Department of Human Services
2015-17 Agency Request Budget
Table of Contents

Introduction
   Table of Contents
   Certification

Legislative Action
   Budget Reports
   Emergency Board Minutes

Agency Summary
   DHS Narrative
   DHS Budget Summary
   Program Prioritization
   Reduction Options
   Organization Chart

Revenues
   DHS Revenue

Infrastructure
   Central & Shared Services/
   State Assessments & Enterprise-wide
   Costs/Program Design Services
       Narrative
       Budget Summary
       Revenue

Program Units
   Self Sufficiency
       Narrative
       Budget Summary
       Revenue

   Child Welfare
       Narrative
       Budget Summary
       Revenue
VR - Basic Rehabilitative Services
  Narrative
  Budget Summary
  Revenue

Aging and People with Disabilities
  Narrative
  Budget Summary
  Revenue

Intellectual & Developmental Disabilities
  Narrative
  Budget Summary
  Revenue

Policy Option Packages
  POP Tracker
  POP 101
  POP 102
  POP 103
  POP 104
  POP 105
  POP 106
  POP 107

  POP 108
  POP 109
  POP 110
  POP 111
  POP 112
  POP 070/113
  POP 114
  POP 115
  POP 116
  POP 117
  POP 118
  POP 119
  POP 120
  POP 121
  POP 122
  POP 123
  POP 124
  POP 125
  POP 126
  POP 127
  POP 128
  POP 201
Department of Human Services
2015-17 Agency Request Budget
Table of Contents

Special Reports
   Affirmative Action Report
   Audit Response Report
   Facility Proposal Impact on Work Space
   Gender Equity Report
   I/DD Community Housing Report
   IT Related Projects/Initiatives
   IT Project Business Cases
   Supervisory Ratio Report
CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Department of Human Services

500 Summer Street NE; Salem, OR 97601

AGENCY NAME

AGENCY ADDRESS

Director

SIGNATURE

TITLE

Notice: Requests of agencies headed by a board or commission must be approved by official action of those bodies and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

X Agency Request

Governor's Budget

Legislatively Adopted

2015-17

107BF01
Action:  Do Pass as Amended and as Printed A-Engrossed

Vote: 24 – 0 – 2

House
Yea: Barker, Buckley, Frederick, Freeman, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson
Nay: Hanna

Senate
Yea: Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters
Nay: Bates

Prepared By: Daron Hill, Legislative Fiscal Office

Reviewed By: Legislative Fiscal Office staff

Meeting Date: March 22, 2013

Agency
Various Agencies

Biennium
2011-13
## Budget Summary

<table>
<thead>
<tr>
<th></th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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<tbody>
<tr>
<td><strong>Education Program Area</strong></td>
<td></td>
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<tr>
<td>Community Colleges and Workforce Development</td>
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<tr>
<td>Other Funds</td>
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<td>Department of Education – State School Fund</td>
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<td>General Fund</td>
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<td>Oregon University System</td>
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<td>Lottery Funds</td>
<td>$22,959,136</td>
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<td><strong>Human Services Program Area</strong></td>
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<td>Department of Human Services</td>
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<td>General Fund</td>
<td>$2,036,853,446</td>
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<td>Oregon Health Authority</td>
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<td>General Fund</td>
<td>$1,721,639,876</td>
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### Public Safety Program Area

<table>
<thead>
<tr>
<th>Department</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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</thead>
<tbody>
<tr>
<td><strong>Department of Corrections</strong></td>
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<td>General Fund</td>
<td>$1,324,785,417</td>
<td>$1,362,844,564</td>
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<td>Other Funds</td>
<td>$27,563,757</td>
<td>$31,298,404</td>
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<td><strong>District Attorneys &amp; their Deputies</strong></td>
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<td>General Fund</td>
<td>$9,979,285</td>
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<td><strong>Oregon Military Department</strong></td>
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<td>$28,582,492</td>
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<td><strong>Oregon State Police</strong></td>
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<tr>
<td>General Fund</td>
<td>$216,465,576</td>
<td>$221,721,695</td>
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</table>
### Economic & Community Development Program Area

**Oregon Business Development Dept.**

<table>
<thead>
<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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</thead>
<tbody>
<tr>
<td>Lottery Funds</td>
<td>$136,340,722</td>
<td>$138,677,228</td>
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**Oregon Employment Dept.**

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<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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</thead>
<tbody>
<tr>
<td>Oregon Funds</td>
<td>$132,896,826</td>
<td>129,170,224</td>
<td>119,108</td>
<td>0.09%</td>
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<td>Federal Funds</td>
<td>$273,883,188</td>
<td>303,447,537</td>
<td>8,214,583</td>
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**Department of Veterans' Affairs**

<table>
<thead>
<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$6,469,659</td>
<td>$6,562,195</td>
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### Natural Resources Program Area

**Department of Agriculture**

<table>
<thead>
<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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<td>Lottery Funds</td>
<td>$6,894,457</td>
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<td>$52,099,191</td>
<td>53,081,502</td>
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**Department of Forestry**

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<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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<tr>
<td>General Fund</td>
<td>$47,871,547</td>
<td>$52,842,614</td>
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**Land Use Board of Appeals**

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<tr>
<th>Source</th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$1,295,278</td>
<td>$1,295,278</td>
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<td>Agency</td>
<td>2011-13 Legislatively Adopted Budget</td>
<td>2011-13 Legislatively Approved Spending Level</td>
<td>2011-13 Committee Recommendations</td>
<td>Percentage Change from Legislatively Approved Spending Level</td>
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<tr>
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<tr>
<td>Oregon Marine Board</td>
<td>$22,020,102</td>
<td>$21,984,696</td>
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<td>1.14%</td>
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<tr>
<td>Parks and Recreation Department</td>
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<td>Lottery Funds</td>
<td>$79,815,323</td>
<td>$81,647,819</td>
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<td>Federal Funds</td>
<td>$12,733,936</td>
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<td>Department of State Lands</td>
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<td>Other Funds</td>
<td>$26,494,275</td>
<td>$27,903,872</td>
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<tr>
<td>Watershed Enhancement Board</td>
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<td>Lottery Funds</td>
<td>$64,796,420</td>
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<tr>
<td>Transportation Program Area</td>
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<tr>
<td>Department of Aviation</td>
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<tr>
<td>Other Funds</td>
<td>$5,676,565</td>
<td>$5,676,565</td>
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<tr>
<td>Program Area</td>
<td>2011-13 Legislatively Adopted Budget</td>
<td>2011-13 Legislatively Approved Spending Level</td>
<td>2011-13 Committee Recommendations</td>
<td>Percentage Change from Legislatively Approved Spending Level</td>
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<td>------------------------------------------------------------</td>
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<tr>
<td><strong>Consumer and Business Services Program Area</strong></td>
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<td></td>
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<tr>
<td>Board of Chiropractic Examiners</td>
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<td></td>
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<tr>
<td>Other Funds</td>
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<td>$1,261,261</td>
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<td><strong>Oregon Health Licensing Agency</strong></td>
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<td><strong>Board of Psychologist Examiners</strong></td>
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<tr>
<td>Other Funds</td>
<td>$965,662</td>
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<tr>
<td><strong>Administration Program Area</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Department of Administrative Services</td>
<td></td>
<td></td>
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<tr>
<td>General Fund</td>
<td>$8,172,526</td>
<td>$8,961,014</td>
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<tr>
<td>Lottery Funds</td>
<td>11,740,796</td>
<td>12,073,528</td>
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<tr>
<td><strong>Office of the Governor</strong></td>
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<tr>
<td>Lottery Funds</td>
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<td>Legislative Branch Program Area</td>
<td>2011-13 Legislatively Adopted Budget</td>
<td>2011-13 Legislatively Approved Spending Level</td>
<td>2011-13 Committee Recommendations</td>
<td>Percentage Change from Legislatively Approved Spending Level</td>
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<td>-------------------------------------------------</td>
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<td>Legislative Administration</td>
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<td>Judicial Branch Program Area</td>
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<td>Other Funds</td>
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<td>Public Defense Services Commission</td>
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<tr>
<td>General Fund Total</td>
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<td>$</td>
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<tr>
<td>Lottery Funds Total</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Other Funds Total</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Federal Funds Total</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| General Fund Total $ | $ | $ | 11,178,004 |
| Lottery Funds Total $ | -11,679,848 |
| Other Funds Total $ | 9,971,990 |
| Federal Funds Total $ | 10,731,272 |
| Total $ | 20,201,418 |
### Position Summary

<table>
<thead>
<tr>
<th></th>
<th>2011-13 Legislatively Adopted Budget</th>
<th>2011-13 Legislatively Approved Spending Level</th>
<th>2011-13 Committee Recommendations</th>
<th>Percentage Change from Legislatively Approved Spending Level</th>
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</table>

### Economic & Community Development Program Area

**Oregon Employment Dept.**

<table>
<thead>
<tr>
<th>Authorized Positions</th>
<th>1,500</th>
<th>1,549</th>
<th>46</th>
<th>2.97%</th>
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<tbody>
<tr>
<td>Full-time Equivalent (FTE) positions</td>
<td>1,436.90</td>
<td>1,481.21</td>
<td>19.98</td>
<td>1.35%</td>
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</table>
**Summary of Revenue Changes**

House Bill 5052 rebalances the State’s budget with available resources. Additional General Fund revenues are available from the current ending balance. Lottery funds are reduced in several agencies due to the latest revenue forecast. Other and Federal Funds revenues include available ending balances and grant awards.

**Summary of Capital Construction Subcommittee Action**

House Bill 5052 is an omnibus budget reconciliation bill implementing actions needed to rebalance, address technical adjustments, and modify appropriations and limitations for some agencies during 2011-13 biennium.

**Education Program Area**

**Department of Community Colleges and Workforce Development**

The Subcommittee recommends an increase of $835,000 Other Funds expenditure limitation for the Department of Community College and Workforce Development (CCWD) for three programs. An estimated $200,000 is needed for the “Common Core State Standards and Assessments – K-12 Postsecondary Alignment” grant which is for promoting the use of assessments in determining a student’s readiness for placement into postsecondary courses. The second program is the “Oregon Credit When It’s Due” which supports the expansion of reverse transfer projects in the State. These projects are designed to give associate degrees to former Community College students who have transferred to four-year institutions when they have earned sufficient credits. This is a two year grant where it is estimated that $300,000 will be spent in 2011-13 with most of the funding being sent to Community Colleges. The final $335,000 is needed for the “Certified Work Ready Communities” program which is a part of a strategy to enable communities to demonstrate that they have the skilled workforce necessary for a company to locate or expand in the community. Funding for this program is from the Oregon Business Development Department and the Employment Department.

**Oregon Department of Education – State School Fund**

Lottery Funds expenditures for the State School Fund are reduced by $8,096,204 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available.

A corresponding increase of $8,096,204 General Fund is provided in this bill to backfill this loss of Lottery Funds.
Oregon University System

Lottery Funds expenditures are reduced by $187,232 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support athletic programs, with a small percentage going to scholarships for graduate students.

Human Services Program Area

Department of Human Services

The Subcommittee approved the appropriation of $5 million General Fund to the Department of Human Services. As part of the agency’s 2011-13 rebalance in December 2012, a budget gap was identified in the agency’s JOBS program. Budget savings in the Oregon Health Authority are now being moved to the Department of Human Services to address this shortfall. The Subcommittee requested that the Department of Administrative Services unschedule the funds until after the spring caseload forecast is complete and the overall budget situation is known.

Oregon Health Authority

The Subcommittee approved the disappropriation of $5 million General Fund from the Oregon Health Authority. As part of the agency’s 2011-13 rebalance in December 2012, slightly over $5 million savings were identified in Medical Assistance Programs. Five million of these funds are now being removed from the Medical Assistance Programs budget and appropriated to the Department of Human Services to cover a potential budget shortfall in that agency.

Lottery Funds expenditures are reduced by $230,568 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support gambling addiction treatment programs.
Public Safety Program Area

Department of Corrections

The Subcommittee approved rebalancing General Fund resources to address the Department of Correction’s reorganization implemented by the new director effective April 2012, and management actions taken to address unspecified vacancy savings, mid-management and services and supplies reductions previously approved by the legislature. In general, the agency is able to cover the estimated $57.5 million shortfall by holding positions vacant ($17.2 million), savings in services and supplies ($13.3 million), reduction of medical services ($12.1 million), savings in debt service from refinancing ($7.2 million), reducing jail bed reimbursements based on most recent claims ($6.3 million), and closure of a 50-bed treatment program at Powder River ($1.4 million). The Subcommittee approved establishing a debt service limitation of $683,992 Other Funds as part of the rebalance.

The Subcommittee approved an increase of $79,385 Other Funds and $871,678 Federal Funds expenditure limitation to allow the recording of broadband telecommunication and network assets from the Oregon Health Network.

The Subcommittee also approved an increase of $1.8 million Other Funds expenditure limitation to allow the agency to expend carryover balances in Community Corrections’ grants for the Linn County Domestic Violence Court ($23,000), American Recovery and Reinvestment Act ($291,000), and $1.486 million in supervision fees.

The Subcommittee approved an Other Funds increase of $3,053,176 for county juvenile and adult corrections programs and facilities and drug and alcohol programs.

District Attorneys & their Deputies

The Subcommittee approved an increase of $250,000 General Fund for cost of living adjustments in January and December 2012, employee benefits in excess of the statewide composite rate, and a pay scale increase for the Yamhill County District Attorney. The state maintains a two-tier pay scale for District Attorneys based on county population -- $90,972 when the population is below 100,000, and $107,952. As of July 1, 2012, the population in Yamhill County exceeded 100,000.

Oregon Military Department

The Subcommittee made the following adjustments to the Military Department’s 2011-13 approved budget.

The Subcommittee approved a $981,021 reduction in General Fund for the Department’s Capital Debt Service and Related Costs program. The Department identified savings to certificates of participation ($132,932), Article XI-Q bonds ($616,197), and Article XI-M and XI-N Seismic
bonds ($231,892) in excess of what is needed to meet outstanding 2011-13 debt service obligations. The savings arose from more favorable interest rates on issued debt than was originally budgeted.

The Subcommittee also approved the following one-time actions:

- The Subcommittee increased the General Fund for the Department’s Operations program by $601,756 due to savings from the Capital Debt Service program, which includes Debt Service saving from Seismic Rehabilitation Grant Program bonding, to fund eight armory and one Portland Airbase maintenance and improvement projects. The General Fund will make available $1.5 million in matching Federal Funds and $154,030 in Other Funds (U.S. Department of Energy grant to a private contractor). The Department does not require additional Federal or Other Funds expenditure limitation.

- The Subcommittee increased the General Fund for the Department’s Emergency Management program by $41,000. The General Fund will be used to fund the State's Search and Rescue Coordinator position through the remainder of the biennium.

- The Subcommittee increased the General Fund for the Department’s Community Support - Oregon Youth Challenge Program by $218,000 due to savings from the Capital Debt Service from Seismic Rehabilitation Grant Program bonding. The increase in General Fund is to be used only as a contingency against a possible decrease in program funding due to federal government’s sequestration. Federal sequestration could reduce federal matching funds for the program from 75% Federal Funds 25% state funds to 70% Federal Funds and 30% state funds. The Committee directed that the Department of Administrative Services unschedule the $218,000 appropriation until the Military Department is able to document that federal sequestration will adversely impact program funding this biennium.

Oregon State Police

The Subcommittee approved rebalancing $1.5 million General Fund to the Patrol, Criminal, and Gaming appropriation from one-time savings in Administration and Criminal Justice Information Systems. The resources will be utilized to cover extraordinary costs within the Gaming Division, and recruitment and equipment purchases in the Patrol Division.

**Economic & Community Development Program Area**

Oregon Business Development Department

Lottery Funds expenditures are reduced by a total of $1,160,310 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now...
forecast to be available. The reductions to the agency consist of a $990,130 reduction to Business, Innovation and Trade, a $145,632 reduction to Shared Services, and a $24,548 reduction to the Oregon Film and Video Office.

**Oregon Employment Department**

The Subcommittee recommends additional Federal Funds expenditure limitation of $8,214,583, additional Other Funds expenditure limitation of $119,108, and 46 positions (19.98 FTE) are approved for the Employment Department, for the following purposes:
- Trainings provided to child-care providers, funded through the federal Child Care Development and Development Block Grant: $550,000;
- Efforts to improve unemployment insurance program integrity, funded through receipt of a federal grant: $1.4 million, 17 positions (3.6 FTE);
- Expenses associated with administering federal extensions of Emergency Unemployment Compensation: $6.3 million, 27 positions (15.75 FTE);
- Contracted positions for employment services to eligible individuals under the Workforce Investment Act: $69,108 Other Funds, 2 positions (0.42 FTE);
- Additional caseload in the Office of Administrative Hearings: $50,000 Other Funds (0.21 FTE).

**Oregon Department of Veterans’ Affairs**

The Subcommittee recommends a technical correction to properly allocate $113,331 of the General Fund appropriation to partner agencies of the Oregon Department of Veterans’ Affairs.

**Natural Resources Program Area**

**Department of Agriculture**

The Subcommittee increased the Other Funds expenditure limitation for the Commodity Inspection program at the Department of Agriculture by $1,084,000 to accommodate increased demand for specialized commodity certifications and produce inspections.

Lottery Funds expenditures are reduced by $400 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support the operations of the County Fair Commission.
Department of Forestry

The Subcommittee approved an appropriation of $1,059,636 General Fund to the Department of Forestry for costs associated with the extended 2012 fire season, unbudgeted district emergency fire cost deductibles, changes in forest land classification, and increases in initial attack resources and the fire insurance premium.

Land Use Board of Appeals

The Subcommittee approved an appropriation of $36,631 General Fund to avoid personal services shortfall and the agency’s ability to meet statutory case review deadlines forcing land development projects to be delayed or withdrawn.

Oregon Marine Board

The Subcommittee approved an increase of $250,000 Other Funds in the Facilities Grant Program for a facility grant to Metro to complete work on a multi-phased boating access improvement project. The grant is funded by a repayment of grant funds from the city of Portland for a grant project that is no longer eligible for the grant.

Oregon Parks & Recreation Department

The Subcommittee approved a Federal Funds expenditure limitation increase of $1,645,011 to expend three federal grants awarded in 2012. The first two grants are from the US Department of the Interior, Fish and Wildlife Services. $1,259,000 is passed through to Benton County to implement the county’s Habitat Conservation Plan and associated Prairie Conservation Strategy. $292,611 is passed through to Yamhill Soil and Water Conservation District for a grant awarded in October 2012. The funds will support continued outreach and education associated with Yamhill County’s Habitat Conservation Plan completion.

In September 2012, the federal Institute of Museum and Library Services awarded a Connecting to Collections Statewide Planning grant to the Department. The purpose is training and mentoring for heritage organizations in the state. The total award was $241,810, of which the Department plans to use $93,400 in 2011-13.

The Subcommittee reduced constitutionally dedicated Lottery Funds expenditure limitation for the Parks and Recreation Department to align the Department’s budget with the March 2013 Lottery revenue forecast. The total expenditure limitation reduction is $1,053,314. The reductions are spread among several divisions: Director’s Office ($96,542), Central Services ($50,000), Park Development ($360,000), Community support and grants ($296,772), and Oregon State Fair and Exposition Center ($250,000).
Department of State Lands

The Subcommittee approved an increase in Other Funds expenditure limitation of $1,200,000 for Portland Harbor Superfund site. Costs are for evaluating ownership of contaminated areas. An insurance settlement provides the funding.

In addition, the Subcommittee approved an Other Funds expenditure limitation increase of $150,000. This limitation covers the 2011-13 portion of a grant awarded to the South Slough National Estuarine Research Reserve. The grant’s purpose is assisting community partners and technical advisors in developing a common understanding of the estuary to support its future health. The grant is from the University of New Hampshire, National Estuarine Research Reserve System Science Collaborative. The total is $549,846, to be used from September 2012 through August 2014.

Oregon Watershed Enhancement Board

Lottery Funds expenditures from the constitutionally dedicated Watershed Improvement Grant Fund are reduced by $832,938 to rebalance the state’s lottery budget to the March 2013 revenue forecast. Constitutionally dedicated Lottery Funds allocations are currently anticipated to be 4.54% below the level assumed in the May 2011 Lottery Forecast for the 2011-13 biennium. Use of unallocated balances in the Watershed Improvement Grant Fund offset some of the reduction caused by declining Lottery revenue forecasts, reducing the impact of the revenue declines. Use of unallocated balances in the Watershed Improvement Operating Fund are projected to completely offset declining Lottery revenue forecasts, averting the need for expenditure limitations reductions to agencies receiving Lottery Funds from the Operating Fund at this time. Lottery Funds expenditure limitation for monies in the Grant Fund are used in the agency budget to make local grants.

Transportation Program Area

Department of Aviation

The Subcommittee approved an Other Funds expenditure limitation increase of $180,000 for the Department of Aviation. The Department had several unexpected operations expenses such as:

- an overlap in transferring contracted support services from the Department of Administrative Services to the Department of Transportation (ODOT),
- training and equipment to meet ODOT’s accounting standards,
- payment of two mediated settlements,
- wholesale fuel purchases for the three airports that sell fuel to pilots, and
- an unscheduled pavement improvement project at Crescent Lake.
Consumer and Business Services Program Area

Board of Chiropractic Examiners

The Subcommittee approved an Other Funds limitation increase for the Oregon Board of Chiropractic Examiners in the amount of $69,550 for the purpose of paying Attorney General fees resulting from litigation of contested cases.

Oregon Health Licensing Agency

The Subcommittee approved an increase in Other Funds limitation of $397,779 for the following purposes:
- $174,455 for DAS Risk Management
- $92,630 for Attorney General fees
- $130,694 for Policy Analyst position

Board of Psychologist Examiners

The Subcommittee approved an increase of $70,000 Other Funds limitation for the Board of Psychologist Examiners to cover contractor services and attorney general fees associated with contested case hearings.

Administration Program Area

Department of Administrative Services

The Subcommittee approved an appropriation of $250,000 General Fund to for a World War II Memorial. The funds are intended to be used as matching funds for private donations.

Lottery Funds expenditures are reduced by $78,446 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are passed through this budget on to counties to support the staging of county fairs across the state.
Office of the Governor

Lottery Funds expenditures are reduced by $40,436 to rebalance the state’s lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds in the Governor’s Office fund the Economic Revitalization Team, also known as the Office of Intergovernmental and Regional Solutions.

Legislative Branch Program Area

Legislative Administration

The Subcommittee approved an appropriation of $250,000 General Fund for the initial planning of the Oregon Capitol Master Plan.

Judicial Branch Program Area

Oregon Judicial Department

The Subcommittee approved a decrease of $144,202 General Fund for debt service. The agency’s appropriation exceeded the amount needed to pay its debt service costs by this amount. Other Funds expenditure limitation in the amount of $134,116 is transferred from the expenditure limitation for eCourt bond proceeds to the agency’s general Other Funds expenditure limitation. This amount of expenditure limitation, approved for grant proceeds unrelated to eCourt, had been added to the eCourt bond proceeds Other Funds expenditure limitation instead of to the agency’s general Other Funds expenditure limitation in error.

Public Defense Services Commission

The Subcommittee approved an increase of $1,500,000 General Fund appropriation to the agency for trial-level public defense services. The increase is to address costs incurred and projected for the current biennium. It is currently forecast that the Commission will need additional funds to cover the full costs incurred this biennium, including costs that will not be paid until the after the 2013-15 biennium begins.
Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 23 – 0 – 3

House
Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson
Nays:
Exc: Freeman, Hanna

Senate
Yeas: Bates, Devlin, Edwards, Girod, Hansell, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters
Nays:
Exc: Johnson

Prepared By: Dustin Ball, Blake Johnson and Kate Nass, Department of Administrative Services

Reviewed By: Laurie Byerly and Linda Ames, Legislative Fiscal Office

Meeting Date: May 10, 2013

Agency
Department of Human Services
Oregon Health Authority

Biennium
2011-13
## DHS Budget Summary

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<th>2011-13 Committee Recommendation</th>
<th>Committee Change from 2011-13 Leg. Approved</th>
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### Position Summary

- **Authorized Positions**: 7,405 → 7,411 (+6, 0.08%)
- **Full-time Equivalent (FTE)**: 7,311.44 → 7,312.13 (+0.01%)

## OHA Budget Summary

<table>
<thead>
<tr>
<th>Budget Component</th>
<th>2011-13 Legislatively Approved Budget(1)</th>
<th>2011-13 Committee Recommendation</th>
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### Position Summary

- **Authorized Positions**: 4,108 → 4,108 (0, 0.00%)
- **Full-time Equivalent (FTE)**: 3,999.04 → 3,999.04 (0, 0.00%)

(1) Includes adjustments through March 2013
**Summary of Revenue Changes**

Senate Bill 5549 rebalances budgets for the Department of Human Services (DHS) and Oregon Health Authority (OHA) with available resources. OHA and DHS programs and operations are funded by a mix of General Fund, Lottery Funds, Other Funds, and Federal Funds. The rebalance plan results in no change in General Fund revenue. About $20 million in additional Other Funds revenue is primarily due to increased costs in the Oregon Health Plan (OHP) Standard program, which is funded through provider assessments and matched with Federal Funds through the Medicaid program. These matching federal dollars are reflected in just over $75 million in additional Federal Funds revenue, which also includes a significant increase related to the Self Sufficiency Modernization project.

**Summary of Human Services Subcommittee Action**

The Human Services Subcommittee approved a budget rebalance plan that carries out the DHS and OHA programs and operations for the remainder of the 2011-13 biennium. The plan reflects updated estimates of various caseload costs, other program costs and savings, and non-General Fund revenues. It shifts General Fund appropriations between budget structures, but both DHS and OHA expect to complete the 2011-13 biennium within each agency’s current General Fund budget. The plan approved by the Subcommittee requests that the Department of Administrative Services reschedules $1,469,444 General Fund for DHS and $237,309 General Fund for OHA. The rebalance plan includes net increases in Other Funds expenditure limitation ($19,381,471) and Federal Funds expenditure limitation ($75,270,406).

**DEPARTMENT OF HUMAN SERVICES**

The Subcommittee rebalance plan expects DHS to complete the 2011-13 biennium within its current General Fund budget, which includes $5 million General Fund added to DHS budget in HB 5052 (2013). Those dollars were unscheduled until the agency updated its 2011-13 caseload and budget estimates. Of the $5 million, the plan requests that $1,469,444 General Fund be rescheduled at this time; the rest would remain unscheduled pending final biennium close out adjustments. The plan also adds $2,376,753 Other Funds expenditure limitation, $48.9 million Federal Funds expenditure limitation, and six limited duration positions (0.69 FTE).

The rebalance plan in the Children, Adults, and Families (CAF) program area results in a net savings of $976,500 General Fund, an increase of $417,556 Other Funds expenditure limitation, and an increase of $54,082,870 Federal Funds expenditure limitation. For Self Sufficiency programs, the 2011-13 biennial average caseload for the Temporary Assistance for Needy Families (TANF) program has decreased from the fall forecast. This is in part due to federal action in January 2013 extending the Emergency Unemployment Compensation program, which helps mitigate an expected increase in TANF cases built into the fall forecast. However, costs per case for some program components have increased since that last forecast, driving a net increase of $1,469,444 General Fund. The Subcommittee budget rebalance plan includes the request to reschedule a portion ($1,469,444) of the HB 5052 funding to allow DHS to cover increased caseload costs while continuing to serve Job Opportunity and Basic Skills (JOBS) clients. Additionally, the rebalance plan also includes $46,511,044 Federal Funds expenditure limitation to
complete the 2011-13 biennium portion of the Self Sufficiency Modernization (SSM) project. While additional federal revenues for the project were expected all along, the agency held its request for expenditure limitation pending a review of overall project limitation needed to close out the biennium.

The rebalance plan increases Federal Funds expenditure limitation by $7.2 million for the Vocational Rehabilitation program, based on federal grant authority and projected expenditures under the current five-year plan.

In Child Welfare, the rebalance plan accommodates a net $77,489 General Fund increase resulting from fluctuations in costs per case for substitute care and adoptions. Also associated with caseload changes is a net increase of $417,556 Other Funds and $1,358,675 Federal Funds. The plan includes a technical adjustment moving $976,500 General Fund from Child Welfare to Central Services. In the CAF program support budget, $45,117 total funds is added to cover recently announced telecomm rate increases.

The Subcommittee rebalance plan for Seniors and People with Disabilities (SPD) reflects a net decrease of $192,976 General Fund and $6,334,050 Federal Funds expenditure limitation. The plan increases Other Funds expenditure limitation by $1,959,197 and adds six limited duration positions (0.69 FTE). The net position change for SPD is five positions (-0.31 FTE) due to the transfer of one position (1.00 FTE) from SPD to Central Services. Ongoing actions to reduce administrative expenditures are part of the plan.

In the Aged and Physical Disability (APD) programs, changes in caseload and cost per case are driving net increases of $45,939 General Fund, $1,381,007 Other Funds expenditure limitation, and $638,790 Federal Funds expenditure limitation. The program is also requesting an increase of $931,089 General Fund to address an accounting error that applied an incorrect federal match rate on expenditures; a corresponding Federal Funds decrease is included. A prior uptick in projected estate recoveries results in a need of an additional $1 million Other Funds expenditure limitation.

The rebalance plan for APD includes $240,845 Other Funds expenditure limitation and six limited duration positions (0.69 FTE) to carry out the DHS efforts under the State Innovation Model (SIM) grant that OHA was awarded on February 21, 2013. APD is responsible for working with OHA, Coordinated Care Organizations (CCOs), and stakeholders to promote alignment between medical care and long-term care services. The agency is also involved with payment transformation/financial accountability initiatives falling under the model. Grant funding supports three program analysts, a policy analyst, an information specialist, and an administrative support position. Project activities include creating memorandums of understanding between CCOs and long term care organizations, supporting policy development/direction, and performing data collection and analysis. Activities are expected to continue through the fall of 2016.

Participation rate, caseload, and cost per case changes in the Developmental Disabilities (DD) program result in net decreases of $1,422,745 General Fund, $662,655 Other Funds, and $5,170,020 Federal Funds. Drivers include higher costs for adult foster care and DD client shifts between state and group homes.

The Subcommittee also approved an increase of $690,416 General Fund to address an accounting error that applied an incorrect federal match rate on expenditures; a corresponding Federal Funds expenditure limitation decrease is included. The plan includes a technical adjustment moving $385,952 total funds and one position (1.00 FTE) from SPD to Central Services. In the SPD program support budget, $24,294 total funds is added to cover recently announced telecomm rate increases.
For Central Services, the Subcommittee approved an increase of $1,169,476 General Fund and Federal Funds (cost allocation) from the two technical adjustments noted previously: transfer in from CAF (Child Welfare) of $976,500 General Fund incorrectly applied in December 2012 and the transfer in of one position ($385,953 total funds, 1.00 FTE). No changes were made in Shared Services or Debt Service budget structures.

Even though the DHS budget is balanced with this plan, potential areas of risk and uncertainty remained in the budget. For example, the plan is contingent on the agency’s ability to continue to manage caseloads and for projected revenues to materialize. The TANF caseload is particularly sensitive to the economy and is very challenging to predict during the transition from recession to recovery. In addition, while DHS expects to manage internally impacts of federal sequestration (reduced grants over the last quarter of 2011-13), and a small caseload amount in SPD, there may be unforeseen consequences that could affect the agency’s budget or program delivery.

OREGON HEALTH AUTHORITY

The Subcommittee approved a budget plan for the Oregon Health Authority (OHA) that completes the 2011-13 biennium within its current General Fund budget, after shifting appropriations between budget structures. The plan adds $17,004,718 Other Funds expenditure limitation and $26,352,110 Federal Funds expenditure limitation.

The rebalance plan makes several adjustments to Medical Assistance Programs (MAP). Rebalance issues in this program result in overall net savings of $1,291,792 General Fund, a net increase of $17,961,249 Other Funds, and a net increase of $32,162,407 Federal Funds. The plan includes General Fund savings of $1.2 million from slightly lower caseloads, and a reduction in General Fund need due to an increase in tobacco tax revenue of $2.0 million. These savings are offset by a General Fund need of $2.7 million ($8.4 million total funds) due to a one-time shift caused by the difference in timing of payments for fee-for-service clients transitioning into Coordinated Care Organizations. The rebalance plan includes an unspecified management action in the amount of $751,851. As a result of the December 2012 rebalance, $237,309 General Fund was unscheduled and the Subcommittee requests this be rescheduled to reduce the expected shortfall and unspecified management action.

The Oregon Health Plan (OHP) Standard caseload is higher than originally projected. Additional expenditure limitation of $15.6 million Other Funds and $26.2 million Federal Funds is included in the Subcommittee’s rebalance plan to accommodate the increased caseload level.

The plan for Public Health results in an increase of $142,000 Other Funds expenditure limitation to reflect a higher forecast for tobacco tax revenues for the Tobacco Use Reduction Account.

The Subcommittee plan for Central and Shared Services includes a net increase in General Fund of $2.4 million to fund state assessments and risk charges after accounting for cost allocation actuals to date. Adjustments between fund sources for cost allocation also include a decrease in Other Funds of $1.1 million and an increase in Federal Funds of $1 million. Interest earnings on bond proceeds generated $1.1 million more than anticipated, which will be applied to General Fund debt service, resulting in a corresponding General Fund savings to the budget. Finally, Federal Funds limitation is reduced by $4.8 million to reflect updated expenditure projections related to the State Innovation Model grant.
While this plan leaves OHA balanced, there are no resources available if caseloads go up, costs increase, or revenues come in lower than expected over the next few months. These are always risks. In particular, the timing and amount of revenues received by MAP through the Designated State Health Program (DSHP) continues to be a budget risk.
## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

**SB 5549-A**

Department of Human Services/Oregon Health Authority  
Dustin Ball, Blake Johnson, Kate Nass -- (503) 378-3119

### OTHER FUNDS

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### SUBCOMMITTEE ADJUSTMENTS (from LAB)

#### Department of Human Services

- **Children, Adults and Families**
  - FUND: $ (976,500)
  - LOTTERY: $ 417,556
  - FEDERAL FUNDS:
    - LIMITED: $ 54,082,870
    - NONLIMITED: $ 0
  - TOTAL: $ 53,523,926
  - POS: 0
  - FTE: 0.00

- **Seniors and People with Disabilities**
  - FUND: $ (192,976)
  - LOTTERY: $ 1,959,197
  - FEDERAL FUNDS:
    - LIMITED: $ (6,334,050)
    - NONLIMITED: $ 0
  - TOTAL: $ (4,567,829)
  - POS: 5
  - FTE: -0.31

- **Central Services**
  - FUND: $ 1,169,476
  - LOTTERY: $ 0
  - FEDERAL FUNDS:
    - LIMITED: $ 1,169,476
    - NONLIMITED: $ 0
  - TOTAL: $ 2,338,952
  - POS: 1
  - FTE: 1.00

**TOTAL Department of Human Services**

- FUND: $ 0
- LOTTERY: $ 2,376,753
- FEDERAL FUNDS:
  - LIMITED: $ 48,918,296
  - NONLIMITED: $ 0
- TOTAL: $ 51,295,049
- POS: 6
- FTE: 0.69

#### Oregon Health Authority

- **Health Care Programs**
  - FUND: $ (1,291,792)
  - LOTTERY: $ 17,961,249
  - FEDERAL FUNDS:
    - LIMITED: $ 32,162,407
    - NONLIMITED: $ 0
  - TOTAL: $ 48,314,644
  - POS: 0
  - FTE: 0.00

- **Public Health**
  - FUND: $ 0
  - LOTTERY: $ 142,000
  - FEDERAL FUNDS:
    - LIMITED: $ 0
    - NONLIMITED: $ 0
  - TOTAL: $ 142,000
  - POS: 0
  - FTE: 0.00

- **Central Services**
  - FUND: $ 238,371
  - LOTTERY: $ (1,243,931)
  - FEDERAL FUNDS:
    - LIMITED: $ (3,556,069)
    - NONLIMITED: $ 0
  - TOTAL: $ (4,561,669)
  - POS: 0
  - FTE: 0.00

- **Direct Charge Services**
  - FUND: $ 2,149,753
  - LOTTERY: $ 145,400
  - FEDERAL FUNDS:
    - LIMITED: $ (2,254,228)
    - NONLIMITED: $ 0
  - TOTAL: $ 40,925
  - POS: 0
  - FTE: 0.00

- **Debt Service**
  - FUND: $ (1,096,332)
  - LOTTERY: $ 0
  - FEDERAL FUNDS:
    - LIMITED: $ 0
    - NONLIMITED: $ (1,096,332)
  - TOTAL: $ (1,096,332)
  - POS: 0
  - FTE: 0.00

**TOTAL Oregon Health Authority**

- FUND: $ 0
- LOTTERY: $ 17,004,718
- FEDERAL FUNDS:
  - LIMITED: $ 26,352,110
  - NONLIMITED: $ 0
  - TOTAL: $ 43,356,828
  - POS: 0
  - FTE: 0.00

**TOTAL ADJUSTMENTS**

- FUND: $ 0
- LOTTERY: $ 19,381,471
- FEDERAL FUNDS:
  - LIMITED: $ 75,270,406
  - NONLIMITED: $ 0
  - TOTAL: $ 94,651,877
  - POS: 6
  - FTE: 0.69

**SUBCOMMITTEE RECOMMENDATION**

- FUND: $ 0
- LOTTERY: $ 19,381,471
- FEDERAL FUNDS:
  - LIMITED: $ 75,270,406
  - NONLIMITED: $ 0
  - TOTAL: $ 94,651,877
  - POS: 6
  - FTE: 0.69

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SB 5549-A  
Page 7 of 7
Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 22 – 4 – 0

House
Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson
Nays: Freeman, Hanna
Exc:  

Senate
Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Winters
Nays: Girod, Whitsett
Exc:  

Prepared By: Blake Johnson and Kate Nass, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency
Department of Human Services

Biennium
2013-15
## Budget Summary*

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### Position Summary

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<td>Authorized Positions</td>
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(1) Includes adjustments through December 2012
* Excludes Capital Construction expenditures

## Summary of Revenue Changes

The Department of Human Services (DHS) is funded with a mix of General Fund, Other Funds and Federal Funds revenues. Almost all of the General Fund is used as match or to meet state maintenance of effort requirements to receive Federal Funds. Other Funds revenues come from a wide variety of sources such as nursing home provider taxes, grants, unitary tax assessment, estate collections, third party recoveries, fees, and charges for services. The largest single Federal Funds source is the Supplemental Nutrition Assistance Program (SNAP); the benefits are reflected in the budget as Nonlimited Federal Funds. Federal Funds subject to expenditure limitation include the Title XIX Medicaid program, Temporary Assistance to Needy Families (TANF), Title IV-E Foster Care and Adoption Assistance, Child Welfare Services, Title XX Social Services Block Grant, and Basic 110 Rehabilitation funds. Some of these sources are capped block grants (e.g., TANF, Social Services Block Grant); others provide federal matching funds as partial reimbursement of state costs (e.g., Medicaid, Foster Care, and Adoption Assistance).

