

Department of Human Services

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	3,637,247,990	4,636,217,279	4,843,300,377	5,434,996,743	5,343,817,382
Other Funds	751,048,822	810,415,179	962,504,953	657,050,606	1,022,662,167
Federal Funds	6,087,670,199	7,071,321,049	7,692,771,219	7,680,566,236	7,710,534,101
Federal Funds (NL)	2,800,165,775	2,975,868,127	4,881,868,127	3,681,868,127	3,681,868,127
Total Funds	13,276,132,786	15,493,821,634	18,380,444,676	17,454,481,712	17,758,881,777
Positions	9,587	10,140	10,456	10,336	11,111
FTE	9,340.43	10,032.41	10,275.10	10,280.58	10,802.97

* Includes Emergency Board and administrative actions through December 2022.

Program Description

The Department of Human Services (DHS) supports children, families, seniors, people with 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 Programs (SSP)** - 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.
- **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 disabilities. Clients receive services in their own homes, community-based care settings, and nursing facilities.
- **Intellectual and Developmental Disabilities (I/DD)** - 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

The 2023-25 current service level (CSL) budget reflects an increase of \$591.7 million General Fund, or 12.2%, compared to the 2021-23 legislatively adopted budget. The increase is driven by several factors: backfill of General Fund for one-time federal funds; a drop in Oregon's Federal Medicaid Assistance Percentage (FMAP), cost per case increases; and the roll-up cost of 2021-23 investments. Specific General Fund budget adjustments include:

- A fund shift of \$467 million from Federal Funds to the General Fund. Of this amount, \$348 million is due to expiration of one-time ARPA funds. The balance is related to the regular FMAP adjustment.
- A General Fund increase of \$321 million for inflation and growth in costs per case
- A General Fund increase of \$125 million to phase-in new programs and positions

The CSL budget phases out \$223 million General Fund for nonrecurring expenses. This includes, for example, one-time funds for wildfire-related food and shelter services, COVID-19 wage and provider rate enhancements, COVID-19 testing, Afghan refugee resettlement costs, and emergency food stabilization. The budget also phases out \$126.5 million General Fund associated with transfer of the Employment Related Day Care (ERDC) and Inclusive Partners programs from DHS to the new Department of Early Learning and Care.

Policy Issues

- *Public Health Emergency.* The public health emergency (PHE) for COVID-19 declared on January 31, 2020 by the Secretary of Health and Human Services has had a significant impact on the DHS caseloads and remains an important item to track as the 2021-23 biennium draws to a close and the 2023-25 budget is built. The PHE has been continuously renewed on a quarterly basis since the original declaration, and most recently extended on October 13, 2022 through January 13, 2023. It is now assumed that the end date will be April 11, 2023.
- *Redeterminations Workload.* During the PHE, states were required to discontinue the process of redeterminations for various benefit programs until the emergency ends. The result has been significant caseload growth as those who normally would have been disenrolled maintain coverage. Once the PHE ends, Oregon has 12 months to begin the redeterminations process for 100% of those on the caseload, and 14 months to complete it. The Legislature may want to examine the strategies being pursued by DHS and the Oregon Health Authority to mitigate unnecessary disruptions in service and benefits for families that rely on these programs.
- *Long Term Care Services and Supports.* During the 2021 and 2022 sessions, the Legislature made investments of over \$210 million General Fund (\$605 million total funds) in long-term care services and supports. This included support for a wide variety of one-time

and ongoing program enhancements, including provider rate increases for nursing facilities, residential and memory care facilities, and in-home agencies; rate increases for adult foster homes; grants for distressed providers in underserved communities; and benefits and training for home care workers. The Legislature may want to follow-up with the agency on the status of these investments and program outcomes.

