

## Temporary Assistance to Needy Families

### Budget Drivers

- ◆ The state of the general economy plays a role in program costs by affecting the number of people coming to DHS for help and the ability of clients to find work.
- ◆ The combined impact of the potential loss of the waivers and the requirements resulting from reauthorization of the TANF program will make significant changes in the program.
- ◆ A high percentage of current TANF clients have multiple barriers to employment. This translates into longer stays on the program while they prepare for and find work.
- ◆ The availability and affordability of necessary supports for people transitioning off TANF, such as child care and medical coverage, contribute to client success in remaining on the job and off welfare.
- ◆ The increase in the percentage of “no-parent households” within the TANF caseload has an effect on costs since parents in these cases are not receiving TANF benefits and do not have to participate in work-attachment activities. The “no-parent household” designation includes cases in which children live with relatives other than their parents, cases in which parents are ineligible for TANF but the children qualify, and cases in which parents are on SSI rather than TANF.

### Major Changes

With the implementation of the federal Family Support Act (FSA) in 1990, the former Adult and Family Services (AFS) embarked on a new strategy of self-sufficiency for clients, making the program more employment driven instead of eligibility driven.

In 1996, the Aid to Families with Dependent Children (AFDC) program was replaced with TANF under the federal welfare reform law. By that time, Oregon had already begun implementation of its “Oregon Option” waivers, and was allowed to operate its TANF program under those provisions rather than the federal act. The law also provided additional money to the state for its welfare reform program. In exchange, the state committed to accomplishing specific results in areas such as the number of people placed in employment and the number of children immunized.

Prior to 1996, states received federal matching funds of approximately 60 percent on their AFDC expenditures. After federal welfare reform became effective, states began receiving a block grant based on their 1994 spending. In Oregon, the maintenance-of-effort amount is approximately \$92 million a year, based on 75 percent of our 1994 expenditures.

Major changes in the TANF JOBS program are anticipated in the next 12 months. These changes will have a dramatic impact on the program. The “Oregon Option” waivers expired in June 2003 and current federal regulations do not provide for their extension. This means that Oregon’s program must comply with federal performance requirements and time limits, which had been defined differently under the waiver. In addition to the loss of the waiver, TANF Reauthorization will likely require extensive work attachment activities for clients, such as Work Experience. Activities to prepare clients for work, such as Alcohol and Drug and Mental Health activities, will not be countable activities, meaning that Oregon’s program, to meet federal requirements, would have to minimize or eliminate these.

Many clients in Oregon’s TANF population require these services to be successful in employment. These services also provide the family stability envisioned in the Children’s Initiative, one of the Department’s newest efforts focused on identifying and providing services to families at risk of requiring child welfare intervention.

*See the Appendices, TANF Section for information about caseloads.*

### **Specific Actions to Contain Costs**

The effect of the DHS self-sufficiency strategy and the success of the JOBS program were the major contributors to the reduction in the TANF caseload.

Had the TANF caseload remained at its 1994 levels, it would cost the state \$242.4 million more to finance the program in 2003-05.

TANF funds contributed to the employment preparation, work search and other self sufficiency services that helped 11,514 people find work during 2003-04.

Despite the hard economic times experienced during the current biennium, TANF caseloads have remained relatively stable. This has been accomplished through the hard work of our field staff and partners and not through any changes in eligibility criteria.

The Governor's Recommended Budget includes a change in eligibility that will establish new household income standards for some TANF No-Parent Households at 150 percent of Federal Poverty Level. This would establish an income standard for non-needy caretaker relative households who receive TANF benefits for children under their care and supervision. Currently, caretaker relative's income is exempt from consideration in determining eligibility for TANF benefits for the children. It is anticipated that some of the families affected by this change in TANF eligibility will enter the foster care system.

## **Job Opportunity & Basic Skills (JOBS)**

### **Budget Drivers**

- ◆ The state of the economy affects the ability of DHS and partners to place clients in employment.
- ◆ Current clients often come to DHS with a lack of employment history, with mental health or substance-abuse problems, with domestic violence, or with learning disabilities. These usually must be addressed before clients can be successful in the workplace.
- ◆ This higher incidence of obstacles to employment requires a greater number of providers and more intensive services, thus contributing to program costs.
- ◆ The use of certain types of JOBS components increases costs. For example, placing clients in Work Experience positions can be expensive, because of the effort needed to develop the work sites and to monitor the client's progress. This component also requires a higher level of support services expenditures, such as child care.

### **Major Changes**

The current JOBS Program began in October 1990, and by July 1991 was serving more than 5,000 participants per month with basic work preparation and job search services. There were a limited number of JOBS partners, primarily JTPA agencies, community colleges and the Employment Department.

