

SB 1534 -2, -3, -6, -7, -8 STAFF MEASURE SUMMARY

Senate Committee On Human Services

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Meeting Dates: 2/5, 2/10

WHAT THE MEASURE DOES:

The measure modifies the authority of the Oregon Department of Human Services (ODHS) to regulate providers of services for children in care. The measure modifies provisions relating to abuse of a child in care. The measure also modifies provisions that govern the department's licensing and regulatory authority over child-caring agencies. The measure allows the department to place children in care in certain congregate care settings pursuant to specified requirements. The measure declares an emergency and is effective on passage.

Detailed Summary:

Children in Care

- Specifies acts that constitute abuse or neglect of a child in care.
- Modifies the definition of "child in care" to include children in the physical or legal custody of ODHS and children residing in an adjudicated youth foster home certified by the Oregon Youth Authority.

Child-Caring Agency Regulation

- Consolidates definitions relating to certified foster homes, child-caring agencies, and developmental disabilities residential facilities.
- Specifies that certain entities must be licensed and regulated as child-caring agencies by ODHS, with exemptions.
- Specifies additional requirements for child-caring agencies to be licensed, certified, or authorized by ODHS.
- Requires ODHS to take regulatory enforcement actions in response to a child-caring agency's failure to respond to abuse or provide access or information to the department.
- Requires the Director of Human Services to notify the Children's Advocate following regulatory enforcement actions.
- Modifies requirements for ODHS to investigate reports of suspected abuse by a child-caring agency or if another entity is investigating a child-caring agency.
- Modifies requirements for reporting and responding to suspected abuse of a child in care.
- Modifies requirements for ODHS to report to the legislature on child welfare outcomes and abuse investigations.
- Modifies duties and requirements for ODHS to review, monitor compliance, and enforce requirements for child-caring agencies that are licensed, certified, or approved by the department to ensure the health, safety, welfare, and rights of children in care.

Out-of-State Placements of Children

- Modifies requirements for ODHS to place a child in a psychiatric residential treatment facility.
- Authorizes ODHS to place a child or ward over age 16 in an approved congregate care facility for substance use disorder treatment under certain circumstances.
- Authorizes ODHS to extend a placement of a child or ward over age 16 in a homeless, runaway, or transitional living shelter for an additional 90 days under certain circumstances.
- Prohibits ODHS from placing a child or ward in an out-of-state institution for mental disease.

Miscellaneous

- Declares emergency, effective on passage.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 The amendment replaces the caption for the portion relating to placements of children.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

-3 The amendment replaces provisions relating to acts that constitute abuse of a child in care. The amendment also modifies provisions relating to regulation and licensing of child-caring agencies and creates an exception for abuse of a child in care that is committed by a child's parent.

Detailed Summary:

Children in Care

- Replaces provisions relating to acts that constitute abuse of a child in care.
- Specifies acts for failures that constitute abuse of a child in care by specified persons or entities.
- Provides that ODHS may investigate reports of abuse as described above or as generally defined in state law.

Child-Caring Agency Regulation

- Specifies that secure nonmedical transportation services providers are considered child-caring agencies for regulatory purposes.
- Removes requirement for a child-caring agency to provide financial statements and tax compliance certificates to ODHS when applying for licensure.
- Removes references to adjudicated youth foster homes.
- Removes requirement for ODHS to interview persons involved in a report of suspected abuse.
- Exempts certain placements from a requirement for ODHS to report quarterly on out-of-state and temporary placements of children in care.
- Removes requirement for ODHS to post notice of regulatory enforcement actions that it has taken.

Children in Care

- Creates an exception to provisions regarding abuse and involuntary restraint and seclusion of a child in care if the suspected abuse was committed by the parent of the child in care.

Miscellaneous

- Makes conforming amendments.
- Becomes operative on January 1, 2027.
- Allows ODHS to take necessary actions before the operative date.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

-6 The amendment specifies that seat belts are not considered "mechanical restraints" with respect to restraint and seclusion of children in care. The amendment also modifies requirements for ODHS to designate approved training programs on the use of physical restraints and other crisis response models.

REVENUE: No revenue impact

FISCAL: May have fiscal impact, but no statement yet issued

-7 The amendment authorizes ODHS to issue a provisional license to a child-caring agency under specified circumstances.

REVENUE: No revenue impact

FISCAL: May have fiscal impact, but no statement yet issued

-8 The amendment replaces provisions relating to acts that constitute abuse of a child in care. The amendment also modifies provisions relating to regulation and licensing of child-caring agencies and specifies exceptions for abuse of a child in care.

Detailed Summary:

Children in Care

- Replaces provisions relating to acts that constitute abuse of a child in care.
- Specifies acts for failures that constitute abuse of a child in care by specified persons or entities.
- Removes provisions authorizing ODHS to impose a corrective action in lieu of a civil penalty.
- Provides that ODHS may investigate reports of abuse as described above or as generally defined in state law.
- Specifies exceptions to provisions regarding abuse and restraint and seclusion of a child in care.

Child-Caring Agency Regulation

- Removes references to a child-caring agency's managers.
- Specifies that secure nonmedical transportation services providers are considered child-caring agencies for regulatory purposes.
- Requires all developmental disabilities residential facilities to be licensed as child-caring agencies.
- Modifies requirements for ODHS to conduct investigations and notify the Governor and the Children's Advocate of regulatory enforcement actions.
- Removes requirement for a child-caring agency to provide financial statements and tax compliance certificates to ODHS when applying for licensure.
- Removes references to adjudicated youth foster homes.
- Removes references to temporary placements from a requirement for ODHS to report quarterly on placements of children in care.
- Modifies requirements for ODHS to report on incidents involving restraint and seclusion of a child in care.
- Specifies requirements for ODHS to take regulatory enforcement action against a child-caring agency.
- Removes requirement for ODHS to post notice of regulatory enforcement actions that it has taken.

Placements of Children

- Removes provisions that allow ODHS to place a child or ward over age 16 in an approved congregate care facility for substance use disorder treatment under certain circumstances.
- Modifies provisions that allow ODHS to extend a placement of a child or ward under certain circumstances.

Miscellaneous

- Makes conforming amendments.
- Becomes operative on January 1, 2027.
- Allows ODHS to take necessary actions before the operative date.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

BACKGROUND:

During the 2025 legislative session, the legislature considered [House Bill 3835 A](#), which was not enacted. That bill would have made several changes to the authority of ODHS to investigate and respond to reports of child abuse,

including changes to the definition of abuse with regard to the use of restraint and seclusion. The bill also would have created additional exceptions restrictions on the placement of children in out-of-state child-caring agencies. Oregon law restricts ODHS from sending children in its custody to out-of-state placements unless the programs are licensed and approved as child-caring agencies by ODHS, according to specific requirements and with some exceptions.

ODHS has been involved in class-action lawsuits related to the safety and welfare of children in its custody. These cases highlighted systemic challenges, including placements of children in hotels, out-of-state programs, and unlicensed care facilities. In 2012, *CASA for Children v. State of Oregon* was filed following reports that ODHS was placing foster children in hotels and other nonstandard placements, a practice known as "temporary lodging." The court for CASA appointed a special master, whose [report](#) made several recommendations to improve the system of care for foster children. A separate lawsuit filed in 2019, *Wyatt v. Kotek*, alleged that ODHS had failed to protect foster children in its care from trauma, citing frequent moves, inadequate therapy, and unsafe placements. The parties for that case reached a [settlement](#) in 2024 that required ODHS to contract with a neutral expert to address foster care system outcomes. The neutral's [initial review](#) outlined several metrics that ODHS must meet to ensure safety in the foster care system.