Several of the agency’s federal funding streams have been affected by federal sequestration action in the first quarter of the biennium. To keep programs intact, General Fund is used to backfill the lost revenue for that quarter. However, there continues to be risk related to the uncertainty of continued federal sequestration reductions and the agency may need to revisit this issue in a rebalance report.
Major revenue changes include $61.5 million Other Funds tied to House Bill 2216, which reauthorizes the Long Term Care Facility Assessment (i.e., nursing home provider tax) and extends it through June 30, 2020. The budget assumes the agency is successful in its request for a federal waiver under the Community First Choice Option State Plan (K Plan). Under the K Plan, the state would draw down an additional six percent in federal medical assistance percentage (FMAP) for services provided through the Aging and People with Disabilities and Developmental Disabilities programs; when coupled with match on maintenance of efforts expenditures, the enhanced rate is expected to generate over $200 million Federal Funds in 2013-15. Also included in the budget is $14 million of federal fiscal year 2014 TANF contingency funds.

Summary of Human Services Subcommittee Action

DHS supports children, families, seniors and people with physical and developmental disabilities by providing a range of services through 170 field offices and community partners. Toward more clearly defining roles and improving accountability, the Department reorganized in early 2012 and this restructure is shown in the 2013-15 budget. Central, Shared Services, and State Assessments and Enterprise-wide Costs budget structures continue to reflect DHS administrative and agency-wide support services and, for some shared functions, services provided to the Oregon Health Authority (OHA). In addition, certain cross-program activities, such as licensing and protective services, were consolidated and moved into these structures. On the program side, budget displays were modified to distinguish between five separate program budgets: Self Sufficiency, Child Welfare, Vocational Rehabilitation, Aging and People with Disabilities, and Developmental Disabilities.

The Subcommittee approved a budget of $9,096,895,050 total funds for DHS, which is 5.9 percent above the 2011-13 Legislatively Approved Budget (LAB). However, without the transfer of Medicare Buy-in (Part A & B) and nursing facility extended care programs to OHA, the budget is a 7.4 percent total funds increase from the 2011-13 biennium. The budget consists of $2,292,487,909 General Fund, $473,929,802 Other Funds, $3,816,132,008 Federal Funds, $2,514,345,331 Nonlimited Federal Funds, and 7,630 positions (7,480.61 FTE).

The Subcommittee reviewed the packages used to build the Governor’s budget, and the agency’s repricing (“reshoot”) adjustments for caseload, cost-per-case, and other changes since the Governor’s budget was developed. Also included in the Subcommittee’s recommended budget are 2011-13 interim actions that have an impact on the agency’s 2013-15 budget.

The Subcommittee approved two packages related to Senate Bill 822 (2013) policy changes and Public Employment Retirement System (PERS) costs that affect the entire agency. Package 092 (PERS Taxation Policy) reflects savings from eliminating increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent. The agency-wide reduction is $1,238,150 General Fund, $299,146 Other Funds, and $1,323,746 Federal Funds ($2,861,042 total funds). Package 093 (Other PERS Adjustments) captures savings from modifying PERS cost-of-living adjustments; this change reduces state employer contribution rates by approximately 2.2 percent. The package also accounts for savings related to an administrative action by the PERS Board expected to reduce state employer contribution rates by up to an additional 1.9 percent. The agency-wide reduction for Package 093 is $9,893,402 General Fund, $2,390,315 Other Funds, and $10,577,365 Federal Funds ($22,861,082 total funds).
The Subcommittee reviewed and approved the agency’s budget by program; major elements of each program and its recommended budget are summarized below in the following report sections.

**Central Services, Shared Services, State Assessments and Enterprise-wide Costs**

Central Services supports DHS only and includes agency-specific functions directly related to policy and program in the agency, such as the director’s office, client relations, parts of budget and human resources, and the Governor’s Advocacy Office. Shared Services between DHS and OHA include support services which are housed in one agency but which provide services to both agencies. Joint governance through a board and service-level agreements define the relationship between DHS and OHA for these shared services. DHS’ Shared Services budget includes the Shared Services Administration; Budget Center; Office of Forecasting, Research and Analysis; Office of Financial Services; Office of Human Resources; Office of Facilities; Office of Imaging and Records Management; Office of Contracts and Procurement; Office of Investigations and Training; Internal Audit and Consulting Unit; Office of Payment Accuracy and Recovery; Performance Excellence Office; Rules Coordinator; and the Office of Adult Abuse Prevention and Investigations.

The budget for State Assessments and Enterprise-wide Costs contains statewide assessments including various Department of Administrative Services’ assessments/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 the budgets for rent, debt service, and computer replacements.

The Subcommittee approved a budget for Central Services, Shared Services, and State Assessments and Enterprise-wide Costs of $477,027,901 total funds and 745 positions (724.86 FTE); this funding level is 4.2 percent below the 2011-13 LAB. The General Fund budget of $195,117,465 is 10.8 percent above the 2011-13 LAB. This General Fund increase is due primarily to correcting a budget hole that was an artifact of separating the DHS and OHA budgets during the development of the 2011-13 budget.

The budget includes standard PERS changes and adjustments related to 2011-13 interim budget actions. Package 081 (May 2012 Eboard) eliminates $3.2 million total funds and 13 positions (17.04 FTE) to implement staffing reductions driven by HB 4131 (2011.) Package 094 (December 2012 Rebalance) reduces expenditures by $3.8 million total funds which includes a fund shift of $3.4 million from Other Funds to General Fund to true up revenue sources. The package also includes a net increase of 49 positions (50.21 FTE) to implement fully the shared services model and to support a realignment of positions between direct program and program support functions for the retained programs. These positions, when added, will formally budget work currently being performed through doublefills and other temporary actions. The positions are funded in the budget by moving expenditures from Service and Supplies to Personal Services.

Another statewide standard adjustment is included for this program, Package 091 (Statewide Administrative Savings). The package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services (DAS) will continue to work on details of these reductions with agencies and report back during the 2014 session. The package eliminates $4.1 million General Fund ($14.9 million total funds) and includes a reallocation of the package target between DHS and OHA due to effects on shared activities.
The Subcommittee approved Package 101 (Central and Shared POP) and Package 102 (Healthy People) in the combined amount of $2.3 million General Fund ($3.8 million total funds) and three positions (2.76 FTE). The funding supports two positions for complex project management and one position for client safety, allows the agency to replace computers on a five year cycle, and covers debt service on the next phase of the Self Sufficiency Modernization project.

Additional budget changes were approved by the Subcommittee in Package 810 (LFO Analyst Adjustments). These include expenditure limitation and limited duration positions for a federal grant, a fund shift to capture a federal percentage increase (from 62.86 percent to 63.06 percent) in the FMAP rate, and technical adjustments and transfers. As part of those transfers, six positions are moved in from other programs.

The largest component of the package is an increase of $17,552,968 General Fund, a decrease of $17,707,476 Other Funds, and an increase of $7,375,118 Federal Funds ($7,220,610 total funds net increase) to correct a budget hole that was an artifact of separating DHS and OHA budgets during 2011-13 budget development. After a biennium of operations and with refinement of a cost allocation model for the “new” DHS, it became clear the programs retained within DHS rely more heavily on General Fund than the programs that had moved to OHA. The correction replaces empty Other Funds expenditure limitation with General Fund and updates the portion expected to be covered by federal dollars.

The Subcommittee added one position (0.75 FTE) and $87,412 General Fund ($183,332 total funds) to cover a position (dedicated hotline staff) and other costs associated with Senate Bill 123 (Oregon Foster Children’s Bill of Rights). Two more positions (0.59 FTE) at $107,117 Other Funds were added in DHS Shared Services to support accounting and investigations work related to Package 403 in OHA. That package implements the next phase of the Oregon State Hospital replacement project.

During the discussion and review of several agency programs, the Subcommittee noted that there seemed to be a potential disconnect between increases in services rates paid to providers and associated increases in direct care worker salaries. An agency-wide budget note (below) was developed and approved to support information gathering and reporting regarding this concern.

**Budget Note:**
The Department of Human Services shall provide a report to the Joint Committee on Ways and Means during the 2015 legislative session on services, providers, and rates for each agency program relying on direct care workers for service delivery. Dependent on the project’s final scope and expertise required, the Department may contract with a third party to complete the report. The report will include a description of the services, provider type, number of direct care workers, and worker turnover rates.

In addition, the report will show provider rates for the 2009-11, 2011-13, and 2013-15 biennia and the relationship between those rates and direct care worker wages. Where possible, the report will also show comparisons between the 2013-15 rates and what those rates would be if 2003-05 rates had been indexed to inflation from that biennium forward.

Within programs or specific services, the report will also describe how worker wages are determined, for example, whether by the employer or through a collective bargaining agreement. The Department will also identify any current data gaps, attempt to resolve them if possible, and outline strategies to resolve them for future reporting. Finally, the report will explore other options – beyond simply...
increasing rates – for ensuring that funding increases translate into wage increases for direct care workers. Some recognized strategies include implementing wage pass through legislation, providing enhanced reimbursements tied to workforce outcomes, specifying a minimum allocation of rate to direct care labor costs, and revising contract language. It is the intent of the Joint Committee on Ways & Means that provider rate increases in the 2013-15 budget have as a priority salary and benefit increases for direct care workers in order to reduce turnover rates.

Self Sufficiency
The Self-Sufficiency program provides assistance for low-income families to promote family stability and help them become self-supporting. The program helps clients meet basic needs, such as food and shelter. Other program services include job training, employment assistance, parenting supports, health care, and childcare. Programs include the Supplemental Nutrition Assistance Program (SNAP/food stamps), Temporary Assistance for Needy Families (TANF), and related programs including Job Opportunity and Basic Skills (JOBS) services, Employment Related Day Care (ERDC), Refugee Assistance, and youth prevention services. Staff in Self Sufficiency field offices also provides eligibility services for the Oregon Health Plan and other non-OHP programs offered through the Oregon Health Authority.

The Subcommittee recommended a budget of $3,513,858,333 total funds, of which $380,534,225 is General Fund. The recommended budget is a 3.0 percent total funds and a 25.2 percent General Fund increase over the 2011-13 LAB. The General Fund increase is primarily due to the use of $65 million non-General Fund resources to balance the 2011-13 budget. The 2013-15 recommended budget includes one-time resources again, but at about half that level; these include TANF federal fund carry-forward, federal TANF Contingency Fund resources, and Child Care Development Fund carry-forward.

The Subcommittee approved budget includes standard PERS changes and adjustments related to 2011-13 interim budget actions. Package 081 (May 2012 Eboard) eliminates $2.2 million total funds and 13 positions (12.45 FTE) to implement staffing reductions driven by House Bill 4131 (2011.) Package 094 (December 2012 Rebalance) adds $11.8 million total funds associated with increased TANF costs and expenditure limitation to access funding available for the Self Sufficiency Modernization project.

Package 090 (Analyst Adjustments) and Package 102 (SS – Economy and Jobs) were recommended by the Subcommittee. The packages continue temporary, cost-saving modifications made to the TANF program in 2011-13. These include up-front eligibility process changes, denying aid based on a “job quit” period, post TANF payments, eliminating enhanced payments for clients applying for federal Supplemental Security Income benefits, and setting an income eligibility limit equal to 185 percent of federal poverty guidelines for non-parent caretaker relatives of dependent children. The JOBS program is also flat funded at 2011-13 levels; a partial restoration is made in a separate action. Supporting statutory adjustments for the continued temporary program suspensions will be included in the program change bill. Altogether these changes, along with an inflation reduction used as a funding strategy in the Governor’s budget, generate $51.8 million in General Fund savings. The Governor’s budget also included a policy change establishing a 36-month time limit for TANF; that change is reversed in a subsequent package.

The Subcommittee approved Package 102 (SS – Healthy People), which has two components. The first is a series of internal staffing changes converting vacant eligibility positions to case management positions to prioritize getting TANF families stable and back to work. The associated
budget adjustments net to zero with respect to dollars, while driving a net position decrease of 13 (15.15 FTE). The overall program budget supports Self Sufficiency staffing levels at 71 percent of the workload model.

The second package component continues the Self Sufficiency Modernization project with a General Fund investment of $7.1 million ($56.1 million total funds). DHS is transitioning from program-oriented processes and duplicative systems to more efficient and streamlined systems. One expected project outcome is workers having fewer business processes and less paperwork, giving them more time to spend with clients. Along with General and Federal Funds, the funding package relies on $14.4 million in XI-Q bond proceeds. The recommended budget also includes 15 permanent positions (15.00 FTE). These positions will be responsible for ongoing activities associated with the project which include defining business-centric data management strategies, developing new approaches to service delivery from caseworker/field perspective, running core business analytics, and managing updates and changes to the business rules required due to legislative and other policy actions.

Budget adjustments to the Employment Related Day Care (ERDC) program, which provides childcare subsidies to employed parents, were approved in Package 105 (SS – Education). An additional $6.9 million General Fund supports increasing caseload capacity to an average of 9,000 cases over the biennium, which is above the 2011-13 average of 8,500. The package also includes a small inflation reduction and continuation of 2011-13 ERDC policy changes that save $5.3 million General Fund. One action closes program access to those families where the adult has declared they are self-employed, while the other retains higher co-pays for families in the ERDC program.

Additional budget changes were approved by the Subcommittee in Package 810 (LFO Analyst Adjustments). These include reshoot/"repricing" adjustments to account for caseload and cost per case changes based on the Spring 2013 forecast; an $11.5 million General Fund increase is driven primarily by the TANF unemployed caseload. The package also adds $125,500 General Fund for backfill of the first quarter federal sequestration action and reflects technical adjustments, including a transfer of Attorney General funding to Child Welfare.

The package also adds one-time revenues to offset General Fund expenditures: $7.5 million in TANF carryover, $4.0 million in current fiscal year TANF contingency funds, $7.9 million in CCDF carry-forward funding, and $14 million in federal fiscal year 2014 TANF contingency funds. While some risk is associated with the last component, funding has already been allocated at the federal level. Lastly, the package includes $2 million General Fund to help increase childcare provider rates; a modest reduction in the average caseload target of 9,000 may also be needed to implement rate increases within available program funding. The last provider rate increase was in 2007.

The Subcommittee approved Package 814 (TANF and JOBS Restorations) which adds $10 million General Fund to maintain the current TANF 60-month time limit that was proposed at 36 months in the Governor’s budget. Also in the package is a restoration of $5 million General Fund to the JOBS program; the increased funding will allow the agency to serve more people but the program will still be limiting services to those clients that are most “job ready” and “near job ready”.

Child Welfare Program
Child Welfare programs provide prevention, protection, and regulatory programs for Oregon’s vulnerable children. This includes programs that provide safe and permanent families for children that have been abused or neglected through child protective services, in-home services, out-of-home services, and adoptions.
The Subcommittee approved budget for Child Welfare is $906,903,176 total funds, which is a 12.8 percent increase from the 2011-13 LAB. The approved General Fund budget of $446,625,835 is 13.5 percent above the LAB. Along with caseload and cost per case adjustments, this funding level includes the full phase-in of the Strengthening, Reunifying, and Preserving Families program as enacted by Senate Bill 964 (2011). Funding for the program, which focuses on providing services to allow children to remain safely with their families and avoid foster care, at $11.2 million General Fund ($23.7 million total funds) is captured within the current service level budget. The Subcommittee adopted a budget note to provide for an interim legislative update and more detailed reporting as the program grows in 2013-15.

**Budget Note:**
The Department of Human Services shall report, to the Interim Joint Committee on Ways and Means in September 2013, on the following information concerning implementation of the Strengthening, Preserving, and Reunifying Families program under Senate Bill 964 (2011):

1. An accounting of program funds spent during the 2011-2013 biennium. For contracted activities, for each contract report should include information on the contractor, services provided, amount of funds expended, specified outcomes, and extent to which those outcomes were achieved.
2. An accounting of any contracts issued under Senate Bill 964 (2011) in the 2013-15 biennium including information on the contractor, services provided, contract amount, and a delineation of expected outcomes in each contract.
3. For the remaining 2013-15 contracts, information on issuance timelines, services provided, and expected outcomes.

The recommended budget includes standard PERS changes and adjustments related to 2011-13 interim budget actions. Package 081 (May 2012 Eboard) eliminates $1.5 million total funds and eight positions (7.71 FTE) to implement staffing reductions driven by House Bill 4131 (2011.) Package 094 (December 2012 Rebalance) adds $11.6 million Federal Funds to reflect expenditures allowed under OHA’s Designated State Health Program (DSHP) waiver, along with expenditure authority and positions to support federal grants.

Package 090 (Analyst Adjustments) was approved by the Subcommittee. The package makes a $750,000 General Fund investment in the Homeless and Runaway Youth program, which supports local programs providing services such as street outreach, day drop-in, and overnight shelter; the amount equates to a 69 percent increase over the 2011-13 program funding level.

The Subcommittee approved Package 106 (CW – Safety) in the amount of $19 million General Fund ($25.3 million total funds) and 126 positions (95.87 FTE). The package, which eliminates program inflation as a funding strategy, includes several other changes as follows:

- **The addition of $11.3 million General Fund ($11.5 million total funds), to comply with an ongoing eligibility rate methodology change that allows the state to retain Title IV-E federal funding for foster care. Three positions (3.00 FTE) are included with this component to ensure ongoing and timely compliance.**

- **An increase of $199,273 General Fund ($614,942 total funds) and one position (0.88 FTE) support ongoing efforts to stabilize post adoption services, including crisis response and consultation, and client care for children in residential care.**
• Funding of $1.0 million General Fund ($1.4 million total funds) and nine positions (6.75 FTE) to improve state compliance with the federal Indian Child Welfare Act. This includes one position for coordination with each tribe in Oregon.

• The budget includes an investment of $10.7 million General Fund ($20.4 million total funds) and 113 positions (85.24 FTE) that will improve Child Welfare staffing by bringing it up to 75 percent of the workload model. This investment will provide for implementation of differential response, which is a design for child welfare intervention that allows for more than one way of responding to reports of suspected child abuse or neglect. The additional capacity also supports improvements in the Oregon Safety Model, statewide expansion of Senate Bill 964 efforts, and compliance with federal requirements.

The following budget note was approved regarding the increase in Child Welfare staff and allocation of resources:

**Budget Note:**
The Department of Human Services shall report to the Interim Joint Committee on Ways in Means in September 2013 on its plan to allocate or reallocate new and vacant Child Welfare positions to target activities that have been understaffed in recent biennia while continuing to protect children to the fullest extent possible. Focus areas should include implementation of the differential response model, family finding efforts and efforts to ensure that children move from foster care to permanency as quickly as possible. The report should be by DHS Child Welfare district, display both current and augmented positions by role, and describe how the positions will help the agency meet desired outcomes. The Department will also report to the Joint Committee on Ways and Means during the 2015 Legislative Session regarding progress toward program outcomes.

Additional budget changes were approved by the Subcommittee in Package 810 (LFO Analyst Adjustments). These include reshoot/”repricing” adjustments related to the Spring 2013 forecast, which decrease General Fund by $2.6 million but result in an overall increase of $4.5 million total funds. Changes are primarily associated with foster care and residential caseload costs. The General Fund savings is offset by an investment of $2.7 million General Fund ($5.6 million total funds) to restore permanently 48 residential treatment beds. The forecast for this particular caseload had been artificially constrained because of decreased capacity due to previous budget reduction actions.

The package also contains a fund shift to capture a federal percentage increase in the FMAP rate and $405,125 General Fund for backfill of the first quarter federal sequestration action. The package includes technical adjustments and transfers that move a position to Shared Services and reprioritize the Attorney General budget by transferring funding into Child Welfare from other programs.

**Vocational Rehabilitation Program**
The Office of Vocational Rehabilitation Services (OVRS) works with businesses, schools and community program to assist youth and adults with disabilities other than blindness to obtain, maintain or advance in employment. The Subcommittee approved a budget of $91,459,880 total funds for OVRS, which is a 14.8 percent increase from the 2011-13 LAB. This approved budget includes $17,716,441 General Fund, an 11.6 percent increase from the LAB.
The Subcommittee approved budget includes standard PERS changes and adjustments in Package 810 (LFO Analyst Adjustments). This package includes $311,750 General Fund for backfill of the first quarter federal sequestration impact, an increase of $7.2 million Federal Funds to align the program’s budget with a five-year spending plan, and technical adjustments.

In Package 811 (Centers for Independent Living) the Subcommittee approved an additional $1.0 million General Fund for distribution to Centers for Independent Living (CILs). This increase is expected to bring budgets for Eastern Oregon Center for Independent Living (EOCIL) and Lane Independent Living Alliance (LILA) up to minimum operating level. The funding also covers a portion of the requested increase in overall base funding to CILs.

Aging and People with Disabilities Program
The Aging and People with Disabilities (APD) program provides long-term care services to seniors and people with physical disabilities. Clients receive services in their own homes, in community based care settings, and in nursing facilities. The APD budget supports local Area Agencies on Aging (AAAs) staff, county and state Medicaid field staff, and the disability determination services unit that determines eligibility for Social Security Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits. The budget also includes Oregon Project Independence and federal Older Americans Act funding. The Subcommittee approved a $2,425,682,990 total funds budget for APD, which is 3.6 percent more than the 2011-13 LAB. The approved General Fund budget of $705,265,861 is 6.4 percent less than LAB. However, this is a bit misleading as $125.9 million General Fund ($347.8 million total funds) was transferred to OHA with the Medicare Part A and B and the nursing facility extended care programs. Without this transfer, which is approved in Package 201, the recommended budget would be 10.3 percent General Fund and 18.4 percent total funds higher than the 2011-13 LAB.

The Subcommittee approved budget includes standard PERS changes and adjustments related to 2011-13 interim budget actions. Package 081 (May 2012 Eboard) eliminates $2.6 million total funds and 14 positions (14.00 FTE) to implement staffing reductions driven by House Bill 4131 (2011.) Package 094 (December 2012 Rebalance) adds $8.4 million Federal Funds to reflect expenditures allowed under OHA’s Designated State Health Program (DSHP) waiver.

The Subcommittee approved Package 108 (APD – Healthy People) in the amount of $23.7 million General Fund ($59.7 million total funds) and seven positions (6.40 FTE). The package includes several components outlined below.

- An increase of $1.6 million General Fund for research and development funding to support pilot projects to develop new approaches to long term care services. The package add $2.0 million General Fund ($4.0 total funds) and two positions (2.00 FTE) to help replace APD’s aging infrastructure to support changes that are anticipated to come about due to future planning efforts underway through its Long Term Care 3.0 initiative.

- Includes $9.1 million General Fund ($29.2 million total funds) to increase home and community based care rates that have been flat since July 2008.
• The budget includes funding to serve more seniors with severe mental illness in the community instead of at the more costly Oregon State Hospital, at a cost of $7.3 million General Fund ($10.7 million total funds). Another $1.9 million General Fund ($5.3 million total funds) will support community capacity needed to serve hard to place clients requiring specialized care. The Subcommittee approved $675,000 General Fund ($2.0 million total funds) to implement the final phase of the Certified Nursing Assistant (CNA) staffing study, which achieves a staffing standard of 2.46 hours per resident each day for CNAs.

• The Subcommittee approved funding for a new design and restart for the Money Follows the Person program. The budget also adds $1.8 million General Fund ($6.8 million total funds) and five positions (4.40 FTE) to improve care coordination between local APD and Area Agencies on Aging (AAA) offices and Coordinated Care Organizations (CCOs). The investment also supports the statewide Aging and Disability Resource Connection (ADRC) program to assist seniors, all individuals with disabilities, and veterans in navigating their options for long-term services and supports.

The Subcommittee approved the following budget note, which is also included in the OHA budget.

**Budget Note:**
The Department of Human Services (DHS) and the Oregon Health Authority (OHA) are directed to submit reports to the 2015 Legislature on how they have each responded with plans and/or actions that address the recommendations for the agencies contained in the 2013 Report on Senior and Disability Mental Health and Addictions in regards to the following:

- Create greater access to mental health and addiction services geared to the needs of seniors and persons with disabilities.
- Increase the capacity of the OHA Addictions and Mental Health program and providers to serve severely impaired seniors and persons with disabilities.
- In the health care transformation process, clarify the collaboration between the Coordinated Care Organizations and the DHS Aging and People with Disabilities (APD) program to develop best practices in dealing with the dual-eligible populations.
- Establish the role that senior and disability mental health and addictions will play in the re-definition of community-based long-term care through APD.
- Provide for greater geriatric training for professionals in the system.
- Create greater public awareness of mental health and addictions issues among seniors and persons with disabilities.
- Create ability to track and report on Mental Health and Addiction.
- Services to elderly and persons with disabilities.

Additional budget changes were approved by the Subcommittee in Package 810 (LFO Analyst Adjustments). These include reshoot/"repricing" adjustments related to the spring 2013 forecast that decrease General Fund by $23.3 million ($68.3 total funds), changes driven by updated FMAP rates, and repricing under the approved APD workload model. The Subcommittee added $311,625 General Fund for backfill of the first
quarter federal sequestration impact and Other Funds expenditure limitation and limited duration positions to support DHS work under the Oregon Health Authority’s State Innovation Grant.

The package also contains technical adjustments and transfers, including the transfer of two positions to Shared Services and correcting a double count of funding and positions related to mandated caseload that occurred during budget development. Also included is a fund shift of $1 million from General Fund to Other Funds to support one-time use of the Quality Care Fund balance.

The budget approved by the Subcommittee is predicated on the agency’s successful request for a federal waiver under the Community First Choice State Plan Option (K Plan). Package 812 (State Plan K Option) builds in required and ongoing maintenance of effort (MOE) expenditures at $16.1 million General Fund. Coupled with the federal matching component, the funding is used to increase rates, increase the in-home housing allowance to support consumers being served in their own homes, and convert the relative adult foster care program to an in-home program. A portion of the investment is also targeted for home care worker collective bargaining. For this program under the K Plan the state is expected to draw down an additional $92.9 million Federal Funds.

The Subcommittee approved Package 813 (House Bill 2216 – NF Assess and Caseload Reduction) which reflects another underlying assumption in the budget plan, which is continuation of the Long Term Care Facility Assessment. This change allows $21.6 million General Fund to be freed up for other uses. House Bill 2216 (2013), which contains the extension, also will provide for higher reimbursement rates and outlines a strategy for helping providers reach a goal of reducing Oregon’s long term care bed capacity by 1,500 beds by the end of 2015.

The Subcommittee also approved the following budget note associated with the potential repurposing of excess bed capacity.

**Budget Note:**
The Legislative Assembly is invested in ensuring that local resources exist to serve seniors, people with disabilities, individuals with mental illness, and individuals with physical or mental health needs in need of community transitions or placement. More capacity is needed to divert or transition individuals currently residing in the Oregon State Hospital or other costly inpatient settings.

As the Department conducts regional meetings required under House Bill 2216, the Department of Human Services should consult at the state level and with local communities regarding the need for more community based settings for these populations. The Department shall also engage with local nursing facility providers that are considering taking advantage of the capacity reduction initiatives contained in HB 2216 to assess opportunities for more residential and supported housing capacity development for the afore-mentioned populations.

The Department, in partnership with the provider community, shall track and report on discussions about capacity reduction and transition. The first report will be to the Joint Committee on Ways and Means during the 2014 Legislative Session. The second report will be to the Interim Joint Committee on Ways and Means or the Emergency Board, during or near November 2014.
Developmental Disabilities Program
The Developmental Disabilities (DD) program provides services for Oregonians with intellectual and developmental disabilities of all ages. DD offers supports to children and families ranging from in-home family support, intensive in-home supports, and out of home, 24-hour services delivered by proctor/foster care or residential care providers. Services for adults range from brokerage support services to assist an individual to live in their own home or with family or friends, to 24-hour comprehensive services. The Subcommittee approved a $1,681,962,770 total funds budget for DD, which is 15.8 percent more than the 2011-13 LAB. The approved General Fund budget of $547,228,082 is 1.8 percent more than the LAB. The Subcommittee approved the following specific budget adjustments:

The Subcommittee approved budget includes standard PERS changes and adjustments related to 2011-13 interim budget actions. Package 081 (May 2012 Eboard) eliminates $1.0 million total funds and five positions (5.00 FTE) to implement staffing reductions driven by House Bill 4131 (2011). Package 094 (December 2012 Rebalance) adds $12.0 million total funds to reflect federal expenditures allowed under OHA’s Designated State Health Program (DSHP) waiver and to leverage additional local match resources.

The Subcommittee approved Package 109 (DD – Healthy People) in the amount of $26.2 million General Fund ($64.8 million total funds) and 42 positions (28.06 FTE). The package includes several adjustments as follows:

- Adds $1.2 million General Fund to support four additional Family to Family networks, making services available to more families across the state with a particular focus on eastern Oregon.

- As part of implementing an electronic web-based central client record and case management system, $2.4 million General Fund ($4.8 million total funds) and two positions (1.66 FTE).

- Adds $4.8 million General Fund ($13 million total funds) to cover roll-up costs associated a 1.25 percent wage increase for Personal Support Workers (PSW) effective April 1, 2013. The budget also includes $7.4 million General Fund ($19.9 million total funds) as a placeholder for costs that will remain indeterminate until the conclusion of collective bargaining.

- At a total of $10.3 million General Fund ($25.7 million total funds) and 40 positions (26.40 FTE), the budget supports the Employment First Initiative and associated Quality Assurance efforts. These resources will allow the program, in partnership with Vocational Rehabilitation and the Department of Education, to carry out activities under the Governor’s Executive Order #13-04. That directive sets out a process for moving people with developmental disabilities out of sheltered workshops and into integrated employment.

The Subcommittee in Package 810 (LFO Analyst Adjustments) approved additional budget changes. These include reshoot/”repricing” adjustments to account for caseload and cost per case changes based on the Spring 2013 forecast. It also includes changes driven by updated FMAP rates, a correction to the FMAP rate for the State Operated Community Programs (SOCP), and $16,625 General Fund for backfill of the first quarter federal sequestration action. The package also contains technical adjustments and transfers, including the transfer of three positions to APD and a $250,000 from General Fund to Other Funds to support one-time use of the Quality Care Fund balance.
The budget approved by the Subcommittee assumes the agency’s successful request for a federal waiver under the Community First Choice State Plan Option (K Plan). Package 812 (State Plan K Option) builds in the required and ongoing MOE expenditures at $29.5 million General Fund, which are used primarily to restore six percent rate reductions taken by programs in previous biennia. These include group homes, specialized living, transportation, and adult foster care. About $13.5 million General Fund is set aside to fund a bargaining pot for health care insurance for Personal Support Workers. Under the K Plan for this program the state is expected to draw down an additional $126.6 million Federal Funds.

The Subcommittee also approved the following two budget notes for this program.

**Budget Note:**
By January 2015, the Department of Human Services will implement a uniform needs assessment tool for individuals receiving developmental disabilities services. Any assessment tool used by the Department must be evidence-based and consider broad stakeholder input. Implementation of the uniform needs assessment tool should be done equitably and with stakeholder input.

**Budget Note:**
As the Department of Human Services implements CMS approved Medicaid State Plan 1915(K) Option in Developmental Disability Services, the Department shall eliminate program wide monetary caps on brokerage consumer’s individual service dollars. The Department shall base access and amount of an individual's brokerage personal service budget on needs identified through a functional needs assessment and the individual’s goals identified through the person centered planning process. The department will continue to develop an individual service plan that is based upon the individual’s goals and is designed to provide individualized supports necessary to further the achievement of those goals. Funding for all services will be in accordance with regulations established by the Centers for Medicare and Medicaid Services. The department is directed to keep person centered planning and self-determination as foundations of the DD system.