By 1992, the number of participants had grown to nearly 7,000 per month. In July of that year, Oregon was granted waivers by the federal government that increased the number of hours per week clients must participate, required continuous work search for clients, required clients to be in mental

health, drug or alcohol treatment if needed, and required teen parents without high-school diplomas to attend classes.

In 1994, JOBS Plus, a component of JOBS, was piloted in six counties. It was expanded statewide in 1996. JOBS Plus placed TANF and Food Stamp clients into limited-duration, on-the-job-training positions with private and public sector employers. Participants received paychecks from the employers who were reimbursed at the minimum-wage level by the state. During the last biennium, the JOBS Plus program was suspended due to budget constraints. During the current biennium, the program has been restarted, but is now limited to TANF clients.

Based on Oregon legislation passed in 1995, the state received another set of waivers in 1996, known as the “Oregon Option.” These waivers allowed DHS to require most adults on welfare to participate in the JOBS Program and revamped the penalties for non-cooperation. During 1996, the number of clients served per month by JOBS averaged more than 11,700.

In 1997, DHS began receiving “welfare-to-work” funding from the U.S. Department of Labor. The funding was integrated into JOBS and specifically focused on helping long-term welfare recipients. This funding was available through FY2001.

By June 2001, nearly 17,500 clients per months were being served. These clients included those participating in the Assessment pre-TANF labor market test, “at-risk” diversion clients, and those receiving other retention services.

The number served decreased to 13,700 by June of 2004. This reduction in the number of clients served each month has been a result of the increase in the number of participation exempt families, such as no-parent families, and a series of reductions in employment program investments.

TANF Reauthorization will likely require extensive work attachment activities for clients, such as Work Experience. Activities to prepare clients for work, such as A&D and Mental Health activities, will not be countable activities, meaning that Oregon's program, to meet federal requirements, would have to minimize or eliminate these. Many clients in Oregon's TANF population require these services to be successful in employment, and these services provide the family stability envisioned in the Children's Initiative.

Additionally, budgetary impacts of increased participation hours will be significant, given increased child care needs.

The JOBS program is continually fine-tuned through the work of DHS and partner staff who are encouraged to experiment with new ways to help clients.

### **Specific Actions to Contain Costs**

From July 1991 to June 2004, the number of JOBS participants increased from 5,200 to 13,700, an increase of 163 percent. During this same period, the combined TANF caseload fell from 39,300 to 18,479 families, a reduction of 53 percent.

Despite difficult economic conditions, 11,514 clients have found work through JOBS during the first year of the biennium.

The wages earned at time of placement continue to increase. For June 2004, the average wage for full-time placements was \$8.39 per hour, or \$1.34 over the minimum wage.

Collaboration with partners grew stronger and the number of partners expanded. Many moved into co-housed locations with DHS to allow easier access for clients.

Department staff conduct fiscal and program monitoring of local programs to assure compliance and evaluate program effectiveness.

The Governor’s Recommended Budget (GRB) proposes three changes to JOBS policy and service levels. The first change involves the elimination of JOBS support service payments to “at risk” families. This recommendation also limits support service payments to \$1,000 for families “in transition” for the purpose of employment retention.

The second recommendation results in a general reduction of approximately 2.5 percent in the number of JOBS program clients to be served each month.

The final recommendation in the GRB involves the \$2.9 million in unexpended Individual Education Accounts. These funds are established for JOBS Plus clients after they have participated in worksite training for 30 days. These are funds that have not been accessed by clients, and remain dormant in individual accounts.

## **Emergency Assistance**

### **Budget Drivers**

- ◆ Economic conditions may contribute to an increased demand for TA-DVS as families’ stress levels increase.
- ◆ Other socio-economic factors have been shown to contribute to escalated domestic violence, including increased alcohol and drug use.

### **Major Changes**

The Emergency Assistance programs have undergone several changes in the past few years. The program expanded during the early 1990s with the addition of EA for homeless populations (now part of Housing and Community Services Department), and TA-DVS. Since early 2002, a number of changes have been made that have restricted eligibility criteria, reduced payment levels, and eventually ended the regular EA program.

## **Specific Actions to Contain Costs**

In addition to the elimination of the regular EA program, state office reviews all requests for TV-DVS from clients who are seeking assistance for a second time during a 12-month period. The Department will continue its collaboration with domestic violence organizations to coordinate services and improve needs assessments, and to assure that staff skills with respect to working with victims of domestic violence are maintained.