- *Wyatt B. v. Brown*. In April 2019, a lawsuit was filed on behalf of ten children in Oregon’s foster care system alleging DHS and the Governor had violated federal statutory and constitutional provisions. On August 17, 2022, the case was certified as a class action lawsuit on behalf of all the state’s foster children and subclasses of foster children with disabilities, LGBTQIA2S+ foster children, and transition-age foster children. Plaintiffs have been asked by the federal court for a consent decree and appointment of third-party monitors -paid for by the state - to compel DHS to comply with performance metrics chosen by the plaintiff. As of October 2022, six states were operating under a consent decree, including Georgia, Illinois, Maryland, Michigan, Mississippi, and Washington. The Casey Family Foundation reports the average life span of child welfare consent decrees is about 15 years, with costs of legal fees, and monitoring and consulting fees of more than \$15 million. Other states that have been forced to operate under similar decrees and metrics have indicated the system is inflexible and stifles the type of innovation Oregon is currently pursuing with its Vision for Transformation to implement national best practices. It should be noted that many of the issues brought forth by the plaintiffs - overworked caseworkers, inadequate staff training, and a shortage of foster care placements, to name a few - had already been revealed in Secretary of State audits and other reports between 2015 and 2019, and that the Legislature has made significant investments to increase child welfare staff, staff training, and foster care resources.
- *Case Management Entities (CMEs) Funding Report*. The 2021-23 legislatively adopted budget provided \$250,000 for a study of funding options for Community Developmental Disabilities Program (CDDPs) and Support Services Brokerages (Brokerages), the entities that together perform case management and other duties for more than 32,000 Oregonians with intellectual and developmental disabilities. DHS used the funds to contract with Burns and Associates to review the existing workload model used to determine funding for CMEs, assess the cost of providing case management services, and consider alternative funding approaches. At the end of December 2022, the contractor released a report to the Legislative Assembly which details some of the issues with the state’s current approach, describes its proposed methodology to review payment rates, and offers some preliminary observations for consideration. Specifically, the report notes the existing workload model covers both case management and administrative duties (eligibility, licensing, abuse investigation) and suggests Oregon may want to consider having separate methodologies for these functions. It notes that Oregon’s capped budget for case management services creates a funding problem for CMEs when actual caseloads or encounters exceed the forecasted levels on which the budget is based and suggests Oregon consider an uncapped budget that allows CMEs to bill on a fee for service basis, like all other Medicaid funded services. As a next step, the Office of Developmental Disabilities Services is planning to work with the contractor and CMEs to review considerations brought up in the report and propose specific funding models, including pricing, for future consideration.

- *Families First Prevention Services Plan.* The Family First Prevention Services Act of 2018 provides states the option of receiving federal Title IV-E reimbursement at a matching rate for certain evidence-based services related to parenting skills, mental health, and substance use disorders, with the aim of preventing children from entering or re-entering foster care. By allowing cost reimbursement for services outside of foster care, more families will be served in home. Oregon's Title IV-E Prevention Plan approved in April 2021 -- by the U.S. Department of Health and Human Services' Administration for Children and Families (ACF)--proposes to stand up new evidence-based prevention services. The 2021-23 legislatively adopted budget provided \$6.1 million (total funds) and 29 permanent positions in the Child Welfare Safety program to develop internal infrastructure to provide supports and coordination of community-based prevention services to children. Also provided was \$11.6 million total funds for one year of in-home services for youth with non-medical needs as part of the children's continuum of care services included in SB 1 (2019). The 2023-25 CSL budget phases in an additional 12 months of funding, bringing the total budget for Child Welfare in-home services to \$24.2 million total funds (\$13.8 million General Fund).
- *DHS Workload Models Report.* HB 2102 (2021) required the Department of Human Services to report to the Legislative Assembly on a comprehensive proposal for department staffing that is adaptable to achieve customer service obligations, program outcomes and policy goals. The report provides some history around the existing workload models, most of which have been in place since 2009, and highlights their key shortcomings; most notably, the workload models are outdated, inflexible, do not measure alternative tasks or program outcomes, and do not account for the staff required to support policy development, training, and other functions. The report acknowledges that replacing the existing models would provide an opportunity to address these shortcomings, as well as design a workload model that is consistent with the agency's Building Well Being Together initiative which envisions a less siloed approach to serving clients. The agency proposes to (1) continue to use the current workload models with revised estimates of the consumer populations and with updated random moment survey data, and (2) convene a workgroup representing the agency's programs and other interested stakeholders that can be tasked with laying the groundwork for a comprehensive workload model reset, including the creation of a timeline for building models for the entire DHS agency. It should be noted that DHS has hired a consultant to design a new workload model for portions of its eligibility work. At the time of the report's release, the model had not been finalized.
- *ONE Integrated Eligibility System.* As new investments are considered for the coming biennium, it will be important for the Legislature to recognize and consider how policy changes may impact or increase the implementation timeline for existing ONE system enhancements and add new ones. In 2021, DHS and the Oregon Health Authority completed the upgrade of the ONE Integrated Eligibility System. Oregonians can now apply for health and human services medical, food, cash, and childcare benefits through a single application - online, on the phone, or in a local DHS office. Since the ONE system launch, the agency has focused on stabilizing the system and its processes and on supporting staff adoption. However, new state and federal laws and policies create increasing needs for system modifications. For example, the creation of the Healthier Oregon program, changes to Temporary Assistance to Needy Families (TANF) benefits, expanded eligibility for the Employment-Related Day Care program, and changes to eligibility and