**Summary of Performance Measure Action**
See attached Legislatively Adopted 2013-15 Key Performance Measures form.
## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

### Department of Human Services
Blake Johnson - 503-378-3195
Kate Nass - 503-378-3742

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*Excludes Capital Construction Expenditures
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% Change from 2013-15 Current Service Level
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*Excludes Capital Construction Expenditures
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**Other Adjustments:**

- Case load and Cost per case (Spring 2013 Forecast) $11,510,266
- First Quarter Sequestration Impact $125,500
- True-up expenditure sourced by housing revenue $0
- Apply TANF Carryover $7,497,257
- Apply TANF Contingency Funds $4,013,009
- Technical adjustments and transfers $8,868,932
- Use 2011-13 CCCF Carryforward $7,900,000
- Employment Related Day Care (Provider Rates) $2,000,000

*SB 5529-A*

Page 17 of 23
## Package 814: TANF and JOBS Restorations

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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$3,513,858,333</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,058.99</strong></td>
</tr>
</tbody>
</table>

% Change from 2011-13 Leg Approved Budget
- Keep TANF Time Limit @ 60 months: 25.2%
- JOBS Partial Restoration: -15.5%

% Change from 2013-15 Current Service Level
- Keep TANF Time Limit @ 60 months: 4.7%
- JOBS Partial Restoration: 21.2%

*Excludes Capital Construction Expenditures
### Department of Human Services - Child Welfare Program

**Kate Nass - 503-378-3742**

#### DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

### 2011-13Legislatively Approved Budget at Dec 2012 *

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-13 Legislatively Approved Budget at Dec 2012 *</td>
<td>$393,526,597</td>
<td>$0</td>
<td>$23,378,065</td>
<td>$0</td>
<td>$386,982,115</td>
<td>0</td>
<td>$803,886,777</td>
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<tr>
<td>2013-15 ORBITS printed Current Service Level (CSL)*</td>
<td>$429,229,748</td>
<td>$0</td>
<td>$20,175,569</td>
<td>$0</td>
<td>$411,084,530</td>
<td>0</td>
<td>$860,489,847</td>
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</table>

### SUBCOMMITTEE ADJUSTMENTS (from CSL)

<table>
<thead>
<tr>
<th>Package</th>
<th>Description</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>081: May 2012 E-Board</td>
<td>$ (768,771)</td>
<td>$0</td>
<td>$ (805)</td>
<td>$0</td>
<td>$ (760,590)</td>
<td>0</td>
<td>$(1,530,166)</td>
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<tr>
<td>090: Analyst Adjustments (DAS - CFO)</td>
<td>$750,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>$750,000</td>
<td>0</td>
</tr>
<tr>
<td>092: PERS Taxation Policy</td>
<td>$(528,128)</td>
<td>$0</td>
<td>$(9,629)</td>
<td>$0</td>
<td>$(440,149)</td>
<td>0</td>
<td>$(977,906)</td>
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<tr>
<td>093: Other PERS Adjustments</td>
<td>$(4,219,991)</td>
<td>$0</td>
<td>$(76,940)</td>
<td>$0</td>
<td>$(3,516,999)</td>
<td>0</td>
<td>$(7,813,930)</td>
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<tr>
<td>094: December 2012 Rebalance</td>
<td>$291,667</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$12,986,340</td>
<td>0</td>
<td>$13,278,007</td>
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<tr>
<td>106: CW - Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Remove inflow</td>
<td>$(4,186,523)</td>
<td>$0</td>
<td>$(381,087)</td>
<td>$0</td>
<td>$(4,071,607)</td>
<td>0</td>
<td>$(8,639,217)</td>
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<tr>
<td>Post Adoption Program Buy-back</td>
<td>$108,480</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$325,439</td>
<td>0</td>
<td>$433,919</td>
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<tr>
<td>IV-E Foster Care Eligibility Rate</td>
<td>$11,302,586</td>
<td>$0</td>
<td>$3,063</td>
<td>$0</td>
<td>$232,479</td>
<td>0</td>
<td>$11,538,128</td>
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<tr>
<td>Licensing</td>
<td>$90,793</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$90,230</td>
<td>0</td>
<td>$181,023</td>
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<td>Indian Child Welfare Act Compliance</td>
<td>$978,948</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$445,326</td>
<td>0</td>
<td>$1,424,274</td>
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<tr>
<td>Workload/Differential Response</td>
<td>$10,737,641</td>
<td>$0</td>
<td>$2,087,768</td>
<td>$0</td>
<td>$7,562,739</td>
<td>0</td>
<td>$20,388,148</td>
<td>113</td>
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<tr>
<td>810: LFO Analyst Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter Sequestration Impact</td>
<td>$405,125</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$(405,125)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>FMAP Change (Federal percentage increase)</td>
<td>$(369,291)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$369,291</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Foster Care Caseload/Cost per Case</td>
<td>$3,384,290</td>
<td>$0</td>
<td>$452,863</td>
<td>$0</td>
<td>$1,998,080</td>
<td>0</td>
<td>$5,835,233</td>
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<tr>
<td>Adoptions Caseload/Cost per Case</td>
<td>$(758,463)</td>
<td>$0</td>
<td>$41,696</td>
<td>$0</td>
<td>$(457,314)</td>
<td>0</td>
<td>$(1,174,081)</td>
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<tr>
<td>Residential Care Cost per Case</td>
<td>$(5,240,134)</td>
<td>$0</td>
<td>$1,910,211</td>
<td>$0</td>
<td>$3,160,083</td>
<td>0</td>
<td>$(169,840)</td>
<td>0</td>
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<tr>
<td>Increase Residential Capacity by 48 Beds</td>
<td>$2,746,956</td>
<td>$0</td>
<td>$25,717</td>
<td>$0</td>
<td>$2,821,012</td>
<td>0</td>
<td>$5,593,685</td>
<td>0</td>
</tr>
<tr>
<td>Technical adjustments and transfers</td>
<td>$2,670,902</td>
<td>$0</td>
<td>$(34,333)</td>
<td>$0</td>
<td>$4,659,483</td>
<td>0</td>
<td>$7,296,052</td>
<td>(1)</td>
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</tbody>
</table>

### TOTAL ADJUSTMENTS

| | $17,396,087 | 0 | $4,018,524 | 0 | $24,998,718 | 0 | $46,413,329 | 119 | 88.42 |

### SUBCOMMITTEE RECOMMENDATION *

| | $446,625,835 | 0 | $24,194,093 | 0 | $436,083,248 | 0 | $906,903,176 | 2,499 | 2,420.82 |

### % Change from 2011-13 Leg Approved Budget

- 13.5%
- 0.0%
- 3.5%
- 0.0%
- 12.7%
- 0.0%
- 12.8%

### % Change from 2013-15 Current Service Level

- 4.1%
- 0.0%
- 19.9%
- 0.0%
- 6.1%
- 0.0%
- 5.4%

*Excludes Capital Construction Expenditures
DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Human Services - Vocational Rehabilitation Program
Kate Nass - 503-378-3742

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUND</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-13 Legislatively Approved Budget at Dec 2012 *</td>
<td>$15,879,444</td>
<td>$0</td>
<td>$2,269,521</td>
<td>$0</td>
<td>$61,506,963</td>
<td>$0</td>
<td>$79,655,928</td>
</tr>
<tr>
<td>2013-15 ORBITS printed Current Service Level (CSL)*</td>
<td>$16,617,227</td>
<td>$0</td>
<td>$2,324,474</td>
<td>$0</td>
<td>$65,274,269</td>
<td>$0</td>
<td>$84,215,970</td>
</tr>
<tr>
<td><strong>SUBCOMMITTEE ADJUSTMENTS (from CSL)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Package 092: PERS Taxation Policy</td>
<td>$(19,130)</td>
<td>$0</td>
<td>$(452)</td>
<td>$0</td>
<td>$(71,892)</td>
<td>$0</td>
<td>$(91,474)</td>
</tr>
<tr>
<td>Package 093: Other PERS Adjustments</td>
<td>$(152,858)</td>
<td>$0</td>
<td>$(3,610)</td>
<td>$0</td>
<td>$(574,450)</td>
<td>$0</td>
<td>$(730,918)</td>
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<tr>
<td>Package 810: LFO Analyst Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter Sequestration Impact</td>
<td>$311,750</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$(311,750)</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Adjust Federal Funds to 5 year spending plan</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$7,160,776</td>
<td>$0</td>
<td>$7,160,776</td>
</tr>
<tr>
<td>Technical adjustments and transfers</td>
<td>$(40,548)</td>
<td>$0</td>
<td>$(2,357)</td>
<td>$0</td>
<td>$(51,569)</td>
<td>$0</td>
<td>$(94,474)</td>
</tr>
<tr>
<td>Package 811: Centers for Independent Living</td>
<td>$1,000,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>TOTAL ADJUSTMENTS</strong></td>
<td>$1,099,214</td>
<td>$0</td>
<td>$(6,419)</td>
<td>$0</td>
<td>$6,151,115</td>
<td>$0</td>
<td>$7,243,910</td>
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<tr>
<td><strong>SUBCOMMITTEE RECOMMENDATION</strong> *</td>
<td>$17,716,441</td>
<td>$0</td>
<td>$2,318,055</td>
<td>$0</td>
<td>$71,425,384</td>
<td>$0</td>
<td>$91,459,880</td>
</tr>
</tbody>
</table>

% Change from 2011-13 Leg Approved Budget:
- 11.6% 0.0% 2.1% 0.0% 16.1% 0.0% 14.8%
- 6.6% 0.0% -0.3% 0.0% 9.4% 0.0% 8.6%

*Excludes Capital Construction Expenditures
### Detail of Joint Committee on Ways and Means Action

**SB 5529-A**

**Department of Human Services - Aging and People with Disabilities Program**

Blake Johnson - 503-378-3195

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>LIMITED</td>
<td>NONLIMITED</td>
<td>LIMITED</td>
</tr>
<tr>
<td>2011-13 Legislatively Approved Budget at Dec 2012</td>
<td>$753,342,731</td>
<td>$0</td>
<td>$142,607,411</td>
<td>$0</td>
<td>$1,446,384,921</td>
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<tr>
<td>2013-15 ORBITS printed Current Service Level (CSL)</td>
<td>$928,166,377</td>
<td>$0</td>
<td>$106,723,038</td>
<td>$0</td>
<td>$1,654,976,503</td>
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</tbody>
</table>

**Subcommittee Adjustments (from CSL)**

| Package 081: May 2012 E-Board                      | $(1,270,991) | $0 | $0 | $0 | $(1,329,871) | $0 | $(2,600,862) | 14  | 14.00 |
| Package 092: PERS Taxation Policy                 | $(204,672)   | $0 | $(1,406) | $0 | $(289,741) | $0 | $(495,819) | 0   | 0.00  |
| Package 093: Other PERS Adjustments               | $(1,635,423) | $0 | $(11,234) | $0 | $(2,315,173) | $0 | $(3,961,830) | 0   | 0.00  |
| Package 094: December 2012 Rebalance              | $0 | $0 | $0 | $0 | $8,457,706 | $0 | $8,457,706 | 0   | 0.00  |
| Package 108: APD - Healthy People                 | $1,600,000   | $0 | $0 | $0 | $8,457,706 | $0 | $8,457,706 | 0   | 0.00  |
| Innovations, Research, and Development            | $9,100,000   | $0 | $0 | $0 | $20,120,628 | $0 | $29,220,628 | 0   | 0.00  |
| Mental Health - Community Based instead of OSH    | $7,300,000   | $0 | $0 | $0 | $3,433,056 | $0 | $10,733,056 | 0   | 0.00  |
| Community Options for Special Populations         | $1,983,845   | $0 | $0 | $0 | $3,324,523 | $0 | $5,308,368 | 0   | 0.00  |
| Reinstall Money Follows the Person                 | $(770,180)   | $0 | $0 | $0 | $770,180 | $0 | $0 | 0 | 0.00  |
| Care Coordination (APD-AAAs-CCOs) and ADRCs        | $1,800,000   | $0 | $0 | $0 | $5,022,752 | $0 | $6,822,752 | 5   | 4.40  |
| Long Term Care 3.0 Infrastructure                  | $2,000,000   | $0 | $0 | $0 | $2,000,000 | $0 | $4,000,000 | 2   | 2.00  |
| Increase Certified Nursing Assistant Staffing      | $675,000     | $0 | $120,000 | $0 | $1,215,309 | $0 | $2,010,309 | 0   | 0.00  |
| Package 201: Medicare Buy-in/NF Acute Services to OHA | $(125,968,532) | $0 | $0 | $0 | $(221,783,403) | $0 | $(347,751,935) | 0   | 0.00  |
| Package 810: LFO Analyst Adjustments               | $311,625     | $0 | $0 | $0 | $(311,625) | $0 | $0 | 0 | 0.00  |
| First Quarter Sequestration Impact                 | $(3,856,962) | $0 | $(9,837) | $0 | $3,866,799 | $0 | $0 | 0 | 0.00  |
| CaseLoad/Cost per Case (Spring 2013 Forecast)      | $(23,332,189) | $0 | $(3,529,837) | $0 | $(41,369,940) | $0 | $(68,231,966) | 12  | 12.00 |
| Repricing under workload model                     | $1,080,916   | $0 | $0 | $0 | $190,190 | $0 | $1,271,106 | 2   | 1.92  |
| OHA State Innovation Grant                         | $0 | $0 | $1,725,631 | $0 | $0 | $1,725,631 | 6 | 5.50  |
| Double Count Correction                            | $(4,685,004) | $0 | $0 | $0 | $(1,279,875) | $0 | $(5,964,879) | 34  | (34.00) |
| Use Quality Care Fund                              | $(1,000,000) | $0 | $1,000,000 | $0 | $0 | $0 | 0 | 0 | 0.00  |
| Technical adjustments and transfers                | $(650,201)   | $0 | $(2,592) | $0 | $(202,176) | $0 | $(854,969) | 2   | (2.00) |

**Package 812: State Plan K Option Required Maintenance of Effort ($29.5 million GF)**

| Increase HCBS Rates (augments Pkg 108 increase) | $6,080,000 | $0 | $(1,353,208) | $0 | $12,884,155 | $0 | $17,610,947 | 0   | 0.00  |
| IN-Home Housing Allowance                         | $1,140,000 | $0 | $(253,726) | $0 | $2,415,779 | $0 | $3,320,053 | 0   | 0.00  |
| Convert Relative Adult Foster Home to In-Home     | $2,990,000 | $0 | $(665,476) | $0 | $6,336,122 | $0 | $8,660,646 | 0   | 0.00  |
| Increase in bargaining pool                       | $5,876,038 | $0 | $(1,307,815) | $0 | $12,451,939 | $0 | $17,020,162 | 0   | 0.00  |
### Department of Human Services - Aging and People with Disabilities Program

Blake Johnson - 503-378-3195

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>LIMITED</td>
<td>NONLIMITED</td>
<td>LIMITED</td>
<td>NONLIMITED</td>
<td></td>
</tr>
<tr>
<td>Savings resulting from higher K FMAP %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Package 813: HB 2216 - NF Assess &amp; Caseload Reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinstall NF Assessment and Rates</td>
<td>(58,825,510)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>58,825,510</td>
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</tr>
<tr>
<td>Decrease Nursing Facility Caseload</td>
<td></td>
<td>59,642,098</td>
<td>0</td>
<td>68,353,351</td>
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<td>106,400,427</td>
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<tr>
<td></td>
<td></td>
<td>(1,826,568)</td>
<td>0</td>
<td>(35,594,637)</td>
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<td>(56,464,459)</td>
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<tr>
<td>TOTAL ADJUSTMENTS</td>
<td>(220,900,516)</td>
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<td>(94,808,442)</td>
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<td>(262,182,928)</td>
<td>(23)</td>
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<tr>
<td>SUBCOMMITTEE RECOMMENDATION *</td>
<td>705,265,861</td>
<td>0</td>
<td>160,249,068</td>
<td>1,560,168,061</td>
<td>0</td>
<td>2,425,682,990</td>
<td>1,243</td>
</tr>
</tbody>
</table>

-6.4%  0.0%  12.4%  0.0%  7.9%  0.0%  3.6%

-23.9%  0.0%  50.2%  0.0%  -5.7%  0.0%  -9.8%

*Excludes Capital Construction Expenditures
### Detail of Joint Committee on Ways and Means Action

**SB 5529-A**

**Department of Human Services - Developmental Disabilities Program**

**Blake Johnson - 503-378-3195**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
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<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-13 Legislatively Approved Budget at Dec 2012 *</td>
<td>$537,713,615</td>
<td>$0</td>
<td>$38,379,649</td>
<td>$0</td>
<td>$876,862,704</td>
<td>$0</td>
<td>$1,452,955,968</td>
</tr>
<tr>
<td>2013-15 ORBITS printed Current Service Level (CSL)*</td>
<td>$562,044,660</td>
<td>$0</td>
<td>$25,952,618</td>
<td>$0</td>
<td>$916,934,077</td>
<td>$0</td>
<td>$1,504,931,355</td>
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</tbody>
</table>

#### Subcommittee Adjustments (from CSL)

<table>
<thead>
<tr>
<th>Package</th>
<th>Description</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
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<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package 081: May 2012 E-Board</td>
<td>$449,426</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$(588,113)</td>
<td>$0</td>
<td>$(1,037,539)</td>
<td>(5)</td>
</tr>
<tr>
<td>Package 092: PERS Taxation Policy</td>
<td>$126,480</td>
<td>$0</td>
<td>$(364)</td>
<td>$0</td>
<td>$(184,703)</td>
<td>$0</td>
<td>$(311,547)</td>
<td>0</td>
</tr>
<tr>
<td>Package 093: Other PERS Adjustments</td>
<td>$(1,010,639)</td>
<td>$0</td>
<td>$(2,908)</td>
<td>$0</td>
<td>$(1,475,867)</td>
<td>$0</td>
<td>$(2,489,414)</td>
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<tr>
<td>Package 094: December 2012 Rebalance</td>
<td>$0</td>
<td>$0</td>
<td>$2,649,699</td>
<td>$0</td>
<td>$9,380,098</td>
<td>$0</td>
<td>$12,029,797</td>
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<tr>
<td>Package 109: DD - Healthy People</td>
<td>$1,200,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,200,000</td>
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<tr>
<td>Employment First Initiative</td>
<td>$8,603,538</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$13,641,968</td>
<td>$0</td>
<td>$22,245,506</td>
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<tr>
<td>Contracted Services</td>
<td>$4,856,426</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$8,219,574</td>
<td>$0</td>
<td>$13,076,000</td>
<td>0</td>
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<tr>
<td>In-Home Support Services</td>
<td>$7,426,020</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$12,568,648</td>
<td>$0</td>
<td>$19,994,668</td>
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<tr>
<td>Electronic Record Keeping System</td>
<td>$2,445,998</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$2,444,866</td>
<td>$0</td>
<td>$4,890,864</td>
<td>2</td>
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<tr>
<td>Quality Assurance</td>
<td>$1,714,080</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,703,800</td>
<td>$0</td>
<td>$3,417,880</td>
<td>30</td>
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<tr>
<td>Package 810: LFO Analyst Adjustments</td>
<td>$16,625</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$(16,625)</td>
<td>$0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FMAP Change (Federal percentage increase)</td>
<td>$(3,686,318)</td>
<td>$0</td>
<td>$(125,190)</td>
<td>$0</td>
<td>$3,993,508</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Correct SOCIP Fund Split</td>
<td>$(4,576,060)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$4,576,060</td>
<td>$0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Participation rates/Caseload/Cost per Case</td>
<td>$5,970,953</td>
<td>$0</td>
<td>$34,707</td>
<td>$0</td>
<td>$8,483,500</td>
<td>$0</td>
<td>$14,489,160</td>
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<tr>
<td>Use Quality Care Fund</td>
<td>$(250,000)</td>
<td>$0</td>
<td>$250,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Technical adjustments and transfers</td>
<td>$(560,463)</td>
<td>$0</td>
<td>$(3,449)</td>
<td>$0</td>
<td>$(295,977)</td>
<td>$0</td>
<td>$(859,889)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

#### Package 812: State Plan K Option Required Maintenance of Effort ($29.5 million GF)

<table>
<thead>
<tr>
<th>Description</th>
<th>GENERAL FUND</th>
<th>LOTTERY FUNDS</th>
<th>OTHER FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Care</td>
<td>$9,220,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$19,070,815</td>
<td>$0</td>
<td>$28,290,815</td>
</tr>
<tr>
<td>Supportive Living (non-brokerage)</td>
<td>$1,190,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$2,461,418</td>
<td>$0</td>
<td>$3,651,418</td>
</tr>
<tr>
<td>Transportation (non-medical)</td>
<td>$150,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$310,263</td>
<td>$0</td>
<td>$460,263</td>
</tr>
<tr>
<td>Adult &amp; Child Foster Care</td>
<td>$5,420,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$11,210,826</td>
<td>$0</td>
<td>$16,630,826</td>
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<tr>
<td>Personal Support Worker Health Insurance</td>
<td>$13,476,849</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$27,875,758</td>
<td>$0</td>
<td>$41,352,607</td>
</tr>
<tr>
<td>Savings resulting from higher K FMAP %</td>
<td>$(65,665,681)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$65,665,681</td>
<td>$0</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL ADJUSTMENTS**

$(14,816,578) | $0 | $2,802,495 | $0 | $189,045,498 | $0 | $177,031,415 | 34 | 20.06 |

**SUBCOMMITTEE RECOMMENDATION ***

$(547,228,082) | $0 | $28,755,113 | $0 | $1,105,979,575 | $0 | $1,681,962,770 | 841 | 824.39 |

% Change from 2011-13 Leg Approved Budget | 1.8% | 0.0% | -25.1% | 0.0% | 26.1% | 0.0% | 15.8% |
% Change from 2013-15 Current Service Level | -2.6% | 0.0% | 10.8% | 0.0% | 20.6% | 0.0% | 11.8% |

*Excludes Capital Construction Expenditures
Legislatively Approved 2013-2015 Key Performance Measures

Agency: HUMAN SERVICES, DEPARTMENT of

Mission: Assisting people to become independent, healthy and safe.

<table>
<thead>
<tr>
<th>Legislatively Proposed KPMs</th>
<th>Customer Service Category</th>
<th>Agency Request</th>
<th>Most Current Result</th>
<th>Target 2014</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - OVRS CLOSED - EMPLOYED – The percentage of Office of Vocational Rehabilitation Services (OVRS) consumers with a goal of employment who are employed.</td>
<td>Approved KPM</td>
<td>57.00</td>
<td>66.00</td>
<td>66.00</td>
<td></td>
</tr>
<tr>
<td>2 - TANF FAMILY STABILITY – The percentage of children entering foster care who had received TANF cash assistance within the prior two months.</td>
<td>Approved KPM</td>
<td>37.10</td>
<td>30.00</td>
<td>30.00</td>
<td></td>
</tr>
<tr>
<td>3 - TANF RE-ENTRY - The percentage of Temporary Assistance for Needy Families (TANF) cases who have not returned within 18 months after exit due to employment.</td>
<td>Approved KPM</td>
<td>64.20</td>
<td>65.00</td>
<td>65.00</td>
<td></td>
</tr>
<tr>
<td>4 - SNAP (Supplemental Nutrition Assistance Program) UTILIZATION - The ratio of Oregonians served by SNAP to the number of low-income Oregonians.</td>
<td>Approved KPM</td>
<td>91.70</td>
<td>85.00</td>
<td>85.00</td>
<td></td>
</tr>
<tr>
<td>5 - SNAP (Supplemental Nutrition Assistance Program) ACCURACY - The percentage of accurate SNAP payments</td>
<td>Approved KPM</td>
<td>96.01</td>
<td>96.00</td>
<td>96.00</td>
<td></td>
</tr>
<tr>
<td>6 - ENHANCED CHILD CARE - The percentage of children receiving care from providers who are receiving the enhanced or licensed rate for child care subsidized by DHS</td>
<td>Approved KPM</td>
<td>54.40</td>
<td>60.00</td>
<td>60.00</td>
<td></td>
</tr>
<tr>
<td>7 - ABSENCE OF REPEAT MALTREATMENT - The percentage of abused/neglected children who were not subsequently victimized within 6 months of prior victimization.</td>
<td>Approved KPM</td>
<td>95.00</td>
<td>96.00</td>
<td>96.00</td>
<td></td>
</tr>
<tr>
<td>8 - TIMELINESS AND PERMANENCY OF REUNIFICATION OF CHILDREN</td>
<td>Approved KPM</td>
<td>116.80</td>
<td>125.00</td>
<td>125.00</td>
<td></td>
</tr>
<tr>
<td>9 - TIMELINESS OF FOSTER CARE RELATED ADOPTIONS</td>
<td>Approved KPM</td>
<td>97.90</td>
<td>104.40</td>
<td>104.40</td>
<td></td>
</tr>
<tr>
<td>10 - LTC NEED PREVENTION - Percentage of seniors (65+) needing publicly-funded long term care services.</td>
<td>Approved KPM</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Legislatively Proposed KPMs</td>
<td>Customer Service Category</td>
<td>Agency Request</td>
<td>Most Current Result</td>
<td>Target 2014</td>
<td>Target 2015</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------</td>
<td>----------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>11 - LTC RECIPIENTS LIVING OUTSIDE OF NURSING FACILITIES – The percentage of Oregonians accessing publicly-funded long-term care services who are living outside of nursing facilities.</td>
<td>Approved KPM</td>
<td></td>
<td>85.09</td>
<td>85.96</td>
<td></td>
</tr>
<tr>
<td>12 - DEVELOPMENTAL DISABILITY SUPPORT SERVICES - The percentage of eligible adults who are receiving adult support services within 90 days of request.</td>
<td>Approved KPM</td>
<td>80.40</td>
<td>98.00</td>
<td>98.00</td>
<td></td>
</tr>
<tr>
<td>13 - PEOPLE WITH DISABILITIES IN COMMUNITY SETTINGS – The percentage of individuals with developmental disabilities who live in community settings of five or fewer.</td>
<td>Approved KPM</td>
<td>98.50</td>
<td>98.60</td>
<td>98.60</td>
<td></td>
</tr>
<tr>
<td>14 - INTEGRATED EMPLOYMENT SETTINGS - The percentage of adults with developmental disabilities who receive ODDS services who are working in integrated employment settings.</td>
<td>Approved KPM</td>
<td>23.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 - ABUSE OF PEOPLE WITH DEVELOPMENTAL DISABILITIES - The percentage of people with developmental disabilities experiencing abuse.</td>
<td>Approved KPM</td>
<td>2.23</td>
<td>2.20</td>
<td>2.20</td>
<td></td>
</tr>
<tr>
<td>16 - PLACEHOLDER: ADULT PROTECTIVE SERVICES</td>
<td>Approved KPM</td>
<td>0.59</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Accuracy</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
</tr>
<tr>
<td>17 - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Availability of Information</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
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<tr>
<td>17 - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Expertise</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
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<tr>
<td>17 - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Helpfulness</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
</tr>
<tr>
<td>17 - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Overall</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
</tr>
</tbody>
</table>
Agency: HUMAN SERVICES, DEPARTMENT of  
Mission: Assisting people to become independent, healthy and safe.

<table>
<thead>
<tr>
<th>Legislatively Proposed KPMs</th>
<th>Customer Service Category</th>
<th>Agency Request</th>
<th>Most Current Result</th>
<th>Target 2014</th>
<th>Target 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>17  - CUSTOMER SERVICE - Percentage of customers rating their satisfaction with DHS above average or excellent: overall, timeliness, accuracy, helpfulness, expertise, availability of information.</td>
<td>Timeliness</td>
<td>Approved KPM</td>
<td>75.00</td>
<td>75.00</td>
<td>75.00</td>
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<tr>
<td>18  - PLACEHOLDER: SERVICE EQUITY</td>
<td></td>
<td></td>
<td></td>
<td>Approved KPM</td>
<td></td>
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</tbody>
</table>

**LFO Recommendation:**

Approve KPMs #1 through 9, 12, 13, 17, and 18 with targets as shown. Approve delete/new (replacement) requests for current KPMs #10 and 11, with targets as displayed. Modify requested change for KPM #14 as follows: Retain the old KPM but change the wording slightly, to: "Integrated Employment Settings: The percentage of adults with developmental disabilities who receive ODDS services who are working in integrated employment settings. Also, for KPM #14, show the most current result but leave the targets blank. Executive Order (EO) #13-04 establishes a policy group that is to recommend employment outcome metrics; that group is expected to evaluate this KPM and develop targets that fit EO objectives. Targets can be communicated to the Legislative Fiscal Office after review. Retitle KPM #15 to "ABUSE OF PEOPLE WITH DEVELOPMENTAL DISABILITIES" and approve the targets as presented. Direct the agency to reconsider this measure as it works to develop the Adult Protective Services KPM. Deny request to delete/replace KPM #16. Retain KPM #16 as a placeholder performance measurement for Adult Protective Services and direct the agency to develop an alternative KPM for 2015-17, with the understanding that DHS will continue to capture, analyze, and report on abuse-related data as part of the agency's overall program management responsibilities. Approve the customer service performance measure elements with targets as shown. Approve the placeholder request for Service Equity as KPM #18; specific measure and targets to be included with requested KPMs for 2015-17. Direct the Department of Human Services, as the agency works to align KPMs with its performance-based management system for the 2015-17 budget cycle, to improve the consistency of measurement components, displays, and comparisons.

**Sub-Committee Action:**

Approved the LFO Recommendation.
Action:  Do Pass the A-Engrossed Measure with Amendments to Resolve Conflicts and be Printed B-Engrossed

Vote:  26 – 0 – 0

House
Yea:  Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson
Nay:  
Exc:  

Senate
Yea:  Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters
Nay:  
Exc:  

Prepared By:  Monica Brown, Legislative Fiscal Office

Reviewed By:  Daron Hill, Legislative Fiscal Office

Meeting Date:  July 7, 2013
**Summary of Capital Construction Subcommittee Action**

House Bill 5006 allocates resources from the Criminal Fine Account (CFA). The CFA includes criminal fines and other financial penalties imposed on conviction for felonies, misdemeanors, and violations other than parking infractions which are collected through the courts – the Oregon Judicial Department (OJD) for the circuit courts and the local Municipal (city) and Justice (county) Courts and remitted to the Department of Revenue.

ORS 137.300 establishes the CFA and identifies program priorities, but does not specify a funding level for the programs. Expenditure limitations for programs receiving CFA allocations are established in the separate appropriation bills for the various receiving agencies. Once the specific program allocations have been made, the balance of revenues in the CFA is deposited into the General Fund.

For the 2013-15 biennium, the revenue forecast inclusive of the changes in HB 2562 for the CFA totals $112.1 million. The Capital Construction Subcommittee approved allocations to agencies totaling $67.1 million, leaving a balance of $45 million to be deposited into the General Fund. The specific allocations accomplished through this bill are outlined in the following table:
<table>
<thead>
<tr>
<th>Agency/Program (Bill number containing expenditure authority)</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Public Safety Standards &amp; Training (HB 5042)</strong></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$ 24,410,000</td>
</tr>
<tr>
<td>Public Safety Memorial Fund</td>
<td>110,000</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>$ 24,520,000</td>
</tr>
<tr>
<td><strong>Department of Justice (HB 5018)</strong></td>
<td></td>
</tr>
<tr>
<td>Child Abuse Multidisciplinary Intervention (CAMI)</td>
<td>$ 9,982,089</td>
</tr>
<tr>
<td>Criminal Injuries Compensation Account (CICA)</td>
<td>8,520,223</td>
</tr>
<tr>
<td>Regional Assessment Centers</td>
<td>764,721</td>
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<tr>
<td>Child Abuse Medical Assessments</td>
<td>646,707</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>$ 19,913,740</td>
</tr>
<tr>
<td><strong>Oregon Judicial Department (HB 5016)</strong></td>
<td></td>
</tr>
<tr>
<td>State Court Facilities &amp; Security Account</td>
<td>$ 6,414,462</td>
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<tr>
<td>Court Security Program</td>
<td>2,960,118</td>
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<tr>
<td><strong>Subtotal:</strong></td>
<td>$ 9,374,580</td>
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<tr>
<td><strong>Oregon Health Authority (HB 5030)</strong></td>
<td></td>
</tr>
<tr>
<td>Emergency Medical Services &amp; Trauma Services</td>
<td>$ 331,824</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Abuse Prevention</td>
<td>42,884</td>
</tr>
<tr>
<td>Law Enforcement Medical Liability Account (LEMLA)</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Intoxicated Driver Program</td>
<td>4,323,000</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>$ 5,997,708</td>
</tr>
<tr>
<td><strong>Department of Corrections (HB 5005)</strong></td>
<td></td>
</tr>
<tr>
<td>County correction programs and facilities, and alcohol and drug programs</td>
<td>$ 4,257,421</td>
</tr>
<tr>
<td><strong>Department of Human Services(SB 5529)</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic Violence Fund</td>
<td>$ 2,224,675</td>
</tr>
<tr>
<td>Sexual Assault Victims Fund</td>
<td>533,332</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td>$ 2,758,007</td>
</tr>
<tr>
<td><strong>Oregon State Police (HB 5038)</strong></td>
<td></td>
</tr>
<tr>
<td>Driving Under the Influence Enforcement</td>
<td>$ 253,000</td>
</tr>
<tr>
<td><strong>Governor's Office (SB 5523)</strong></td>
<td></td>
</tr>
<tr>
<td>Arrest &amp; Return for Extradition</td>
<td>$ 22,500</td>
</tr>
<tr>
<td><strong>Total Allocations:</strong></td>
<td>$ 67,096,956</td>
</tr>
</tbody>
</table>
August 14, 2013

The Honorable Kate Brown
Secretary of State
136 State Capitol
900 Court Street NE
Salem, OR 97301

Dear Secretary Brown:

Under Article V, section 15a, of the Oregon Constitution, the Governor has the power to veto “single items in appropriations bills, without thereby affecting any other provision of such bill.” Exercising that constitutional authority, I hereby disapprove and veto Sections 99(4), 99(5), and 100 of Enrolled House Bill 5008 without affecting the remaining provisions of the bill.

House Bill 5008 is an appropriations bill that includes actions regarding the legislatively adopted budget for the Public Employees’ Benefits Board (PEBB) and the Oregon Educators’ Benefit Board (OEBB). In my view, we should be expecting better value from our health care partners and creating a health care delivery system that is accountable for the money paid. PEBB and OEBB members have stepped up over the past two years with increased contributions and in taking greater responsibility for their personal health. It is now time to increase the accountability from our health system partners.

The budget from HB 5030 reflects my expectation that PEBB and OEBB not take the traditional pathway of budget balancing that only shift costs to members but rather fundamentally changes how care is delivered to members and their families. By improving health, eliminating waste and controlling costs, we want to ensure that PEBB and OEBB members have the care they need today and in the future. As a responsible employer, we want to continue to collaborate with our employees on how best to improve employee health. Together we have made headway on these fronts, and there is a lot more to be done. This is a step to get more value for the employee’s and taxpayers’ dollars.

Accordingly, I am exercising my constitutional authority to disapprove and veto Sections 99(4), 99(5), and 100 of Enrolled HB 5008 without affecting the remaining provisions of the bill.

Sincerely,

[Signature]
John A. Kitzhaber, M.D.
Governor

LJR/smg
Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 22 – 2 – 2

House
Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson
Nays: Freeman, Hanna
Exc: McLane, Richardson

Senate
Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters
Nays: 
Exc: 

Prepared By: Linda Ames, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 8, 2013

Agency |
| Biennium |
|------------------|-----------|
| Emergency Board | 2013-15   |
| Various Agencies| 2011-13   |
## 2013-15 Budget Summary*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund - General Purpose</td>
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*Excludes Capital Construction
## 2013-15 Budget Summary*

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### CONSUMER AND BUSINESS SERVICES PROGRAM AREA

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### ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

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*Excludes Capital Construction
### 2013-15 Budget Summary*

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*Excludes Capital Construction
### 2013-15 Budget Summary*

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*Excludes Capital Construction
### 2013-15 Budget Summary*

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### 2013-15 Budget Summary

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*Excludes Capital Construction
## 2011-13 Supplemental Appropriations

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### 2013-15 Position Summary

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<td>Full-time Equivalent (FTE) positions</td>
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## 2013-15 Position Summary

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</table>
Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the May 2013 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis, supplemented by transfers from various agency accounts to the General Fund for general governmental purposes as authorized in House Bill 2322, plus other actions to reduce state agency expenditures.

Summary of Capital Construction Subcommittee Action

House Bill 5008 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budget and position authority as described below.

Emergency Board

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated $30 million General Fund to the Emergency Board for general purposes.

House Bill 5008 makes eight special purpose appropriations to the Emergency Board, totaling $111.1 million General Fund:

- $86.5 million General Fund for allocation to state agencies for state employee compensation changes.
- $12.9 million General Fund for allocation to state agencies for compensation changes for home health care workers who are not state employees.
- $1,702,192 General Fund for second year operational costs for the Oregon State Library. The 2013-15 budget for the State Library provides for only one year of budget authority for the agency (see House Bill 5022). The release of this appropriation, by either the Legislature or the Emergency Board, is contingent on a successful reorganization plan being submitted and approved by the Legislature in 2014.
- $4.6 million for the Department of Education for costs over and above the amount included in the Department’s budget bill (Senate Bill 5518) relating to assessments and other resources aligned to common core standards including those assessments required under the federal Elementary and Secondary Education Act (ESEA). The Department of Education must report on what assessments it plans to implement and on the most current estimates of the costs for each component of the assessment when making the request for this special purpose appropriation.
- $1,789,557 General Fund for the Department of Education’s Youth Development Division. This amount represents program funding for the second year of the biennium for youth development grants, performance-based contracts, and services provided at the local level. Prior to requesting this special purpose appropriation, the Youth Development Council will report back to the Joint Committee on Ways and Means during the 2014 Legislative Session with a plan for investing and distributing these funds. The plan must take into account (1) the furtherance of the policy directives and youth academic and developmental outcomes outlined in House Bill 3231; (2) Oregon’s
40/40/20 educational goals; and (3) the Oregon Education Investment Board’s Strategic Plan. In developing this plan, the Youth Development Council shall consult with representatives of youth, parents, schools, service providers, labor, business, local governments, tribal governments, and communities.

- $225,000 General Fund one-time funding for the Oregon Hunger Response Fund, for allocation to the Housing and Community Services Department after receipt of the agency’s report on alternate, sustainable service delivery models, pursuant to a budget note.
- $3.3 million General Fund for the Oregon Health Authority for adult residential room and board rate increases within the alcohol and drug system, after receipt of the agency’s study on both the youth and adult system, during the 2014 legislative session. Based on the findings of that study, some or all of this funding could be allocated at that time.
- $100,000 General Fund for the Oregon Health Authority for staffing needs related to the Dental Pilot Projects. These projects were established in Senate Bill 738 (2011), but no funding was provided. While the funding for the pilots is expected to come from foundations and private funders, the agency needs staff to manage the program.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2014, any remaining funds become available to the Emergency Board for general purposes.

### Adjustments to Approved 2013-15 Budgets

**OMNIBUS ADJUSTMENTS**

Omnibus adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services’ assessments and charges for services, a reduction to the Attorney General rates, an increase resulting from a new Secretary of State Archives assessment, and debt service adjustments. Also included is a 5% reduction to services and supplies (excluding the fixed costs of State Government Service Charges, Attorney General charges, rent, and fuel and utilities) that is applied to General Fund and certain Lottery Funds only. Total savings are $36.5 million General Fund, $1.7 million Lottery Funds, $5.7 million Other Funds, and $1.6 million Federal Funds.

Omnibus adjustments also include a 2% supplemental ending balance holdback that is applied primarily to General Fund, and excludes debt service as well as selected programs. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions. Agency detail for this adjustment is shown in Attachment A. Total budget reductions include $154.9 million General Fund and $1.4 million Lottery Funds.

Another statewide adjustment, which is included in agency budget bills and not in House Bill 5008, affects most state agencies. Package 091 (Statewide Administrative Savings) is a placeholder for administrative efficiencies and associated budget reductions in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Subcommittee affirmed that the reductions, at $62.0 million total funds, are permanent and ongoing as they reflect fundamental changes in business processes. The Department of Administrative Services (DAS) will continue to work on details of these reductions with agencies and report to the Joint Committee on Ways and Means during the 2014 session. Agencies should direct concerns regarding permanency or implementation of the reductions to DAS. The Department will include a plan for resolving any issues related to these reductions as part of its 2014 report.
**ADMINISTRATION**

**Oregon Department of Administrative Services**

House Bill 5008 includes one-time General Fund appropriations to the Department of Administrative Services (DAS) for the following purposes:

- $500,000 to the East Valley Water District to support completion of an environmental impact study on a proposed water storage project.
- $250,000 to the Historic Public Market Foundation to assist with development of the James Beard Public Market in Portland.
- $400,000 for distribution to 211info, which is a statewide, nonprofit information and referral service for community and social services. The state currently supports about one-third of the organization’s operating budget, primarily through contracts with individual state agency programs for specific services. 211info also receives funding from local governments, other nonprofits, grants, and foundations. This direct General Fund appropriation is intended to help 211info maintain statewide program access over the 2013-15 biennium. An additional request to support around-the-clock operations was not funded; right now 211info operates Monday through Friday from 8 am to 6 pm. To gain a better understanding of how state agencies can most effectively use 211info and to provide the legislature information to help evaluate potential future funding requests, the Subcommittee adopted a budget note:

**Budget Note:**
The Department of Administrative Services shall work with other state agencies to identify all information and referral services for state government, with a primary focus on help lines (for example, 1-800 numbers). The Department will submit a report to the Joint Committee on Ways and Means during the 2014 legislative session summarizing the purpose, scope, and cost of each service. For each state agency currently using 2-1-1 the report shall also provide information on the service(s) being provided, including but not limited to, contract provisions, utilization, benefits, costs, and budget. Finally, the report shall include an analysis of potential cost savings or efficiencies that might be achieved by broader use of 2-1-1.