## **Employment Related Day Care**

### **Budget Drivers**

- ◆ Rates paid to child care providers affect the cost of the program. Rates vary depending on the age of the child, type of care and geographical area. In addition, rates are 7 percent higher for providers who meet specified training requirements. A change in demographics of the client population or in their choice of who provides care will impact cost.
- ◆ Availability of employment impacts caseload. As unemployment rises, the ERDC caseload usually drops and the TANF caseload increases. As employment opportunities increase, the TANF caseload drops and the ERDC caseload increases.

### **Major Changes:**

The ERDC caseload increased from approximately 8,500 families in July 1995 to 12,500 as of December 2000. This corresponded to a decrease in the Temporary Assistance to Needy Families (TANF) caseload over the same period. Since December, 2000, this trend has been reversed. The TANF caseload has increased by approximately 3,100 cases and ERDC caseload has decreased by approximately 2,500 to a current caseload of approximately 10,000 cases. This is a result of high unemployment and the 2003 budget rebalance actions that lowered the income limit and increased client copays.

### **Specific Actions to Contain Costs:**

- ◆ DHS selects approximately 200 provider billing forms each month for a random audit that compares the amount billed with the amount of time recorded on the child care attendance log. Inconsistencies are either resolved or an overpayment is written and processed for collection.
- ◆ A monthly match between the provider payment system and client records from TANF, Food Stamps, and ERDC identifies providers who may also be receiving public assistance.

## **Food Stamps**

### **Budget Drivers**

Oregon's economy, job market, population increase, changes in the federal poverty level and efforts around outreach have an impact on program participation.

### **Major Changes**

In 1996, the federal welfare reform law made significant changes in Food Stamp eligibility. Among the changes:

- ◆ Certain non-citizens were disqualified. However, in 1998 Congress restored eligibility for some non-citizens.
- ◆ Able-bodied adults between the ages of 18 and 50, without children (known as ABAWDs) had to meet work requirements in order to receive benefits for more than three months out of three years.

As a result of these changes Food Stamp caseloads across the country began to decrease. In response to decreasing caseloads and a 1999 USDA report identifying Oregon as the “hungriest” state in the nation, DHS in partnership with the Oregon Hunger Relief Task Force and the Interagency Coordinating Council on Hunger became active in a number of outreach and program access strategies:

- ◆ A toll-free line to provide basic Food Stamp information was implemented and flyers were sent home with school children.
- ◆ A shortened Food Stamp application was implemented
- ◆ In October 1999, DHS extended “categorical eligibility.” This eliminated certain eligibility tests for individuals receiving services from TANF and ERDC, and made it easier for them to qualify for Food Stamps.
- ◆ In May 2000, policies were revised so that ABAWDS no longer lost their benefits for not meeting work requirements, though they are still required to participate in some type of work-attachment activity.
- ◆ The 2002 reauthorization of the program made it possible to implement policy changes that enable more Oregon households to qualify for benefits.

*See the Appendices, Food Stamps Section for more information about caseloads.*

### **Specific Actions to Contain Costs**

Based on 2002 data, the most current data available, DHS has performed favorably in controlling administrative costs. At \$33.62, Oregon has the 14<sup>th</sup> lowest administrative cost per case in the nation. The National averages range from a low of \$19.20 to a high of \$125.10.

Over the past 10 years DHS struggled with a fairly high Quality Control Payment Accuracy rate. However, this biennium DHS has been very successful in reducing the error rate by 40 percent. Strategies included the following:

- ◆ Creation of a FS Steering Committee to oversee accuracy, access and customer service initiatives.
- ◆ Establishment of a “Strategies of Accountability” document to help guide efforts around accuracy, access and customer service at all levels of the

organization. There were also tools developed to monitor the effectiveness of these strategies.

- ◆ Implementation of a local review process, establishment of targets for improvements and a data base that produces reports based on these reviews.
- ◆ Development of several training tools including a FS accuracy newsletter, Net-Link training and revision of past curricula based on findings from the review processes.
- ◆ Development of local corrective action plans based on the Strategies of Accountability document.

## **Prevention Services**

### **Teen Pregnancy Prevention**

#### **Budget Drivers**

There are many factors that contribute to teen pregnancy. Youth at greatest risk live in communities with high residential turnover, low levels of education, high unemployment rates, high poverty rates, high divorce rates, high crime rates and less monitoring of youth by adults.

#### **Major Changes**

In 1994 Governor Barbara Roberts championed a process to develop a plan called STOP (Sex, Teens & Oregon's Plan). In 1997 Governor John Kitzhaber enhanced the efforts of STOP by releasing the Teen Pregnancy Prevention Oregon Action Agenda. This agenda was developed by a broad-based coalition, at Governor Kitzhaber's request. Over the past seven years, the Action Agenda has been updated, adding new strategies and a set of indicators to gauge the progress of the prevention strategies.