benefits for federal programs all drive modifications to the ONE system and to other systems connected to ONE, including the Medicaid Management Information System and mainframe systems that perform payment actions. Finally, the system requires regular security patching and operational software and hardware updates (including “end-of-life” issues). The prioritization or sequencing of software changes remains a constant challenge and is likely to increase as new legislation is considered that impacts ONE system business rules. ONE system maintenance and operation costs are currently budgeted in the DHS Central Services’ Integrated Eligibility and Medicaid Eligibility (IE/ME) Project Office. The 2021-23 legislatively approved budget provides \$133.4 million total funds (\$47.9 million General Fund) for the IE/ME Office. Of this amount, \$85.5 million, or 64%, pays for a professional services contract with Deloitte for system support. The IE/ME Office supports a total of 61 positions (61.00 FTE). As part of an internal reorganization, the agency is considering combining the IE/ME Office with the eligibility function and related positions from the Self Sufficiency and Aging and People with Disabilities programs to create a new program division called Oregon Eligibility Partnerships.

- *Non-budgeted Positions (or “Double-fills”).* When DHS determines staff are needed to support a particular service or activity, it hires additional people even though there are no available budgeted positions. The result is that two or more people are hired on the same position number, resulting in “double-fills” or non-budgeted positions. To pay for these non-budgeted positions, the agency must redirect resources from other areas of its budget. Frequently, it means legislatively authorized positions are held vacant so that the resulting salary savings can be used to pay for the non-budgeted positions. In effect, this means the budget is out of alignment, and that the agency may not be using resources in the way the Legislature intended when the budget measure was adopted. This has been a longstanding issue with DHS, which the agency attributes in part to a hole that was left in their staffing when DHS and the Oregon Health Authority split back in 2009.

Another explanation given for this practice is that the workload models used to estimate staffing needs do not capture the full range of positions needed to support a program, such as staff required to support policy development, training, and other functions. The agency also hires non-budgeted positions when unforeseen circumstances arise such as the 2020 wildfires, and when directed by the Governor to address a particular need or circumstance. As of December 16, 2022, the agency reported having a total of 912 non-budgeted, double-fill positions across the various programs, 8.7% percent above the agency’s legislatively authorized positions of 10,456. More than half of the reported non-budgeted positions - 466 positions, or 51% -are in the Self Sufficiency program, where the agency has been hiring in part to address pending workload associated with resuming redeterminations when the public health emergency ends.

- *Provider Reimbursement Rates.* Ongoing demand exists to increase rates for providers across the DHS services spectrum. These include providers of foster, child, residential, direct, and long-term care. The current service level budget phases in over \$400 million for ongoing rate increases approved in 2021-23 LAB. In response to COVID-19 and related pressures placed on providers, the Legislature also approved various temporary rate increases set to expire at the end of the current biennium; this may have been a

challenge for providers who may continue to experience higher costs even though the pandemic has subsided. The 2023-25 Governor's Budget proposes to increase foster care reimbursement rates, but no new rate increases are proposed for programs in the Intellectual and Developmental Disabilities and Aging and People with Disabilities programs.

