

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2457 - A**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires Department of Human Services to reimburse cost of care provided by specified agencies in amounts sufficient to allow agencies to pay direct support professionals 150 percent of state minimum wage and to cover costs of employer and employee contributions for family and medical leave insurance benefits.

Government Unit(s) Affected:

Department of Human Services, Oregon Health Authority

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Human Services		
General Fund	\$325,918,699	\$346,193,639
Other Funds*	\$0	\$0
Federal Funds	\$595,179,393	\$632,148,496
<i>Total Funds</i>	\$921,098,092	\$978,342,135
<i>Positions</i>	0	0
<i>FTE</i>	0.00	0.00
Oregon Health Authority		
General Fund	\$3,393	\$4,202
Other Funds*	\$107,580	\$249,014
Federal Funds	\$3,393	\$4,202
<i>Total Funds</i>	\$114,366	\$257,418
<i>Positions</i>	1	1
<i>FTE</i>	0.42	1.00
Total Fiscal Impact	\$921,212,458	\$978,599,553
<i>Total Positions</i>	1	1
<i>Total FTE</i>	0.42	1.00

Analysis:

HB 2457- A requires the Department of Human Services (DHS) to reimburse provider agencies for the cost of care provided by direct support professionals to individuals with intellectual or developmental disabilities, at an amount that allows the provider agencies to compensate qualifying employees at 150 percent of minimum wage. The measure defines minimum wage as the amount required by ORS 653.025(2) or the minimum wage for employers located within the urban growth boundary of a metropolitan service district. The minimum wage for July 1, 2023 - June 30, 2024, is \$15.00 per hour and will increase by \$1.25 each subsequent year. The measure requires the minimum wage amount used for reimbursement also be adjusted for inflation as described in ORS 653.025(5). DHS must include the costs for paid family and medical leave for the employer and employee in their calculations. The measure appropriates an unspecified amount of General Fund to DHS to reimburse provider

agencies. The measure declares an emergency and is effective on passage. The fiscal impact of the measure for the 2023-25 biennium is \$921,212,458 total funds and \$978,599,552 total funds for the 2025-27 biennium.

Department of Human Services

The fiscal impact of this measure to the Department of Human Services is \$921,098,092 total funds for the 2023-25 biennium and \$978,983,726 total funds for the 2025-27 biennium.

For the 2023-25 biennium costs include:

- \$325,861,516 General Fund and \$595,122,210 Federal Funds to increase hourly wages from the current average of \$17.57, revise health insurance costs, update state unemployment insurance assumptions and adoption of the Federal standard mileage rate of .585¢ per mile
 - The new average hourly wage for July 1, 2023 to July 30, 2024 is estimated to be \$22.88.
 - The new average hourly wage for July 1, 2024 to July 30, 2025 is estimated to be \$23.40.
 - 760 provider agencies will be affected, serving an estimated 21,750 individuals based on 2022 4th quarter data.

The requirement to maintain 150% of minimum wage and inflation will result in annual increases. Currently, if DHS requires a rate increase, they must submit a policy option package for the Legislature's approval.

Oregon Health Authority

For the 2023-25 biennium, the fiscal impact to the Oregon Health Authority (OHA) is \$114,366 total funds. This includes funding for one full-time permanent Information Systems Specialist 6 position (0.42 FTE) in the Office of Information Services (OIS) to update the reporting and payment system for developmental disability providers to accurately calculate minimum wage at 150% and provide ongoing maintenance and operations support. For the 2025-27 biennium the fiscal impact is \$257,417 total funds. OIS estimates system updates will take 14 months, which conflicts with the measure's emergency declaration.

OHA will also incur state-wide assessments associated with new position additions that appear as General Fund with an equivalent Federal Funds match.

This measure has a subsequent referral to the Joint Committee on Ways and Means.