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Ways and Means**

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To: Human Services Subcommittee
From: Laurie Byerly, Legislative Fiscal Office
Date: June 12, 2019
Subject: HB 5026 – Department of Human Services - Self Sufficiency Work Session Recommendations

Department of Human Services – Self Sufficiency

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	437,708,507	395,195,756	457,882,613	444,882,878
Other Funds	101,806,247	108,963,729	91,182,241	120,454,568
Federal Funds	299,664,391	534,237,954	571,902,877	603,079,912
Federal Funds (NL)	2,129,912,523	2,214,345,331	2,214,345,331	1,939,345,331
Total Funds	2,969,091,668	3,252,742,770	3,335,313,062	3,107,762,689
Positions	2,043	2,514	2,522	2,498
FTE	2,034.49	2,358.29	2,519.10	2,494.60

Attached is the 2019-21 Legislative Fiscal Office (LFO) recommended budget for the for the Self Sufficiency (SS) program. The General Fund budget is \$49.7 million or 12.6% above the 2017-19 legislatively approved budget and 2.8% below the 2019-21 current service level (CSL). The Federal Funds limited budget is an increase of \$68.8 million or 12.9% over the 2017-19 biennium and a 5.5% increase above 2019-21 CSL. Due to an adjustment in Federal Funds Nonlimited, total funds biennial comparisons are skewed.

The recommended budget includes the following key budget actions or components:

- Through Package 070, accounts for a Federal Funds revenue shortfall in CSL calculated off the spring 2018 caseload forecast for Temporary Needy Assistance for Families (TANF).

- Transfers the Runaway and Homeless Youth program (\$3.2 million total funds) into SS from Child Welfare; the move is expected to improve service delivery and provide youth access to additional services, such as employment training (Package 095). The package also includes some position transfers out to other programs; this primarily driven by a need to refine the placement of Oregon Health Plan (OHP) Medicaid eligibility positions transferred wholesale to SS in a February 2018 session action.
- Adds \$1.7 million Federal Funds expenditure limitation and 7 limited duration positions (7.00 FTE) to continue work under several federal grants. These are primarily related to Supplemental Nutrition Assistance Program (SNAP) activities.
- Changes the budget for caseload and cost per case changes tied to the spring 2019 caseload forecast; the projected 2019-21 caseload decreased by about 1.2% between the fall and spring forecasts. Other Package 801 “reshoot” adjustments includes position transfers between agency programs and position reclassifications. Positions that were part of the transfer of OHP (Medicaid) eligibility move are also recommended for transfer back to the Oregon Health Authority since their work does not have a close nexus with eligibility activities; these 21 positions (21.00 FTE) support the Community Partnership Outreach Program and Cover All Kids. This specific adjustment drives a decrease of \$4.9 million General Fund (\$10.1 million total funds). A decrease of \$275 million Federal Funds Nonlimited is also recommended to align the budget with projected caseload expenditures; these are Supplemental Nutrition Assistance Program (SNAP) benefit payments.
- Due to the availability of additional federal funds (Child Care Development Fund dollars received from the Early Learning Division (ELD) at the Oregon Department of Education), a \$9.2 million General Fund backfill built into CSL for the Employment Related Day Care (ERDC) program is reversed in Package 801. Then, \$9.2 million Other Funds expenditure limitation is added to match up spending authority with revenue. Finally, \$20 million Other Funds expenditure limitation is added to reflect an additional transfer of CCDF from ELD, based on updated revenue projections.

Collectively, these actions result in an overall ERDC recommended budget of \$179.8 million total funds (\$65.5 million General Fund and \$114.3 million Other Funds). This funding level, which is a 12% increase over the 2017-19 legislatively approved budget, is expected to allow the program to serve an average of 8,230 families over the biennium. The caseload estimate is based on a cost per case of \$910 per month but may change (increase) as rate increases that took effect January 1, 2019 fully impact child care costs; this will potentially affect the number of families and children served. While the bulk of the funding increase will help cover the cost of those rate increases, about \$2.7 million of the budget will be used on a one-time basis to support a pilot incentive program for child care providers offering evening, night, and weekend child care.