With the adoption of the 1996 welfare reform act, new federal abstinence education dollars became available and provided the opportunity to expand statewide a program piloted in Multnomah County and championed by the former first lady Sharon Kitzhaber. The STARS program (Students Today Aren't Ready for Sex) is currently available in a majority of school districts in 33 counties and is a private public partnership between DHS, local county health departments and the STARS Foundation.

In 1997, DHS was directed by the Legislature to redirect some of the abstinence dollars going to the STARS program to fund additional abstinence education programs. Through an RFP process, DHS contracted with two additional abstinence programs: Stop & Think and Youth Solutions.

As a result of management actions taken in a 2002 rebalance, some general fund dollars were eliminated from the abstinence education programs.

The 2005/07 GRB removes all general fund from the abstinence education programs. DHS is currently working with partners to determine the best utilization of the remaining \$997,000 federal funds. It is likely this reduction will mean that we will serve fewer youth with the abstinence education programs funded by DHS.

### **Specific Actions to Contain Costs**

Over the past seven years, DHS has successfully maximized resources by partnering with other prevention efforts. In the STARS program, DHS modified the model to adjust to reduced resources. The STARS Foundation provides about 25 percent of the funding to local counties. The Foundation is looking at ways to increase their ability to fill in the funding gaps.

Working with the Department of Education, we are using our most recent evaluations to help guide efforts to improve and strengthen the STARS curriculum

## **Community Safety Net**

### **Budget Drivers**

Local CSN's are dependent upon other community resources to ensure success. The extent to which other resources are available varies from county to county. This impacts the ability of a local CSN to operate an effective model.

### **Major Changes**

CSN began with 10 pilot counties in 1996 and then expanded to 23 community-based programs in 1997 and to 36 in 2000.

The investment in CSN is about \$450,000 in the GRB. Thus it is unlikely that a statewide system remains a viable option.

### **Specific Actions to Contain Costs**

DHS is exploring options to invest the remaining federal funds in selected counties. Criteria for selection is currently being considered.

## **Refugee Program**

### **Budget Drivers**

- ◆ Caseload numbers are affected by the number of refugees admitted into the country by the Department of State and by the decision of national resettlement agencies regarding where refugees will resettle. New arrivals have been increasing since 2003 and this is expected to continue into 2005.
- ◆ Congressional allocations for the refugee resettlement program affect the availability of funding for services.

- ◆ The introduction of new ethnic populations and their specific resettlement needs also drives program costs. There has been a recent increase in arrivals from cultures that lack a written language. These refugees will likely require a higher level of service in order for them to achieve employment.

### **Major changes**

- ◆ Arrivals in Oregon decreased to only 912 in the federal fiscal year following the 9/11/2001 terrorist attacks, but have since risen to 1,660 in the last year.
- ◆ Until recently, arrivals have predominately been from the former Soviet Union. In the past year, there has been a significant increase in arrivals from Africa.

### **Specific Actions to Contain Costs**

Services to refugees are delivered by contract with local resettlement and mutual assistance agencies. DHS state refugee program staff are responsible for ongoing fiscal and program monitoring and conduct a formal review of each program annually. Corrective action plans are developed or program contracts are amended to correct deficiencies.

## **Child Protective Services (CPS)**

### **Budget Drivers:**

DHS is working with a workgroup that includes law enforcement agencies (LEA) on a legislative change in statutory language as it relates to LEA/CPS “cross reporting” responsibility. LEA and CPS mutually support this legislation. It would allow DHS to develop administrative rules that would establish, in collaboration with LEA, which reports of child abuse require immediate notification. It will also establish criteria that enable the Department or a law enforcement agency to quickly and easily identify those

reports that are immediate. This will allow both agencies to more accurately prioritize calls to assure the most critical events are responded to in a timely manner. No effect on the budget is anticipated and the process will increase efficiency and use of limited resources.

The Governor appointed a task force to address issues related to methamphetamine manufacture and use in the state of Oregon. One outcome of this task force was the implementation of the Drug Endangered Child Protocols in each county in the state. Child welfare staff will be part of a multidisciplinary response to assure child safety when children are found in “clandestine labs.” There is legislation pending to make “exposing a child to methamphetamine production ” a felony. Budget implications include a potential increase in the number of children served by child welfare and an increased need for appropriate substance abuse interventions for families to make reasonable efforts to prevent removal and/or to reunify children with their parents.