Governor's Budget Summary

- Proposes total expenditures of \$17.8 billion, a decrease of \$621.6 million or 3.4% compared to the 2021-23 legislatively approved budget. This net reduction largely reflects an anticipated drop in non-limited federal funds for the Supplemental Nutrition Assistance Program with the end of the public health emergency. General Fund is proposed to increase \$500.5 million or 10.3% compared to the current biennium.
- Funds mandated caseload and the Healthier Oregon Program. It makes investments in child welfare programs and services and provides funding to clear more than 300 double-fill positions brought on by DHS over the past year to manage the growth in caseload resulting from federal pandemic policies, and to handle the pending eligibility redeterminations workload when the public health emergency ends. The budget also adds funding and positions to implement policy and program changes in the 1115 Medicaid demonstration waiver, and for ongoing maintenance of the ONE integrated eligibility system.
- Creates a new program division and budget structure called Oregon Eligibility Partnership (OEP), with a total funds budget of \$684 million. The OEP program encompasses the agency's application processing and eligibility determination functions for various state programs as well as support and maintenance of the ONE integrated eligibility system. The Governor's budget transfers funding and a total of 2,241 positions (2,239.54 FTE), mostly eligibility worker positions--and support staff, from the SSP, APD, and Central Services programs.
- Makes reductions totaling \$226 million General Fund, mostly from salary savings (9.5%), reductions in services and supplies, and reduced inflationary adjustments. A net \$50.5 million General Fund CSL increase is included for changes in mandated caseload, costs per case, and FMAP, and \$10.5 million fund shift from General Fund to Other Funds related to updated provider tax revenues.

Other Significant Issues and Background

The CSL is based on the fall 2022 caseload forecast. The spring 2023 forecast will need to be incorporated into the 2023-25 legislatively adopted budget; depending on caseload trends, the updated forecast could result in either a net increase or decrease in the projected budget for caseload-driven expenditures.

Key Performance Measures

A copy of the DHS Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPR_DHS_2022-10-03.pdf

DHS - Self Sufficiency

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	455,016,515	506,780,130	569,979,504	478,758,199	262,487,953
Other Funds	160,228,245	228,308,065	236,814,723	2,507,797	340,522,598
Federal Funds	466,605,960	545,755,375	592,141,548	625,216,365	412,075,158
Federal Funds (NL)	2,800,165,775	2,975,868,127	4,881,868,127	3,681,868,127	3,681,868,127
Total Funds	3,882,016,495	4,256,711,697	6,280,803,902	4,788,350,488	4,696,953,836
Positions	2,600	2,740	2,788	2,791	957
FTE	2,491.47	2,736.77	2,765.35	2,788.22	955.68

* Includes Emergency Board and administrative actions through December 2022.

Program Description

Self Sufficiency (SS) programs assist low-income families by meeting critical needs while helping them become self-supporting. Major programs in this area include:

- The Supplemental Nutrition Assistance Program (SNAP) – Offers federally funded benefits to help low-income families, single adults, and childless couples buy the food they need to stay healthy. In September 2022, 433,551 Oregonians received SNAP benefits worth more than \$180 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 September 2022, a total of 19,388 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. HB 3073 (2021) expanded the program to include families with student parents and children who are documented, capped co-pays at no more than 7% of a family's income and waived the co-pays of families at 100% of the federal poverty level.

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

The 2023-25 current service level for General Fund is \$478.8 million, a decrease of \$91.2 million, or 16%, compared to the 2021-23 legislatively approved budget. This is largely explained by the transfer of ERDC to the new Department of Early Learning and Care. The total funds decrease of \$1.5 billion is driven by lower Non-limited Federal Funds for SNAP. The CSL budget adds \$28.1 million General Fund to cover the roll-up cost of actions taken in the 2022 legislative session; for example, HB 4117/2022 created the Culturally Responsive Tax Program to provide grants to culturally specific organizations, tribal governments, and certain rural community services organizations to assist low-income households with tax matters. SSP phase-outs total \$20.4 million General Fund, removing one-time funds provided in the current biennium for items such as emergency food stabilization, 211 information services, Afghan refugee resettlement, and services for youth experiencing homelessness.

