

  If ODHS had submitted the corrections when analysis was completed in December 2014 the retroactive reimbursement request would have been within allowable reporting requirements of two years. By waiting until June 2015 to finalize the reimbursement requests of increasing adjustments of $14,028,109.82 the request was outside the period of performance therefore a good cause waiver request was required. ODHS submitted a good cause waiver request originally in February 2016 and ACF requested more detail for this request in early 2019. On April 25, 2019, pursuant to 45 C.F.R. Sec 95.19 and 95.22, ODHS submitted a request for a good cause waiver to ACF. ODHS has not received a response from ACF as of this date. ODHS believes that this will be approved. If it is not approved ODHS will appeal. But this is still a possible risk to the ODHS budget this biennium depending on timing and the results of the good cause waiver. As of October 6, 2020, ODHS has yet to get a response either way.

- There is a risk that estate recoveries will not reach projected levels based on recent trends and ODHS may have a small GF need it this occurs.

- Outstanding Issue - Douglas county education could be a longer-term risk for ODHS unless enough funding can be garnered through ODE for 2021-23. ODE and ODHS are working together to determine scope and the gap in funding.

- Risk to the 2019-21 budget includes a penalty of $3,306,869 for not meeting the accuracy parameters of the SNAP program in 2018 and 2019. ODHS is currently negotiating with the Federal Government on how much will be a penalty paid back to them vs. how much, if any, will be allowed to be reinvested (not supplanting) into the SNAP program instead of paying the Federal Government. As of October 6, 2020, ODHS has not heard back on this issue. This may end up as a 2021-23 issue but may be a 2019-2021 issue if the Federal Government replies before the end of the biennium.

- Risk for TANF and ERDC programs that have only been reauthorized at current levels through the Continuing Resolution until December 11, 2020.

Conclusion

ODHS looks forward to working with the Legislature and Governor's Office to address the budget issues outlined in this report and will continue to work with the Legislative Fiscal Office and Chief Financial Office on the budget and outstanding issues to ensure that the Legislature has the information it needs to make decisions about this rebalance report and request.

DEPARTMENT OF HUMAN SERVICES		ATTACHMENT A	
2019-21 December 2020 Rebalance			
APPROPRIATION AND LIMITATION ADJUSTMENTS			
DIVISION	PROPOSED LEGISLATION / SECTION	FUND	REBALANCE ADJUSTMENT
Central Services/SAEC	ch 668 1(1)	General	1,898,584
	ch 668 2(1)	Other	173,972
	ch 644 section 108	Other	-
	ch 668 3(1)	Federal	1,175,097
		Total	**3,247,653**
Shared Services	ch 668 2(5)	Other	**188,000**
Debt Service	ch 668 1(5)	General, Debt Service	-
	ch 644 section 106	IE/ME Debt Service	-
		Total	**-**
SSP/VR	ch 668 1(2)	General	18,155,170
	ch 668 2(2)	Other	3,759,455
	TBD	CRF #1	-
	TBD	CRF #2	-
	ch 668 sec 4	Federal Non LTD	-
	ch 668 3(2)	Federal	11,064,234
		Total	**32,978,859**
CW	ch 668 1(3)	General	9,579,163
	ch 668 2(3)	Other	70,754
	ch 668 3(3)	Federal	4,557,744
		Total	**14,207,661**
APD/IDD	ch 668 1(4)	General	(26,187,692)
	NEW	General	-
	ch 668 2(4)	Other	(473,396)
	TBD	Other	-
	ch 668 3(4)	Federal	(16,797,075)
		Total	**(43,458,163)**
		Total	**7,164,010**
	Total	General	3,445,225
		General DS	-
		Other	3,718,785
		Federal	-
		Federal Non-Limited	-
		Total	7,164,010

Attachment B

Total Department of Human Services Biennial Average Forecast Comparison						
	2019-21 Biennium		*% Change Between Forecasts*	**Fall 2020 Forecast**		*% Change Between Biennia*
	Spring 20 Forecast	**Fall 20 Forecast**		**2019-21**	**2021-23**	
Self-Sufficiency						
Supplemental Nutrition Assistance Program (Households)	350,236	409,205	16.8%	409,205	453,834	10.9%
Temporary Assistance for Needy Families - Basic & UN (Families: Cash Assistance)	18,489	19,806	7.1%	19,806	21,777	10.0%
Child Welfare (children served)						
Adoption Assistance	10,690	10,698	0.1%	10,698	10,764	0.6%
Guardianship Assistance	2,264	2,267	0.1%	2,267	2,389	5.4%
Out of Home Care	6,549	6,308	-3.7%	6,308	5,939	-5.8%
Child In-Home	1,436	1,472	2.5%	1,472	1,452	-1.4%
Vocational Rehabilitation	10,181	9,284	-8.8%	9,284	10,110	8.9%
Aging & People with Disabilities						
Long-Term Care: In Home	19,077	18,800	-1.5%	18,800	19,199	2.1%
Long-Term Care: Community Based	12,319	12,274	-0.4%	12,274	12,664	3.2%
Long-Term Care: Nursing Facilities	4,444	4,427	-0.4%	4,427	4,459	0.7%
Intellectual and Developmental Disabilities						
Total Case Management Enrollment	30,524	30,782	0.8%	30,782	33,102	7.5%
Total I/DD Services	20,542	19,965	-2.8%	19,965	21,107	5.7%