- In Package 804, lays out a spending plan for \$40 million in federal TANF funding transferred out of Child Welfare; these funds are freed up based on a recommendation to use \$40 million General Fund to replace TANF funds budgeted on positions in that program. The spending plan components are listed below; some of the strategies are expected to be provided statutory guidance in HB 20132.
 - Keeping \$13 million in the TANF program to cover caseload costs; while caseloads are still trending downward, the pace of decrease has slowed since CSL was first developed.
 - Using \$7.5 million to help TANF participants who are over the 60-month time limit.
 - Directing \$3.5 million to pay for a vocational training and education pilot program targeted at families receiving TANF in rural locations (HB 2032).
 - Backfilling \$1.5 million General Fund in the Job Opportunity and Basic Skills (JOBS) program; this frees up General Fund to be sent to the Oregon Health Authority. The agency will administer a mental and behavioral health pilot program to award grants for up to four coordinated care organizations to assess potential gaps in access by TANF recipients to mental and behavioral health services (HB 2032).
 - Sending \$10.5 million to Oregon Housing and Community Services (OHCS) for a TANF housing pilot. Organizations will apply for grant funds through a competitive process and pair those dollars with funds from similar programs toward extending the time that families receiving TANF can receive housing assistance (HB 2032).
 - Adding \$4 million to \$1 million in federal TANF funds already going to OHCS for the housing stabilization program. The program provides temporary (up to four months) assistance to stabilize housing for low-income eligible families who are homeless or at-risk of losing their housing. The base funding is currently a revenue transfer, so the recommendation is to budget that amount along with the additional funding as a special payment to OHCS.

Adjustments to Current Service Level

See attached “HB 5026 Work Session” spreadsheet.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

LFO recommends the Subcommittee approve a 2019-21 DHS Self Sufficiency preliminary budget of:

\$	444,882,878	General Fund
\$	120,454,568	Other Funds
\$	603,079,912	Federal Funds
\$	1,939,345,331	Federal Funds Nonlimited
	2,498	Positions
	2,494.60	FTE

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026, with modifications. (VOTE)

Performance Measures

All agency performance measures will be presented for approval as part of the final action on the DHS budget.

Recommended Changes

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

**DEPARTMENT OF HUMAN SERVICES: SELF SUFFICIENCY
HB 5026 WORK SESSION**

	GENERAL	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of December 2018)	395,195,756	-	108,963,729	534,237,954	-	2,214,345,331	3,252,742,770	2,514	2,358.29	
2019-21 Current Service Level	457,882,613	-	91,182,241	571,902,877	-	2,214,345,331	3,335,313,062	2,522	2,519.10	
2019-21 Governor's Budget	445,941,437	-	102,201,768	587,306,958	-	2,214,345,331	3,349,795,494	2,520	2,517.10	
2019-21 LFO RECOMMENDED BUDGET	444,882,878	-	120,454,568	603,079,912	-	1,939,345,331	3,107,762,689	2,498	2,494.60	