Policy Issues

- In the 2022 session, the Legislature increased the TANF resource limit to allow families to retain more of their resources and still qualify for cash assistance; ended full family disqualifications, preserving family income support for children when parents, for example, are untimely complying with reporting requirements; established a clothing allowance benefit to provide TANF participants three \$270 clothing allowances per year in the fall, winter, and summer; and expanded access to Family Supports and Connections services focused on child abuse neglect and prevention strategies, such as home visits, parenting training, and coping skills. An update on the implementation of these changes is necessary to understand program outcomes.
- The federal TANF block grant has been capped since the program's inception in 1996. This generally explains why TANF cash assistance payments to low-income families have remained relatively flat for the past 25 years. The real value of the TANF cash payment has fallen by 51% due to inflation, which has been a major concern for anti-poverty advocates. Under federal TANF rules, to receive the full federal TANF block grant, states are required to spend state funds equivalent to at least 80 percent of their 1994 contribution to former Aid to Families with Dependent Children programs. The maintenance of effort requirement is reduced to 75% for states that meet the work participation rate.
- During the public health emergency, SNAP emergency allotments provided extra food benefits to eligible SNAP households. Most Oregon SNAP households have received the maximum monthly benefit allowable since April 2020. February is the last month the federal government will allow Oregon to issue pandemic emergency food benefits. March 2023 will be the first month since April 2020 that most people on SNAP will only receive their regular SNAP food benefits. This combined with higher food prices, and a reported decline in private donations to Oregon food banks, may put pressure on the Legislature to increase funding for emergency

food stabilization.

Governor's Budget Summary

The Governor's budget includes \$4.7 billion total funds for the Self Sufficiency program, a decrease of \$1.6 billion or 25% compared to the 2021-23 legislatively approved budget. The decrease is largely driven by a reduction in Nonlimited Federal Funds associated with SNAP and the end of the public health emergency. Proposed General Fund spending of \$262.5 million is a decrease of \$307.5 million or 54% compared to the current biennium, which mostly reflects (1) the transfer of ERDC to the new Department of Early Learning and Care (DELIC), and (2) the proposed transfer of eligibility worker (and supporting staff) positions and funding from SSP to the new Oregon Eligibility Partnership program. An Other Funds expenditure limitation increase of \$103.7 million or 43.8% is proposed to allow DHS to make payments to ERDC providers. The Other Funds revenue source to support the payments is a transfer from DELIC to DHS.

DHS - Child Welfare

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	744,197,350	890,643,457	920,094,060	979,705,501	975,824,025
Other Funds	43,135,576	37,712,459	35,013,136	34,443,622	41,084,457
Federal Funds	475,928,727	562,265,620	576,552,198	564,194,608	575,861,073
Total Funds	1,263,261,653	1,490,621,536	1,531,659,394	1,578,343,731	1,592,769,555
Positions	3,290	3,341	3,403	3,398	3,609
FTE	3,236.99	3,295.48	3,348.10	3,361.48	3,418.98

* Includes Emergency Board and administrative actions through December 2022.

Program Description

Child Welfare (CW) programs work to assure the safety of children and provide services to their families by 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.

- 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, and System of Care flexible funding. The Strengthening, Preserving and Reunifying Families program delivers community-based programs and services for children and families involved in the child welfare system. Under Differential Response (DR), caseworkers conduct a safety assessment, the family participates in a needs and strengths assessment, and alternative services may be offered; however, with passage of SB 942 (2017) the DR program was suspended. The bill requires every Child Protective Services investigation to conclude with a disposition of founded, unfounded, or unable to determine; this disposition requirement does not fit with the Department's DR model.
- Substitute (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 "special rates" foster care 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. Providers are reimbursed for a portion of the cost of a child's room and board, clothing, school supplies, and personal incidentals; medical, dental, and mental health services are also provided for children in the state's custody. For older youth, independent living services help with the transition out of the foster care system.

- 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

The 2023-25 current service level for General Fund is \$979.7 million. This reflects an increase of \$59.6 million or 6.5% over the 2021-23 legislatively approved budget. The total funds current service level is \$1.6 billion, an increase of \$46.7 million.

The CSL for Child Welfare includes \$14 million General Fund for roll-up costs of a new respite care benefit for foster care families, as well as new family preservation and prevention services established in the 2021-23 LAB. To address cost per case and nonstandard inflation related to caseload, General Fund is increased by \$10 million. Due to changes in federal match rates, expiring enhanced federal funds, and capped federal funding sources, \$21.1 million is shifted from Federal Funds to General Fund.