From 1999 to 2004 the total budgeted allocations for Family Based Services were reduced by 14 percent.

### **Major Changes:**

**Critical Incident Response Team (CIRT):** This protocol was developed at the direction of the Governor by a statewide multidisciplinary team including LEA, the courts, mental health providers, child safety advocates, the Governor’s Office, DHS and other state agencies. The CIRT protocol assures that a timely and comprehensive response occurs when a critical incident occurs. This protocol is focused on child safety and balances the need for public accountability with the family’s right to privacy. The CIRT protocol will be reviewed periodically by the Child Welfare Advisory Committee to continue to involve partners in the improvements in child safety.

**Drug Endangered Child (DEC) Teams** are a multi-agency response to the problem of children found in the presence of clandestine drug labs, primarily for methamphetamine production. Comprised of law enforcement officers, child protective services workers and district attorneys, these teams are forming in every county to provide a medically appropriate response to children in drug labs as well as to address safety for the individuals who will be in contact with the children. The involvement of child protective services will help positively resolve these cases by enhancing both child safety and criminal prosecution of offenders when appropriate.

**Guided Assessment Process (GAP)** was implemented statewide following the revision of all child protection service policies. These policy and practice changes reinforce the goals of improved timeliness, consistency, and comprehensive child safety assessments.

**Safety planning policy** and procedure has been developed for completing initial safety assessments, initial safety plans, the review of safety plans, and response to a new safety threat on an existing case

During the 03-05 biennium, the *Child Welfare Practices for Cases with Domestic Violence* guide was updated. This guide for workers was originally developed by a work group of staff from child protective services and self-sufficiency along with domestic violence advocates. The work group also advised DHS on revisions of the child protective services policies and the Guided Assessment Process. Specific language addresses safety for both the child and the adult victims.

**LEDS Access:** Based on a request from the Governor, the Department of Human Services has researched and determined that there is current statutory authority to provide direct LEDS access to each child welfare office for the purpose of CPS assessment, safety planning and making emergency child placement decisions. (Note: LEDS access is limited to the State.) Access can be achieved through a Web-based LEDS program. In the

CPS assessment process, LEADS information is considered as one of many risk, safety and protective factors in making child safety, worker safety and child abuse determinations. LEADS access is important because almost 32 percent of cases with founded child abuse and neglect consist of families where one or more of the parents are involved with law enforcement agencies.

### **Specific Actions to Contain Costs**

Family Based Services contracts were modified to more effectively use funds. Services have been combined into “umbrella style” contracts so they can be tailored to the individual needs of family members. A greater focus was made on services that help caretakers make changes to meet their child's needs for safety and a permanent home and their education, medical and mental health needs.

## **Out-of-Home Care**

### **Budget Drivers**

The major budget drivers affecting Out of Home Care services in CAF:

- ◆ There has been an increase in the number of children entering Out of Home care services. (1,100 more children entered care in FFY2004 than in FFY 2003).
- ◆ The special needs of children in the foster care system are requiring an increasing number of services, supports, and additional financial assistance to foster parents in order to adequately care for these children. (October 2004, 50 percent of the children in foster care were receiving additional support services while in family foster care).
- ◆ Foster families are required to be certified by DHS in order to care for children. As a result of the influx of children coming into care, CAF has increased the number of certified families by an average daily population

of nearly 400 families. Thirty percent of all families caring for children are certified as providing foster care for their related children.

- ◆ A Rate Redesign Committee of CAF is evaluating the current system and assessing other rate systems in Oregon who care for vulnerable persons. The committee is also assessing other states systems in an effort to redesign the current system by increasing the care and support for the children with special needs in foster family settings.

## Major Changes

**Behavioral Rehabilitation Services (BRS) was implemented.** This allowed DHS to establish standards of practice for contracted providers of residential services to children. Additionally this allowed BRS certified providers to bill for services accessing Federal Medicaid dollars. What had previously been largely supported by DHS general fund dollars became 60 percent matchable to Federal dollars.

**Adoption and Safe Families Act (ASFA).** Congress passed and President Clinton signed into law the Adoption and Safe Families Act of 1997. ASFA increased accountability of state child welfare agencies to provide performance outcomes by focusing on three critical components; safety, well being, and permanency for children.

**Implementation of a Criminal Records History Background Check with specific crimes to be considered in assessing families.** This impacted relative placements for children.

**Services to children with developmental disabilities** were transferred out of Child Welfare and into the Seniors and People with Disabilities DHS cluster. Funding tied to these services was also transferred.