The Subcommittee added $27,100,007 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from several Lottery Bond sales; projects are detailed below and approved in the Lottery Bond bill (Senate Bill 5533). There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is calculated at a total of $4,882,645 Lottery Funds: $2,193,283 for the Lane Transit project; $1,835,741 for the Portland Convention Center hotel project; $637,464 for the Confederated Tribes of Umatilla; and $216,157 for the North Central Education Service District project.

- $10,239,248 Other Funds for disbursement to Metro for the purpose of assisting with the development of a hotel near the Portland Convention Center.
- $3,562,986 Other Funds for disbursement to the Confederated Tribes of Umatilla for construction a 1.5 mile road extension from the Port of Umatilla into the Confederated Tribes of Umatilla, which will open additional industrial land for development.
- $1,042,755 Other Funds for disbursement to North Central Education Service District for partial funding of digital switch technology acquisition that would serve the educational and public safety needs of Wheeler, Gilliam, and Sherman Counties.
- $12,255,018 Other Funds for disbursement to the Lane Transit District for the West Eugene EmX extension project.
House Bill 5008 includes Other Funds expenditure limitations for the following purposes:

- **$400,000** one-time Other Funds increase to support a DAS contract with the Province of British Columbia on behalf of Multnomah County. The county wants to contract with Partnerships BC, which is a government-owned infrastructure development company, to develop a business case for a new Multnomah County Courthouse. Oregon counties are prohibited from contracting with foreign governments, but the state is allowed. This contract will be issued outside the normal, competitive procurement process because under ORS 190 DAS may enter into intergovernmental agreements with foreign governments and bypass this process. Multnomah County will pay for the planning work through DAS to Partnerships BC.

- **$2,955,118** Other Funds increase to the Enterprise Asset Services budget unit to correct a mistake when too much services and supplies expenditure limitation was inadvertently removed from the program in House Bill 5002, the budget bill for the Department of Administrative Services.

- **$24,141,833** one-time increase to the Shared Services Fund to accommodate first year payments from the Fund to counties. In 2007 the Legislature established a new program, the Shared Services Fund, to provide state support to local taxing districts affected by participation in the Strategic Investment Program. Local taxing districts are now eligible to receive payments from the state that are calculated to equal 50% of the personal income tax revenue attributable to the earnings of persons employed as result of a SIP property tax exemption. These payments would otherwise have gone to the state General Fund.

The Subcommittee increased Lottery Funds by $21,380 to reflect additional Lottery Funds for County Fairs support. The funding is available due to the termination of the County Fair Commission, for which the Department of Agriculture had received Lottery Funds for minimal administrative support of Commission operations.

The Subcommittee also added the following budget note on how to best meet the information technology needs of small state agencies:

**Budget Note:**
The Department of Administrative Services is directed to report back to the February 2014 Legislative Session with a plan to address the specific needs of smaller (<300 FTE) agencies with regard to Information Technology and Telecommunications Management. The Department shall also report on resources that will be necessary to implement such a plan and how those resources would be funded.

**Office of the Governor**
A **$900,000** Lottery Funds limitation and three limited duration Principal Executive/Manager F positions (3.00 FTE) are added to the Office of the Governor. These positions will focus on streamlining the permitting process for significant projects across all levels of government; federal, state, county and city.

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of $5,000 per year, beginning on January 1, 2014. The impact on the Office of the Governor is an increase of $9,174 General Fund, including other payroll expenses. Statewide elected officials last received a salary
increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

The following budget note was approved:

**Budget Note:**
The Joint Committee on Ways and Means approved a budget with House Bill 5028, the budget bill for the Oregon Business Development Department, that concerned the Regional Solutions program. That budget note is repealed, and the following, also concerning the Regional Solutions program, is adopted.

The Transportation and Economic Development Subcommittee approved a $1 Other Funds expenditure limitation for the Oregon Business Development Department for Regional Solutions. Prior to legislative approval of any increase in the expenditure limitation for this program, the Office of the Governor shall report to the Interim Joint Committee on Ways and Means with a request to introduce a bill, for consideration during the 2014 Session of the Legislative Assembly, to establish the Regional Solutions program. In addition to any other provisions in this report that the Governor may include, the report shall include requested provisions to: provide for the establishment of Regional Solutions Centers; identify the membership, governance and duties of the Centers; establish criteria on the use of funds allocated to the program; define the process for the development and approval of funding proposals; establish authority for the Oregon Business Development Department to distribute moneys to projects funded under the program and to provide effective oversight of the uses of the moneys so distributed; and delineate the activities and responsibilities of the Oregon Business Development Department for administering the program. The Office of the Governor shall submit this report to the Interim Joint Committee on Ways and Means no later than during the Legislative Days in November 2013.

**Department of Revenue**
The Subcommittee approved funding for the implementation of the replacement of the agency's core information technology applications (Core System Replacement project). The estimated one-time cost of implementation totals $70.9 million and is scheduled to be fully completed by the 2017-19 biennia. Overall, the project will be funded with $12.5 million of General Fund and $58.4 million of Article Q-bonds. General Fund will provide for Debt Service repayment. Ongoing costs are roughly estimated at 2-3 times the initial one-time costs.

For the 2013-15 biennium, the Subcommittee approved $26.5 million of Other Funds expenditure limitation for development costs, which will be financed with Article XI-Q bonds approved in House Bill 5506. Personal Services are increased by $6.0 million Other Funds (31 positions/31.00 FTE), $18.8 million Other Funds for Services and Supplies, and $1.7 million for Capital Outlay. Major costs include: $11.3 million for vendor contract payments; $1 million for vendor contracted maintenance; $1.5 million for an independent quality assurance/control vendor; and $3 million in vendor contract contingency costs.

Unless otherwise approved by the Legislature or the Emergency Board, the positions budgeted for the Core System Replacement project are established as permanent full-time positions under the following conditions: (a) the positions will be abolished on or before the completion of the project; (b) the positions are to remain in the Core System Replacement program (i.e., CSR summary cross reference) and may not be transferred to any other program or used for any other purpose other than the development to the Core System Replacement project; and (c) the positions may not to be included in any permanent finance plan action.
The Subcommittee appropriated $3.6 million General Fund for the agency’s payments to the Department of Administrative Services for State Data Center charges and for vendor contract maintenance costs to support the ongoing maintenance of the vendor product after installation.

The Subcommittee appropriated $1.6 million in General Fund Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5506. General Fund Debt Service for the 2015-17 biennium will total $10.1 million. Other Funds expenditure limitation of $521,182 is included for the cost of issuance of the bonds.

The Department of Administrative Services is requested to unschedule $13 million of Other Funds expenditure limitation related to the May 2014 Article XI-Q bond sale pending a Department of Revenue report to the Legislature in 2014 on the status of the project.

The Subcommittee adopted the following budget note:

**Budget Note:**
The Department of Revenue (DOR) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Core Systems Replacement Project. DAS is to provide DOR with the oversight of the project, including support for project management, information technology systems development lifecycle, procurement, quality assurance, and other needs to successfully complete this project.

DOR is to submit updated key foundational project management documentation, each accompanied by an independent quality control review, to Legislative Fiscal Office (LFO) on or before February 1, 2014, as available for review.

DOR and DAS are directed to report to LFO every six months through the biennium on the status of the project using DOR’s standard project management reports as well as provide copies of all Quality Assurance and Quality Control and Independent Verification and Validation reports upon their receipt by the agency.

The Subcommittee disappropriated $440,937 General Fund and reduced Other Funds expenditure limitation by $146,979 from the Administration program due to the passage of Senate Bill 184, which allows for agencies to send notification by first class mail, or in some cases by an alternative method such as e-mail, in lieu of certified mail. The reduction is the difference in cost between certified mail and first class postage that is estimated to be realized by the agency.

**Secretary of State**
The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of $5,000 per year, beginning on January 1, 2014. The impact on the Secretary of State is an increase of $9,174 General Fund, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.
Treasurer of State

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of $5,000 per year, beginning on January 1, 2014. The impact on the Treasurer is an increase of $9,174 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

CONSUMER AND BUSINESS SERVICES

Bureau of Labor and Industries

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of $5,000 per year, beginning on January 1, 2014. The impact on the Bureau of Labor and Industries is an increase of $6,881 General Fund and $2,293 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased the General Fund appropriation by $280,954, to fully-fund 2013-15 biennium debt service costs for Article XI-Q general obligation bonds issued to finance Innovation Infrastructure projects. Debt service costs are higher than originally projected, because the bonds are not eligible to be issued on a tax-exempt basis. This increase will provide a total of $694,286 General Fund to pay 2013-15 biennium debt service costs on the $5,000,000 project. Debt service costs will increase to $1.4 million in the 2015-17 biennium.

The Subcommittee established two new Lottery Funds expenditure limitations, and approved the establishment of three full-time, limited-duration positions (3.00 FTE). The first Lottery Funds expenditure limitation of $1,124,525 supports three limited-duration positions housed in the Shared Services/Central Pool program area, and associated services and supplies costs. These include two positions in regional governance solutions and one position for West Coast Strategies. The second newly-established Lottery Funds expenditure limitation provides $250,000 for Business, Innovation and Trade for an ongoing Economic Gardening services pilot project. Both of these Lottery Funds expenditure limitations are approved on a one-biennium basis, and will be phased out in the development of the Department’s 2015-17 biennium current service level budget.

The bill includes several budget adjustments to allow expenditures of bond proceeds authorized for the Department by Senate Bill 5506 and Senate Bill 5533, and payment of the costs of issuing those bonds. The Other Funds expenditure limitation for the cost of issuing Article XI-Q bonds for the agency is reduced by $115,000, and the Other Funds expenditure limitation for the cost of issuing lottery revenue bonds for the re-
capitalization of the Special Public Works Fund is reduced by $132,221 from the levels approved in House Bill 5028, the Department’s budget bill. These adjustments will provide expenditure limitation of $120,000 for the cost of issuing the Article XI-Q bonds, and $258,580 for the cost of issuing the lottery revenue bonds. These costs will be funded from bond proceeds.

The Subcommittee increased the Other Funds expenditure limitation for the seismic rehabilitation grant program by $30,000,000 to permit expenditure of bond proceeds approved for that program. Finally, the Subcommittee increased the agency’s Nonlimited Other Funds expenditures in the Infrastructure Finance Authority by $12,000,000 for expenditure of lottery revenue bond proceeds transferred to the Special Public Works Fund. Loan award expenditures from the Special Public Works Fund are not limited in the Department’s budget.

Housing and Community Services Department
The Subcommittee approved Other Funds expenditure limitation to enable the Department to expend $5 million in bond proceeds and $76,190 for cost of issuance for preservation of existing affordable housing. The funds will help provide financing for the acquisition of affordable housing properties with expiring subsidies from owners who do not wish to renew their federal contracts; the properties will be acquired by new owners who commit to keeping them affordable to low-income Oregonians, rather than having the units convert to market-rate housing. The proceeds are anticipated to provide gap financing to preserve an estimated 200 units of affordable housing. The bonds are included in Senate Bill 5533.

The bill includes $225,000 General Fund for one-time funding for the Oregon Hunger Response Fund for the first year of the biennium. An additional $225,000 General Fund is included as a special purpose appropriation to the Emergency Board.

Department of Veterans’ Affairs
Expenditure limitation is provided to the Oregon Department of Veterans’ Affairs for cost of issuance in the amount of $65,000 Other Funds, and a General Fund appropriation for debt service in the amount of $502,814, related to the issuance of $4 million in Article XI-Q bonds for completion of construction of a second Veterans’ Home skilled nursing facility in Linn County. Other and Federal Funds Capital Construction expenditure limitation to spend the Article XI-Q bonds and federal matching funds from the U.S. Department of Veterans’ Affairs is included in Senate Bill 5507.

A one-time General Fund appropriation of $350,000 is made to the Oregon Department of Veterans’ Affairs for veterans’ suicide prevention and crisis intervention telephone counseling services, allocated pursuant to the following budget note:

**Budget Note:**
The Oregon Department of Veterans’ Affairs shall establish a veterans’ crisis suicide line that offers free, anonymous assistance, 24 hours a day, to active-duty service members, veterans and their families. The Department shall establish an RFP process for the line to contract with a provider that has a contractual affiliation with the National Suicide Prevention Line and the National Veteran’s Crisis Line, and has capacity to answer at least 30,000 veteran or suicide calls per year. The Department shall establish the line within 90 days of passage.
The State School Fund is adjusted in this bill to reflect a rebalance of statewide resources, decreasing General Fund and increasing Lottery Funds expenditure limitation by $12,826,545.

The Other Funds expenditure limitation of the Department of Education for the Grant-in-Aid budget unit is increased by $11,341,084 and the Other Funds expenditure limitation for the Operations unit of the Department of Education is increased by $658,916 for increased resources for the Network of Quality Teaching and Learning. The funding is contingent on the increased distribution of up to $12 million from the Common School Fund over and above the standard distribution according to the policy adopted by the State Land Board on April 14, 2009. The increased resources for the Network will be used for grants, contracts and other assistance distributed to school districts, education service districts, and other entities as well as for agency staffing and associated costs for the following components of the Network: (1) $2.6 million for Educator Effectiveness, (2) $1.2 million for Student Centered Learning, (3) $500,000 for Educator Preparation, (4) $1.0 million for Closing the Achievement Gap, (5) $2.2 million for Aligning Professional Development Plans to School Improvement Objectives and Educators’ Needs, and (6) $4.5 million for Supporting Implementation of Common Core Standards. Three new limited duration positions are established (two Education Program Specialist 2 and a Program Analyst 4) and the FTE is increased on two other Program Analyst 4 positions for a total FTE increase of 3.38 FTE. This $12 million increase is a one-time increase for only the 2013-15 biennium.

The Subcommittee approved an increase of $2.0 million General Fund in the amount appropriated for the strategic initiatives in the grant-in-aid budget unit. These additional funds are for an increase in resources for the Seamless Transitions policy package (package 305) for collaboration or consortiums of post-secondary institutions and school districts to increase the award of college or community college credits for high school students. The combined funding of this $2.0 million and the $2.0 million appropriated for this purpose in Senate Bill 5518, is to be used to support the Eastern Promise consortium and the expansion of consortiums into other regions of the state.

The bill includes $1.5 million General Fund for Student Achievement Improvement Grants established in House Bill 2322. The Department of Education is to award at least two grants per congressional district to schools considered high poverty under Title I of the federal Elementary and Secondary Act, serving students in grades Kindergarten to 8th grade that are in the bottom five percent of all schools based on the rating system used by the Department for academic performance. The funds are to be used to hire at least one licensed teacher at the school. The grant program is only authorized for the 2013-15 biennium.

The following budget notes were approved:

**Budget Note:**
The Oregon Department of Education is instructed to report to the Interim Joint Committee on Ways and Means before January 1, 2014 on progress on implementing its 2013-15 strategic plan. This first report is to be a baseline for future reports to the Legislature for measuring the success of transforming the agency to focus more on assisting and collaborating with educational partners, closing the achievement gaps, and being more “results-focused.” The report should include the following:
1. A breakdown of the agency’s education programs and services with a description of each program and service, including overall purpose, description of federal or state laws or rule that govern the program, target group served, overall funding by fund type, amount of program funding, amount of staff resources dedicated to the program based on FTE, amount spent on administrative costs at the state level, and description of measurements use to gauge the performance of the program or service.

2. Actions taken by the agency in the past six months to become more collaborative with partners and to improve customer service.

3. Actions taken by the agency in the past six months to increase the share of funding the agency receives that is passed through to educational partners.

4. Comparison of the staffing levels and operations of the Oregon Department of Education with education agencies in other states with similar missions and responsibilities.

5. Description of changes in the overall measures and metrics established by the agency as part of it strategic plan development.

The Department will consult with the Legislative Fiscal Office in determining the level of detail included in item #1 above and how specific the program level that should be in the report to the Legislature. In addition to the report due by January 1, 2014, the Department is instructed to provide updated information on the items above during the budget presentation to the Joint Committee on Ways and Means during the 2015 Legislative Session.

**Budget Note:**
The Department of Education shall not purchase or acquire the interim item bank and related assessments from Smarter Balance Assessment Consortium. The Department shall provide each district with available funds to administer a locally selected and established interim growth assessment system for students in grades Kindergarten through ninth that is capable of informing instruction and measuring student academic performance against a stable scale irrespective of grade level.

The Subcommittee approved an increase of $500,000 General Fund for the Farm to School program described in ORS 336.431. This program enables schools to offer fresh, locally sourced products and to promote mutually beneficial educational activities and focus on children’s long-term health habits. In addition, Federal Funds expenditure limitation for early learning programs was increased by $1.0 million to reflect a larger carry-forward of child care related funds from 2011-13.

**Department of Community Colleges and Workforce Development**
A specific Other Funds expenditure limitation for debt service for Article XI-G bonds is established in the amount of $307,051 for the Department of Community Colleges and Workforce Development. A corresponding reduction in another Other Funds expenditure limitation for the Department is made for a net change of zero across the entire agency.

**Oregon Health and Science University**
House Bill 5008 includes a General Fund appropriation of $1,000,000 through the Department of Administrative Services, for the Primary Health Care Loan Forgiveness Program in the Office of Rural Health at the Oregon Health and Science University. This program provides loans to eligible primary care practitioners enrolled in an approved rural-specific Oregon training Program, and was established in 2011. This provides additional funding for the 2013-15 biennium.
Higher Education Coordinating Commission

The Subcommittee approved an increase of $859,630 General Fund for the budget for the Higher Education Coordinating Commission (HECC) to reflect the added responsibilities of House Bill 3120 and Senate Bill 270. Both of these bills are related to post-secondary education governance. This funding is in addition to the amount already included in House Bill 5033, the budget bill for the HECC. This funding will be used to fund six permanent positions (3.69 FTE) – a manager, two Operations/Policy Analyst 4 positions, two Education Program Specialist 2 positions, and one Procurement and Contract Specialist 3 position. The manager position is budgeted to start in October of 2013 with the remaining positions to start in April 2014. The following budget note was approved:

**Budget Note:**
Prior to final adoption of any significant change to the distribution of the Community College Support Fund, the Higher Education Coordinating Commission is directed to consult with the appropriate legislative committees including the interim policy committees with jurisdiction on post-secondary education issues and the interim Joint Committee on Ways and Means or Emergency Board on the proposed distribution change.

Oregon University System

The Subcommittee increased the General Fund appropriation for public university support by $15,000,000 with direction that the money be used to reduce resident undergraduate tuition increases at the state’s seven public universities. The Subcommittee adopted the following budget note to limit tuition increases on resident undergraduate students:

**Budget Note:**
In adopting the budget for the Oregon University System, the Legislature intends that increases in the base rates for tuition paid by resident undergraduate students on all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO and WOU) may not exceed an average of 3.5% at any individual campus in any given year of the 2013-15 biennium. For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 5.7% in any given year. These limits on tuition shall apply to all seven campuses and one branch campus for the next two academic years (2013-14 and 2014-15) regardless of the outcome of any governance changes that may be implemented during the biennium.

House Bill 5008 includes General Fund appropriations to the Oregon University System (OUS) State Programs budget unit for the following purposes:

- $1,200,000 to expand fermentation science programs at Oregon State University.
- $250,000 one-time appropriation to Oregon State University for technical assistance to help shellfish hatchery larval production affected by ocean acidification and assist with the maintenance of OSU’s Mollusca Brood Stock Program with the intent to produce larval strains more resilient to the adverse effects of ocean acidification.
- $80,000 to increase the base funding for the Labor Education and Research Center at the University of Oregon.
The Subcommittee adopted the following budget note related to public university support of State Programs with non-state funding:

**Budget Note:**
It is the expectation of the Legislature that university support for State Programs housed within the Oregon University System be maintained or increased in the same manner as other university programs during the 2013-15 biennium.

The Subcommittee also approved a decrease of $856,000 General Fund from the budget for the Oregon University System to reflect the shifting of various responsibilities in House Bill 3120 and Senate Bill 270 from the Chancellor’s Office (CO) to the Higher Education Coordinating Commission (HECC). Both of these bills are related to post-secondary education governance. This reduction related to transfer of duties from CO to HECC rolls-up to a $1,200,000 General Fund reduction in the 2015-17 biennium.

**HUMAN SERVICES**

**Oregon Health Authority**
The Subcommittee added $1,360,000 General Fund to the Oregon Health Authority for the following purposes:

- $200,000 General Fund for providing fresh Oregon-grown fruits, vegetables and cut herbs from farmers’ markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Another $100,000 General Fund was added for the same purpose for eligible individuals through the Women, Infants and Children Program.
- $260,000 General Fund to increase reimbursements for ambulance transport services.
- $200,000 General Fund for the Oregon State Hospital to contract for legal services from the Marion County District Attorney, to address the issue of chronically violent patients at the hospital.
- $700,000 General Fund for breast and cervical cancer screening services. Of this total, about $400,000 is needed to backfill funding shortfalls in the first year of the biennium related to reductions in funding from the Komen Foundation, as well as reductions resulting from federal sequestration.

The transfer of $100,000 General Fund from the CCare program to the Oregon Vasectomy Project was approved. This will supplement the project’s $10,000 Title X federal funds.

The Subcommittee approved additional rate increases for the Alcohol and Drug system in Addictions and Mental Health (AMH). A total of $800,000 General Fund will be used to provide a 2.4% rate increase effective July 1, 2013, and another $1.4 million General Fund will be used to increase the room and board rate for youth residential beds from $60 per day to $90 per day effective July 1, 2013. (The agency’s regular budget bill, House Bill 5030, already increases those rates from $30 per day to $60 per day.) The funding for these changes comes from two sources: $1.7 million from the “reinvested” dollars in the AMH budget, resulting from dollars freed up as more clients will have insurance beginning January 2014, and $500,000 General Fund from the Intensive Treatment and Recovery Services (ITRS) program. With the Affordable Care Act expansion, many of the ITRS clients will have insurance, and less General Fund will be needed to maintain the program level.
ITRS is reduced an additional $3.3 million General Fund, and this funding is placed in a special purpose appropriation in the Emergency Board, to be available for rate increases in the adult residential system for alcohol and drug treatment for the second year of the biennium. As documented in the budget report for House Bill 5030, the agency will do a study of both the youth and adult systems and report to the 2014 Legislature. Based on the findings of that study, some or all of this special purpose appropriation could be allocated at that time. The Legislature could also decide to reduce the youth rate based on the results of that study.

House Bill 5030, the budget bill for the Oregon Health Authority, eliminated all Other Funds Nonlimited authority for the Public Employees’ Benefit Board and the Oregon Educators Benefit Board, and instead moved all expenditure limitation to Other Funds Limited. This bill reverses that, resulting in a decrease in Other Funds Limited of $3.2 billion and an increase in Other Funds Nonlimited of the same amount.

The following budget notes related to the Oregon State Hospital and the Blue Mountain Recovery Center were approved:

**Budget Note:**
The Oregon Health Authority shall report to the interim Joint Committee on Ways and Means or the Emergency Board by December 2013 on recommendations for decreasing the use of overtime and improving patient and staff safety at the Oregon State Hospital.

In order to make recommendations, the Oregon State Hospital will form a work group that will include representation from some of the major classifications of employees, particularly those providing direct care of patients, such as psychologists, psychiatrists, registered nurses, mental health therapists, mental health therapy technicians, mental health security technicians, and managers.

The report should include the following:

- Data on overtime hours worked and costs over the last 12 to 18 months, as well as the reasons for the use of this overtime. Details on mandated overtime should be reported.
- Data on the numbers and types of assaults on patients and staff over the last 12 to 18 months, as well as the costs, both direct and indirect, associated with those assaults. The report should also contain information on the concentration of those assaults involving a small number of individuals.
- Recommendations for reducing overtime and reducing assaults, and the status of implementing those recommendations. The report should include, but not be limited to, recommendations related to the float (relief) pool, such as the appropriate mix of permanent full-time, permanent part-time, limited duration, and temporary positions. The report should also consider recommendations for working with the Marion County District Attorney to address issues related to chronically violent patients.

**Budget Note:**
The Oregon Health Authority shall report to the appropriate legislative committee in September and December on the planning for the transfer of patients from the Blue Mountain Recovery Center (BMRC) pending its closure on January 1, 2014. Additionally, the Oregon Health Authority shall convene a workgroup comprised of the appropriate representatives of the various stakeholder groups, to identify future options for BMRC staff and facilities. The workgroup will have the following charge:

(1) To identify needed services for Eastern Oregon's most vulnerable people, including those with:
   (a) acute and chronic mental illness who require special services to enable them to successfully function in society;
(b) substance abuse and subsequent involvement with the criminal justice system; and
(c) mental illness and additional complications arising from age-related conditions.

(2) To advise the legislature and the Oregon Health Authority on strategies to best retain the existing specialized mental health workforce in the region; and

(3) To advise the legislature and the Oregon Health Authority on the best utilization of the current facilities and identify additional capital improvements to provide the above-identified services.

Department of Human Services
The Subcommittee added $5 million General Fund and $9.7 million Federal Funds expenditure limitation ($14.7 total funds) to the Aging and People with Disabilities budget for the following purposes:

- $1,300,000 General Fund and $2,900,000 Federal Funds limitation to advance the implementation date for home and community based care rate increases from October 1, 2013 to July 1, 2013. Rates have been flat since July 2008 and were increased as part of the Department’s budget as approved in Senate Bill 5529.

- $2,500,000 General Fund and $5,600,000 Federal Funds limitation to partially restore the instrumental activities of daily living (IADL) reduction that occurred in January 2012. Using available funding, the Department will develop and implement a plan to restore hours to the maximum extent possible. The plan may include a phased-in restoration as the Department conducts eligibility re-assessments for consumers served in long term care programs.

- $700,000 General Fund to augment $1.6 million General Fund already approved to support projects (innovations and pilots) to develop new approaches to long term care services. The additional amount includes $350,000 General Fund for a grant to the Neighborhood Housing and Care Program, which is implementing a model for serving people living with HIV/AIDS in their homes. The average age and acuity of these individuals is growing along with the baby boomer population.

- $500,000 General Fund and $1,200,000 Federal Funds limitation to help cover Homecare Worker compensation costs associated with nurse delegation duties.

The 2013-15 budget approved for the Department of Human Services (DHS) in Senate Bill 5529 continued some reductions in developmental disability program budgets for community programs and brokerages. These reductions left equity (parity) relative to state office costs at levels ranging from 85% to 95%, depending on the budget component (e.g., case management and brokerage options). After completion of the DHS budget in Senate Bill 5529, DHS discovered that, within the budgeted funding level for these programs and with some updated assumptions in the budget model, equity for both programs could be brought up to 94% across all components. The Subcommittee approved the Department’s plan to realign the budgets for the programs and implement the revised parity level. DHS is currently developing workload-based models for both programs and plans to build those models into the agency’s 2015-17 budget proposal.

The Subcommittee added $1,000,000 Other Funds expenditure limitation for the Employment Related Day Care (ERDC) program to help cover child care provider rate increases while providing subsidies to as many employed parents as possible. This funding is currently available due to lower than expected 2011-13 utilization of federal Child Care Development Fund dollars by the Child Care Division; General Fund may be needed in future biennia to cover these expenditures.
Long Term Care Ombudsman
The Subcommittee added $585,488 General Fund and seven permanent positions (2.81 FTE) to support work under Senate Bill 626, which expands duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities. There are about 7,600 persons living in 1,816 licensed adult foster homes and group homes in Oregon serving persons with developmental disabilities and mental illness.

To provide the subject matter expertise needed to develop and refine the expanded program, the agency would add one permanent full-time Program Analyst 4 position. Five full-time deputy ombudsman positions (Program Analyst 2 classification) would ultimately be needed to work with approximately 125 new volunteers. Consistent with an expected gradual ramp-up for the new program, four of these positions would be phased in over the last 12 months of the 2013-15 biennium, with the fifth position phased-in at the start of the 2015-17 biennium. A half-time volunteer recruiter position (Program Analyst 1) would also be required to develop and maintain volunteer ranks and an Administrative Specialist would help support the new program, staff, volunteers, and an expanded advisory committee.

In addition, to help the agency better serve its existing clients, the Subcommittee increased the agency’s budget by $200,000 General Fund, which covers salary and other costs associated with adding one full-time deputy ombudsman position (1.00 FTE). This position will supervise 25 to 30 additional volunteers, increasing facility coverage (visits) with an emphasis on adult foster homes.

JUDICIAL BRANCH

Judicial Department
The Subcommittee increased the General Fund appropriation for judicial compensation by $634,980, to finance a second salary increase for judges during the 2013-15 biennium. Judicial salaries are established by statute. House Bill 2322 increases the salaries of judges by $5,000 per year beginning January 1, 2014, and by an additional $5,000 per year beginning January 1, 2015. The 2013-15 biennium cost of the House Bill 2322 salary increases totals $2,539,916. House Bill 5016, the budget bill for the Judicial Department, includes $1,934,859 General Fund to fund the first $5,000 salary increase. The General Fund increase included in this bill provides the additional funds needed the pay the second $5,000 salary increase for the six months that it will be in effect in the 2013-15 biennium.

An Other Funds expenditure limitation increase of $335,000 was approved for operations, for costs of issuing Article XI-Q bonds to finance a $4.4 million capital construction project to renovate the exterior of the Supreme Court Building, and to finance a $15 million grant to support development of a new courthouse for the Multnomah County Circuit Court in Portland. The cost of issuing the bonds will be financed from the proceeds of the bonds.

The Subcommittee also established a $1 Other Funds expenditure limitation for the Oregon Courthouse Capital Construction and Improvement Fund. This newly-established Fund will hold Article XI-Q bond proceeds and county matching funds, and will be used to fund the purchase, remodeling or construction of courthouses owned or operated by the State. Senate Bill 5506 authorizes $15 million of Article XI-Q bond proceeds that would be deposited into this Fund. The Legislative Assembly or the Emergency Board must increase the $1 expenditure limitation, before bond proceeds and county matching funds could be distributed to the county for a construction project.
The Subcommittee reduced the Other Funds expenditure limitation on expenditures of Article XI-Q bond proceeds for Oregon eCourt by $190,767, to correct an error in House Bill 5016, the Judicial Department’s budget bill.

Public Defense Services Commission
The Subcommittee increased the General Fund appropriation for Professional Services by $2,409,367. This increase includes three components:

- General Fund is increased $2,400,000 to reduce trial-level juvenile dependency caseloads and improve the quality of legal services in juvenile dependency and termination of parental rights cases. The approved funding level will support an approximate 4.5% average reduction in the caseloads of attorneys providing these services, however, the agency may choose to distribute available funds on a pilot project basis. The agency will make caseload reductions conditional upon agreement to implement established best practices, and will evaluate the impacts of the caseload reductions.

- General Fund is increased $864,567 to increase compensation paid to public defender contractors, hourly-paid attorneys, and hourly-paid investigators. The funds provided by this action will be added to the $2,135,433 General Fund appropriated to the Commission for this same purpose in House Bill 5041, to provide a total of $3,000,000 for compensation increases. From the $3,000,000 available, the agency is to allocate $2,329,729 to reduce the average salary differential between public defender salaries and district attorney salaries, allocate $218,141 to increase the compensation rates for hourly-paid attorneys, and allocate $452,130 to increase the compensation rates for hourly-paid investigators.

- General Fund is reduced $855,200 as a result of passage of Senate Bill 40, which reduces crimes for the unlawful manufacture and possession of marijuana and marijuana products. The fiscal impact of these actions will reduce costs to the Commission by this amount.

LEGISLATIVE BRANCH

Legislative Administration Committee
The Legislative Administration Committee has increased expenditures related to the Capitol Master Plan project. The bill establishes an Other Funds limitation of $615,000 for the cost of issuance of Article XI-Q bonds for the project. It also includes a General Fund appropriation of $1,421,341 for the debt service on the bonds issued for the 2013-15 biennium. Expenditure limitation for the project costs are provided in SB 5507 (the capital construction bill).

Legislative Fiscal Officer
House Bill 5008 establishes an Other Funds account called the Legislative Fiscal Office Operating Fund.

NATURAL RESOURCES

State Department of Agriculture
The bill adds $34,060 General Fund to increase special payments to USDA-APHIS-Wildlife Services for predator control activities. $65,940 General Fund was also added to the Department of Fish and Wildlife for the same purpose. With these increases, state-support in both
departments for predator control activities will be equalized at $415,889 for the 2013-15 biennium. The Subcommittee added the following budget note related to this increase:

**Budget Note:**
The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by USDA-APHIS-Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

The Subcommittee reduced Lottery Funds by $21,380 to reflect the ending of the County Fair Commission, for which the Department had received funding for minimal administrative support. The moneys will now instead be added to the Lottery Funds support for County Fair payments by the Department of Administrative Services.

**Columbia River Gorge Commission**
The budget for the Columbia River Gorge Commission was reduced by $79,873 General Fund to match the lower appropriation made by the State of Washington for Columbia River Gorge Commission activities.

**State Department of Energy**
House Bill 5008 increases the Department’s Other Funds expenditure limitation by $9,876,190 for home energy efficiency programs that will further the Ten Year Energy Plan goal of meeting new electric energy load growth through energy efficiency and conservation. This expenditure limitation includes $76,190 for cost of issuance associated with $5 million in Lottery Bond proceeds, as well as $4.8 million in unexpended public purpose charge single family weatherization funding transferred from the Housing and Community Services Department in House Bill 2322.

The bill clarifies the use of Lottery Funds by the Department of Energy, to be consistent with the agency’s adopted budget.

**Department of Environmental Quality**
House Bill 5008 removes $17,140,248 Other Funds expenditure limitation for debt service payments mistakenly added in Senate Bill 5520. This subsection of Senate Bill 5520, the budget bill for the Department of Environmental Quality, is not necessary because the agency was also provided nonlimited Other Funds authority to pay debt service costs during the 2013-15 biennium in the same bill. This adjustment will prevent authorized Other Fund debt service payments from being erroneously double counted in 2013-15.

**Department of Land Conservation and Development**
The Subcommittee approved $116,000 General Fund to supplement grant funding for the Southern Oregon Regional Land Use Pilot Program. The bill also includes $80,000 General Fund for a grant to the Columbia River Gorge Commission for continuation of work on urban planning issues inside the Oregon portion of the National Scenic Area in the Columbia River Gorge. In addition, a reduction of $35,000 General Fund in the Planning Program was approved because rulemaking will not be required to implement provisions of House Bill 2202 to mining on land zoned for exclusive farm use.
State Department of Fish and Wildlife
The Subcommittee added a one-time $50,000 General Fund appropriation as state match for a study on the effects of cormorant predation on listed salmonids. The state support will be matched with $150,000 Federal Funds to hire seasonal positions to conduct population surveys, conduct diet studies to help verify the extent of salmonid predations, and assist in on-going hazing efforts.

The bill also adds $65,940 General Fund to increase special payments to USDA-APHIS-Wildlife Services for predator control activities. $34,060 General Fund was also added to the Department of Agriculture for the same purpose. With these increases, state-support in both departments for predator control activities will be equalized at $415,889 General Fund for the 2013-15 biennium. The Subcommittee added the following budget note for both agencies:

**Budget Note:**
The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by USDA-APHIS-Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

State Forestry Department
The Department has received a pre-award notice from the U.S. Department of Agriculture regarding the availability of $3 million of federal legacy dollars to be applied to the Gilchrist Forest acquisition. Limitation in that amount is added for the 2013-15 biennium. The total amount includes $600,000 for recently-available infill acreage.

To cover the expense of bond issuance for the Gilchrist Forest purchase and the East Lane construction, the Subcommittee increased Other Funds expenditure limitation by $120,000.

The Department is directed to use up to $200,000 of the Forest Revenue CSF account to supplement Policy Package 486, SB 5521 (2013), for the same purposes as Package 486. Package 486 provided $250,000 Other Funds expenditure limitation to meet statutory requirements for forest research and monitoring on the Elliott State Forest.

The following budget note was approved for the State Forestry Department:

**Budget Note:**
Senate Bill 5521 (2013) provided $2,885,000 Lottery Funds limitation to the Department of Forestry for the Governor’s dry-side forest health collaboration effort for a new business model to improve federal forest project management and technical and scientific support. In administering the funding, the department is authorized to also consider a small grant program and a limited duration liaison position, from the $2,885,000, at the department’s discretion. The small grants are to be administered by the Oregon Watershed Enhancement Board using the Board’s existing expenditure limitation. The position, if created, is to be the state’s point of contact for the US Forest Service, congressional delegation, local forest collaborative groups, and the state Legislative Assembly.
The Department is directed to report to the Legislature in February 2014 on specific plans, expected outcomes, progress, and the amount of federal funding and support provided to the collaboration.

**Parks and Recreation Department**

Other Funds expenditure limitation is increased by $5,000,000 for lottery bond proceeds designated to be passed through to a local recipient for the Willamette Falls project. In addition, the limitation is increased by $69,882 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is $0.9 million Lottery Funds.