Policy Issues

The 2021-23 legislatively adopted budget made investments in a new respite care benefit for foster resource families. It also provided funds to increase training of child welfare case workers. The Legislature may wish to ask the agency report on the status of implementation of these investments.

Governor’s Budget Summary

The 2023-25 Governor’s budget proposes \$1.6 billion total funds for Child Welfare programs, an increase of \$61 million or 4% compared to the current biennium. Proposed General Fund of \$975.8 million represents an increase of \$55.7 million, or 6%. Total CW staff is proposed to increase 207 positions (71.13 FTE) or 6% compared to the legislatively approved budget. Proposed investments in this area include:

- \$6.9 million General Fund (\$9.2 million total funds) to establish 202 permanent full-time positions (50.50 FTE) to increase the number of child protective services case workers and support staff to engage with families and assess immediate and pending safety risks.
- \$7.3 million General Fund to expand the Focus Opportunities for Children Utilizing Services (FOCUS) program. Expands the availability of community-based support services for children with complex needs, allowing them to remain in their own communities in a resource home, relative care, or parent’s home. Services include child specific caregiver services, response and support network, community-based supports for commercial sexually exploited children, and youth and multidimensional transition services.
- \$17.4 million General Fund (\$27.9 million total funds) to increase foster care payment rates to resource families by 33%. Rates were last increased in 2018. With this increase, payments are expected to cover 64% of the cost of care to raise a child, up from 56.5%.

DHS - Vocational Rehabilitation

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	33,757,802	35,731,323	36,303,474	40,697,516	39,911,893
Other Funds	5,211,609	4,964,436	8,584,466	10,853,531	10,853,394
Federal Funds	84,181,929	84,573,852	103,496,208	97,395,803	97,335,233
Total Funds	123,151,340	125,269,611	148,384,148	148,946,850	148,100,520
Positions	261	262	269	269	274
FTE	260.04	261.04	265.89	268.04	273.04

* Includes Emergency Board and administrative actions through December 2022.

Program Description

Vocational Rehabilitation (VR) services works with businesses, schools, and community programs to help youths and adults with disabilities other than blindness prepare for and find employment. The following are the VR programs:

- Vocational Rehabilitation “Basic Services” – Provides training, vocational, and educational services to persons with disabilities that are substantial impediments to obtaining or maintaining employment. These services are delivered through field offices and employees out stationed across the state.
- Youth Transition Program – Provides coordinated vocational rehabilitation services to students who are currently in school to ensure a smooth transition to adult services and employment after school completion.
- Supported Employment Services – Provides intensive training, job placement, and job coaching services to individuals with the most significant disabilities who can obtain competitive employment.
- Independent Living Program – Supports the State Independent Living Council and community-based Centers for Independent Living, which help persons with severe disabilities maintain independence at home, in the community, and in employment.

CSL Summary

The 2023-25 current service level for General Fund is \$40.7 million. This is an increase of \$4.4 million or 12.1% over the 2021-23 legislatively approved budget. The total funds current service level is \$148.9, an increase of \$0.6 million over the 2021-23 budget. To restore a one-time General Fund reduction that was backfilled with Other Funds, \$1.9 million is shifted from Other Funds to the General Fund. The General Fund is also increased \$0.9 million to address nonstandard inflation for VR contracts. The CSL phases in \$3.8 million Other Funds related to legislatively approved rate parity adjustments in VR employment service contracts, and phases out \$10 million of one-time federal

reallotment dollars.

Governor's Budget Summary

The 2023-25 Governor's budget proposes total spending of \$148.1 million, a decrease of \$283,628 or less than 1% compared to the 2021-23 legislatively approved budget. Proposed General Fund of \$39.3 million is an increase of \$3.6 million or 10%. The increase is driven by inflation and a General Fund backfill to reverse a one-time fund shift included in the 2021-23 LAB.

DHS - Aging and People with Disabilities

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	1,092,166,709	1,436,480,080	1,467,261,447	1,740,473,941	1,590,645,349
Other Funds	296,816,735	295,125,683	369,609,542	288,890,647	338,648,561
Federal Funds	2,511,163,519	2,942,360,716	3,102,486,507	3,064,592,480	2,931,358,047
Total Funds	3,900,146,963	4,673,966,479	4,939,357,496	5,093,957,068	4,860,651,957
Positions	1,571	1,817	1,877	1,829	1,505
FTE	1,515.29	1,772.34	1,814.41	1,820.55	1,496.55

* Includes Emergency Board and administrative actions through December 2022.