**Title IV-E requirement to certify all placement resources was implemented.** Oregon showed an increase in the average daily population of certified families of 1,000 between years 2000 and 2001. This increase has been sustained over the past five years.

**Oregon Foster Parent Association was created.** The association includes foster parents, relative care givers, and adoptive parents from throughout Oregon. The association entered into contracting for foster care services with DHS in 1999.

**Federal Grant, Chafee Foster Care Independence Program** was awarded to provide services for foster care youth “aging out” of the foster care system. These funds have increased the capacity of Oregon to serve more foster youth, demonstrated by 742 youth served in 2001 to 1,017 youth served in 2003.

**Outdoor Youth Programs (OYP)** became regulated through state licensure and the governor appointed the OYP Advisory Committee. There are currently three Outdoor Youth Programs in Oregon.

**The number of “Emergency Special Contracts”** written for individual children in need of immediate placement has risen approximately 25 percent.

**Title IV-E Program Federal Audit.** Oregon achieved “substantial conformity” by successfully completing a Federal audit of the Title IV-E program. This is the first audit of this program in over a decade.

**Reductions to the basic rate for foster care services reimbursed to foster parents was reduced** by 7.5 percent and an additional 10 percent was reduced in special rates, in February 2003 due to State budget challenges. These reductions greatly impacted the “fostering community”. The reductions, as a result of the legislative session 2003, restored the 7.5 percent for basic rate and a portion 7.5 percent of the special rates, effective December 2003.

**More children coming into foster care than exited in federal fiscal year 2003.**

**Federal Grant, Chafee Foster Care Independence Program expanded again**, this time to include Education Training Voucher for post secondary education and vocational training for foster youth. Oregon was able to serve 23 youth with 60 days of accepting the grant and this had grown to approximately 120 youth being served by Fall of 2004.

**Face to Face contact.** CAF implemented new administrative rules which require caseworkers to have contact with children, parents and foster parents on a regular basis. The amount of contact a caseworker must have with the children and parents is a minimum of every 30 days.

## **Specific Actions to Contain Costs**

### **Intergovernmental Agreement(s)**

- ◆ Oregon Youth Authority, Seniors and People with Disabilities, and Children, Adults and Families coordinate certification of families for children and youth, avoiding duplication of services.
- ◆ Oregon Student Assistance Commission and Children, Adults and Families have facilitated *Chafee Foster Care Independence – Education, Training Voucher*, a Federal Grant program for youth leaving the foster care system.

## **Adoptions**

### **Budget Drivers**

The need to remove financial barriers to the achievement of permanency for children through the Adoption Assistance and Guardianship Assistance programs is the single largest factor driving costs for the DHS Adoption Program, which has included guardianship since 1999.

Other costs involved in achieving adoption for children include:

- ◆ Identifying and evaluating the child’s individual needs and treating the child’s physical, emotional and mental disabilities.
- ◆ Legally freeing the child for adoption through termination of parental rights.
- ◆ Recruiting adoptive families for children of color, older children, children with siblings needing to be adopted together and children with physical, emotional or mental disabilities.
- ◆ When appropriate, providing mediation services for the establishment of legally binding agreements for communication between the child’s birth and adoptive families after adoption finalization.

## Major Changes

The first major reforms to occur in the DHS Adoption Program in nearly two decades began in 1997. That year, legislators passed SB 689, commonly called the “Best Interests of the Child” bill, to address the growing number of children who seemed to be “stuck” in foster care. The Legislature also created the Interim Legislative Task Force on Adoption Services and, over the next three years, DHS worked collaboratively with the Legislature to identify and make over one hundred changes in adoption policy and practice to improve outcomes for children for whom adoption is the preferred alternative as efforts to reunite them with their parents had not been successful.

On the federal level, Congress passed sweeping child welfare reform. The new legislation, commonly identified as “The Adoption and Safe Families Act (ASFA) of 1997,” focused on the growing number of children “languishing” in foster care across the country. In its next regular session (1999), the Oregon Legislature passed SB 408, which aligned state statute with ASFA through further refinements of changes already made by SB 689 in 1997. Since 1997, the median time to achieve adoption has improved by

trending downward. At the same time, the number of children moving from temporary foster care steadily reversed.

Subsidized guardianship, or “Guardianship Assistance,” is similar to Adoption Assistance in that both remove financial barriers to providing safe, permanent homes for children who are unable to live safely and permanently with their parents. Since the subsidized guardianship program began in July 1999, DHS has established guardianships for over 500 foster children. The majority of these guardianships are with relatives, primarily grandparents, who want to provide permanent homes for these children from their own extended families, prefer not to do this through adoption, and need financial assistance in order to provide for the basic needs of the children.

