



DHS News
Oregon Department of Human Services

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FACT SHEET: THE PROCESS

Oregon Department of Human Services Budget Process

What was the original DHS budget request for 2005-07? The Governor's Recommended Budget (GRB) for the Oregon Department of Human Services was originally estimated at \$9.57 billion (total funds) including \$2.43 billion General Fund for the 2005-2007 biennium. The GRB was released in December 2004.

What is a "re-shoot?" A "re-shoot" represents "shooting a more recent picture" of the proposed 2005-07 budget. The term "re-pricing" has also been used. Re-shoot is a re-estimation of the Governor's Recommended Budget for the next biennium based on updated information. Typically, this occurs following the department's final rebalance estimates for the current biennium. Information from the rebalance is then incorporated into re-estimation of the Governor's proposed budget.

The department has just completed its "re-shoot" effort for the Governor's Recommended Budget for 2005-07. This routine part of the budget process occurs each legislative session and usually occurs late in the session. The re-estimated Governor's budget for 2005-07 at \$2.5 billion General Fund represents an overall GF increase of 2.7 percent above the original GRB.

What is a re-balance? A re-balance refers to a current biennium -- in this case 2003-05 -- and is similar to a "re-shoot" in that it updates the DHS budget estimates. Resources are then shifted among program units if needed to adjust for caseload, cost per case and other expenditure issues that have occurred during the biennium. Generally, DHS reports to the Emergency Board approximately every six months to adjust its budget through a rebalance plan. This means that four rebalance plans are usually presented during a biennium. Typically, DHS rebalances within the department's available resources.

Why are these re-estimations needed?

- More current data: The department's budget is unique in that over 90 percent is composed of client benefit programs. The agency is asked to forecast costs for these programs sometimes as much as 36 months prior to the end of the budget period. Both processes -- re-shoot and rebalance -- give the department the opportunity to include more recent information, including re-projections and new issues not anticipated in earlier estimates for the current biennium or in the Governor's Recommended Budget for the next biennium.
- Caseload changes: Caseloads and costs change based on factors like demographic updates, the economy, provider availability, federal law changes, and court settlements.
- Changes in federal funding, federal laws, regulations: Approximately 63 percent of the DHS budget is funded with federal funds. As Congress and other actions change federal funding streams, the state is often asked to make up the difference. Congress or federal agencies also may change the regulations, which govern DHS programs. These changes many times affect how programs may be delivered and also may affect funding.
- Legal settlements, court decisions, and unanticipated funding issues: DHS or its provider partners face legal actions from time to time. When settled, these actions can increase program and funding needs. Other unanticipated funding issues can also occur.
- Further analysis: Re-estimations are also subject to further analysis by the Legislative Fiscal Office (LFO), Budget and Management (BAM) and others so they are not viewed as final estimates until this process has been completed. Final legislative considerations will also influence outcomes related to these estimates.

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