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 waiver under Section 1915(c) of the Social Security Act. Since July 2013, 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.

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. 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, 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

The 2023-25 current service level for General Fund is \$1.7 billion. This is an increase of \$273.2 million, or 18.6%, over the 2021-23 legislatively approved budget. Growth in General Fund spending is largely driven by the backfill of one-time federal funds used to support ongoing program activities and changes in federal fund match rates. Related fund shifts and roll-up costs increase the General Fund need by \$237 million. Additionally, to address growth in costs per case and nonstandard inflation, the General Fund is increased \$105.6 million. The CSL phases out \$102.6 million General Fund for COVID-19 related one-time costs for testing services, hospital decompression efforts, and temporary provider rate and wage enhancements for nursing facilities and community-based care providers.

Policy Issues

During the 2021 and 2022 sessions, the Legislature made investments of over \$210 million General Fund (\$605 million total funds) in long-term care services and supports. This included support for a wide variety of one-time and ongoing program enhancements, including provider rate increases for nursing facilities, residential and memory care facilities, and in-home agencies; rate increases for adult foster homes; grants for distressed providers in underserved communities; and benefits and training for home care workers.

Governor’s Budget Summary

The 2023-25 Governor’s budget proposes total spending of \$4.9 billion, a decrease of \$78.7 million or 1.6% compared to the 2021-23 legislatively approved budget. Proposed General Fund spending of \$1.6 billion is an increase of \$123.4 million or 8.4% compared to the current biennium. This supports a total of 1,505 positions (1,496.65 FTE), a decrease of 372 positions (317.86 FTE). This change in positions reflects the transfer of eligibility-related positions and funding for the new Oregon Eligibility Partnership program. The APD budget includes \$17.5 million General Fund to fund Healthier Oregon long-term services and support for the aging population and supports to people with physical and developmental disabilities, irrespective of their immigration status.

DHS - Intellectual and Developmental Disabilities

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	934,829,975	1,237,078,491	1,267,294,981	1,682,004,957	1,662,757,940
Other Funds	41,767,915	22,825,621	32,800,863	27,267,486	27,154,730
Federal Funds	2,216,762,070	2,594,495,379	2,950,372,125	2,916,889,879	2,942,263,744
Total Funds	3,193,359,960	3,854,399,491	4,250,467,969	4,626,162,322	4,632,176,414
Positions	917	938	1,007	945	1,005
FTE	916.05	934.81	990.73	944.17	984.40

* Includes Emergency Board and administrative actions through December 2022.

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. All clients are served in the community and most available 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. Available primary support services 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.

CSL Summary

The 2023-25 current service level for General Fund is \$1.7 billion. This is an increase of \$414 million, or 32.7%, over the 2021-23 legislatively approved budget. The total funds current service level is \$4.6 billion, an increase of \$375.7 million. Growth in CSL for I/DD is largely driven by the expiration of one-time federal funds, and changes in caseload and cost per case. In the 2021-23 biennium, one-time federal funds were used to cover the cost of provider rate increases, as well as wage and benefit increases for personal service workers and direct support professionals. Related fund shifts and phase-ins drive an increase of \$231 million General Fund. Adjustments for caseload, cost per case, and nonstandard inflation increase General Fund by \$105.6 million. A lower FMAP requires backfill of \$57.1 million General Fund.

Policy Issues

The 2021-23 legislatively adopted budget provided full funding of new rate models for I/DD providers, including rates for Adult and Children 24 Hour Residential, Attendant Care, Supported Living, Non-Medical Transportation, Day Support Activity, Employment Path, and Small Group Employment. With this investment, wages for direct support professionals were expected to increase to \$17.81 per hour by the end of the 2021-23 biennium. By July 1, 2022, rates increased on average across all services by 23.1%.