**Department of State Lands**

House Bill 5008 increases the Department’s Other Funds expenditure limitation by $307,360. This is for unspent limitation associated with the conversion of 960 open rangeland acres currently leased for livestock grazing. The acreage will be converted to about 620 acres of irrigated agriculture land. The expenditure limitation was authorized by the Emergency Board in May, 2012. Due diligence review and determination of wetlands, required before undertaking the conversion, has taken longer than expected. After the final wetlands determination report in July 2013, the agency can move ahead to complete the project.

The Subcommittee increased the Federal Funds expenditure limitation in anticipation of two Environmental Protection Agency grants to develop scientifically based tools for functions-based, watershed-scale approach to wetlands mitigation in Oregon. The Department expects final notification on the grants in September 2013. The total amount is $135,000. The Department of Administrative Services (DAS) is requested to unschedule the limitation until such time as State Lands notifies DAS and the Legislative Fiscal Office that the funds are awarded.

**Water Resources Department**

The Subcommittee approved $10,242,513 Other Funds expenditure limitation from bond proceed resources for water supply projects including, but not limited to, statewide piping and lining open, rock or dirt-lined irrigation canal projects; implementation/completion of the Umatilla Basin Aquifer Recovery Project, repairing the Dam at Wallowa Lake and constructing a new reservoir in Juniper Canyon; the Willamette Basin Long-Term Water Allocation Study; the Deschutes Basin Study; and development of above and below ground water storage projects with partners in Oregon, Washington State, and Canada.

**PUBLIC SAFETY**

**Department of Corrections**

If House Bill 3194 becomes law, the operational budget for the Department of Corrections (DOC), excluding Community Corrections, is reduced by $19.7 million General Fund and 197 positions (65.31 FTE). This reduction eliminates most of the mandated caseload estimate included in House Bill 5005, and reflects a decrease in projected bed utilization of approximately 700 in 2013-15 from the April 2013 corrections forecast. Although the operational budget is decreased overall, the Department did receive $168,302 General Fund and 0.79 FTE to support the transitional leave program requirements in House Bill 3194.

The Subcommittee made several modifications to DOC’s Community Corrections budget. First, $9 million General Fund was approved to enhance baseline funding for community corrections programs. Further, if House Bill 3194 becomes law, baseline funding is increased to total
$215 million, or an additional $8.09 million General Fund. At $215 million, the Community Corrections baseline would be $33 million, or 18%, above the 2011-13 legislatively approved budget. Also, conditional on passage of House Bill 3194, $5 million General Fund was approved for jail support. DOC will distribute these dollars to counties based on each county’s proportion of the baseline funding formula.

The following budget note was approved:

**Budget Note:**
As in the 2011-13 legislatively approved budget, the Department of Corrections is instructed to address the level of unspecified reductions in its budget without closure of existing facilities and without use of layoffs to reach the reduction goal. A report on what steps may be needed to reach reduction goals will be presented to the Joint Committee on Ways and Means during the February, 2014 legislative session.

**Criminal Justice Commission**
House Bill 3194 creates the Justice Reinvestment Account (Account) to support grants to counties for programs to reduce recidivism and decrease utilization of state prison capacity. However, the bill itself does not establish a funding level. The Subcommittee approved $10 million General Fund for the Account with the understanding that an additional $5 million would be approved during the February 2014 legislative session if the legislative assembly receives a 2013-15 General Fund forecast that is higher than the close of session forecast. This approval was made with the understanding that the Governor’s Office will also direct the Criminal Justice Commission (CJC) to allocate $5 million in federal funds from the 2012 and 2013 Byrne/Justice Assistance Grants for similar grants to counties. In the 2015-17 biennium, the current service level is expected to total $20 million General Fund for the Account.

The Subcommittee also approved $190,000 General Fund and the phase-in of one Program Analyst 4 (0.88 FTE) to support grant administration and the Task Force on Public Safety as authorized in House Bill 3194.

The following budget note was approved:

**Budget Note:**
CJC is directed to administer the Justice Reinvestment Program and Specialty Courts Grant Programs during 2013-2015 using General, Other and Federal Funds. CJC will work with the Justice Reinvestment Grant Review Committee and the Criminal Justice Commission to distribute and allocate these different funds in an efficient and effective manner. CJC will report back on the results of this work during the February 2014 legislative session.

**Department of Justice**
The Subcommittee approved an increase in Other Funds (Criminal Fine Account) expenditure limitation by $700,000 to support an increased allocation to Child Abuse Multidisciplinary Intervention (CAMI). With this adjustment, CAMI would receive in total General Fund and Criminal Fine Account allocations, $10.7 million or 9.9% increase over the 2011-13 legislatively approved budget.
An increase of $1.8 million General Fund was approved for the Oregon Domestic and Sexual Violence Services Fund (ODSVS). If House Bill 3194 becomes law, an additional $2.2 million General Fund, for a total of $4 million, is approved. These adjustments augment the $4.4 million General Fund authorized in House Bill 5018.

This bill includes a reduction in the Other Funds expenditure limitation for the Department of Justice’s Civil Enforcement Division of $471,040. During consideration of House Bill 5018, this amount was shifted from the Non-limited budget category. Upon further review, restitution and refund payments from the Protection and Education Revolving Account can correctly be categorized as Non-limited.

The Subcommittee approved the first phase of funding to replace the Child Support Enforcement Automated System (CSEAS). This approval included $1.6 million General Fund for debt service on XI-Q Bonds authorized in Senate Bill 5506, $14.1 million Other Funds expenditure limitation, and $27.4 million Federal Funds. In total, the CSEA projected is estimated to cost $109.4 million with federal funding supporting two-thirds of the project. The Subcommittee also approved the following budget note:

**Budget Note:**
The Department of Justice (DOJ) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Child Support System Modernization project. DAS is to provide support to and collaborate with the DOJ in the information technology systems development lifecycle, procurement, quality assurance, and other support needed to successfully complete this project. DOJ and DAS are directed to report to the Legislative Fiscal Office at a minimum of every six months through the remainder of the biennium on the status of the project as well as provide copies of all Quality Assurance, Quality Control, and Independent Verification and Validation reports upon their receipt by the agency. DOJ is also to submit an update on the status of foundational project management documentation, including copies of completed documents, each accompanied by independent quality control review, to LFO by December 1, 2013.

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of $5,000 per year, beginning on January 1, 2014. The impact on the Department of Justice is an increase of $9,174 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

The Subcommittee also authorized $75,000 General Fund to support the Oregon Crime Victims Law Center. Further, the Defense of Criminal Conviction program was reduced by $391,724 General Fund to reflect a smaller increase in mandated caseload.

**Oregon Military Department**
The Subcommittee appropriated $275,000 of General Fund for the Oregon Local Disaster Assistance Loan and Grant Account under the Emergency Management program for possible loans or grants from the account. The Department will need to request Other Funds expenditure limitation from either the Legislature or the Emergency Board specific to a local disaster in order to expend funds from the Account.
The bill includes $15,000 General Fund for the Oregon Youth Challenge program for the reimbursement of fuel costs of participating youths’ parents or legal guardians who travel to the program to visit their children. The Oregon Youth Challenge program is to establish a reimbursement policy for such expenses and is to expend no more than the appropriation provided, unless federal matching funds are available for this purpose.

General Fund Debt Service of $314,523 was approved to support repayment of Article XI-Q General Obligation bond approved in Senate Bill 5506 for the 2013-15 biennium (Sharff Hall – Portland and Roseburg Armory). The appropriation reflects a reduction of $78,840 for General Fund Debt Service savings from previously issued bonds. The General Fund Debt Service for the 2015-17 biennium will total $2.2 million and will include Debt Service costs for Sharff Hall, the Medford Armory, the Roseburg Armory, and the Baker City Readiness Center. The Subcommittee also approved $237,345 Other Funds expenditure limitation for the cost of issuance for the four projects.

Oregon State Police
To address concerns for diminishing availability of public safety services in some Oregon counties, particularly in the areas of patrol and criminal investigations, the Subcommittee approved $1.16 million General Fund and 10 trooper positions (2.50 FTE) within the Patrol Division, $462,000 General Fund and four trooper positions (1.00 FTE) within the Criminal Division, $1.47 million General Fund for forensic equipment and one Forensic Scientist (0.88 FTE), and $300,000 General Fund to support contractual payments for medical examiner services in Southern Oregon.

Department of Public Safety Standards and Training
The Subcommittee approved $1 million Other Funds (Criminal Fine Account) expenditure limitation and four Public Safety Training Specialist 2 positions (3.52 FTE) to support the Oregon Center for Policing Excellence.

Oregon Youth Authority
The General Fund appropriation for the East Multnomah County gang funding is increased by $126,673 for extraordinary inflation associated with personnel costs. Total funding with this addition is $1,833,428.

Because of savings in capital projects, Oregon Youth Authority is able to redirect unspent funds to debt service, eliminating the need for the same amount of General Fund. The Subcommittee approved establishing a new other Funds expenditure limitation for $384,877 for debt service. The General Fund reduction is included in the omnibus adjustments.

TRANSPORTATION

Department of Transportation
Senate Bill 665 proposed moving the Statewide Interoperability Coordinator (SWIC) position and support for the Statewide Interoperability Executive Council from the Department of Transportation to the Department of Administrative Services. The bill was not heard. The agencies are instructed to complete planning for the transfer and report to the February 2014 Legislature on status of the federal FirstNet grant funding and how the SWIC’s salary and other expenses will be paid. Two positions that were eliminated from the Department of Transportation’s Highway Maintenance unit budget in anticipation of Senate Bill 665’s passage are restored. They are a Project Manager 3 and an Operations and Policy Analyst 4. Other Funds expenditure limitation is increased by $391,871 in Personal Services to support the positions.
House Bill 3137 permits an individual to submit to the Department of Transportation a voluntary odometer reading for a vehicle over ten years old as part of transfer of any interest in the motor vehicle. The measure has a fiscal impact to the Driver and Motor Vehicles Division. If the bill becomes law, it is understood that the Department may proceed with implementation if the National Highway Traffic Safety Administration odometer fraud grant in the same amount, for which the Department applied in May, 2013, is awarded. If the grant is not awarded and the Department can find no other funding to implement the measure, the Department may request funding from the Legislature in February 2014.

The Subcommittee approved an increase in Other Funds expenditure limitation in the Transportation Program Development section of $42,000,000 in lottery bond proceeds for ConnectOregon V. In addition, the limitation is increased by $691,683 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is $7.6 million Lottery Funds. The following direction was provided:

**Budget Note:**
In order to ensure Connect Oregon Funds are used efficiently and effectively, the department shall take steps to ensure that projects are delivered on time and on budget. Actions shall include, but not be limited to, the withholding of five percent of the moneys awarded. Of the amount withheld under this section, the department shall release to the recipient:

(a) Eighty percent when the recipient has completed the project.

(b) Twenty percent when the recipient has submitted and the department has accepted the final performance measure report as established by agreement between the department and the recipient. The department may not pay and the recipient forfeits the amount withheld under this paragraph if the recipient does not submit a final performance measure report before the due date in a manner that is acceptable to the department as established by the agreement between the department and the recipient. Additionally, if the recipient does not submit the performance measure report before the due date, the recipient may not apply for another performance grant during the next application cycle.

Public Transit Other Funds expenditure limitation is increased by $3,500,000 lottery bond proceeds for the Salem Keizer Transit Center. In addition, the Other Funds limitation is increased by $62,986 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is $0.6 million Lottery Funds.

General Fund debt service in Senate Bill 5544 for the Lane Transit EmX project is eliminated, for a reduction of $757,944. Lottery Funds debt service for this borrowing will begin in the 2015-17 biennium.

Other Funds expenditure limitation is increased in the Rail Division by $10,000,000 for lottery bond proceeds for Coos Bay Rail. In addition, the limitation is increased by $239,248 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is $1.8 million Lottery Funds.
Adjustments to 2011-13 Budgets

Emergency Board
House Bill 5008 disappropriates $50,447,306 General Fund from the Emergency Board. This represents all remaining appropriation in the Emergency Board for the 2011-13 biennium.

Oregon University System
The Subcommittee acted to align 2011-13 Other Funds expenditure limitations, adopted for the Oregon University System (OUS) before Senate Bill 242 (2011) was passed, with current budget reality, by removing a total of $2,329,480,585 Other Fund limited and $2,236,635,139 Other Funds non-limited authority approved by the Legislature during the 2011 Regular Session. With the passage of Senate Bill 242 (2011) the Oregon University System and its seven public universities were reorganized as non-state agencies. Part of this change involved removing OUS from being subject to Other Funds expenditure limitation by the Legislature.

Oregon Youth Authority
House Bill 5008 includes a supplemental General Fund appropriation of $200,000 for operations.

Military Department
The Subcommittee disappropriated $460,000 of General Fund for the Oregon Local Disaster Assistance Loan and Grant Account, which is in the Emergency Management program. There are currently no outstanding loan or grant requests for the account. The Subcommittee also disappropriated $26,748 of General Fund Debt Service savings from the Capital Debt Service and Related Costs program.
<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Appropriation Description</th>
<th>Bill Number</th>
<th>Section/Sub</th>
<th>Fund</th>
<th>General Fund</th>
<th>Lottery Funds</th>
<th>Other Funds</th>
<th>Federal Funds</th>
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<tr>
<td>ADMINISTRATION</td>
<td>Operating Expenses</td>
<td>SB 5501</td>
<td>01 GF</td>
<td>(8,301)</td>
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<td>Chief Operating Office</td>
<td>HB 5002</td>
<td>01-01 GF</td>
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<td>-</td>
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<td>Enterprise Asset Management</td>
<td>HB 5002</td>
<td>01-02 GF</td>
<td>(25,298)</td>
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<td>Oregon Public Broadcasting</td>
<td>HB 5002</td>
<td>01-03 GF</td>
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<td>Oregon Historical Society</td>
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<td>Administrative Services</td>
<td>SB 5539</td>
<td>01-01 GF</td>
<td>(39,053)</td>
<td>-</td>
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<td>-</td>
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<td>Elections Division</td>
<td>SB 5539</td>
<td>01-02 GF</td>
<td>(136,133)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF REVENUE</td>
<td>Administration</td>
<td>SB 5538</td>
<td>01 GF</td>
<td>(1,121,210)</td>
<td>-</td>
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<td>SB 5538</td>
<td>02 GF</td>
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<td>Personal Tax and Compliance</td>
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<td>SB 5538</td>
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<td>DEPT OF REVENUE</td>
<td>Elderly Rental Assistance and Nonprofit Housing</td>
<td>SB 5538</td>
<td>05 GF</td>
<td>(113,440)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>EMPLOYMENT RELATIONS BOARD</td>
<td>Operating Expenses</td>
<td>HB 5010</td>
<td>01 GF</td>
<td>(38,817)</td>
<td>-</td>
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<td>OFFICE OF THE GOVERNOR</td>
<td>Operating Expenses</td>
<td>SB 5523</td>
<td>01 GF</td>
<td>(205,081)</td>
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<td>OFFICE OF THE GOVERNOR</td>
<td>Expenses for Duties</td>
<td>SB 5523</td>
<td>02 GF</td>
<td>(1,000)</td>
<td>-</td>
<td>-</td>
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<td>OREGON STATE LIBRARY</td>
<td>Operating Expenses</td>
<td>HB 5022</td>
<td>01 GF</td>
<td>(32,951)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>CONSUMER AND BUSINESS SERVICES</td>
<td>Operating Expenses</td>
<td>HB 5020</td>
<td>01 GF</td>
<td>(234,674)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>BUREAU OF LABOR AND INDUSTRIES</td>
<td>Operating Expenses</td>
<td>HB 5020</td>
<td>01 GF</td>
<td>(234,674)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>ECONOMIC DEVELOPMENT</td>
<td>Arts Commission</td>
<td>HB 5028</td>
<td>01-01 GF</td>
<td>(89,679)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Business, Innovation and Trade</td>
<td>HB 5028</td>
<td>03-01 LF</td>
<td>-</td>
<td>(1,178,533)</td>
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<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Business, Innovation and Trade - Seismic Rehab</td>
<td>SB 813</td>
<td>18-01 LF</td>
<td>-</td>
<td>(3,208)</td>
<td>-</td>
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<td>-</td>
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<td>Shared Services</td>
<td>HB 5028</td>
<td>03-02 LF</td>
<td>-</td>
<td>(136,228)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Shared Services - Seismic Rehab</td>
<td>SB 813</td>
<td>18-02 LF</td>
<td>-</td>
<td>(2,413)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Oregon Film &amp; Video Office</td>
<td>HB 5028</td>
<td>03-02 LF</td>
<td>-</td>
<td>(23,072)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Oregon Growth Board</td>
<td>HB 2323</td>
<td>14 LF</td>
<td>-</td>
<td>(2,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Oregon Industrial Site Readiness Program</td>
<td>SB 246</td>
<td>08 LF</td>
<td>-</td>
<td>(3,585)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>ECONOMIC AND COMMUNITY DEVELOP</td>
<td>Beginning and Expanding Farmer Loan Program</td>
<td>HB 2700</td>
<td>07 LF</td>
<td>-</td>
<td>(4,552)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF HOUSING/COMMUNITY SVCS</td>
<td>Operating Expenses</td>
<td>HB 5015</td>
<td>01 GF</td>
<td>(169,304)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF VETERANS AFFAIRS</td>
<td>Services Provided by ODVA</td>
<td>HB 5047</td>
<td>01-01 GF</td>
<td>(82,086)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF VETERANS AFFAIRS</td>
<td>County Payments</td>
<td>HB 5047</td>
<td>01-02 GF</td>
<td>(91,535)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF VETERANS AFFAIRS</td>
<td>Vet's Services Organizations Payments</td>
<td>HB 5047</td>
<td>01-03 GF</td>
<td>(2,212)</td>
<td>-</td>
<td>-</td>
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<td>EDUCATION</td>
<td>Operations</td>
<td>SB 5518</td>
<td>01-01 GF</td>
<td>(909,397)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Oregon School for the Deaf</td>
<td>SB 5518</td>
<td>01-02 GF</td>
<td>(222,340)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Early intervention services and early childhood special education programs</td>
<td>SB 5518</td>
<td>02-01 GF</td>
<td>(2,720,844)</td>
<td>-</td>
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<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Other special education programs</td>
<td>SB 5518</td>
<td>02-02 GF</td>
<td>(857,426)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Blind and Visually Impaired Student Fund</td>
<td>SB 5518</td>
<td>02-03 GF</td>
<td>(19,769)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>DEPT OF EDUCATION</td>
<td>Breakfast and summer food programs</td>
<td>SB 5518</td>
<td>02-04 GF</td>
<td>(46,375)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Strategic investments</td>
<td>SB 5518</td>
<td>02-05 GF</td>
<td>(436,976)</td>
<td>-</td>
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<td>Appropriation Description</td>
<td>Bill Number</td>
<td>Section/Sub</td>
<td>Fund</td>
<td>General Fund</td>
<td>Lottery Funds</td>
<td>Other Funds</td>
<td>Federal Funds</td>
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<tr>
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<td>----------------------------------------------------------------</td>
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<td>DEPT OF EDUCATION</td>
<td>Other grant-in-aid programs</td>
<td>SB 5518</td>
<td>02-06</td>
<td>GF</td>
<td>(80,053)</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Oregon prekindergarten program</td>
<td>SB 5518</td>
<td>02-07</td>
<td>GF</td>
<td>(2,548,483)</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Other early learning programs</td>
<td>SB 5518</td>
<td>02-08</td>
<td>GF</td>
<td>(673,910)</td>
<td>-</td>
<td>-</td>
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<td>DEPT OF EDUCATION</td>
<td>Youth development programs</td>
<td>SB 5518</td>
<td>02-09</td>
<td>GF</td>
<td>(114,982)</td>
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<td>OREGON EDUCATION INVESTMENT BRD</td>
<td>Operating Expenses</td>
<td>SB 5548</td>
<td>01</td>
<td>GF</td>
<td>(123,176)</td>
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<td>STUDENT ASSISTANCE COMMISSION</td>
<td>Oregon Opportunity Grants</td>
<td>HB 5032</td>
<td>01-01</td>
<td>GF</td>
<td>(2,269,536)</td>
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<td>STUDENT ASSISTANCE COMMISSION</td>
<td>OSAC operations</td>
<td>HB 5032</td>
<td>01-02</td>
<td>GF</td>
<td>(63,076)</td>
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<td>STUDENT ASSISTANCE COMMISSION</td>
<td>Other payments to individuals and institutions</td>
<td>HB 5032</td>
<td>01-03</td>
<td>GF</td>
<td>(28,985)</td>
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<td>COMMUNITY COLLEGES DEPARTMENT</td>
<td>Operations</td>
<td>HB 5019</td>
<td>01-01</td>
<td>GF</td>
<td>(275,715)</td>
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<td>COMMUNITY COLLEGES DEPARTMENT</td>
<td>Skills centers</td>
<td>HB 5019</td>
<td>01-03</td>
<td>GF</td>
<td>(12,000)</td>
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<td>HIGHER EDUCATION COORD. COMM.</td>
<td>Operations</td>
<td>HB 5033</td>
<td>01</td>
<td>GF</td>
<td>(45,957)</td>
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<td>HUMAN SERVICES</td>
<td>Operating Expenses</td>
<td>HB 5024</td>
<td>01</td>
<td>GF</td>
<td>(39,554)</td>
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<td>COMMISSION FOR THE BLIND</td>
<td>Operating Expenses</td>
<td>HB 5003</td>
<td>01</td>
<td>GF</td>
<td>(31,287)</td>
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<td>PSYCHIATRIC REVIEW BOARD</td>
<td>Operating Expenses</td>
<td>HB 5040</td>
<td>01</td>
<td>GF</td>
<td>(46,969)</td>
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<td>DEPT OF HUMAN SERVICES</td>
<td>Central Services, Statewide Assessments &amp; Enterprise-wide Costs</td>
<td>SB 5529</td>
<td>01-01</td>
<td>GF</td>
<td>(3,618,994)</td>
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<td>DEPT OF HUMAN SERVICES</td>
<td>Child Welfare, Self Sufficiency, and Vocational Rehabilitation Services</td>
<td>SB 5529</td>
<td>01-02</td>
<td>GF</td>
<td>(16,897,531)</td>
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<td>DEPT OF HUMAN SERVICES</td>
<td>Aging and People with Disabilities and Developmental Disabilities Programs</td>
<td>SB 5529</td>
<td>01-03</td>
<td>GF</td>
<td>(25,049,879)</td>
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<td>OREGON HEALTH AUTHORITY</td>
<td>Programs</td>
<td>HB 5030</td>
<td>01-01</td>
<td>GF</td>
<td>(36,974,198)</td>
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<td>OREGON HEALTH AUTHORITY</td>
<td>Central Services, Statewide Assessments and Enterprise-wide Costs</td>
<td>HB 5030</td>
<td>01-02</td>
<td>GF</td>
<td>(1,834,762)</td>
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<td>JUDICIAL BRANCH</td>
<td>Administration</td>
<td>HB 5017</td>
<td>01-01</td>
<td>GF</td>
<td>(3,849)</td>
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<td>JUDICIAL BRANCH</td>
<td>Extraordinary expenses</td>
<td>HB 5017</td>
<td>01-02</td>
<td>GF</td>
<td>(206)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Operations</td>
<td>HB 5016</td>
<td>01-02</td>
<td>GF</td>
<td>(5,455,635)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Mandated Payments</td>
<td>HB 5016</td>
<td>01-03</td>
<td>GF</td>
<td>(296,940)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Electronic Court</td>
<td>HB 5016</td>
<td>01-04</td>
<td>GF</td>
<td>(37,415)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Third-party Debt Collections</td>
<td>HB 5016</td>
<td>01-06</td>
<td>GF</td>
<td>(239,201)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Oregon Law Commission</td>
<td>HB 5016</td>
<td>05</td>
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<td>(4,492)</td>
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<td>Council on Court Procedures</td>
<td>HB 5016</td>
<td>06</td>
<td>GF</td>
<td>(1,040)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Conciliation &amp; mediation services in circuit courts</td>
<td>HB 5016</td>
<td>07-01</td>
<td>GF</td>
<td>(144,424)</td>
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<td>JUDICIAL DEPARTMENT</td>
<td>Operating law libraries or providing law library services</td>
<td>HB 5016</td>
<td>08-01</td>
<td>GF</td>
<td>(144,424)</td>
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<td>PUBLIC DEFENSE SERVICES</td>
<td>Appellate Division</td>
<td>HB 5041</td>
<td>01-01</td>
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<td>(291,347)</td>
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<td>Professional Services</td>
<td>HB 5041</td>
<td>01-02</td>
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<td>(4,617,158)</td>
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<td>Contract and Business Services Division</td>
<td>HB 5041</td>
<td>01-03</td>
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<td>(65,418)</td>
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<td>LEGISLATIVE BRANCH</td>
<td>General program</td>
<td>HB 5021</td>
<td>01-01</td>
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<td>(533,335)</td>
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<td>LEGISLATIVE ASSEMBLY</td>
<td>Biennial General Fund</td>
<td>HB 5021</td>
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<td>(266,482)</td>
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<td>77th Leg Assembly</td>
<td>HB 5021</td>
<td>05-01</td>
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<td>(338,307)</td>
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<td>78th Leg Assembly</td>
<td>HB 5021</td>
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<td>(176,899)</td>
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<td>Lottery Funds</td>
<td>Other Funds</td>
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<td>LEGISLATIVE FISCAL OFFICER</td>
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<td>HB 5021</td>
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<td>(73,889)</td>
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<td>LEGISLATIVE REVENUE OFFICE</td>
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<td>HB 5021</td>
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<td>(9,186)</td>
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<td>DEPT OF GEOLOGY AND INDUSTRIES</td>
<td>General Fund</td>
<td>HB 5014</td>
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<td>(51,519)</td>
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<td>DEPT OF PARKS AND RECREATION</td>
<td>General Fund</td>
<td>HB 5034</td>
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<td>LAND USE APPEALS BOARD</td>
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<td>SB 5531</td>
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<td>DEPT OF WATER RESOURCES</td>
<td>Water resources program</td>
<td>SB 5547</td>
<td>01 GF</td>
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<td>(540,096)</td>
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<td>DEPT OF AGRICULTURE</td>
<td>Administrative and Support Services</td>
<td>SB 5502</td>
<td>01-01 GF</td>
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<td>DEPT OF AGRICULTURE</td>
<td>Food Safety</td>
<td>SB 5502</td>
<td>01-02 GF</td>
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<td>(130,436)</td>
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<td>DEPT OF AGRICULTURE</td>
<td>Natural Resources</td>
<td>SB 5502</td>
<td>01-03 GF</td>
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<td>(140,392)</td>
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<td>Agricultural Development</td>
<td>SB 5502</td>
<td>01-04 GF</td>
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<td>(79,760)</td>
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<td>DEPT OF ENVIRONMENTAL QUALITY</td>
<td>Air quality</td>
<td>SB 5520</td>
<td>01-01 GF</td>
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<td>DEPT OF ENVIRONMENTAL QUALITY</td>
<td>Water quality</td>
<td>SB 5520</td>
<td>01-02 GF</td>
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<td>(392,845)</td>
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<td>Land quality</td>
<td>SB 5520</td>
<td>01-03 GF</td>
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<td>(15,194)</td>
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<td>DEPT OF FISH AND WILDLIFE</td>
<td>Fish Division</td>
<td>HB 5013</td>
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<td>(252,570)</td>
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<td>DEPT OF FISH AND WILDLIFE</td>
<td>Wildlife Division</td>
<td>HB 5013</td>
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<td>HB 5013</td>
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<td>HB 5013</td>
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<td>DEPT OF FORESTRY</td>
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<td>Fire protection</td>
<td>SB 5521</td>
<td>01-02 GF</td>
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<td>DEPT OF FORESTRY</td>
<td>Private forests</td>
<td>SB 5521</td>
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<td>Planning program</td>
<td>SB 5530</td>
<td>01-01 GF</td>
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<td>Grant Programs</td>
<td>SB 5530</td>
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<td>COLUMBIA RIVER GORGE COMMISSION</td>
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<td>SB 5511</td>
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<td>BOARD OF PAROLE/POST PRISON</td>
<td>General Fund</td>
<td>HB 5035</td>
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<td>OREGON STATE POLICE</td>
<td>Patrol services, criminal investigations and gaming enforcement</td>
<td>HB 5038</td>
<td>01-01 GF</td>
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<td>(2,965,500)</td>
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<td>OREGON STATE POLICE</td>
<td>Fish and wildlife enforcement</td>
<td>HB 5038</td>
<td>01-02 GF</td>
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<td>OREGON STATE POLICE</td>
<td>Forensic services and State Medical Examiner</td>
<td>HB 5038</td>
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<td>(742,545)</td>
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<td>Administrative Services, information management and Office of the State Fire Marshal</td>
<td>HB 5038</td>
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<td>(928,850)</td>
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<td>DEPT OF CORRECTIONS</td>
<td>Operations and health services</td>
<td>HB 5005</td>
<td>01-01 GF</td>
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<td>(17,849,890)</td>
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<td>Administration, general services and human resources</td>
<td>HB 5005</td>
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<td>(2,570,120)</td>
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<td>DISTRICT ATTORNEYS/DEPUTIES</td>
<td>Department of Justice for District Attorneys</td>
<td>SB 5517</td>
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<td>DEPT OF JUSTICE</td>
<td>Office of AG &amp; adminstration</td>
<td>HB 5018</td>
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<td>01-03 GF</td>
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<td>Crime victims' services</td>
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<td>Defense of criminal conviction</td>
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<td>01-05 GF</td>
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<td>Lottery Funds</td>
<td>Other Funds</td>
<td>Federal Funds</td>
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<td>Child Support Division</td>
<td>HB 5018</td>
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<td>OREGON YOUTH AUTHORITY</td>
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<td>HB 5050</td>
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<td>GF</td>
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<td>Juvenile crime prevention/diversion</td>
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<td>(34,135)</td>
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<td>SB 5544</td>
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Action: Do Pass as Printed

Vote:

House
Yea:
Nay:
Exc:

Senate
Yea:
Exc:

Prepared By: Ken Rocco, Legislative Fiscal Office

Reviewed By: Legislative Fiscal Office Staff

Meeting Date: October 1, 2013

Agency
Various Agencies

Biennium
2013-15
## Budget Summary

<table>
<thead>
<tr>
<th>Education Program Area</th>
<th>2013-15 Legislatively Adopted Budget</th>
<th>Committee Recommendations</th>
<th>Percentage Change from Legislatively Adopted Spending Level</th>
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<td><strong>Education Program Area</strong></td>
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<tr>
<td><strong>Community Colleges and Workforce</strong></td>
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<td>Department of Human Services</td>
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<td>Oregon Health Authority</td>
<td>Other Funds</td>
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<td>Program Area</td>
<td>Department of Transportation</td>
<td>Miscellaneous Program Area</td>
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<td><strong>Emergency Board</strong></td>
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<td>General Fund - Special Purpose Appropriations</td>
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**Summary of Revenue Changes**

House Bill 5101 appropriated additional General Fund and provides additional Other Funds expenditure limitation for revenue increases that were approved during the 2013 1st Special Session. The sources of these revenues are included in HB 3601.

**Summary of Joint Committee on Special Session Action**

House Bill 5101 is an omnibus budget reconciliation bill implementing actions needed to adjust legislatively adopted budgets due to the additional projected General Fund and Other Funds revenue provided to six agencies as part of an overall legislative plan for the 2013 1st Special Session.

**Education Program Area**

**Department of Community Colleges and Workforce Development**

The Committee approved an additional $15 million General Fund for the Community College Support Fund for community college districts. This additional funding brings the total amount of General Fund appropriated for general purpose payments to Community Colleges to $465 million and will be distributed to the 17 community colleges through the existing distribution mechanism. The Committee adopted the following budget note:

**Budget Note**

In adopting this appropriation for the Community College Support Fund for community college districts, the Legislature intends that the additional $15 million will be distributed to the 17 community colleges to freeze or limit the increases in tuition and fees for the second year of the biennium to the extent possible given the amount of additional funding available.

**Oregon Department of Education – State School Fund**

An additional $100 million is recommended for the State School Fund bringing the total General Fund appropriation for the 2013-15 biennium to $6,322,625,891 and the total funds amount for the State School Fund to $6,650,400,826. This additional $100 million will be distributed to school districts and Education Service Districts (ESDs) through the statutorily established education distribution formula for the fiscal year beginning July 1, 2014 (second school year of the biennium).
In adopting this additional funding for the State School Fund, the Legislature intends that the $100 million General Fund for the second school year of the biennium be used by school districts to hire additional teachers and/or other educational professionals in order to decrease class sizes and to add back days to the school year in order to increase instructional time for students.

**Oregon University System**

The Committee increased the General Fund appropriation for public university support by $25,000,000 with direction that the money be used to reduce resident undergraduate tuition increases at the state’s seven public universities. The Committee adopted the following budget note to limit tuition increases on resident undergraduate students:

**Budget Note:**

In adopting the additional funding for the Oregon University System, the Legislature intends that increases in the base rates per credit hour paid by resident undergraduate students for the Winter 2014 and Spring 2014 terms on all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU) may not exceed an average of 2%. For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 4.3% for the Winter and Spring 2014 terms. For the 2014-15 academic year, the Legislature intends that there be no increases in the base rates per credit hour paid by resident undergraduate students at all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU). For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 2.2% for the 2014-15 academic year.

**Human Services Program Area**

The Committee added a total of $10 million General Fund to the Department of Human Services’ (DHS) 2013-15 legislatively adopted budget for Oregon Project Independence (OPI), which brings program funding up to just under $20 million General Fund and essentially doubles program capacity. OPI, which is entirely state-funded, helps seniors 60 years and over live independently and safely in their own homes by providing individualized personal care, housekeeping, and case management support. Program funding has either decreased or remained flat over the last three biennia, while costs associated with transportation, administration, and direct services increased during the same timeframe.

For future distribution to programs or activities supporting seniors, the Committee set aside $26 million General Fund in a special purpose appropriation to the Emergency Board. Potential investments include augmenting services to seniors administered by local Area Agencies on Aging, backfilling Quality of Care Fund dollars, improving services for older adults with mental illness, and supporting efforts associated with
SB 21 (2013), which requires planning to improve and strengthen Oregon’s publicly funded long term care system. Specific decisions regarding the programs or activities to be funded are anticipated to be made during the 2014 legislative session.

**Oregon Health Authority**

HB 3601 includes a graduated tax increase in the cigarette tax that is dedicated to funding community mental health services through the Oregon Health Authority. The increase is expected to provide at least $20 million of revenue during the 2013-15 biennium for these programs.

The Committee added a total of $10 million Other Funds expenditure limitation to the Oregon Health Authority’s (OHA) 2013-15 legislatively adopted budget for the following investments in community mental health programs:

- $5.8 million Other Funds expenditure limitation to fully fund the mental health system for children and young adults for 18 months of the biennium, consistent with the agency proposal for that investment during the 2013 legislative session. This investment is expected to include funding for school access to mental health, system of care and wraparound, parent child interaction therapy, young adult co-occurring disorder treatment, Oregon Psychiatric Access Line for Kids, and a youth sex trafficking program.
- $4.2 million Other Funds expenditure limitation to provide additional community based, coordinated services to individuals in crisis with mental health and co-occurring mental health and substance abuse disorders, in order to avoid costlier levels of care such as hospitalization or the criminal justice system.

The remaining $10 million of revenue will be available for additional investments in adult community mental health services later in the biennium, such as supported housing and peer delivered services. The decisions regarding the specific programs to be funded are anticipated to be made during the 2014 legislative session. The agency will review options to provide housing and related necessary support services for people with mental illness, including a rental assistance/support model, and a model to build additional housing using public-private partnerships, and will report on options and recommendations to the Joint Committee on Ways and Means during the 2014 legislative session.

The agency will provide an update on the program activities and outcomes realized with the additional funding, as part of the anticipated report on the implementation of the program investments in the community mental health system included in the 2013-15 adopted budget. That report is required by September 2014 per a budget note in HB 5030 (2013).
Transportation Program Area

Department of Transportation

The agency’s 2013-15 legislatively adopted budget includes $2 million General Fund for senior and disabled transportation. The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. To help offset projected declines in program non-General Fund revenue sources (cigarette taxes and identification card fees) and to provide additional resources for the Department’s Elderly and People with Disabilities Transportation Program, the Committee added $5 million General Fund. The additional resources are expected to be used to maintain the existing system and improve services wherever possible. Funding should also allow communities to match federal resources to help support local projects. Potential projects include continuing the current Veterans’ Transportation Pilot project which is only funded through June 2014, developing small volunteer transportation programs to supplement area services, and allowing contractors to operate more hours providing more riding opportunities per day.

