

**Legislative
Fiscal Office**

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer



**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

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

Department of Human Services – Vocational Rehabilitation

| | 2015-17 Actual | 2017-19 Legislatively Approved | 2019-21 Current Service Level | 2019-21 LFO Recommended |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------|
| General Fund | 24,965,718 | 29,533,924 | 35,629,792 | 35,629,792 |
| Other Funds | 2,315,297 | 2,337,472 | 2,436,795 | 3,013,701 |
| Federal Funds | 83,526,341 | 85,660,464 | 83,014,868 | 84,026,231 |
| Total Funds | 110,807,356 | 117,531,860 | 121,081,455 | 122,669,724 |
| Positions | 260 | 259 | 259 | 261 |
| FTE | 258.09 | 258.25 | 257.04 | 260.04 |

Attached is the 2019-21 Legislative Fiscal Office recommended budget for the for the Vocational Rehabilitation (VR) program. The LFO recommended total funds budget is 4.4% above the 2017-19 legislatively approved budget and 1.3% above the 2019-21 current service level (CSL).

The recommendations include the following:

- Approval of Package 095 - Dec-18 Rebalance/Non-CSL Reshoot, which adds \$4.5 million Federal Funds expenditure limitation to spend one-time federal fiscal year 2018 reallocation revenue carried forward from 2017-2019. This action offsets a projected shortfall in base (not reallocation) federal revenue driving a \$3.4 million Federal Funds expenditure limitation reduction built into Package 070 - Revenue Shortfall; this increase will need to be phased out for 2021-23 budget development.
- Approval of Package 116 - Pre-Employment Transition Services; this package adds \$0.6 million Other Funds expenditure limitation and three positions (3.00 FTE) to help VR collaborate with school districts to provide pre-employment transition services (Pre-ETS) for all eligible students. Currently, the VR only has service

coordinators for the entire state. The package, which is supported by revenue from agreements with participating school districts, pays for two new coordinators (Program Analyst 1 classification) located in eastern and southern Oregon and one position (Operations and Policy Analyst 1) to provide program data support.

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 Vocational Rehabilitation preliminary budget of:

| | | |
|----|------------|---------------|
| \$ | 35,629,792 | General Fund |
| \$ | 3,013,701 | Other Funds |
| \$ | 84,026,231 | Federal Funds |
| | 261 | Positions |
| | 260.04 | 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 Vocational Rehabilitation 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: VOCATIONAL REHABILITATION
 HB 5026 WORK SESSION

| | GEN FUND | LOTTERY | OTHER | FEDERAL | NL OTHER | NL FEDERAL | TOTAL FUNDS | POS | FTE | Comments |
|--|------------|---------|-----------|------------|-------------|---------------|----------------|-----|--------|----------|
| 2017-19 Legislatively Approved Budget (As of December 2018) | 29,533,924 | - | 2,337,472 | 85,660,464 | - | - | 117,531,860 | 259 | 258.25 | |
| 2019-21 Current Service Level | 35,629,792 | - | 2,436,795 | 83,014,868 | - | - | 121,081,455 | 258 | 257.04 | |
| 2019-21 Governor's Budget | 35,271,840 | - | 3,013,701 | 83,968,066 | - | - | 122,253,607 | 261 | 260.04 | |
| 2019-21 LFO RECOMMENDED BUDGET | 35,629,792 | - | 3,013,701 | 84,026,231 | - | - | 122,669,724 | 261 | 260.04 | |

1 2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL

| | | | | | | | | | | | |
|-----------|--|-------------------|----------|------------------|--------------------|----------|----------|--------------------|--------------|---------------|---|
| 2 | | | | | | | | | | | |
| 3 | 2019-21 Current Service Level Estimate | 35,629,792 | - | 2,436,795 | 83,014,868 | - | - | 121,081,455 | 258 | 257.04 | |
| 4 | | | | | | | | | | | |
| 5 | LFO Recommendations for Existing Packages | | | | | | | | | | |
| 6 | Pkg 070: Revenue Shortfall | - | - | - | (3,435,378) | - | - | (3,435,378) | - | - | Basic 110 Grant Insufficient @ CSL |
| 7 | Pkg 095: Dec-18 Rebalance/Non-CSL Reshoot | - | - | - | 4,446,741 | - | - | 4,446,741 | - | - | Basic 110 Grant FFY18 Reallotment Funds |
| 8 | Pkg 116: Pre-Employment Transition Services | - | - | 576,906 | - | - | - | 576,906 | 3 | 3.00 | |
| 9 | Other Recommended Adjustments | | | | | | | | | | |
| 10 | Pkg 801: LFO Analyst Adjustments | | | | | | | | | | |
| 11 | No Other Adjustments Recommended | - | - | - | - | - | - | - | - | - | Statewide adjustments = End of Session Bill |
| 12 | | | | | | | | | | | |
| 13 | Total adjustments LFO Rec from CSL | - | - | 576,906 | 1,011,363 | - | - | 1,588,269 | 3 | 3.00 | |
| 14 | | | | | | | | | | | |
| 15 | TOTAL 2019-21 LFO Recommended Budget | 35,629,792 | - | 3,013,701 | 84,026,231 | - | - | 122,669,724 | 261 | 260.04 | |
| 16 | | | | | | | | | | | |
| 17 | \$ Change from 2017-19 Approved | 6,095,868 | - | 676,229 | (1,634,233) | - | - | 5,137,864 | 2 | 1.79 | |
| 18 | % Change from 2017-19 Approved | 20.64% | - | 28.93% | -1.91% | - | - | 4.37% | 0.77% | 0.69% | |
| 19 | \$ Change from 2019-21 CSL Estimate | - | - | 576,906 | 1,011,363 | - | - | 1,588,269 | 3 | 3.00 | |
| 20 | % Change from 2019-21 CSL Estimate | 0.00% | - | 23.67% | 1.22% | - | - | 1.31% | 1.16% | 1.17% | |
| 21 | \$ Change from 2019-21 Governor's Budget | 357,952 | - | - | 58,165 | - | - | 416,117 | - | - | |
| 22 | % Change from 2019-21 Governor's Budget | 1.01% | - | 0.00% | 0.07% | - | - | 0.34% | 0.00% | 0.00% | |