1 2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL										
2										
3 2019-21 Current Service Level Estimate	457,882,613	-	91,182,241	571,902,877	-	2,214,345,331	3,335,313,062	2,522	2,519.10	
4										
5 LFO Recommendations for Existing Packages										
6 Pkg 070: Revenue Shortfall	-	-	-	(5,828,689)	-	-	(5,828,689)	-	-	Insufficient TANF Federal Funds to cover CSL
7 Pkg 095: Dec-18 Rebalance/Non-CSL Reshoot										
8 Runaway and Homeless Youth	2,554,375	-	-	600,000	-	-	3,154,375	-	-	Transfer in from RHY Child Welfare
9 Tech Adjustments/Transfers	(893,717)	-	254,340	(1,013,854)	-	-	(1,653,231)	(9)	(9.00)	Align OHP Positions; RHY Position; Reclasses
10 Pkg 111: Grant Funded LD Positions	-	-	-	1,657,278	-	-	1,657,278	7	7.00	Clears doublefills; various SNAP Grants
11										
12 Other Recommended Adjustments										
13 Pkg 801: LFO Analyst Adjustments										
14 Caseload/Cost Per Case	(331,937)	-	-	(49,601)	-	-	(381,538)	-	-	Spring 2019 Caseload Forecast
15 Tech Adjustments/Transfers/Reclasses	(5,144,684)	-	(163,762)	(5,188,099)	-	-	(10,496,545)	(22)	(22.50)	Community Partnership Outreach Program to OHA
16 Rightsize Federal Funds Nonlimited	-	-	-	-	-	(275,000,000)	(275,000,000)	-	-	Align with SNAP benefit spending trends
17 Reverse CSL ERDC Fundshift	(9,183,772)	-	-	-	-	-	(9,183,772)	-	-	Use Add'l CCDF from Early Learning Division
18 Correct CSL Expenditure Limitation	-	-	9,181,749	-	-	-	9,181,749	-	-	Adj expenditure limitation to match revenue
19 Increase CCDF Allocation from ELD	-	-	20,000,000	-	-	-	20,000,000	-	-	ERDC Capacity = 8,230 cases @ \$910 cost per case
20 Pkg 804: \$40M TANF Strategy										
21 Cover TANF Caseload	-	-	-	13,000,000	-	-	13,000,000	-	-	Fall 2018 caseload forecast
22 TANF Time Limit Backstop	-	-	-	7,500,000	-	-	7,500,000	-	-	Assist TANF clients over 60-month time limit
23 Education and Training Pilot	-	-	-	3,500,000	-	-	3,500,000	-	-	Targeted at rural areas (HB 2032)
24 JOBS Fundshift	(1,500,000)	-	-	1,500,000	-	-	-	-	-	Make GF available for OHA pilot

**DEPARTMENT OF HUMAN SERVICES: SELF SUFFICIENCY
HB 5026 WORK SESSION**

	GENERAL	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments
25	OHA Pilot (Mental/Behavioral Health)	1,500,000	-	-	-	-	1,500,000	-	-	Send GF to OHA for pilot (HB 2032)
26	Housing Pilot	-	-	-	10,500,000	-	10,500,000	-	-	Extend time period for housing assistance
27	Augment Housing Stability Program (HSP)	-	-	-	5,000,000	-	5,000,000	-	-	Augment base funds and chg to special payment
32	Total adjustments LFO Rec from CSL	(12,999,735)	-	29,272,327	31,177,035	-	(275,000,000)	(227,550,373)	(24)	(24.50)
33										
34	TOTAL 2019-21 LFO Recommended Budget	444,882,878	-	120,454,568	603,079,912	-	1,939,345,331	3,107,762,689	2,498	2,494.60
35										
36	\$ Change from 2017-19 Approved	49,687,122	-	11,490,839	68,841,958	-	(275,000,000)	(144,980,081)	(16)	136.31
37	% Change from 2017-19 Approved	12.57%	-	10.55%	12.89%	-	-12.42%	-4.46%	-0.64%	5.78%
38	\$ Change from 2019-21 CSL Estimate	(12,999,735)	-	29,272,327	31,177,035	-	(275,000,000)	(227,550,373)	(24)	(24.50)
39	% Change from 2019-21 CSL Estimate	-2.84%	-	32.10%	5.45%	-	-12.42%	-6.82%	-0.95%	-0.97%
40	\$ Change from 2019-21 Governor's Budget	(1,058,559)	-	18,252,800	15,772,954	-	(275,000,000)	(242,032,805)	(22)	(22.50)
41	% Change from 2019-21 Governor's Budget	-0.24%	-	17.86%	2.69%	-	-12.42%	-7.23%	-0.87%	-0.89%