Miscellaneous Program Area

Emergency Board

The Committee appropriated $26 million General Fund to the Emergency Board, as a special purpose appropriation, for allocation to state agencies for senior services. Additional information regarding potential use of these dollars is in the DHS section of this budget report narrative.
Action: Do Pass as Amended and be Printed A-Engrossed

Vote: 21 – 5 – 0

House
Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson
Nays: Hanna, Freeman, McLane, Richardson
Exc:

Senate
Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Winters
Nays: Whitsett
Exc:

Prepared By: Linda Ames and Laurie Byerly, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: March 6, 2014

Agency
Various Agencies
Emergency Board

Biennium
2013-15
## Budget Summary (1)

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<th>Emergency Board</th>
<th>2013-15 Legislatively Approved Level(2)</th>
<th>2014 Committee Recommendation</th>
<th>Committee Change from 2013-15 Leg. Approved</th>
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<td></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
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<td>General Fund - Special Purpose Appropriations</td>
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<td>State employee compensation changes</td>
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## ADMINISTRATION PROGRAM AREA

### Department of Administrative Services

| General Fund | $11,148,091 | $11,914,443 | $766,352 | 6.9% |
| Other Funds  | $877,567,512 | $907,312,584 | $29,745,072 | 3.4% |

### Oregon Advocacy Commissions Office

| General Fund | $399,995 | $425,525 | $25,530 | 6.4% |

### Employment Relations Board

| General Fund | $1,894,849 | $2,061,040 | $166,191 | 8.8% |
| Other Funds  | $1,901,273 | $2,140,264 | $238,991 | 12.6% |

### Government Ethics Commission

| Other Funds | $1,935,994 | $1,976,802 | $40,808 | 2.1% |

### Office of the Governor

<p>| General Fund | $10,007,383 | $11,401,846 | $1,394,463 | 13.9% |
| Lottery Funds | $3,261,204 | $3,376,215 | $115,011 | 3.5% |
| Other Funds  | $2,809,734 | $2,910,655 | $100,921 | 3.6% |</p>
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<th>Oregon State Library</th>
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<th>Public Employees Retirement System</th>
<th>Racing Commission</th>
<th>Department of Revenue</th>
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<th>Treasurer of State</th>
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**CONSUMER AND BUSINESS SERVICES PROGRAM AREA**

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<th>Board of Chiropractic Examiners</th>
<th>Construction Contractors Board</th>
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<td>2014 Committee Recommendation</td>
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<td>$ 210,350,105</td>
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<td></td>
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<td>Health Related Licensing Boards</td>
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<td>State Mortuary and Cemetery Board</td>
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<td>Board of Naturopathic Medicine</td>
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**ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA**

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<th>2014 Committee Recommendation</th>
<th>Committee Change from 2013-15 Leg. Approved</th>
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<td>% Change</td>
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<td><strong>Department of Veterans' Affairs</strong></td>
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<td>Committee Change from 2013-15 Leg. Approved</td>
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<td></td>
<td>$ 752,677,876</td>
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<td>$ 61,809,554</td>
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<td>2014 Committee Recommendation</td>
<td>Committee Change from 2013-15 Leg. Approved</td>
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<td>$4,474,644</td>
<td>$7,602</td>
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| Public Defense Services Commission            |                                        |                                |                                         |
| General Fund                                  | $244,280,071                           | $249,451,095                   | $5,171,024                               | 2.1% |
| Other Funds                                   | $4,467,042                              | $4,474,644                      | $7,602                                   | 0.2% |

**LEGISLATIVE BRANCH**

| Legislative Administration Committee         |                                        |                                |                                         |
| General Fund                                  | $33,376,264                            | $33,937,491                    | $561,227                                 | 1.7% |
| Other Funds                                   | $37,920,316                            | $37,929,526                    | $9,210                                   | 0.0% |

| Legislative Assembly                          |                                        |                                |                                         |
| General Fund                                  | $38,039,318                            | $38,204,763                    | $165,445                                 | 0.4% |
| Other Funds                                   | $277,937                               | $278,847                       | $910                                     | 0.3% |

| Commission on Indian Services                 |                                        |                                |                                         |
| General Fund                                  | $444,063                               | $450,369                       | $6,306                                   | 1.4% |

| Legislative Counsel                           |                                        |                                |                                         |
| General Fund                                  | $9,784,658                             | $9,952,041                     | $167,383                                 | 1.7% |
| Other Funds                                   | $1,658,313                             | $1,681,068                     | $22,755                                  | 1.4% |

| Legislative Fiscal Office                     |                                        |                                |                                         |
| General Fund                                  | $3,610,997                             | $3,558,397                     | $(52,600)                                | -1.5% |
| Other Funds                                   | $3,000,000                             | $3,179,547                     | $179,547                                 | 6.0% |

| Legislative Revenue Office                    |                                        |                                |                                         |
| General Fund                                  | $2,711,399                             | $2,769,184                     | $57,785                                  | 2.1% |

**NATURAL RESOURCES PROGRAM AREA**

<p>| Department of Agriculture                     |                                        |                                |                                         |
| General Fund                                  | $18,720,616                            | $19,460,351                    | $739,735                                 | 4.0% |
| Lottery Funds                                 | $6,333,815                             | $6,473,272                     | $139,457                                 | 2.2% |
| Other Funds                                   | $53,980,931                            | $55,589,067                    | $1,608,136                               | 3.0% |
| Federal Funds                                 | $15,168,522                            | $15,320,730                    | $152,208                                 | 1.0% |</p>
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<th>2014 Committee Recommendation</th>
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<td>Department of Land Conservation and Development</td>
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**PUBLIC SAFETY PROGRAM AREA**

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### 2013-15 Budget Summary

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(1) Excludes Capital Construction
(2) Includes approved expenditures through November 2013 and administrative actions
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HB 5201-A
Page 13 of 65
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Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the February 2014 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis, supplemented by one-time savings identified in several agencies, as well as a transfer from Secretary of State’s Corporate Division as authorized in House Bill 4157.

Summary of Capital Construction Subcommittee Action

House Bill 5201 is the omnibus budget reconciliation bill for the 2014 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2013 session. The Subcommittee approved House Bill 5201 with amendments to reflect budget adjustments as described below.

Statewide Adjustments

EMPLOYEE COMPENSATION DISTRIBUTION

The Subcommittee approved allocating $86.5 million General Fund to state agencies for employee compensation. This amount is 100% of the General Fund special purpose appropriation to the Emergency Board, made by House Bill 5008 (2013) for employee compensation. Also approved were associated expenditure limitation increases of $2.6 million Lottery Funds, $84.7 million Other Funds, and $44.2 million Federal Funds. The General Fund component is expected to cover about 90% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Lottery Funds, Other Funds, and Federal Funds expenditure limitations are calculated at the full cost estimate level.

Section 105 of the budget bill reflects the employee compensation amounts approved for each agency; adjustments for agencies are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

2% HOLDBACK

House Bill 5008 (2013) included a 2% supplemental ending balance holdback that was primarily applied to General Fund, and excluded debt service as well as selected programs. Agencies’ 2013-15 legislatively adopted budgets were reduced by these amounts. With the current statewide economic conditions and revenue forecast, these budget reductions are being partially restored. Generally, 25% of the holdback is being restored to each affected agency, although there are a number of exceptions. Restorations include a total of $68.3 million General Fund and $0.3 million Lottery Funds. Section 104 of the budget bill reflects the restoration amounts for each agency. More detail is available in the narrative for each affected agency; agencies without General Fund or Lottery Funds in their budgets were not affected.

PACKAGE 091

Package 091 Statewide Administrative Savings is another 2013-15 adjustment affecting most agency budgets and captured in agency budget bills. The 2013 Legislature approved this package of $62.0 million total funds in permanent reductions as a placeholder for administrative efficiencies.
The placeholder, which carried forward from the Governor’s budget, was simply a pro rata calculation across personal services and services and supplies expenditures in administrative budget structures. The Department of Administrative Services (DAS) committed to work out reduction details with agencies and report to the Joint Committee on Ways and Means during the 2014 session. The areas targeted for reduction were finance, information technology, human resources, accounting, payroll, and procurement expenditures.

The legislative expectation was that DAS would present a statewide plan identifying specific efficiencies and realigning placeholder reductions, if needed. However, DAS did not come forward with a plan, but instead reported that efforts to realize the savings in Package 091 met with unexpected challenges. These include actual savings taking longer than one biennium to materialize and some ideas requiring up front investments that would offset any near term savings. Since DAS failed to deliver a plan, the Legislative Fiscal Office worked with state agencies and their DAS budget analysts to replace placeholders with specific reduction actions. For some agencies, the updated Package 091 will deviate from placeholder expenditure categories or appropriations; these changes are described in the individual agency narratives. Agency narratives, where applicable, will also identify position count and full-time equivalent (FTE) decreases.

**Emergency Board**

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. As part of the 2013-15 biennium statewide rebalance plan, House Bill 5201 adjusts the Emergency Board’s special purpose appropriations as described below:

- Eliminates a special purpose appropriation for state agencies of $86.5 million, with corresponding General Fund appropriations to various state agencies for state employee compensation changes.
- Eliminates a special purpose appropriation for state agencies of $12.9 million, with corresponding General Fund appropriations to the Department of Human Services ($11,038,678) and the Oregon Health Authority ($1,861,322) for compensation changes for home health care workers who are not state employees.
- Eliminates a special purpose appropriation for the Oregon Department of Education (ODE) of $4.6 million, with a General Fund appropriation of $4.4 million to ODE for assessments including those assessments required under the federal Elementary and Secondary Act and linked to Common Core Standards.
- Eliminates a special purpose appropriation for the Oregon Department of Education (ODE) of $1,789,557, with a corresponding General Fund appropriation to the ODE for program funding for the second year of the biennium for youth development grants, performance-based contracts, and services at the local level.
- Eliminates multiple special purpose appropriations for the Housing and Community Services Department totaling $9,215,066, with a General Fund appropriation of $8,540,066 to the Housing and Community Services Department for second year operations, and an appropriation of $225,000 to the agency for one-time supplemental funding to the Oregon Hunger Response Fund for fiscal year 2014.
- Eliminates a special purpose appropriation for the Oregon Health Authority of $3.3 million, with a General Fund appropriation of $2,942,895 to the Oregon Health Authority for adult residential rate increases within the alcohol and drug system.
• Eliminates a special purpose appropriation for the Oregon Health Authority of $100,000, with a corresponding General Fund appropriation to the Oregon Health Authority for staffing needs related to the Dental Pilot Projects.

• Reduces the special purpose appropriation of $26 million for seniors made by House Bill 5101 (2013 Special Session) to appropriate $13,295,373 General Fund to programs benefitting seniors in multiple agencies, but primarily in the Department of Human Services.

• Establishes a $24 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.

• Establishes a $3.5 million special purpose appropriation to be allocated for future costs associated with higher education governance changes; including costs incurred by the Higher Education Coordinating Commission as duties and responsibilities are transferred from the Chancellor’s Office to the Commission and for impacts on the budgets of the four technical and regional universities.

• Establishes a $1.3 million special purpose appropriation to be allocated to the Judicial Department for Operations support. The Department may request funds to finance one-time operations investments and service increases.

• Establishes a $700,000 special purpose appropriation to be allocated to the Judicial Department for third-party debt collection costs.

If remaining special purpose appropriations are not allocated by the Emergency Board before December 1, 2014, any remaining funds become available to the Emergency Board for general purposes.

The Subcommittee established a reservation within the general purpose Emergency Fund of $350,000 for the Board of Parole and Post-Prison Supervision (BPPPS) for replacement of the Parole Board Management Information System (PBMIS). Allocation of the reservation is contingent upon the Board providing a project budget, project plan, and periodic status reports. BPPPS may request allocation of the reservation from the Emergency Board after the Legislative Fiscal Office approves the project budget and project plan.

A reservation was also established within the general purpose Emergency Fund of $3.5 million for the Statewide Longitudinal Data System proposed by the Oregon Education Investment Board (OEIB), Oregon Department of Education (ODE), and the Higher Education Coordinating Commission (HECC). Prior to the release of this reservation, the agencies must meet the requirements of the budget note included in this bill for OEIB relating to completing a refined business case, development of a comprehensive set of foundational project management documents, and completion of an assessment of the foundational project management documents and a project risk assessment by an independent Quality Assurance contractor.

Adjustments to Agency Budgets

ADMINISTRATION

Department of Administrative Services
The Subcommittee approved an $8,644,690 Other Funds expenditure limitation increase for Enterprise Technology Services (ETS) to begin a $40 million technology equipment lifecycle replacement plan. Due to continued use of equipment past its useful life, the state is now experiencing unacceptable levels of technology service outages that impact state government operations. DAS estimates there is now more than $40 million
worth of equipment and infrastructure past the 5 year useful life. DAS will enter into lease-to-own agreements to finance the equipment replacement. Existing ETS rates are estimated to be sufficient to generate enough revenue to pay the $8,644,690 Other Funds needed for leases-to-own agreements that will be entered into this biennium. Use of this additional revenue will likely preclude DAS from lowering ETS rates mid-biennium as was being contemplated by the ETS Customer Utility Board. Use of existing rate revenue will avoid costs associated with borrowing the money internally, as was initially recommended by the Department. The $8,644,690 Other Funds increase for 2013-15 rolls-up to $18,743,503 in 2015-17 for the second phase of the equipment replacement plan. DAS plans to incorporate a depreciation factor in future ETS rates, which will allow the state to accommodate lifecycle replacement costs on an ongoing basis. The Subcommittee also approved a $5,121,497 Other Funds expenditure limitation increase and the establishment of 19 positions (10.22 FTE) for ETS to meet the increasing demand for technology services from state and local governments, including implementation of IT projects approved in 2013-15 adopted budgets.

The Subcommittee adopted the following budget note to ensure proper oversight of state information technology assets and projects:

**Budget Note:**
The Oregon Department of Administrative Services (DAS), working with the State CIO, shall produce a comprehensive inventory report of all current information technology (IT) assets as required under current law with a special emphasis on the planned replacement or modernization status of information systems in use by all executive branch agencies. This inventory report shall include, but not be limited to:

- Agency name, Information System (Application) name, Agency Program owner, and business purpose of the Information System
- Age, Date of last upgrade, and planned changes/enhancements/retirement for the Information System (Application) in the future

In addition, DAS and the State CIO shall produce a comprehensive report of all IT projects underway in the 2013-15 biennium or planned for the 2015-17 biennium. The IT project report shall include, but not be limited to:

- Agency name, project title/name, project description, estimated budget (for all biennia), estimated start and completion date.

Both the IT inventory and project reports shall include:

- A narrative explanation of the methods, assumptions and tools used and any challenges DAS or the State CIO faced in collecting IT asset and/or IT project information;
- A narrative description of any statutory, rule or policy changes or resource allocations DAS or the State CIO believes are necessary to support continued or better IT asset inventory and/or IT project reporting.

The State CIO shall include a narrative section focused on planned statewide information systems modernization as well as the IT inventory and project reports outlined above, in the appendix of the State Information Technology and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) the State CIO is required to develop and update each biennium under ORS 291.039.
The IT inventory and project reports and a status report on the completion of the State IT and Telecommunications plan (changed to Enterprise Information Resources Management Strategy in HB 4135) shall be presented to the Joint Committee on Legislative Audits, Information Management and Technology and the General Government Subcommittee of the Emergency Board or the interim Joint Committee on Ways and Means before the start of the 2015 session. The State IT and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) shall be presented to the General Government Subcommittee of the Joint Committee on Ways and Means and other appropriate committees during the 2015 session.

The Subcommittee approved a $700,000 Other Funds expenditure limitation for the Chief Operating Office for two special projects that cross multiple agencies or require some independence. The first such project is a $350,000 limitation increase to purchase a statewide license for the Agora software program to be used by multiple state agencies. Agora offers tools to link economic and community development projects with project funders. The second special project involves the expenditure of $350,000 Other Funds to examine the Cover Oregon Website Project. At the request of the Governor, DAS contracted with First Data Government Solutions through the Enterprise Initiatives Master Price Agreement. First Data Government Solutions will complete a third party assessment of the Cover Oregon Website Project. Funding for the contract will be transferred from the Oregon Health Authority and Cover Oregon to pay the cost of this assessment and any applicable legal fees.

The Subcommittee approved a $1,220,548 Other Funds expenditure limitation increase for Enterprise Asset Management (EAM) for the state motor pool. A $1,047,548 Other Funds increase is for the purchase of 47 new vehicles and for fuel and maintenance of these vehicles. The Subcommittee also increased the Other Funds expenditure limitation for EAM by $173,000 to accommodate the transfer of an auto mechanic position from the Oregon Department of Transportation to the state motor pool to consolidate light fleet maintenance in the Salem area.

House Bill 5201 includes one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

- $345,000 for disbursement to the SW Oregon Assessment and Taxation Coalition involving the assessors of Coos, Curry, Douglas, Jackson, Josephine, Klamath, and Lane counties for a pilot project to form partnerships for the delivery of taxation and assessment services, to seek ways to deliver these services more efficiently.
- $200,000 for disbursement to Oregon Health and Science University Office of Rural Health for the Primary Health Care Loan Forgiveness Program.
- $100,000 for disbursement to the City of Forest Grove for initial planning costs associated with construction of a community center facility. The building could potentially house city hall, city offices, and a police station.
- $80,000 for disbursement to Sustainable Northwest for completion of a Western Juniper utilization and marketing project.
- $20,000 for disbursement to the Medford Senior Center for their Senior Nutrition Program.

The Subcommittee added $9,033,609 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from Lottery Bond sales; projects are detailed below and approved in in Senate Bill 5703. There is no debt service allocated in the 2013-15 biennium, as the bonds will not be sold until the spring of 2015. Debt service for 2015-17 is estimated at a total of $1,640,046 Lottery Funds: $588,086 for the Port of Morrow Community Revitalization Revolving Loan Fund; $270,707 for the Stayton
Stormwater project; $176,765 for the Beaverton Community Health Collaborative project; $176,765 for the Mid-Columbia Medical Center; and $427,723 for the Cornelius Library matching fund project.

- $2,958,304 Other Funds for disbursement to the Port of Morrow for a Community Revitalization Revolving Loan Fund that would be available to Malheur, Harney, Grant, Baker, Union, Wallowa, Umatilla, Morrow, Gilliam, Sherman, and Wheeler counties for energy conservation, renewable energy, and general business development projects.
- $2,451,194 Other Funds for disbursement to the City of Cornelius for a new public library with the stipulation that the City of Cornelius secures matching funds and commitments of no less than $10.4 million by the end of the 2013-15 biennium, prior to the distribution of the lottery revenue bond proceeds for the project.
- $1,544,053 Other Funds for disbursement to the City of Stayton to purchase property and develop a storm water detention facility in Stayton. The facility is expected to improve water quality for downstream agricultural users and manage peak storm flows into the Salem Ditch and Mill Creek.
- $1,040,029 Other Funds for disbursement to the Mid-Columbia Medical Center to support capital construction projects to expand or improve the medical center.
- $1,040,029 Other Funds for disbursement to the Beaverton Community Health Collaborative for the construction of a multi-service health and wellness facility.

The Subcommittee accepted technical adjustments to the revenue reductions assumed in the Department 2013-15 legislatively adopted budget by increasing the assumed Other Funds revenue by $1.5 million for the Chief Operating Office, $1.8 million for Enterprise Human Resource Services, and $437,180 for the Chief Information Office. In addition, the Subcommittee approved another technical adjustment to move a limited duration position to Enterprise Technology Services from the Chief Information Office where it was added by error in the legislatively adopted budget.

The Subcommittee approved and updated Package 091 Statewide Administrative Savings, eliminating 2 Custodian positions (2.00 FTE) and one Production Supervisor position (1.00 FTE). Because some of the administrative reductions were not achievable, particularly the $5,771,223 Other Funds in Enterprise Technology Services (ETS), Other Funds reductions were taken in the Chief Information Office ($3,515,338) to eliminate empty Other Funds expenditure limitation and Enterprise Asset Management ($130,906) to eliminate the two custodian positions. These reductions allowed restorations of $3,183,353 Other Funds in ETS and $462,891 Other Funds in Enterprise Human Resource Services. The Subcommittee also approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $13,953 General Fund.

Oregon Advocacy Commissions Office
The Subcommittee approved a restoration of $8,301 General Fund for the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. The restoration fully restores the original holdback reduction.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency’s reduction to personal services was moved to services and supplies.
**Employment Relations Board**
The Subcommittee increased the agency’s General Fund appropriation by $116,236 and Other Funds expenditure limitation by $148,020 to fund employee pay differentials, unemployment benefits, payment of accrued employee vacation time, a temporary double-fill of an administrative law judge position, and mediator travel expenses. The source of Other Funds is from the agency’s state agency assessment ending balance ($87,998) and fee revenue balance ($60,022). Projected fee revenue is higher than anticipated in the agency’s legislatively adopted budget for 2013-15. With the exception of the employee pay differentials and mediator travel expense, the remaining items are considered one-time increases and are not to carry forward into the 2015-17 biennium.

With this General Fund appropriation, the agency did not require a restoration of its 2% ending balance holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency’s reduction to personal services was moved to services and supplies. The reduction to services and supplies now totals $7,162 and will come from savings achieved by a renegotiated facilities rental agreement.

An adjustment was made related to the agency’s compensation plan that moved $11,645 of Other Funds expenditure limitation from the Employment Relations Board Administrative Account (i.e., state agency assessments) to expenditures supported by fee revenue.

**Government Ethics Commission**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency’s reduction to personal services was moved to services and supplies.

**Office of the Governor**
The Subcommittee approved a restoration of $51,520 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee appropriated $1,080,000 General Fund for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The governor’s Office may transfer some, or all, of the funds to the State Treasurer for the implementation of House Bill 4111.

**Oregon State Library**
Of the agency’s original $32,951 supplemental ending balance holdback reduction, the agency has achieved savings of $14,335 General Fund by reducing Fiscal Year 2014 Ready-to-Read grants. The remainder of the holdback, $18,616, was restored by the Subcommittee to be used for Fiscal Year 2015 Ready-to-Read grants. The restoration represents 57% of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency’s personal services budget was reduced by $5,956 General Fund and $20,209 Other Funds by reducing pay differentials. The remaining personal services reduction was moved to services and supplies.

The Subcommittee adopted the following budget note related to the reorganization of the State Library.
**Budget Note:**
The Co-Chairs of the Joint Committee on Ways and Means will establish a workgroup to build upon previous State Library reorganization efforts, including the 2012 Joint Committee on Ways and Means report on the consolidation and improvement of library and archives services as well as subsequent proposals this biennium. The purpose of the workgroup is to modernize the delivery of state library services by improving access to public information, eliminating duplicative services and costs, increasing utilization of digital resources, and increasing collaborative partnerships across entities.

The workgroup shall recommend draft legislation for introduction in the 2015 legislative session for the reorganization of state library services, which should, where possible, incorporate national best practices pertaining to library reorganizations.

The workgroup will include Legislative members, and other members chosen to represent the interests of state library service users and employees.

It is the Co-Chairs’ expectation that the workgroup will be staffed by the Legislative Fiscal Office with assistance from the State Librarian, State Archivist, State Law Librarian, Department of Administrative Services – Project Management Office, the Department of Administrative Services – Chief Financial Office, and Legislative Committee Services. Staff of the Oregon Historical Society is also invited to participate as staff to the workgroup.

**Oregon Liquor Control Commission**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of three positions (2.50 FTE), and making shifts between personal services and services and supplies in various agency programs. As approved, Package 091 now consists of the following elements:

- Personal services reductions totaling $50,048 and 0.5 FTE (seasonal liquor distribution worker), services and supplies reductions totaling $137,000, and capital outlay reductions of $409 in the Distilled Spirits program;
- Personal services reductions of $239,002 and abolishment of one management position (1.0 FTE) in the Public Safety program; and
- Personal services reductions totaling $121,390 and 1.0 FTE (Office Specialist 2 position), services and supplies reductions totaling $85,000 and capital outlay reductions totaling $1,980 in the Support Services program.

**Public Employees Retirement System**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency was able to reduce its personal services by only $45,651 due a reduction in temporary employees and overtime. The remaining personal services reduction of $1,041,400 was moved to services and supplies. The reduction to services and supplies now totals $1,393,957 and will come from savings to employee training, office expense, data processing, and professional services. The capital outlay reduction of $29,380 reduced the budget for data processing hardware.

The Subcommittee increased the Other Funds expenditure limitation for the Operations program by $1,022,945 for the implementation of Senate Bill 861, which was passed by the Legislature during the 2013 special session. This includes four limited duration Retirement Counselor 1 positions (3.33 FTE). Personal services total $392,428 and services and supplies total $630,517.
The four limited duration positions were established administratively on November 1, 2013; therefore, the agency does not require position or FTE authority, but does require the associated expenditure limitation. The revenue to fund these expenses is from a transfer from the Oregon Public Employees Retirement Fund from current year earnings. The Other Funds expenditure limitation was approved only as a one-time increase and does not carry forward into the 2015-17 biennium.

Other Funds expenditure limitation was increased for the Operations program by $718,750 in services and supplies for phase two of a three phase project to move the administration of the Individual Account Program from a third-party administrator to the agency. The Other Funds expenditure limitation was approved only as a one-time increase and is not carried forward into the 2015-17 biennium.

The Subcommittee requests that the Department of Administrative Services unschedule the entire amount of the Individual Account Program expenditure limitation, pending a Department of Administrative Services – Chief Information Office review and recommendation to approve the project being submitted to the Legislative Fiscal Office for its review and recommended approval.

**Department of Revenue**
The agency did not require a restoration of its 2% ending balance holdback that totaled $3.3 million General Fund, due to vacancy savings. The vacancy savings occurred in programs that did not require a rebalance of the agency’s budget.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating eight permanent full-time positions and reducing one permanent full-time position to part-time (8.50 FTE). The alternative plan minimizes the impact to the agency’s Information Technology Division so as to support its transition of legacy information technology systems to a new information system entitled the Core System Replacement project.

The positions eliminated include: Accountant 1 position (1.00 FTE); Office Specialist 1 positions (1.00 FTE); Office Assistant 2 position (1.00 FTE); Information System Specialist 4 position (1.00 FTE) and a Fiscal Analyst 2 position is reduced from permanent full time to permanent part-time (0.50 FTE) in the Administrative Services Division. Two Administrative Specialist 1 positions (2.00 FTE) are eliminated from the Personal Tax and Compliance Division. An Information System Specialist 3 position (1.00 FTE) and an Information System Specialist 5 position (1.00 FTE) are eliminated from the Property Tax Division. In addition, $71,904 of Other Funds for services and supplies is eliminated in the Property Tax Division in order to achieve the reduction target.

The Subcommittee disappropriated $2.1 million in one-time General Fund savings, which are in addition to the General Fund savings the agency set aside to compensate for its 2% ending balance holdback. The additional vacancy savings include: Administration ($990,828), Property Tax ($139,386), Personal and Compliance ($716,614), and Business Divisions ($253,172).

The Subcommittee also disappropriated $500,000 General Fund in one-time services and supplies savings from the Core System Replacement project due to lower than expected Department of Administrative Services – State Data Center charges.

A reduction of $352,716 in Other Funds personal services expenditure limitation was made to the Administration Division to adjust for an unneeded compensation plan increase. Two million dollars of Other Funds expenditure limitation in the Property Tax Division was reduced for
limitation that does not have a revenue source. The Property Tax Division has historically had Other Funds in its services and supplies expenditure limitation in excess of its actual need. Therefore, this is a permanent reduction.

The primary vendor contract for the Core Systems Replacement project was originally estimated to cost $29 million; however, the agency was able to negotiate a $27 million contract. The savings for the current biennium totals $2.3 million Other Funds, with $300,000 of the savings being needed in a future biennium.

HB 5008 (2013) requested that the Department of Administrative Services unschedule $12,994,327 of Other Funds expenditure limitation for the project that is related to the May 2014 Article XI-Q bond sale. The Subcommittee approved rescheduling $10,694,327 due to the $2.3 million in contract savings this biennium. The remaining $2.3 million is to remain unscheduled.

The Subcommittee provided the following instruction:

The Department of Administrative Services is requested to reschedule $10,694,327 Other Funds expenditure limitation for the Core System Replacement project, pending the May 2014 Article XI-Q bond sale.

Additionally, the Department of Revenue is directed to report to the Joint Interim Committee on Ways and Means during Legislative Days in May and September 2014 on the status of the project.

The Subcommittee added one permanent full-time Principle Executive Manager E position (0.67 FTE) for the Core System Replacement project to function as a business team/business process subject matter expert lead for the project. The requested position would be funded with previously authorized Article XI-Q bond proceeds. The agency has sufficient Other Funds expenditure limitation for this position due to initial vacancy savings within the program.

The Subcommittee approved the agency’s request to make the following technical adjustments to align the agency’s budget with its current operations and the organizational structure. These changes balance overall and result in no increase or decrease to the agency’s budget. They include: (a) $1,892,699 and nine positions (9.00 FTE) to move the Research Section from the Business Division to the Agency Program Management Office Division; (b) $322,254 and one position (1.00 FTE) to move a Principle Executive Manager G and associated services and supplies from the Administrative Services Division to the Agency Program Management Office Division; (c) $1,109,718 and seven positions (7.00 FTE) to move the Special Services Section from the Administrative Services Division and the Property Tax Division to the Executive Division; (d) $219,538 and one position (1.00 FTE) to move a Principle Executive Manager E position from the Administrative Services Division to the Personal Tax and Compliance Division; (e) $112,092 to move one position (1.00 FTE), an Administrative Specialist position, from the Personal Tax and Compliance Division to the Business Division; (f) $161,411 to move one Information System Specialist 5 position (1.00 FTE) from the Property Tax Division to the Administrative Services Division; (g) $4,945,157 to move all operating program’s Attorney General into the Administrative Services Division; and (h) $880,556 to move all the operating program’s Information Technology Expendable Property into the Administrative Services Division.

Secretary of State
The Subcommittee increased the General Fund appropriation by $43,796 to restore 25% of the agency’s 2% supplemental General Fund ending balance holdback. The entire amount of the restoration was directed to administrative services.
The Subcommittee also reduced the Federal Funds expenditure limitation by $2,700,000, to more closely align the limitation with the Secretary’s revised plan of expenditure of federal Help America Vote Act (HAVA) moneys. The Secretary reported that HAVA monies, initially budgeted for county election tabulation systems upgrades, are being redirected to finance upgrades to the Oregon Centralized Voter Registration system instead. This redirection reduces current biennium Federal Funds expenditures and will allow HAVA monies to fully support program costs, without need for additional General Fund support, through the remainder of the 2013-15 biennium and through the 2015-17 biennium as well.

**Treasurer of State**
The Subcommittee increased the Other Funds expenditure limitation for services and supplies for the agency by $1,080,000 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The revenue source is a transfer from the Governor’s Office, which was appropriated General Fund for House Bill 4111 (2014), to satisfy the requirement under section 4(1) of the measure.

The Subcommittee adopted the following budget note:

**Budget Note:**
The State Treasurer is directed to spend a minimum of $100,000 on section 2(2) of House Bill 4111 from funding the agency received in House Bill 5201 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange.

**CONSUMER AND BUSINESS SERVICES**

**Board of Accountancy**
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

**Board of Chiropractic Examiners**
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

**Construction Contractors Board**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 0.50 FTE and moving a portion of the reduction from personal services to capital outlay.

**Department of Consumer and Business Services**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 9 positions and 8.00 FTE, and shifting $15,493 from services and supplies to personal services.

A one-time increase of $4,625,091 Federal Funds expenditure limitation was also approved for the Health Insurance Rate Review Grant Cycle II and III, to support state efforts to enhance the health insurance premium rate review process and increase the transparency of the review process.
**Board of Dentistry**
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

**Oregon Health Licensing Agency**
No changes were made from the original placeholder budget categories to implement Package 091 Statewide Administrative Savings. However, the agency’s budget is moved to the Oregon Health Authority beginning July 1, 2014, as directed by House Bill 2074 (2013). The associated budget change is a reduction of $3,760,280 Other Funds expenditure limitation and 17.50 FTE, which represents approximately one year of the biennial budget for the Oregon Health Licensing Agency. A corresponding increase is made in the Oregon Health Authority budget.

**Health Related Licensing Boards**
An updated Package 091 Statewide Administrative Savings was approved for each of the six licensing boards: Mortuary and Cemetery, Naturopathic Medicine, Occupational Therapy, Medical Imaging, Speech-Language Pathology and Audiology, and Veterinary Medical. The boards are shifting reductions from personal services to services and supplies to meet the savings targets.

**Bureau of Labor and Industries**
To restore a portion of the agency’s 2% supplemental ending balance holdback, the Subcommittee added $67,522 General Fund. This amount represents 29% of the total holdback; to cover the remaining gap BOLI will continue to hold the Apprenticeship Representative position in its Portland office vacant for the rest of the biennium.

An updated Package 091 Statewide Administrative Savings was approved, eliminating a total of 0.75 FTE across 2 positions in accounting and office administration. A portion of the agency’s reduction was also moved from personal services to services and supplies.

The Subcommittee approved an increase of $450,000 Other Funds expenditure limitation and the establishment of a limited duration full-time Office Specialist 2 position (0.63 FTE) to enhance the Support Services Program. The program is part of an interagency agreement with the Oregon Department of Transportation, which provides the funding, to help increase diversity in the highway construction workforce. The Bureau of Labor and Industries (BOLI) will utilize the additional funds to increase support to existing pre-apprenticeship preparation programs and establish new preparation programs in rural areas. The limited duration position will provide administrative support for the program, allowing the program coordinator to focus on development and implementation of the preparation programs.

To provide education and outreach on fair housing laws and to investigate fair housing cases, the Subcommittee approved a one-time increase of $146,584 Federal Funds expenditure limitation. In partnership with the U.S. Department of Housing and Urban Development (HUD), BOLI will use the funds to complete dated fair housing cases that have been dual-filed with BOLI and HUD, and to work with the Fair Housing Council of Oregon to provide education and outreach. Additionally, BOLI’s Technical Assistance Program will provide training sessions throughout the state on changes to fair housing laws.

The Subcommittee approved the following budget note related to workforce needs of employees of Qualified Rehabilitation Facilities:
Budget Note:
The Bureau of Labor and Industries, in consultation with the Department of Administrative Services, will convene a stakeholder workgroup to include not more than four Qualified Rehabilitation Facilities (QRFs) or a representative representing a majority of the QRFs in the state; labor unions representing QRFs; at least one organization representing the disability rights community; and any other interest with employee or business interests related to QRFs that voluntarily participate, during the 2014 interim. The workgroup will meet at least four times to develop concepts to address the workforce support needs of employees with disabilities employed by QRFs. These concepts may be presented to the 2015 Legislative Assembly for possible introduction as a bill.

Oregon Medical Board
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position and 0.46 FTE in administration and the remaining reductions taken in services and supplies.

Board of Nursing
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Pharmacy
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reallocating among expenditure accounts to affect permanent administrative cost reductions. Other Funds personal services reductions of $3,693 and services and supplies reductions of $1,503 are reallocated entirely to agency services and supplies.

Public Utility Commission
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a mailroom assistant position (1.00 FTE). A portion of the reduction originally applied to services and supplies was shifted to personal services.

Real Estate Agency
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position and 0.50 FTE.

Board of Licensed Social Workers
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Tax Practitioners
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.
ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased the General Fund appropriation by $89,679 to fully restore the Arts Commission’s 2% supplemental General Fund ending balance holdback. Lottery Funds expenditure limitations were increased by a total of $250,000 to partially restore the 2% supplemental Lottery Funds ending balance holdbacks to the Shared Services and Business, Innovation, and Trade Divisions. No additional Lottery Funds are allocated from the Administrative Services Economic Development Fund for this partial restoration of the holdback amounts, or for Lottery Funds expenditure limitation increases provided for compensation cost increases; the agency will finance these expenditures out of sufficient cash balances of Lottery Funds in the division budgets.

The Subcommittee established a $1,150,000 Lottery Funds expenditure limitation for the Business, Innovation and Trade Division for support of the Oregon Manufacturing Extension Partnership and for port property redevelopment. The expenditure limitation is established on a one-time basis and will be phased out in the development of the agency’s 2015-17 biennium current service level. The expenditure limitation was established to provide a special payment of an additional $750,000 to support the Oregon Manufacturing Extension Partnership, and a special payment of $400,000 to the Port of Port Orford for redevelopment of the Cannery Building owned by the Port.

The Subcommittee increased the Regional Solutions Other Funds expenditure limitation in the Infrastructure Finance Authority program area by $9,349,999, and increased the general Infrastructure Finance Authority Other Funds expenditure limitation by $240,594, to authorize distribution of lottery revenue bond proceeds to support Regional Solutions projects, and to pay bond-related costs, respectively. These Other Funds expenditure limitation increases are approved on a one-time basis only, and will be phased out in the development of the agency’s 2015-17 biennium current service level.

The 2013-15 biennium budget includes authorization of up to $10 million of lottery revenue bond proceeds for Regional Solutions projects. In the 2013 session, the Legislature established a $1 Other Funds limitation on Regional Solutions project expenditures, pending submission of specific projects for review. A total of $9,350,000 of Regional Solutions project expenditures were approved. The approved project names and associated funding levels are listed below:

- North Central Region – North Central Oregon Attainable Housing Revolving Loan Fund ($2 million)
- South Central Region – Removing Stringent Air Quality Permitting Requirements ($1.5 million)
- South Central Region – Innovation and Learning Center ($500,000)
- Mid-Valley Region – White’s Rail Siding ($300,000)
- Mid-Valley Region – Carlton Water Infrastructure ($500,000)
- Mid-Valley Region – Job Growers Workforce Investment Board ($550,000)
- North Coast Region – Rainier Rail Corridor ($2 million)
- South Coast Region – Portable Dredge Purchase ($2 million).
The Subcommittee also approved a change in the use of $12 million of Other Funds lottery revenue bond proceeds previously authorized in the 2013 session for transfer to the Special Public Works Fund. Of this amount, $3 million of proceeds are redirected to the Marine Navigation Improvement Fund for coastal port dredging; with the remaining $9 million of proceeds to be transferred to the Special Public Works Fund.