*See the Appendices, Adoption Section for more information on caseloads.*

Since 2001, children in the subsidized adoption and subsidized guardianship programs have consistently represented a larger proportion of all children served by DHS Child Welfare than they did at any time previous to 2001. Again, this is largely due to the effects of the federal Adoption and Safe Families Act which was incorporated into Oregon statute in 1999. Most children maintain eligibility for their adoption or guardianship subsidies until they reach the age of eighteen, thus creating the cumulative effect on the number of children receiving these benefits and the total cost of these programs.

### **Specific Actions to Contain Costs**

The movement of a larger number of children from temporary foster care to the permanency of adoption or guardianship since the 1999 implementation of ASFA has been a child welfare cost containment measure. The ceiling for adoption assistance benefits available to the child is the foster care rate that the child was receiving or would receive if he/she remained in care. The average amount of adoption assistance benefits, at \$425 per month, is lower than the average amount of foster care (average of \$407 for base rate for all

children statewide, plus an average of about \$580 per month on top of base rate for about 50 percent of foster children). In addition, the ongoing administrative costs for maintaining a child in the Adoption Assistance or Guardianship Assistance programs are a small fraction of those required to maintain a child in foster care.

## Office of Vocational Rehabilitation

### Budget Drivers

Reauthorization of the program's primary legislation, the Workforce Investment Act, which includes the Rehabilitation Act and IDEA (Individuals with Disabilities Education Act) is expected in 2005 and may bring program policy changes in 2005-2007 as well as diversion of federal funding from the VR program to support the One-Stop and an under-funded mandate relative to school transition. Proposed transition legislation with extend transition services to sixteen year olds.

Reduction in funding for other state services and to private nonprofits has reduced our ability to utilize comparable benefits and to some degree has resulted in cost shifting.

Additional factors impacting the provision of vocational rehabilitation services:

- ◆ Active partnering with the 40+ One-Stop Centers in the workforce system is projected to increase demand for services;
- ◆ Services purchased to support consumer in obtaining employment outcomes such as tuition, medical services, prescription medications and technology have experienced marked increase in costs;
- ◆ Active partnering with the network of the Staley Settlement related universal access services for persons with developmental disabilities increases the need for coordinated services;

- ◆ The focus on Evidence-Based Practices (EBP) in mental health vocational services is already creating an increased demand for vocational rehabilitation services;
- ◆ A tighter job market, longer periods of job search and greater potential for job loss with fluctuations in the workplace result in the need for extended or additional services;
- ◆ The range of increasingly difficult and complex needs of persons served impacts the delivery of services;
- ◆ The prospect of successful employment outcomes is impacted by reductions in coverage for Oregon Health Plan, mental health and addiction services;
- ◆ Inadequate transportation in rural areas impact successful vocational services and employment outcomes;
- ◆ Additional clients seek services as a result of the Order of Selection invoked in the Oregon Commission for the Blind and Washington Vocational Rehabilitation Services. When demand for services exceeds OVRS resources, OVRS must also invoke an Order of Selection, requiring that we prioritize services to individuals with the most significant disabilities and delay services to other eligible clients. (See appendix for description of Order of Selection.)
- ◆ Increased expectations from high schools and families for transition services exceed the capacity of the current Youth Transition Program and other services for youth;
- ◆ Pending reauthorization of key federal legislation (the Workforce Investment Act, the Rehabilitation Act and IDEA) has the potential for increasing demand for services and limiting resources available; and

- ◆ Increasingly stringent professional development standards for vocational rehabilitation staff result in a more limited pool of applicants to fill anticipated vacancies in service delivery staff.

## Major Changes

There is a national shortage of qualified vocational rehabilitation counselors and competition for these individuals is keen. Oregon is experiencing particular challenges in recruiting qualified staff.

Nearly half of all federally funded public vocational rehabilitation programs are in an Order of Selection which requires a program to prioritize services with the most severely disabled identified as priority one. Within the region two programs are in an order of selection. This has resulted from the increasing demand for services, the severity of the disabling conditions individuals experience and ongoing flat funding at the Federal level. Despite the efficiencies that OVRs has taken, it is at risk for Order of Selection for the same reasons.

OVRs has significantly increased its involvement in supported employment for individuals with psychiatric and cognitive disabilities. Senate Bill 267 created the expectation that funding for mental health services would increasingly support evidence based practices. Over the last two biennia OVRs has partnered with OMHAS to pilot Individualized Placement and Support (IPS), evidence based, supported employment model in several communities around the State. During the current biennium, OVRs has partnered with SPD on the implementation of the Staley Settlement.