Governor's Budget Summary

The 2023-25 Governor's budget proposes total spending of \$4.6 billion, an increase of \$381.7 million or 9% compared to the 2021-23 legislatively approved budget. Proposed General Fund spending of \$1.7 billion is an increase of \$395.5 million, or 31.2 %, compared to the current biennium. This General Fund increase largely reflects the reversal of one-time federal pandemic funds used in the current biennium to support ongoing costs. The I/DD budget includes \$12.9 million General Fund to fund Healthier Oregon services for people with physical and developmental disabilities.

DHS - Oregon Eligibility Partnership

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	--	--	--	--	368,971,173
Other Funds	--	--	--	--	8,690,067
Federal Funds	--	--	--	--	426,269,006
Total Funds	--	--	--	--	803,930,246
Positions	--	--	--	--	2,684
FTE	0.00	0.00	0.00	0.00	2,640.83

Program Description

The Oregon Eligibility Partnership (OEP) is proposed as a new program in the 2023-25 Governor's Budget. OEP encompasses the agency's application processing and eligibility determination functions for various state programs as well as support and maintenance of the ONE integrated eligibility system.

Policy issues

Many of the agency's unbudgeted positions brought on in roughly the past year were hired to perform eligibility functions. The agency reports having more than 600 double-fill positions involved in eligibility work.

Governor's Budget Summary

The Governor's budget proposes \$803.9 million total funds, and 2,684 positions (2,640.83 FTE) for the OEP program. To create this new program, the budget transfers funding, and positions - mostly eligibility workers and support staff - from the SSP, APD, and Central Services programs. The Governor's Budget provides \$30 million General Fund to clear 300 double-fill positions engaged in eligibility work.

DHS - Central, Shared Services, and Statewide Assessment and Enterprise-wide Costs

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	377,279,639	529,503,798	582,366,911	513,356,629	443,219,049
Other Funds	203,888,742	221,478,915	279,682,223	293,087,523	255,708,360
Federal Funds	333,027,994	341,870,107	367,722,633	412,277,101	325,371,840
Total Funds	914,196,375	1,092,852,820	1,229,771,767	1,218,721,253	1,024,299,249
Positions	948	1,042	1,112	1,104	1,077
FTE	920.59	1,032.33	1,090.62	1,098.12	1,033.49

* Includes Emergency Board and administrative actions through December 2022.

Program Description

Three budget structures support the Department's central administrative functions and services shared between DHS and the Oregon Health Authority (OHA): Central Services, Shared Services, and Statewide Assessments and Enterprise-wide Costs. 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. Shared Services supports certain functions for both DHS and OHA that the two agencies agree to share as part of an agreement formed when they become separate agencies in 2011. Some shared service functions are housed in DHS and some in OHA. The functions housed in DHS include forecasting, financial services, human resources, facilities, research and analytics, imaging and records, contracts and procurement, training, internal audit, payment recovery, and background checks. The budget for Statewide Assessments and Enterprise-wide Costs (SAEC) contains various Department of Administrative Services' assessments and 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

The 2023-25 current service level for General Fund is \$513.4 million. This is a decrease of \$69 million, or 11.9%, compared to the 2021-23 legislatively approved budget. The total funds current service level is \$1.2 billion, a decrease of \$11 million from the 2021-23 budget.

The total funds CSL decrease is due to the phase-out of one-time General Fund dollars for the following:

- Wildfire shelter and feeding operations
- Afghan refugee resettlement costs
- Grants for warming and cooling facilities (SB 1536/2022)

- Pandemic-related staffing shortages experienced by Office of Developmental Disabilities Services' providers

Policy Issues

In Central Services, the agency has been carrying a significant number of double-filled positions to staff functions at desired levels and has been using program/field resources to cover some of these costs. A path to correcting this mismatch and inconsistency between budget execution and the budget approved by the Legislature needs to be developed.

Governor's Budget Summary

The 2023-25 Governor's budget proposes total spending of \$1 billion, a decrease of \$205.5 million, or 16.7%, compared to the 2021-23 legislatively approved budget. Proposed General Fund spending of \$443.2 million represents a decrease of \$139.1 million, or 24%, compared to the current biennium. The decrease is explained by the phase-out of one-time costs, as well as the transfer of ONE system funding to the new OEP program. The Governor's budget provides \$1.9 million General Fund (\$3.4 million total funds) to permanently establish 48 full-time positions (12.00 FTE) for the Office of Resiliency and Emergency Management.