Finally, the Subcommittee approved the implementation of the agency’s Package 091 reductions. The implementation includes permanent fund shifts in the financing of two agency positions in the Shared Services/Central Pool program area. The two positions, formerly Lottery Fund-financed, will now have 22% of their personal services costs funded by Other Funds generated by agency programs. This action supports a $100,000 fund shift from Lottery Funds to Other Funds approved with Package 091 in the agency budget.

**Employment Department**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating two positions in the Unemployment Insurance division (a Public Affairs Specialist at .75 FTE and an Information Support Specialist at 1.00 FTE), eliminating three positions in the Business and Employment Services division (an Executive Support Specialist, a Safety Specialist and an Office Specialist, 3.00 FTE), and eliminating one position in the Research division (an Economist, 1.00 FTE). A portion of the reduction was shifted from personal services to services and supplies.

House Bill 5201 includes an increase of eight positions (5.35 FTE) and additional expenditure limitation in the amount of $3,947,126 Other Funds and $4,757,762 Federal Funds for grant awards, supplemental federal funding for unemployment insurance programs, Office of Administrative Hearings caseload, and information technology needs.

**Housing and Community Services Department**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reducing number of months on three positions (two Information Systems Specialists with a reduction of 0.50 FTE each, and a Procurement and Contract Specialist reduced by 0.62 FTE). Over all, personal services were reduced by $227,189 Other Funds and $99,918 Federal Funds; services and supplies were reduced by a total of $113,376 Other Funds and $14,195 Federal Funds; and capital outlay was reduced by $1,825 Other Funds. All reductions are allocated to the Business Operations unit of the agency’s Central Services program.

The Subcommittee approved a restoration of $42,326 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. The funding is restored to the agency’s General Fund programs as follows:
- Foreclosure Counseling (SB 1552): $10,231
- Emergency Housing Assistance: $11,625
- State Homeless Assistance Program: $6,604
- Low Income Rental Assistance: $1,122
- Oregon Hunger Response Fund: $6,628
- Court Appointed Special Advocates: $5,755
- Housing Choice Landlord Guarantee Program: $361
The Transportation and Economic Development Subcommittee recommended operational funding for the 2014 state fiscal year for the Housing and Community Services Department after receiving a report on the results of the agency’s review of services and delivery options. The goals of the review included identifying and eliminating duplication and fragmentation in service delivery, as well as efficiencies that could help to address an anticipated operating deficit of $8 million in 2015-17. Report recommendations include simplifying program rules and reporting requirements; implementing shared services arrangements for some administrative functions; redesigning policy and governance structure to provide clear guidance and priorities; moving local service delivery partners toward performance based contracting over time; and moving food and volunteer programs to other areas of state government. The Subcommittee discussed the importance and expectation of a more detailed implementation plan for the report recommendations. Subcommittee members also conveyed the expectation that legislative policy committees should be the venue in which changes to agency advisory bodies are discussed and determined, and that such policy discussions not be circumvented by the Executive or budget process.

Given that the majority of recommendations require additional work to develop specific implementation plans, the Subcommittee recommendation for 2014 funding is predicated on continuing programs for the remainder of the biennium within the existing agency structure. The agency will begin the process of administrative rule review immediately, to begin identifying changes that will simplify grant administration and remove unnecessary reporting and monitoring requirements. Recommendations with budget and staffing implications will be proposed for implementation in conjunction with the 2015-17 budget process, along with changes to Key Performance Measures.

House Bill 5201 repeals three special purpose appropriations related to HCSD, and instead appropriates a total of $8,765,066 million in General Fund to the agency; $8.5 million of this is for fiscal year 2014 operations and $225,000 is for a one-time increase in support for the Oregon Hunger Response Fund. Fiscal year 2014 agency operations costs amount to $60,528,131 Other Funds, $39,500,000 Federal Funds, $122,795,359 Other Funds Non-Limited, $54,000,000 Federal Funds Non-Limited, and 74.36 FTE. The above amounts include employee compensation distribution amounts, and are consistent with the 2014 operating expenditure limitation recommended by the Subcommittee on Transportation and Economic Development.

Additional one-time General Fund in the amount of $1.5 million for the Emergency Housing Account and $500,000 for the State Homeless Assistance Program was also approved (along with a corresponding increase of $1.5 million in Other Funds expenditure limitation for the Emergency Housing Account). As these programs are ongoing, the Housing and Community Services Department is not anticipated to incur or capture additional administrative expenses from this supplemental funding. Other Funds expenditure limitation of $2,555,025 is added to provide additional one-time support for affordable housing preservation, funded by lottery bonds authorized in Senate Bill 5703; $55,025 of this amount is attributable to bond-related costs.

**Department of Veterans’ Affairs**

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, shifting the majority of personal services savings in the Loan Program to services and supplies, in consideration of previous position reductions taken in the legislatively adopted budget (elimination of 12.00 FTE in the Loan Program). As modified, Package 091 reductions eliminate one position (0.20 FTE) and total $16,426 in personal services, and $136,794 in services and supplies in the Loan Program, and $153,224 in services and supplies reductions in the Veterans’ Home program.
The Subcommittee approved a restoration of $43,959 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. The funding is restored to the agency’s General Fund programs in the following amounts:

- Counseling and Claims: $2,198
- County Veterans Service Officers special payments: $21,971
- Aid programs administered by the Oregon Department of Veterans’ Affairs: $19,342
- Special Payments to National Service Organizations: $448

House Bill 5201 includes additional Other Funds expenditure limitation in the amount of $6,230,000 for two additional positions (1.13 FTE), and planning, marketing, start up and operating costs associated with the second Veterans’ Home in Lebanon, Linn County. The home is scheduled to open in the fall of 2014.

Federal Funds expenditure limitation in the amount of $300,000 was established to accommodate the possible receipt of a federal grant for transportation services to veterans in highly rural areas of the state. Expenditure limitation was approved, with the understanding that the Department of Administrative Services would unschedule the limitation until the Oregon Department of Veterans’ Affairs was notified that its grant application was successful. No additional matching funds or position authority is required to administer the funds, which will be passed through to Baker, Gilliam, Grant, Morrow, Sherman and Wheeler Counties. The agency anticipates a notice of award in April, 2014.

**Oregon State Lottery**

The Subcommittee approved a budget note requiring the Oregon State Lottery to submit a report to the Emergency Board on the feasibility of establishing a veterans-themed lottery raffle game.

**Budget Note:**
The Oregon State Lottery shall report to the Emergency Board, no later than September 2014, on the feasibility of establishing a dedicated lottery raffle game that has a veteran-oriented theme or indicates that the proceeds benefit veteran’s education and economic development related to veterans. The report shall identify the impacts of establishing the game on the operations of the State Lottery, and include a projection of the level of net revenues available from a dedicated game for veteran’s education and economic development, and a projection of the impact of the game on the level of net revenues otherwise available for transfer to the Administrative Services Economic Development Fund.

**EDUCATION**

**Department of Community Colleges and Workforce Development**

Based on their budgeted amount for their agency Operations budget, the Department of Community Colleges and Workforce Development (CCWD) has funding for the equivalent of 8.65 FTE in the General Fund budget passed by the 2013 Legislature. Given the demand for the General Fund related workload, the General Fund staff compliment should be closer to 13.00 FTE. As a result, CCWD estimated their General
Fund budget is underfunded by $884,136. The agency identified almost $350,000 in savings by keeping three positions vacant and switching the funding on another position, reducing the remaining General Fund gap to $535,087. To fill this remaining shortfall, the Subcommittee approved the following one-time actions: (1) assumed additional revenue from work done by CCWD staff for the Higher Education Coordinating Commission (HECC) of $64,000 to offset General Fund need and increased the Other funds expenditure limitation by this amount, (2) assumed $100,000 of debt service savings from the delay of building projects at community colleges that is freed up to offset the Operations budget gap, (3) appropriated $250,000 General Fund, and (4) transferred $121,087 from the Strategic Fund of the Community College Support Fund to the agency Operations budget.

The Subcommittee approved the establishment of an Other Funds expenditure limitation in the amount of $46,469 for the payment of the issuance costs associated with the sale of Lottery bonds for the Central Oregon Community College’s Student Success Center in the remodeled Cascades Hall.

The Subcommittee did not restore any of the $287,715 General Fund reduced in the Department of Community College and Workforce’s legislatively adopted budget for the 2% supplemental ending balance holdback.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, CCWD’s Operations budget was reduced by $357,844 total funds ($39,363 General Fund, $55,892 Other Funds and $262,589 Federal Funds). These reductions will be made by eliminating one Accounting Technician position (1.00 FTE), reducing funding for hiring temporary employees, reducing in-state travel, and reducing the amount of resources for contracting out for services. The impact of these reductions will limit the agency’s flexibility in addressing and completing short term projects that are requested of the agency or unanticipated needs like information server failures that might occur. These actions will also limit the agency’s ability to hire people with specialized expertise that agency staff does not have.

**Department of Education**

The Department of Education’s (ODE) current budget includes $9.4 million for the Career and Technical Education Revitalization Grant Program as authorized in ORS 344.075. This bill increases the amount available for the program by a one-time $2 million General Fund appropriation. Grants awarded through this program must be used to enhance the collaboration between education providers and employers by: (1) developing or enhancing career and technical education programs of study; (2) expanding the professional growth of and career opportunities for students through career and technical education programs; (3) assessing the ability of each career and technical education program to meet workforce needs and give students the skills required for jobs in this state that provide high wages and are in high demand; and (4) supporting the achievement of the high school diploma requirements.

The Legislature in 2013 provided an additional $7.5 million General Fund for the Career and Technical Education (CTE) Revitalization Grant Program, and this bill adds a further $2 million General Fund to the program without adding any resources for the administration, monitoring and technical assistance related for the program. The Subcommittee approved a transfer of $230,537 General Fund from the Grant-in-Aid budget of the agency to the Operations budget, and the establishment of three positions (1.25 FTE) for these functions.

A special purpose appropriation to the Emergency Board of $4.6 million General Fund was made in 2013 for student assessments. The Subcommittee approved the repeal of this special purpose appropriation, and instead approved a $4.4 million General Fund direct appropriation.
to ODE to augment the $16 million total funds currently in the agency’s budget for student assessments. This additional funding is to be used to purchase a summative assessment system tied to the Common Core standards as well as providing resources to school districts for formative and interim assessment tools. The Department of Administrative Services was instructed to unschedule this additional $4.4 million until final negotiations with the assessment contractors are completed.

**Budget Note:**
The Department of Education is instructed to provide at least $2 million of the total amount in the budget for student assessments as payments to school districts for formative and interim assessment tools.

ODE’s Early Learning Division received an additional $10.1 million Federal Funds in resources through the Race to the Top grant program of the U.S. Department of Education. The agency plans to spend $5.5 million of these funds during the 2013-15 biennium. The funds will be used for a variety of purposes including increasing the use of the Tiered Quality Rating and Improvement System (TQRIS), professional development of early learning providers, and for a statewide referral system for information on early childhood services. The Subcommittee approved Federal Funds expenditure limitation increases split between the Early Learning Grant-in-Aid budget for grants to organizations ($3,955,190 Federal Funds) and the agency’s Operations budget ($1,547,971 Federal Funds) for contracts, staffing and other agency costs. Seven limited duration new positions (4.11 FTE) were approved for establishment. Five current positions will also be funded with these new resources.

The Subcommittee approved an additional one-time $1.0 million General Fund appropriation for the Long Term Care and Treatment programs which provide educational services to students in residential and day treatment centers as defined in ORS 343.961. In approving this additional funding, the Subcommittee expects all of the $1.0 million will be provided to the entities who directly provide educational services to these students.

**Budget Note:**
Prior to May 1, 2014, the Department of Education is instructed to provide the School Funding Task Force established by House Bill 2506 (2013) with information to assist the Task Force in formulating recommendations relating to the level and allocation of funding for the Long Term Care and Treatment program. This information must include: (1) the actual costs of providing adequate and comparable educational services to students who receive services under the program; (2) various alternatives for allocating and distributing funding to these programs in an equitable manner to maximize the amount that is used for direct educational services to these students; (3) alternatives of metrics for measuring the effectiveness of the programs and providers of these educational services; and (4) other information the Task Force requests. The Task Force, with the assistance of the Department, shall work with various stakeholders including providers, school districts and others in formulating recommendations to the 2015 Legislature regarding the level and distribution of funding for the program.

The 2013 Legislature provided $1,789,557 General Fund for a special purpose appropriation to the Emergency Board for program funding for the second year of the biennium for youth development grants, performance-based contracts, and services provided at the local level. The Subcommittee approved the repeal of this special purpose appropriation, and redirected those resources as a General Fund appropriation to the Department of Education. The agency’s Youth Development Division submitted a plan for investing and distributing these funds to the Interim Joint Ways and Means Committee in January 2014 which approved the use of these funds for the Youth and Innovation Grant Fund. This Fund
provides resources for new innovative approaches to improve education and workforce success for those youth disconnected or at risk of disconnecting from the education system and labor market. Most of this funding ($1.6 million General Fund) will be for grants to local entities, while the remaining $189,557 General Fund will be used for the administration of the youth development programs.

The Subcommittee approved a total of $5,948,790 General Fund in restorations to the ODE budget, representing just under 70% of the amount reduced in the legislatively adopted budget for the 2% supplemental ending balance holdback. All of the 2% reductions were restored for the following programs: (1) Oregon Pre-Kindergarten program ($2,548,483); (2) other early learning programs ($673,910) including Early Learning Hub funding, Health Families Oregon, Relief Nurseries, and Early Learning Kindergarten Readiness grants; (3) youth development grant programs ($114,982); (4) staffing costs at the Oregon School for the Deaf ($222,340); and (5) the newly authorized strategic education initiatives ($436,976). Other restorations were $1,080,405 for the Early Childhood Special Education programs, and $562,775 for the Early Intervention program. Finally, a total of $308,919 in the agency Operations budget was restored for nursing program support to school districts, youth development program administration, and licensing of Head Start programs.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, ODE’s Operations budget was reduced by $814,374 total funds. The budget passed by the 2013 Legislature included over $75 million total funds in new or expanded initiatives without a corresponding increase of resources in administrative activities. Based on this, the Package 091 related reductions for ODE did not include any staff reductions; but included service and supply cuts to the budget, personnel, accounting and payroll, and procurement functions totaling $280,576 total funds. Another $533,798 total funds was reduced from the information technology budget, most of it coming from resources for assessment related contracts. Overall, $276,887 General Fund, $123,622 Other Funds, and $413,865 Federal Funds was reduced from the ODE Operations budget.

The Federal Funds expenditure limitation for early learning programs is increased by $2.2 million to reflect a larger carry-forward of child care related funds from 2011-13 and larger current biennium revenues from the federal Child Care Development Fund. These additional revenues will be used to increase funding for the Employment Related Day Care program administered by the Department of Human Services.

**State School Fund**
The State provides payments funded by the State School Fund for Local Option Equalization Grants authorized in ORS 327.339. The Department of Education (ODE) makes those grant payments to school districts as Other Funds, but the current budget does not have sufficient Other Funds expenditure limitation for the current biennium. The Subcommittee approved a $3,535,581 increase in Other Funds expenditure limitation which is the estimate at this time of the grants that must be paid during 2013-15.

**Higher Education Coordinating Commission**
In development of the 2013-15 budget for the Higher Education Coordinating Commission (HECC), there was an inadvertent double counting of funding of $249,175 General Fund in the costs of the Commission’s meeting and operating costs. The Subcommittee reduced this amount from the HECC budget.

The Subcommittee did not restore any of the $45,957 General Fund reduced in the Higher Education Coordinating Commission’s legislatively adopted budget for the 2% supplemental ending balance holdback.
**Oregon Education Investment Board**

The Subcommittee restored $30,794 General Fund to the Oregon Education Investment Board (OEIB) which represents 25% of the amount reduced in the OEIB’s legislatively adopted budget for the 2% supplemental ending balance holdback. This restoration will allow the OEIB to fund data analysis and policy research on best practices, investment strategies, and policies relating to early learning and primary literacy.

The OEIB and other education agencies presented an initial business case and related project management materials for the Statewide Longitudinal Data System to the Education Subcommittee of the Joint Committee on Ways and Means. The Education Subcommittee recommended the project staff continue to refine the business case, provide more detailed planning and project management materials, and contract with an independent Quality Assurance contractor to move on to the next steps in the implementation of this project. This work is to be completed with existing resources in the Oregon Department of Education’s budget.

**Budget Note:**

The Oregon Education Investment Board (OEIB) is directed to work with the Oregon Department of Education (ODE), the Higher Education Coordinating Council (HECC), other education related agencies, and the Office of the State Chief Information Officer to refine the business case and develop a comprehensive set of foundational project management documents including a detailed project budget and schedule for the design, development and implementation of the State Longitudinal Data System for P-20W Education. The OEIB, ODE, HECC and other agencies must follow State Chief Information Officer standards in the development of these materials; and submit them to the State Chief Information Officer for review in compliance with Department of Administrative Services and State Chief Information Officer rules, policies and standards for project review, approval and oversight. An independent Quality Assurance contractor must be selected to complete quality control reviews of the refined business case and foundational project management documents. In addition, the independent Quality Assurance contractor must complete a project risk assessment. Prior to requesting additional funding for the Statewide Longitudinal Data System, OEIB and other agencies must submit the quality control reviewed business case and foundational project management documents and the project risk assessment, along with a recommendation on the project from the State Chief Information Officer to the Legislative Fiscal Office. The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board’s meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

**Oregon Health and Science University**

The Subcommittee approved a total of $200,035,290 Other Funds expenditure limitation in the Department of Administrative Services for disbursement of bond proceeds to Oregon Health and Science University (OHSU) for the construction of research, clinical, other related facilities, and for bond related costs for the expansion of the OHSU Cancer Institute. Senate Bill 5703 contains authorization to issue up to $161,490,000 in Article XI-G general obligation bonds (debt service to be paid with General Funds) and $38,545,290 in lottery bonds (debt service to be repaid with Lottery Funds) for the Cancer Institute for disbursement to OHSU. Before these Article XI-G and Lottery bonds may be issued, OHSU must raise at least $800 million in gifts, grants and other revenues through OHSU’s Cancer Challenge campaign. The bond proceeds will be used: (1) to construct a research building on the Schnitzer Campus which will include wet laboratory facilities, bio-computing space and research support facilities; and (2) for additional floors in the Center for Health and Healing II (CHH II) building already planned for construction for clinical trial space. Debt service payments on these bonds to be paid beginning in the 2015-17 biennium are estimated at $23,357,272 General
Fund and $6,669,787 Lottery Funds. A budget note is included in the Oregon Health Authority section of this budget report instructing OHSU, other health care providers and Coordinated Care Organizations to develop recommendations relating to access to services for Medicaid clients.

**Oregon Student Access Commission**
Funding for the Oregon Opportunity Grants is increased by $2.3 million in the Oregon Student Access Commission’s (OSAC) budget by increasing the expenditure limitation for Lottery Funds funded by allocations from the Education Stability Fund. This amount is anticipated to provide an estimated 1,150 more grants to post-secondary students at an average of $2,000 during the 2013-15 biennium. These additional resources are from carry-forward funds from the 2011-13 biennium that are available for this purpose.

The Subcommittee did not restore any of the $2,332,612 General Fund reduced in the OSAC’s legislatively adopted budget for the 2% supplemental ending balance holdback, almost all of which was reduced from the Oregon Opportunity Grant program. As noted above, $2.3 million of Lottery Funds was added to this program for the remainder of the biennium.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, OSAC’s Operations budget was reduced by $41,153 total funds ($17,284 General Fund and $23,869 Other Funds). The Commission plans to take $19,030 total funds of this reduction in State Government Service Charges since Commission staff has assumed some of the administrative responsibilities (without new resources) that the Department of Administrative Services (DAS) provided in the past. The remaining reductions will be taken from other services and supplies ($11,290 total funds), Office Expenses, and other services and supplies categories. Since the original 091 reduction was split between personal services and services and supplies, all of the original $31,666 total funds in the personal services reduction will have to be transferred to services and supplies category.

**Teacher Standards and Practices Commission**
The Teacher Standards and Practices Commission’s (TSPC) budget was reduced by $13,537 Other Funds as a result of the passage of the Package 091 relating to Statewide Administrative Savings. The Commission will take these reductions by cutting $8,135 from the budget for overtime and related personal services, and $5,402 from other services and supplies.

**Oregon University System**
The Subcommittee approved a special one-time General Fund appropriation of $2,000,000 for the four technical and regional universities and Portland State University to help fund new compensation agreements for classified staff. Of the $2,000,000 appropriation, $850,000 is for Portland State University, with the remainder to be shared by Eastern Oregon University, Southern Oregon University, Western Oregon University, and the Oregon Institute of Technology. The Subcommittee also approved a one-time $500,000 General Fund appropriation to both Eastern Oregon University and Southern Oregon University as temporary bridge funding to assist the universities for the remainder of the biennium as they address budget shortfalls.

The Subcommittee also disappropriated $4,500,000 General Fund from the appropriation supporting the Chancellor’s Office with direction the Chancellor’s Office utilize existing fund balances to continue operations for the remainder of the 2013-15 biennium. A total of $3.5 million General Fund was appropriated to the Emergency Board as a special purpose appropriation to be allocated for future costs associated with higher
education governance changes, including costs incurred by the Higher Education Coordinating Commission as duties and responsibilities are transferred from the Chancellor’s Office to the Commission and for impacts on the budgets of the four technical and regional universities.

The Subcommittee approved the following budget note related to the closure of Blue Mountain Recovery Center in Pendleton, and clarified that this work should be done within the existing Oregon Solutions General Fund budget of $2.2 million for 2013-15. The parties involved are expected to include a number of local and regional entities, as well as the Department of Administrative Services, Oregon Business Development Department, Department of Corrections, Oregon Health Authority, Department of Veterans’ Affairs, and the Regional Solutions program within the Governor’s Office. Other parties may be identified as the work proceeds.

**Budget Note:**
The closure of the Blue Mountain Recovery Center will have a major economic impact on the city of Pendleton and the surrounding region. In order to address the challenges associated with the closure, a state and local conversation needs to occur, and a strategy needs to be developed, to mitigate the effects and chart a path forward for the community. The strategy should address how the state can invest resources in the community to ensure the economic effects on the community as a whole are addressed, to the extent possible. The strategy should also seek to leverage investments from the federal government in addressing the challenge and engage other private and civic organizations to the extent they can be of assistance. In carrying out the development of a strategy, the Oregon Solutions program at Portland State University shall provide staffing to bring the needed parties together to develop a mutually supported plan. The Oregon Solutions program shall report in September 2014 to the Emergency Board on the plan.

**HUMAN SERVICES**

**Commission for the Blind**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings in which a small portion of the agency’s reduction was moved from services and supplies to personal services. The Subcommittee also approved the restoration of $31,287 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. This represents 100% of the initial holdback.

The agency’s budget is reduced by $1,043,821 Other Funds expenditure limitation and 0.75 FTE to reflect the elimination of the Oregon Industries for the Blind program effective December 2013. This was an alternative work and vocational program specializing in serving clients with multiple disabilities who are both developmentally disabled and blind. Historically the program had served about 40 clients, and all clients have now been placed in other programs.

**Oregon Health Authority**
The Oregon Health Authority (OHA) budget is organized into several program areas including Health Care Programs, Addictions and Mental Health, and Public Health, as well as Central and Shared Services. House Bill 5201 adjusts the OHA budget for updated pricing of program caseloads, costs, and revenues to help “rebalance” the budget. This information was presented at the January 2014 meeting of the Interim Joint
Committee on Ways and Means. Most notable are additional costs of $26.9 million General Fund related to loss of federal match for Alcohol & Drug residential facilities that have more than 16 beds, claims costs for hospital patients thought to be eligible for Medicaid but not yet through the formal eligibility process, and additional costs to keep Blue Mountain Recovery Center open through March 2014. The rebalance also includes $67.9 million General Fund savings, related to caseload changes, federal match rate changes, and one-time Other Funds revenues received above forecasted amounts.

The approved rebalance plan includes additional Federal Funds expenditure limitation of $1.1 billion mostly related to faster enrollment of new clients under the Affordable Care Act (ACA) expansion than was originally forecast. The plan also includes some agency restructuring. A new budget structure called Health Policy Programs is created, with budget and staff being transferred from Central Services and Medical Assistance Programs. A second budget structure is created for the transfer of the Oregon Health Licensing Agency into OHA effective July 1, 2014 per House Bill 2074 (2013).

The agency continues to face a number of budget risks that were not explicitly included in the rebalance plan. These include changes to caseloads, federal sequestration reductions, the Oregon State Hospital budget, and state expenditures required to meet the federal Designated State Health Programs (DSHP) waiver conditions. House Bill 5201 establishes a new special purpose appropriation of $24 million, to be allocated to OHA or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.

In addition to the rebalance adjustments, the adjusted budget reflects a number of actions to be taken as a result of the $38.8 million General Fund withheld in the legislatively adopted budget for the 2% supplemental ending balance. The Subcommittee approved a restoration of $9.7 million as part of the statewide restoration. That represents 25% of the initial holdback. Other actions taken include program reductions of $4 million General Fund and the use of $25.1 million in one-time revenues.

With the addition of certain other actions beyond that already described, the approved adjustments result in an overall $1.1 billion increase in the agency’s total funds budget, but a $27.2 million General Fund decrease. These actions also result in a $36.4 million increase in Other Funds expenditure limitation, a $1.1 billion increase in Federal Funds limitation, and an increase of 39 positions (20.74 FTE). These numbers do not include changes related to employee compensation cost changes.

A more detailed description of each program area follows.

Health Care Programs
The budget adjustments in House Bill 5201 reflect a net $62.6 million decrease in General Fund in the Medical Assistance Programs (MAP) budgets, with a $24.8 million increase in Other Funds limitation and a $1.2 billion increase in Federal Funds limitation.

The rebalance plan for MAP approved by the Subcommittee includes overall savings of $67.9 million General Fund, related to caseload changes, federal match rate changes, a reduction in the clawback payment to the federal government, and one-time Other Funds revenues received above forecasted amounts. Increased costs include a $1.8 million shortfall in tobacco tax revenue as a result of the latest forecast. The loss of federal match for Alcohol and Drug residential facilities that have more than 16 beds results in a $15.7 million General cost. The approved rebalance includes a cost of $7.0 million General Fund to cover claims costs for hospital patients thought to be eligible for Medicaid but not yet through the
formal eligibility process. During the period before the patient completes the formal eligibility process, the federal match for services already received is at the state’s regular match rate. The rebalance changes also include an additional $1.2 billion in Federal Funds expenditure limitation, primarily because the state is enrolling new clients under the ACA expansion faster than originally forecast.

The MAP budget is also affected by two organizational changes included in the rebalance. A total of $34 million General Fund that was previously in the MAP budget is transferred to a new budget structure called Health Policy Programs. In addition, a total of $16.7 million General Fund and $50.2 million total funds is transferred from Addictions and Mental Health to MAP. This completes another component of the transfer that eventually moves these programs receiving Medicaid match into the CCOs, and so into the MAP budget.

Health Policy Programs will also include the transfer of the Transformation Center from Central Services. The final resulting budget for Health Policy Programs will be $44.1 million General Fund, $129.4 million total funds, and 128 positions (122.37 FTE). All these adjustments net to zero agency-wide. As a part of the approved rebalance, a second new budget structure is created for the Oregon Health Licensing Agency, which will transfer to OHA on July 1, 2014 as a result of House Bill 2074 (2013). This program will then be called the Health Licensing Office. The second year budget amount of $3.8 million Other Funds is added to OHA, as well as the 35 positions (17.50 FTE) in the current agency. There is a corresponding reduction to the budget of the Oregon Health Licensing Agency.

The Subcommittee approved a restoration of $20.8 million of the 2% supplemental ending balance holdback that was included in the MAP original legislatively adopted budget for 2013-15. This is funded with one-time revenues available in the budget. The agency expects to address the remaining $2.1 million shortfall by reducing the 2014-15 fee-for-service inflation adjustment for the Oregon Health Plan from 2.4% to 1.2%.

The final budget adjustments include additional General Fund savings of $24.4 million as a result of the Children’s Health Insurance Reauthorization Act (CHIPRA) bonus that was announced in December. A total of $1.9 million General Fund and $5.0 million total funds is added to the MAP budget to cover compensation changes for home health care workers who are not state employees. A total of $12.9 million had been included in a special purpose appropriation for this purpose. That amount is fully distributed to OHA and the Department of Human Services to cover these costs.

The Subcommittee approved the following budget note relating to the health care system, and the role of Oregon Health and Science University within that system:

**Budget Note:**
The Oregon Health Authority will work with health systems, Coordinated Care Organizations, and health care providers to develop recommendations that ensure that Medicaid clients have access to medically appropriate and necessary inpatient or outpatient health services. Factors to be considered will include:

(a) The acuity of the patient’s condition and the urgency of the patient’s need for treatment;

(b) The role of Oregon Health and Science University as the state’s only public academic health center;

(c) The role of Oregon Health and Science University as a health care provider as well as its capacity relative to other hospitals, clinics or facilities in the community; and
(d) Advancing the goals of the triple aim, including factors such as:

(A) delivery of quality care
(B) cost
(C) convenience to the patient
(D) patient’s access to care

OHA will report on the recommendations to the appropriate legislative policy committees before the 2015 session.

Addictions and Mental Health
The budget adjustments included in House Bill 5201 for Addiction and Mental Health (AMH) reflect a net decrease of $3.2 million General Fund, an increase of $9.2 million Other Funds limitation and a decrease of $36.6 million Federal Funds limitation.

The rebalance plan approved by the Subcommittee includes a cost of $2 million General Fund to keep Blue Mountain Recovery Center open until the end of March 2014. This is offset by savings of $0.2 million General Fund as a result of the increase in the federal match rate. In addition, the budget is decreased by $19.4 million General Fund as a result of transfers and technical adjustments. This is primarily the result of the transfer of another component of the remaining programs in AMH that will be moved to the CCOs during this biennium.

The Subcommittee approved a restoration of $11.4 million of the 2% supplemental ending balance holdback that was included in the AMH original legislatively adopted budget for 2013-15. The agency expects to address the remaining $1.9 million shortfall by eliminating the development of one 5-bed residential treatment home, and delaying the opening of two others by a few months.

If House Bill 4124 becomes law, the current youth suicide prevention coordinator in Public Health will move to AMH and take on a number of new responsibilities, including a new focus on intervention. AMH will coordinate with Public Health on funding to continue a position in Public Health that will continue to focus on prevention. Both these positions will have an important role to play as the new investments in children’s mental health are implemented.

The Subcommittee approved a General Fund appropriation of $50,000 for the Buckley sobering center of Willamette Family Treatment Services. This is one-time funding to establish a pilot at the center, in order to determine the efficacy of allowing the sobering center to sign clients up for the Oregon Health Plan, if appropriate, as well as the effectiveness of including peer support navigators on staff to facilitate on-going treatment. AMH and the center will report the results of the pilot during the 2015 legislative session.

House Bill 5201 includes an additional $2.9 million General Fund to increase rates for Alcohol and Drug adult residential facilities. House Bill 5008 (2013) set aside a special purpose appropriation of $3.3 million for this purpose, and the agency was directed to do a study on both the youth and adult systems. The agency presented that study to the 2014 Legislature. The $2.9 million will allow the agency to increase the indigent (non-Medicaid) rate for adults from the current $105.50 per bed per day up to $120.00 (both rates include the current $20 rate for room and board). This increase will be for both years of the biennium. This brings the indigent rate up to the same level as the Medicaid fee-for-service and CCO rate. In addition, the room and board rate will be increased from $20.00 to $24.00 for indigent, fee-for-service and CCOs,
effective January 1, 2014. It is not ideal to increase the room and board rate, because that portion of the total rate cannot be matched. However, an increase in the treatment portion of the rate would flow through the CCO budgets, and they are capped at this time.

The Subcommittee approved the agency plan to spend the remaining $10 million Other Funds revenues from the increase in the cigarette tax that was dedicated to community mental health programs. AMH plans to invest $5 million of the funding in rental assistance programs through the current structures within the agency. For the other $5 million, AMH plans to partner with the National Alliance on Mental Illness (NAMI) and the Oregon Residential Provider Association (ORPA) for development of supported housing for individuals with mental illness, who will seek out grants, gifts and contributions to supplement the state money to support this development. The state funding will provide not more than 20% of the costs for the construction of the housing, and up to 50% of the start-up costs of the housing. The partners will convene a work group to advise in developing and prioritizing the list of projects. In order to ensure that the money available is invested this biennium, timelines will be established for funds to be committed. Funds that are not committed by those deadlines will be utilized for additional rental assistance funding. The partners have agreed on a Memorandum of Understanding that lays out these details. This $5 million funding is to be considered one-time for purposes of 2015-17 budget development. The Subcommittee approved the following budget note:

**Budget Note:**
Addictions and Mental Health, the National Alliance on Mental Illness, and the Oregon Residential Provider Association shall report back to each of the interim Emergency Board meetings on the status of all projects being considered or funded. The report should include information on each project, including location, timelines, various funding sources, number of housing units total, and number of housing units specifically for persons with mental illness. At least 10 days before a contract is signed by the Oregon Health Authority for any specific project, the agency shall notify Legislative Leadership and the Legislative Fiscal Office of their intent to sign a contract and the details of the contract.

Public Health
The budget adjustments included in House Bill 5201 for Public Health reflect a net increase of $1.2 million General Fund, and a decrease of $0.1 million Other Funds limitation and $0.5 million Federal Funds limitation.

The Subcommittee approved a restoration of $0.7 million, or all of the 2% supplemental ending balance holdback that was included in the Public Health legislatively adopted budget. The special purpose appropriation for dental pilot projects of $100,000 was eliminated and placed in this budget. This will enable the agency to provide staff to implement the program originally envisioned in Senate Bill 738 (2011). The Subcommittee also approved additional funding of $270,000 for breast and cervical cancer screening services. About $100,000 of this was needed to backfill funding shortfalls recently communicated to the agency by the Komen Foundation.

Public Health programs had three fee schedules that were approved by the Department of Administrative Services and implemented administratively during the interim. These were ratified as a part of House Bill 5202, the statewide fee ratification bill. These include the fees related to the regulation of non-transplant anatomical research recovery organizations, registration of medical marijuana facilities, and the Oregon State Public Health Laboratory fees for communicable disease tests.

The Subcommittee approved the following budget note:
**Budget Note:**
The Oregon Health Authority will report to the Emergency Board in September 2014 on plans to appoint a state dental director as part of the agency’s 2015-17 budget request. The report will include a position description outlining the duties of this position and the estimated costs to fill the position.

Central and Shared Services/Statewide Assessments and Enterprise-wide Costs
The budget adjustments included in House Bill 5201 reflect net decreases of $7.3 million General Fund, $3.6 million Other Funds limitation and $81.9 million Federal Funds limitation.

The reductions in these budgets are primarily the result of transferring the budget and staff from the Office of Health Policy and Research and the new Transformation Center, both currently in Central Services, over to the new Health Policy Programs. These actions are included in the rebalance. The Subcommittee approved a restoration of $1.8 million, or all of the 2% supplemental ending balance holdback that was included in the legislatively adopted budget.

An updated Package 091 Statewide Administrative Savings was approved in which a portion of the agency’s reduction was moved from services and supplies to personal services. These reductions are all in Shared Services, which for OHA are the information technology services provided to both OHA and the Department of Human Services. One of the strategies for efficiencies is to do more projects with agency staff, rather than hiring contractors to perform the work at a higher price. The agency also expects to reduce expenditures related to mainframe printing by working with recipients to see which reports are still used. There are also opportunities to standardize software tools and reduce the amount of annual maintenance and support required.

Department of Human Services
The Department of Human Services (DHS) 2013-15 budget is organized through eight budget structures and five appropriations. The budget structures reflect five direct program areas (Self Sufficiency, Child Welfare, Vocational Rehabilitation, Aging and People with Disabilities, and Developmental Disabilities) and three program support functions (Central, Shared Services, and State Assessments and Enterprise-wide Costs).

In addition, the agency’s rebalance plan approved by the Subcommittee as part of House Bill 5201 adds a new program structure – Program Design Services – to consolidate and better capture cross-program work, such as licensing and regulatory oversight. The funding and position transfers from the programs to the new structure drive decreases in program budgets that net out across the agency; these should not be confused with program reductions.

Setting aside statewide budget issues, the agency’s rebalance plan, which was presented at the January 2104 meeting of the Interim Joint Committee on Ways and Means, generates a net savings of $0.5 million General Fund. This net positive position reflects both costs and savings tied to agency caseloads, costs per case, and a slightly higher federal percentage for FMAP eligible costs. It also accounts for new program funding gaps identified since the 2013 session, including $2.2 million General Fund needed to avoid going to a wait list for Vocational Rehabilitation services and $1.9 million General Fund to cover a 6% interim rate increase for employment services providers in the Developmental Disabilities program.
The rebalance plan also contains several technical adjustments/transfers within the agency and between DHS and the Oregon Health Authority. Internal DHS changes, mostly tied to allocating costs and budget with more precision than was used during budget development, net to zero. There is a net increase of $1.8 million General Fund in the DHS budget due to the realignment of costs between DHS and OHA associated with mental health facility development and outreach services; changes between the two agencies net to zero.