In June, 2004, OVRs implemented a Financial Needs Test in the client services program, requiring an analysis of the client's ability to pay for a portion of their OVRs services each year.

*See the Appendices, OVRs Section for information on the Overview of Order of Selection, client information, and caseloads.*

## **Specific Actions to Contain Costs**

- ◆ The ORCA (Oregon Rehabilitation Case Automation) system was implemented in 1996 as a computerized case-management system supporting the provision of vocational rehabilitation services. This model system is a comprehensive tool that supports counselor activities, makes and tracks payments, compiles data, generated required Federal reports and saves staff time. Since the implementation of the ORCA system, OVRs support staff have redirected their activities from primarily clerical functions to providing direct client services. Improvements in performance outcomes can be traced to the implementation of the system.
- ◆ OVRs has developed and implemented a revised business integrity model through internal shifts of duties and organizational structure in the 2003-05 biennium. This model has improved functionality, security and effectiveness of business operations and service delivery.
- ◆ In June, 2004, OVRs implemented a Financial Needs Test in the client services program, requiring an analysis of the client's ability to pay for a portion of their OVRs services each year.
- ◆ The program is actively involved in addressing the federal dollar reserve and insuring prudent and efficient use of resources.

## **Field Services**

### **Budget Drivers**

The Department began efforts to reorganize and restructure the service delivery system in the field offices approximately three and one half years ago with the goal of providing better outcomes for clients. Since that time, DHS has recognized how important it is for the field and policy units to be closely connected. To that end, in 2003 DHS reconnected the child welfare and self sufficiency field structure to the program structure under CAF. The

delivery of services to seniors and people with disabilities was reconnected to that program cluster as well. Many opportunities have occurred to improve utilization of existing resources both internally and within local communities. The leadership structure was developed to support the efforts of integrated service delivery, improving partnerships and identifying ways to streamline the provision of these services. Children, Adults and Families - Field Services (CAF - FS) and a network of local partners, which include community colleges, the Employment Department, the business community, faith-based organizations, Community Action Agencies and city and county service agencies (such as county mental health), provide services.

The delivery of services through the CAF - FS field offices are affected by a variety of factors such as recent federal and state regulations requiring the development of new policies or the revision of existing policies, and the restructure of current programs.

- ◆ TANF Re-Authorization
- ◆ Oregon Health Plan changes
- ◆ Program Improvement Plan in Child Welfare
- ◆ Improvement Plan in Food Stamp Error Rates
- ◆ Growth, elimination or reduction of programs

The re-authorization of TANF, originally expected in 2003 but now expected in 2005, is likely to require significant changes to the structure of this program. The overriding issue is achieving a level of participation in the few types of countable work activities. Many activities that have proven to be successful in the current federally approved service delivery model will no longer count toward the requirements. This will force the service delivery staff to focus on employment activities for many of the remaining clients served, and these clients may not be able to participate in employment activities without the provision of other family stabilization

services. These changes may significantly alter the services and service delivery models necessary to help families become self-sufficient.

With the Oregon Health Plan changes, fewer individuals will be eligible, and some will receive reduced benefits. There has been an increase in TANF eligible medical cases. There is increased complexity in the eligibility process that must be used to determine the level of benefits a client may receive. Changes in other programs like Emergency Assistance and Employment Related Day Care create additional impact on the ability to produce desired outcomes.

DHS is committed to the goal of better service and enhanced outcomes for clients. Integration efforts within the department, as well as in the community with local partners, have created additional opportunities to provide services in a comprehensive approach. Clients are able to access a variety of programs in a single location resulting in improved coordination of services.

CAF - FS is continually in the process of evaluating what is working well, identifying areas needing improvement, and improving connections between policy and CAF - FS field offices.

### **Steps Taken to Control Costs and Coordinate Programs in Other Agencies**

The Department, including CAF - FS, has been engaged in measures to control costs, streamline systems and to economize. Steps taken include the consolidation of business and operational processes, as well as the consolidation and elimination of positions.

These changes allowed for the coalescence of business functions and enhanced local capacity to manage data. In some instances, however, these changes created new challenges.

Overall, consolidation of operational practices has been a successful strategy. In partnership with DHS Administrative Services, CAF - FS has focused on improving business practices by eliminating duplicative processes, streamlining payment processes and creating a seamless system for checks and balances.

CAF - FS has created a DHS field business practice manual that will guide business functions throughout the CAF field structure. In addition, CAF - FS has established a review process that will assure that proper checks and balances are in place. Business experts in the field and across the program disciplines are committed to supporting sound business practices.