In addition to rebalance adjustments, the Subcommittee approved a direct restoration of $11.4 million General Fund withheld in the legislatively adopted budget for the 2% supplemental ending balance; this represents 25% of the holdback amount. Through the use of one-time revenues in both OHA and DHS, including $3.3 million Federal Funds in bonus revenue received under the Supplemental Nutrition Assistance Program (SNAP) and $15.0 million Federal Funds in Temporary Assistance for Needy Families (TANF) carryforward revenue, the remaining holdback of $34.2 million General Fund was covered. The Subcommittee did not make any program reductions, but budget risks do remain. These include changes to caseloads, final sequestration actions, potential federal penalties, litigation and other legal costs, and federal rule changes affecting home care workers.

The Subcommittee approved several other changes (additions) beyond the rebalance and statewide actions. The most significant of these is a series of investments totaling $8.3 million General Fund ($9.4 million total funds), which is sourced by $26 million General Fund set aside side for senior programs during the 2013 Special Session. Overall, House Bill 5201 increased the agency’s budget by $66.8 million General Fund, $27.0 million Other Funds, and $125.4 million total funds, or about 2.4% overall. The net change to positions is an increase of 1 position and a decrease of 3.49 FTE, which reflects a mix of phase-ins, position eliminations, and classification changes.

A more detailed description of each program area follows. For context regarding caseload changes, the 2013-15 legislatively adopted budget was based on the spring 2013 caseload forecast; the rebalance adjustments in House Bill 5201 factor in caseload and cost changes tied to the fall 2013 forecast, published in December 2013.

**Self Sufficiency**

The budget adjustments approved by the Subcommittee for the Self Sufficiency (SS) program reflect net decreases of $19.8 million General Fund, $13.1 million Other Funds limitation, $7.4 million Federal Funds limitation, and 77 positions (77.00 FTE).

Rebalance adjustments account for projected growth of about 3% in the overall 2013-15 SNAP caseload from the previous forecast. Embedded in the net increase is a decrease in the number of SS households receiving SNAP, while the number of Aging and People with Disabilities households receiving SNAP continues to grow. Caseloads in the TANF cash assistance programs are down 1% from the spring numbers, at a biennial average of 33,591 families. Overall caseload savings of $1.0 million General Fund are included in the agency’s rebalance calculation. Budget and program risks for these economically-sensitive caseloads include final structure of the SNAP program upon federal reauthorization, growth in participating households associated with increased Medicaid enrollments under the Affordable Care Act, and possible extension of unemployment benefits.

To support implementation of a new program structure, Program and Design Services (PDS), $9.4 million total funds and 75 positions (75.00 FTE) are transferred out of SS and into PDS. Technical adjustments and transfers account for a decrease of $44.9 million total funds and 2
positions (2.00 FTE); the largest portion is $33.4 million totals funds associated with moving the budget for the Modernization project from SS to the Office of IT Business Supports, which is part of the new PDS budget structure.

The Subcommittee approved use of $18.3 million in one-time federal revenues (SNAP bonus and TANF carryforward) to help fully restore the 2% holdback. Another change outside the agency’s rebalance plan is a one-time investment of $200,000 General Fund to support nutritional programs. Half of the money will help increase the number of summer and after-school food sites by at least 50 over the next year through offering technical assistance and implementing practices to help sustain programs into the futures. The other half, which will be matched with $100,000 in federal dollars, will be used to help seniors and other eligible groups or individuals with low participation rates access SNAP benefits, update online tools, and develop client education materials around protecting benefit cards.

An increase of $2,200,000 Other Funds expenditure limitation was also approved by the Subcommittee and should allow the Employment Related Day Care (ERDC) program to achieve an average monthly caseload of 8,500 over the last 12 months of the biennium. One-time funding to support this increase is available due to a higher than anticipated amount of Child Care Development Fund (CCDF) carryforward revenue from the 2011-13 biennium. While the budget continues to be inadequate to meet program needs – there are currently over 800 families on the waiting list – the Legislature is committed to improving program effectiveness and flexibility within available resources. With this goal in mind, the Subcommittee adopted the following budget note:

**Budget Note:**
The Oregon Department of Education - Early Learning Division's Office of Child Care and the Department of Human Services will convene a workgroup of stakeholders to develop a set of policy recommendations on how best to modify the ERDC program to provide child care subsidies to working parents enrolled in post-secondary higher education. The agencies will report these recommendations back to the Emergency Board in May 2014; the expectation is that rulemaking to implement legislatively approved changes would follow soon after. Program elements to address within the recommendations should include eligibility criteria, work hour requirements, school attendance verification, academic standing expectations, limitations on assistance, TANF leavers, families having children with special needs, program exit income limits, child care quality, data reporting, caseload priorities, and program evaluation.

**Child Welfare**
The budget adjustments approved by the Subcommittee for the Child Welfare (CW) program reflect an increase of $16.5 million General Fund, a decrease of $1.6 million Other Funds limitation, an increase of $5.2 million Federal Funds limitation, and a decrease of 18 positions (18.00 FTE).

While forecasts for individual CW caseloads have fluctuated between the spring and fall forecasts, these changes did not drive any budget adjustments. The rebalance does include savings from a change in the Federal Medical Assistance Percentage (FMAP), decreasing General Fund need by $0.9 million. Based on the latest federal estimates, the 2013-15 biennial average FMAP rate will increase from 63.06% to 63.40%, which reduces the state contribution percentage. This change also affects other agency programs.

The approved budget adjustments include $0.3 million General Fund to correct an error made in 2013-15 budget development. In the agency’s 2011-13 budget, a one-time revenue source (federal grant) was used to sustain the post-adoptions program. However, the one-time action was not
reversed as planned. A portion of the FMAP General Fund savings is used to cover the oversight and maintain the program at the 2013-15 legislatively adopted level. Also included is spending authority and eight limited duration positions (8.00 FTE) to support work under a federal grant. DHS received legislative approval to apply for the grant, which supports recruiting resource families for foster children, in May 2013.

To support the new program structure, Program and Design Services (PDS), $4.0 million total funds and 26 positions (16.00 FTE) are transferred out of CW and into PDS. Technical adjustments and transfers account for an increase of $1.7 million total funds for this program.

The Subcommittee added $800,000 General Fund to establish necessary legal, financial, and administrative foundations to launch a Pay for Prevention effort in Oregon. The money will go to the Center for Evidence-Based Policy at OHSU for conducting economic research, developing provider capacity, and building a performance measurement, accounting and reporting system. The ultimate goal of the initiative is to identify young children most at-risk, implement evidence-based supports designed to achieve specific outcomes, and invest in performance-based contracting that links payment to outcomes through social impact financing. The Subcommittee approved the following budget note related to the project:

**Budget Note:**
By January 1, 2015, the Office of the Governor and the Center for Evidence-Based Policy at OHSU will jointly report to the Human Services Subcommittee of the Emergency Board on how the Pay for Prevention money is being spent and project progress. In addition, OHSU shall solicit independent review from a panel of experts on key components of project as it is developed. The report will include a summary of the independent panel’s assessment of the project, including project design, research validity, and project viability.

**Vocational Rehabilitation**
The Subcommittee approved budget adjustments for Vocational Rehabilitation (VR) equating to increases of $3.6 million General Fund, $6,703 Other Funds limitation, $3.0 million Federal Funds limitation, and 10 positions (8.80 FTE).

The fall forecast projects caseload to be about 2% lower than the spring estimate. Any savings associated with fewer clients is masked by higher than expected costs per case, which have grown by about 5% from the spring 2013 forecast. Cost drivers include higher expenses for some services, such as technology devices for communication and mobility, and new referrals having needs more complex or costly to support than existing clients.

To maintain the program and cover these costs without moving to an Order of Selection (priority wait list), the budget approved by the Subcommittee includes an additional $2.2 million General Fund. The extra state dollars will have implications for future Maintenance of Effort (MOE) requirements. No additional federal dollars are available at this time; there is a slight possibility re-allotment funds could be accessed later in the biennium to reduce General Fund and MOE impacts.

Technical adjustments and transfers account for an increase of $2.7 million total funds and 10 positions (8.80 FTE); the bulk of the dollars and the positions are associated with moving work tied to the Governor’s Executive Order 13-04 (employment services) from Developmental Disabilities to VR.
Aging and People with Disabilities
The budget adjustments approved by the Subcommittee in House Bill 5201 for the Aging and People with Disabilities (APD) program reflect an increase of $12.2 million General Fund, a decrease of $6.8 million Other Funds limitation, a decrease of $4.0 million Federal Funds limitation, and a decrease of 78 positions (82.25 FTE).

Overall caseloads in long-term care facilities are down about 3% from the level funded in the legislatively adopted budget. In-home caseloads are just over 8% higher than budgeted, while both community-based facilities’ and nursing facilities’ caseloads are lower, by about 10% and 2%, respectively. After costs associated with higher acuity levels and lower than expected provider tax revenues, these changes drive a net savings of $4.0 million General Fund. In addition to the caseload savings, APD also has $6.6 million General Fund in savings due to the FMAP change noted previously.

While the caseload trends are consistent with APD policy goals, the Department is concerned that it may be too early in the biennium to safely capture and repurpose the associated savings. Risks include the implementation of the K Plan and the initiative to reduce nursing facility bed capacity.

To support creation of the new program structure, $15.6 million total funds and 85 positions (85.00 FTE) are transferred out of APD and into PDS. Technical adjustments and transfers account for an increase of $4.8 million total funds for this program and mostly consist of a net $4.7 million total funds increase realigning budgets between APD and OHA (Addictions and Mental Health).

In addition to the rebalance changes and statewide adjustments, this program was significantly impacted by the Subcommittee’s approval of funding for several senior programs or initiatives, including two pieces of legislation. While APD is not always the directed recipient or primarily participant in these projects, the bulk of the money does flow through DHS and the program has a key role in coordinating activities and reporting. The following section discusses the funding decisions and associated expectations.

Recommendations for 2013 Special Session $26 million Special Purpose Appropriation for Seniors
During the 2013 Special Session in September 2013, as part of HB 5101 (2013), $26.0 million General Fund was set aside in a Special Purpose Appropriation (SPA) to the Emergency Board for Board for future distribution to programs or activities supporting seniors. Over the four months between that action and the 2014 Legislative Session, the Department worked with a group of stakeholders to develop a list of proposals for funding allocation.

The Subcommittee approved most of the requested projects; the remaining unallocated General Fund will stay in the Senior SPA for future distribution by the Emergency Board. The legislative intent is that the proposals currently unfunded will have first priority (i.e., portions of the SPA are set aside for these) in the next round of SPA allocations, which is likely to occur as soon as May 2014. Projects are also funded with the caveat that, for ongoing initiatives, overall 2015-17 costs should not exceed the initial 2013 Special Session revenue allocation of $41 million plus standard inflation. This funding level restriction should be considered as the both the executive and legislative branches develop budgets for the 2015-17 biennium. In addition, some projects were approved as one-time expenditures and are generally not expected to roll forward; these programs have been identified as such in the following narrative. However, these programs’ status as one-time expenditures may be evaluated for
ongoing status based on program development and the level of resources available in 2015-17. If included as ongoing, the program costs should be clearly identifiable within the 2015-17 budget build.

Funding recipients are expected to work with the Department of Human Services to provide to the Joint Committee on Ways and Means Subcommittee on Human Services during the 2015 Legislative Session a coordinated update on what was accomplished with these investments.

Projects or proposals brought forward for consideration for Senior SPA funding, along with the Subcommittee’s recommendation are summarized in the table below. Subsequent narrative sections describe expectations regarding each project or proposal and next steps, including future allocations for projects for which funds are not being authorized at this time. For reference, summary item numbers 1 through 21 correspond in order to the consensus list developed by the Campaign for Oregon’s Seniors & People with Disabilities; three other proposals were added as issues surfaced during the legislative session.
# 2013 Special Session $26M Appropriation Allocation Recommendations

<table>
<thead>
<tr>
<th>Item #</th>
<th>Item</th>
<th>Who</th>
<th>Request</th>
<th>Approved</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Geriatric/disability/mental health and addiction specialists for each county</td>
<td>OHA - AMH</td>
<td>2,800,000</td>
<td>-</td>
<td>Hold; present plan in May</td>
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<td>2</td>
<td>Senior mental health training</td>
<td>OHA - AMH</td>
<td>700,000</td>
<td>-</td>
<td>Hold; present plan in May</td>
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<td>3</td>
<td>Enhance funding for elder and disabled transit services</td>
<td>ODOT</td>
<td>4,000,000</td>
<td>4,000,000</td>
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<td>4</td>
<td>Geriatric medication competency training pilot</td>
<td>DHS - APD</td>
<td>1,600,000</td>
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<td>Fund but require May report on RFP</td>
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<td>Training on Alzheimer’s/dementias</td>
<td>DHS - APD</td>
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<td>Training for caregivers on challenging behaviors</td>
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<td>First responder training on Alzheimer’s/dementias</td>
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<td>8</td>
<td>Increase access to caregiver training statewide</td>
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<td>9</td>
<td>Restoration of Quality Care Fund sweep</td>
<td>DHS - APD</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>Restore fund but report on spending plan</td>
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<tr>
<td>10</td>
<td>SB 1553 - Public Guardianship Program</td>
<td>LTCO</td>
<td>949,183</td>
<td>949,183</td>
<td>Fund</td>
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<td>11</td>
<td>Re-establish annual reporting for long term care</td>
<td>DHS - APD</td>
<td>750,000</td>
<td>100,000</td>
<td>Partially fund; report back in May</td>
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<td>12</td>
<td>Develop community based care capacity index</td>
<td>DHS - APD</td>
<td>750,000</td>
<td>100,000</td>
<td>Partially fund; report back in May</td>
</tr>
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<td>13</td>
<td>General Assistance study</td>
<td>DHS - APD</td>
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<td>Fund</td>
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<tr>
<td>14</td>
<td>Collect/analyze data on via annual BRFSS report</td>
<td>OHA - PH</td>
<td>30,000</td>
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<td>Fund</td>
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<tr>
<td>15</td>
<td>Cash Oregon Grant for technology upgrade</td>
<td>DHS - APD</td>
<td>150,000</td>
<td>150,000</td>
<td>Fund</td>
</tr>
<tr>
<td>16</td>
<td>Personal Incidental Fund (PIF) from $30 to $100 per month</td>
<td>DHS - APD</td>
<td>1,300,000</td>
<td>539,728</td>
<td>Fund at $60 and start indexing</td>
</tr>
<tr>
<td>17</td>
<td>Initiate SB 870 to expand coverage for younger persons with disabilities</td>
<td>DHS - APD</td>
<td>3,000,000</td>
<td>-</td>
<td>Hold; present pilot plan in May</td>
</tr>
<tr>
<td>18</td>
<td>HB 4151 - Elder Abuse Task Force Recommendation</td>
<td>DHS - APD</td>
<td>149,365</td>
<td>149,365</td>
<td>Fund</td>
</tr>
<tr>
<td>19</td>
<td>Adult Protection Services Technology Investment</td>
<td>DHS - APD</td>
<td>1,000,000</td>
<td>-</td>
<td>Hold; pending business case and plan</td>
</tr>
<tr>
<td>20</td>
<td>AAAs - Replace Older Americans Act lost due to sequestration cuts</td>
<td>DHS - APD</td>
<td>2,500,000</td>
<td>-</td>
<td>Hold; pending actual awards/need</td>
</tr>
<tr>
<td>21</td>
<td>AAAs - Evidence based health promotion/disease prevention</td>
<td>DHS - APD</td>
<td>1,250,000</td>
<td>1,250,000</td>
<td>Fund</td>
</tr>
<tr>
<td>22</td>
<td>Senior Property Tax Deferral Hardship Fund ($313,800)</td>
<td>DHS - APD</td>
<td>313,800</td>
<td>313,800</td>
<td>Fund</td>
</tr>
<tr>
<td>23</td>
<td>SB 1542 - Expand Home Care Registry to Private Payers</td>
<td>DHS - APD</td>
<td>1,281,297</td>
<td>1,281,297</td>
<td>Fund</td>
</tr>
<tr>
<td>24</td>
<td>Medford Senior Center Nutrition Program</td>
<td>DAS</td>
<td>20,000</td>
<td>20,000</td>
<td>Fund</td>
</tr>
</tbody>
</table>

**Total** 25,355,645 13,295,373

| SPA Amount          | 26,000,000 | 26,000,000 |
| SPA Remaining       | 644,355    | 12,704,627 |
Items #1 and #2 were not funded by the Subcommittee, pending a report to the May meeting of the Emergency Board. The current $3.5 million General Fund ($7.0 million total funds) proposal places geriatric and disability mental health and addiction specialists in all 36 county mental health programs, in order to improve services for older adults with mental illness. Behavioral health services for older adults rest in systems of care that are often times disconnected. These systems include Aging and People with Disabilities long term care, home health, Medicare (including Medicare Advantage plans) and community mental health programs. The geriatric specialist would focus on the coordination of these systems within their community to meet the behavioral health needs of older adults. In its report, the Oregon Health Authority will provide a more detailed plan for both the services and training components of the proposal. The report should include how to structure the program and how to best work with Coordinated Care Organizations, in both the short and long run, considering that these staff would service Medicare clients as well as those eligible for Medicaid. The report should also address the appropriate level of staffing in different areas of the state.

Item #3 was funded, adding $4.0 million General Fund for senior and disabled transportation budgeted in the Department of Transportation (ODOT). The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. This infusion brings total funding for the biennium to $11.0 million, which is about 30% of the estimated need as evaluated in a 2010 study by Portland State University.

Items #4 through #8, at a total of $3.3 million General Fund were approved on a one-time basis for the Department of Human Services to fund a broad scale Caregiver Training Initiative designed to provide consistent, standardized, and evidence-based training across all segments of the long term care services and supports (LTCSS) continuum. The growing population of seniors and people with disabilities requires a well-trained workforce and the development of additional community resources for both professional and family caregivers. Curriculum, trainings, and capacity development will be targeted in the following areas:

- Geriatric medication management and competency
- Alzheimer's disease and related dementias
- Challenging behaviors in non-dementia populations
- Specialized training for the public safety workforce on Alzheimer's and related dementias
- Enhanced training and access to caregiver trainings in underserved areas, populations and settings

DHS will issue a Request for Proposal (RFP) for organizations with the demonstrated experience, competency, expertise and ability to develop, coordinate and conduct trainings, curriculums and materials to reach all the intended audiences identified. Organizations will need to demonstrate the ability to work statewide with both private and public entities in the development, coordination and successful execution of this initiative. Programming should be aligned with current state policy initiatives.

The Subcommittee directed DHS to report back to the Emergency Board in May on the status of the RFP with the goal being for trainings to commence by July 2014.

For Item #9, the Subcommittee approved a one-time allocation of $1.0 million General Fund, which allows Quality Care Fund resources to be directed back from general program expenditures to training, technical assistance, quality improvement initiatives and licensing activities. The fund’s revenue comes from long-term care facility licensing fees and civil penalties. Prior to formally allocating Quality Care Fund dollars to projects or initiatives, the Department will report to the Emergency Board on the spending plan, the process used to decide on fund allocations,
and the overall plan for managing the fund going forward. This report will be provided in May 2014 in conjunction with the training RFP report discussed above.

Funding for Item #10, which was approved in the amount of $949,183 General Fund, will support a new Public Guardian and Conservator program within the office of the Long Term Care Ombudsman (LTCC). The program is created with passage of SB 1553 (2014); more information on the program is included in the LTCCO narrative.

Items #11 and #12 take care of two data and information reporting gaps in the Department of Human Services. The approved initial allocation of $200,000 General Fund ($100,000 per project) will allow DHS to develop a work plan and more precise costing for these projects before returning to request the remaining funding. The first project will restart annual Nursing Facility and Community Based Care utilization reports, which were discontinued in 2009 due to budget reductions. The second effort is around improving availability of quality information on community based care facilities, through development of a website that will contain information on facility location, type of care, vacancies and customer satisfaction.

An allocation of $112,000 General Fund (Item #13) will allow the Department of Human Services, with stakeholder participation, to conduct a one-time study on and make recommendations for a program designed to provide temporary cash assistance to low-income, childless adults with disabilities (at a minimum). The Department will report the study results and program recommendations to the appropriate House and Senate policy committees and the Joint Committee on Ways and Means during the 2015 Legislative Session. The report should include, but not be limited to, data on special populations, such as homeless persons, veterans, and individuals nearing or on post-prison supervision, eligibility requirements, services offered, desired outcomes, cost avoidance, potential pilot projects, and a menu of program/funding options.

Item #14, funded at $30,000 will go to the Oregon Health Authority (Public Health) to pay for collecting specialized data on cognitive data and caregiving under the Behavioral Risk Factor Surveillance System. These data are particularly important for the Oregon Chapter of the Alzheimer’s Association and its efforts to advance research, to provide and enhance care and support, and to reduce the risk of dementia through the promotion of brain health.

The Subcommittee approved Item #15, at $150,000 General Fund, which supports a grant to Cash Oregon to support the one-time purchase of new laptops for the AARP Tax Aide program. This is a volunteer program that helps low-income seniors prepare tax returns.

Each Medicaid nursing facility resident has a monthly allowance to cover personal incidental needs (Item #16); this amount has been set at $30 per month for the last twenty years. The Subcommittee approved $539,728 General Fund and $952,472 Federal Funds for DHS to increase the amount to $60 per month, effective July 2014. Beginning with the 2015-17 biennium, the Department is directed to begin indexing personal incidental fund increases in nursing facilities to annual increase percentages published by the social security administration. (The approved recommendation was modified from the original proposal, which requested an increase to $100 without any indexing.)

For Item #17, the Subcommittee retained $3.0 million General Fund within the SPA for distribution in May 2014, after DHS and stakeholders have brought forward a pilot project plan to make Oregon Project Independence services available to people with disabilities, as envisioned by SB 870 (2005). To provide more specific direction, the Subcommittee adopted the following budget note:
**Budget Note:**
The Department of Human Services shall develop a pilot project to expand Oregon Project Independence services to people with disabilities effective July 1, 2014. To meet this timeline, the Department will need to make emergency rules; that rulemaking will incorporate the feedback of appropriate stakeholders and advocates. Appropriate parties include, but are not limited to, the Oregon Association of Area Agencies on Aging and the Disability Services Advisory Councils. The pilot shall cover a regionally diverse area of Oregon, including both rural and metropolitan areas. The Department shall report on the pilot project plan, which should cover structure, outreach, evaluation, and budget components, and request release of SPA funds at the May 2014 meeting of the Emergency Board.

The Department of Human Services will study and report back to the appropriate 2015 legislative committees on the potential to transition Oregon Project Independence to a statewide, age neutral program that assesses and serves seniors and persons with physical disabilities based on need. This report will include cost projections for the expansion of services, projected caseloads and demographic distribution.

Funding for *Item #18*, which was approved in the amount of $149,365 General Fund, $118,680 Federal Funds, and two positions (1.34 FTE) supports work under HB 4151 (2014). This bill sets consistent timelines for investigations of elder abuse cases by DHS and directs the agency to adopt policies and guidelines for the development of an electronic database of abuse reports and to standardize investigation and reporting practices. A registry of persons working or seeking to work in elder care facilities will be implemented by January 1, 2015; the registry will augment the existing criminal background check system. One of the new positions will work with the standardized practices and protocols related to the abuse reporting and investigating components of the bill. The other one will responsible for the registry work, including coordination with reporting facilities and development of registry rules.

Discussions regarding various systems and worker registries led the Subcommittee to adopt an associated budget note:

**Budget Note:**
The Department of Human Services will report to the Joint Committee on Ways and Means during the 2015 Legislative Session on the “ready to work” registry and associated rules required under HB 4151 (2014). The report should also include a section on the feasibility of developing a comprehensive (diverse care settings) and multipurpose (employment, referral, certification, background check, abuse) care worker registry, including potential efficiencies, benefits, costs, and barriers. Lastly, the report will provide an update on how administrative rule changes required by HB 3168 (2013) have reduced duplicative background check counts and decreased waiting times for applicants.

The Subcommittee did not fund *Item #19*, which is a DHS request for funding to begin developing a new system to manage adult protective services activities. At a minimum, the Department plans to finalize a system business case and explore opportunities for federal funding before returning the Emergency Board to report on the project’s progress and potentially request at least an initial allocation from the Senior SPA.
Item #20 is a request for $2.5 million in state funding to backfill anticipated federal reductions in federal Older Americans Act dollars. Several programs administered by the local Area Agencies on Aging (AAA) are potentially affected by sequestration reductions. However, federal funding award letters have not yet been received and more recent information indicates that the shortfall may be much less than expected, if not completely mitigated. Accordingly, the Subcommittee did not allocate funds, but welcomes a SPA allocation request during the interim, depending on final federal awards and demonstrated need. Not taking action on potential sequester reductions at this time is also consistent with the approach taken in other areas of the DHS budget, where sequester impacts continue to remain an unfunded risk.

The Subcommittee approved Item #21, which provides $1,250,000 General Fund to support statewide AAA efforts in the areas of Evidence Based Health Promotion and Disease Prevention. These programs serve individuals with long-term services and supports needs regardless of eligibility for entitlement programs. The money will be distributed through formula, with each region putting together a plan for that will include anticipated numbers of individuals served and outcomes.

To address back taxes for certain seniors who were allowed back into the senior property tax deferral program after being disqualified in 2011, the Subcommittee added $313,800 General Fund (Item #22). The plan is for these one-time funds to flow through DHS to one or more Area Agencies on Aging to perform eligibility and authorize payments.

Funding for Item #23, which was approved in the amount of $1,281,297 General Fund and five positions (1.41 FTE) supports work under SB 1542 (2014). This bill requires the Home Care Commission (budgeted within DHS) to administer a program enabling private payers to buy home care services from the Commission’s home care registry. Currently, only individuals covered by Medicaid may hire caregivers through the registry. Under the program, the Commission will be responsible for a variety of tasks, including publicizing the registry, screening workers, setting standards, providing referrals, establishing rates, and paying wages. After General Fund pays for one-time start-up costs, the program will be self-supporting; the bill allows the Commission to set consumer rates at levels that support recovering up to 107% of program costs.

For Item #24, the Subcommittee approved $20,000 General Fund in the DAS budget as a one-time pass-through to the Medford Senior Center to cover emergency need in its senior nutrition program. Last fiscal year, the program provided 17,159 meals for the elderly in Jackson County.

Developmental Disabilities
The budget changes approved by the Subcommittee in House Bill 5201 for the Developmental Disabilities (DD) program reflect net increases of $21.9 million General Fund, $1,291 Other Funds expenditure limitation, $41.8 million Federal Funds expenditure limitation, and a decrease of 80 positions (78.80 FTE).

Both caseloads and cost per case in DD programs are expected to be higher than the previous forecast, driving an increase of $10.8 General Fund ($22.0 million Federal Funds). Caseload counts are growing and clients are moving between service categories, primarily because under the K Plan services must be provided to all eligible applicants. Costs per case are also going up due to increasing client acuity. While the legislatively adopted budget attempted to build in K Plan impacts, some elements, such as significantly more children entering the DD system or side effects of brokerages being pushed to capacity, were not anticipated in the previous forecast. These and other issues will continue to be risks moving forward.
The caseload associated costs are partially offset by FMAP rate savings of $4.9 million General Fund and participation rate adjustments resulting in savings of $1.3 million General Fund.

Other program costs covered in the rebalance include $1.3 million General Fund ($2.6 million total funds) to keep funding for the Community Developmental Disability Programs (CCDP) at 94% equity; a budget estimate error resulted in the equity level being underfunded. Another budget change provides $1.9 million General Fund ($5.2 million total funds) to cover a 6% interim rate increase for DD employment services providers; this item was included after discussion during November 2013 Legislative Days.

To support implementation of a new program structure, Program and Design Services (PDS), $9.9 million total funds and 67 positions (67.00 FTE) are transferred out of APD and into PDS. Technical adjustments and transfers account for a decrease of $4.4 million total funds and 13 positions (11.80 FTE) for this program.

Another technical change in this program area is a title clarification. To better characterize program clients, DHS is now referring to this program as Intellectual and Developmental Disabilities (I/DD).

The Subcommittee added $490,000 General Fund ($1,136,368 total funds) to cover a gap in some CDDP budgets due funding formula changes that left 11 of the programs with budgets below 2011-13 levels. This action corrects that disparity and supports program stability while the Department and the CDDPs are transitioning to a workload, instead of caseload, model for 2015-17 budget development.

Program Design Services
The Subcommittee approved the following budget for Program Design Services (PDS): $20,225,454 General Fund, $11,026,715 Other Funds, $78,907,230 Federal Funds, and 253 positions (253.00 FTE). The idea behind establishing this new structure is to capture program design services and some direct services to DHS clients and programs that span across the Department’s five major program areas. The budget is created primarily through budget transfers from other programs. The agency’s plan is to increase both program utility and transparency by consolidating certain services, which include the following offices: Program Integrity, Licensing and Regulatory Oversight, IT Business Supports, Business Intelligence, and Continuous Improvement.

In addition to budget transfers, also included is an additional $38 million Federal Funds expenditure limitation to leverage and spend additional federal match received for the Modernization technology project. The project is now housed in IT Business Supports; previously it was under the Self Sufficiency program.

Initially, the resources for each office were expected to continue to be part of each relevant program budget. However, due to budget and accounting system limitations, DHS was having difficulty providing managers and office customers with meaningful, timely, and accurate budget reports. For each program area receiving services, the Department will still be able to report on the nature and cost of services provided.
Central Services
The budget adjustments included in House Bill 5201 reflect the following net changes for Central Services: an increase of $542,649 General Fund, a decrease of $115,287 Other Funds expenditure limitation, and an increase of $307,909 Federal Funds expenditure limitation. Embedded in these figures is a decrease of $276,548 total funds associated with technical adjustments and transfers.

Shared Services
The Subcommittee approved a net increase of $8.2 million Other Funds expenditure limitation and a net decrease of 9 positions (9.24 FTE). The changes are primarily due to technical adjustments and transfers, including five positions moving from APD and OHA-AMH to Shared Services. An increase of $1.8 million Other Funds expenditure limitation would allow the budget to support activities in DHS and OHA program affected by 2013-15 policy option packages.

An updated Package 091 Statewide Administrative Savings was approved by the Subcommittee, and includes eliminating fourteen permanent full-time positions. The revised plan also attributes $2 million in General Fund savings to lower leases, budgeted in Statewide Assessments and Enterprise-wide Costs, instead of Personal Services in Shared Services. The eliminated positions are as follows:

- Financial Services (3 positions, 3.00 FTE) – Principal Executive Manager D, Office Specialist 1, Administrative Specialist 2
- Shared Services Administration (1 position, 1.00 FTE) – Executive Support Specialist 2
- Performance Excellence (2 positions, 2.00 FTE) – Operations & Policy Analyst 3, Operations & Policy Analyst 4
- Human Resources (2 positions, 2.00 FTE) – Principal Executive Manager D, Human Resources Assistant
- Budget/Planning/Analysis (2 positions, 2.00 FTE) – Operations & Policy Analyst 3, Fiscal Analyst 2
- Communications (1 position, 1.00 FTE) – Operations & Policy Analyst 3
- Payment Accuracy & Recovery (3 positions, 3.00 FTE) – Revenue Agent 2, Administrative Specialist 2, Human Services Specialist 4

Statewide Assessments and Enterprise-wide Costs
The budget adjustments included in House Bill 5201 reflect the following net increases for this program unit: $11.6 million General Fund, $29.4 million Other Funds expenditure limitation, and $7.6 million Federal Funds expenditure limitation. Within these numbers, technical adjustments and transfers account for an increase of $6.0 million General Fund ($11.2 million total funds), primarily to align the assessment budget with policy package changes in program budget structures.

In addition, the approved rebalance plan includes a request for $30 million Other Funds expenditure limitation to support accessing a line of credit. For several biennia, the agency has used a line of credit and borrowed funds from the Treasury to finance prepayments and account for a lag in receipt of certain revenues, including provider taxes. As was done for the 2011-13 biennium, the Subcommittee requests that the Department of Administrative Services (DAS) unschedule the expenditure limitation to be accessed only as needed depending on cash flow issues. The DAS Chief Financial Office and the Legislative Fiscal Office will jointly approve any rescheduling.

An updated Package 091 Statewide Administrative Savings was approved by the Subcommittee, shifting $2 million in General Fund savings to account for lower leases, instead of Personal Services savings. The agency identified a list of 99 leases that are set to expire over the course of the biennium and will track and document the savings expected to be achieved through improved contracting and negotiating tools. The
Department and the DAS Chief Financial Office has committed to holding budgets associated with these leases at assumed savings level for 2015-17 budget development, regardless of lease negotiation outcomes.

**Long Term Care Ombudsman**
The Subcommittee approved an increase of $39,554 General Fund, which fully restores the agency’s 2% supplemental ending balance holdback included in the legislatively adopted budget. The restoration will allow the agency to meet budget needs without jeopardizing implementation of Senate Bill 626 (2013), which expanded the duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities.

No changes were needed to reconcile Package 091 Statewide Administrative Savings, leaving the placeholder budget category reductions intact.

To cover costs associated with Senate Bill 1553 (2104), which establishes the Public Guardian and Conservator within the office of the Long Term Care Ombudsman, the Subcommittee approved $949,183 General Fund, 5 positions, and 2.25 FTE. This new program helps persons without relatives or friends willing or able to serve as guardians or conservators; services range from making care decisions to handling financial issues. Along with providing direct services, the program will set professional standards for and certify guardians and conservators, produce training materials, develop a volunteer program to assist the guardians and conservators, establish an eligibility process for program services, and work with local programs and organizations to provide services.

The fiscal impact includes Personal Services and related Services and Supplies for the following five positions: a Principal Exec/Manager D (Deputy Long Term Care Ombudsman), a Program Analyst 4 (Public Guardian), an Administrative Specialist 2, and two Program Analyst 2 positions (Deputy Public Guardian). Since the program starts mid-biennium, costs for 2015-17 are projected to more than double due to the additional year and anticipated growth. The budget estimate assumes a caseload of 165 clients/wards per year.

**JUDICIAL BRANCH**

**Commission on Judicial Fitness and Disability**
The Subcommittee increased General Fund appropriations by $2,028 to restore 50% of the agency’s 2% supplemental General Fund ending balance holdback.

**Judicial Department**
The Subcommittee increased General Fund appropriations by $3,086,092 to restore approximately 49% of the agency’s 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a $2 million restoration to Operations (approximately 37%). The Judicial Department’s 2% ending balance holdbacks on pass-through appropriations received 25% restorations. General Fund increases to Mandated payments and to Third-party debt collection exceeded the 2% holdbacks to those programs. The Subcommittee appropriated $762,585 General Fund to Mandated payments, to restore both the 2% supplemental General Fund ending balance holdback, and the 5% General Fund services and supplies reduction, included in the legislatively adopted budget. The Subcommittee appropriated $250,000 General Fund to the Department, and an additional $700,000 General Fund in a special purpose appropriation to the Emergency Board, for Third-party debt collection
costs. These costs vary with the amount of debt successfully collected. The special purpose appropriation serves as a set aside to provide additional funding if debt collection levels are high enough to make to the funds necessary. The Subcommittee also approved a $1,300,000 General Fund special purpose appropriation to the Emergency Board for Operations support. The Department may request funds to finance one-time operations investments and service increases.

The Subcommittee reduced the General Fund appropriation for Judicial compensation by $108,823, and the General Fund appropriation for Debt service by $144,201. The Judicial Department carries forward any General Fund appropriations from the prior biennium that remain unspent. Carry-forwards in these two areas were larger than anticipated when the budget was approved in the 2013 session, resulting in funding levels that are higher than needed to fund program costs. The two General Fund appropriation reductions reduce support to the levels needed, and will not require any reduction in judicial compensation or debt service payments. The Subcommittee also approved a one-time $50,000 General Fund appropriation for transfer to the Douglas County court facilities security account, to assist the county in providing needed security protection at the county courthouse. This appropriation will be phased out in the development of the Department’s 2015-17 biennium current service level.

Finally, the Subcommittee approved a $2,565,968 Other Funds expenditure limitation increase for grant-funded programs. The expenditure limitation increase will accommodate expenditure of both currently awarded grants, and of projected renewals of expiring grants at current levels, that support drug and specialty courts, pretrial release programs, and other initiatives. The grant funds are provided by the Criminal Justice Commission and non-state sources.

Public Defense Services Commission
The Subcommittee increased General Fund appropriations by $4,868,381 to restore most of the agency’s 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a 75% restoration to the Appellate Division; 50% restoration to the Contract and Business Services Division; and a full restoration to Professional Services, the portion of the agency’s General Fund that finances the Commission’s purchases of trial-level public defense services provided by independent contractors and hourly-paid private sector attorneys.

The Subcommittee also increased the General Fund appropriation to the Contract and Business Services Division by $48,631, to correct the support level for state government services charges in the agency budget. An error in the 2013-15 biennium Governor’s recommended budget underfunded support for payroll services.

LEGISLATIVE BRANCH

The Legislative Branch retains its General Fund reversions from the previous biennium. The legislatively adopted budget included anticipated reversions but adjustments are now needed after the actual amounts are known. The following adjustments are included in the bill:

- The Legislative Administration Committee is increased by $251,000.
- The Legislative Assembly (Biennial Offices) is decreased by $251,000.
- The Legislative Assembly (Members – Interim) is increased by $275,000.
- The Legislative Assembly (Members – Session) is decreased by $275,000.
• The Legislative Revenue Office is increased by $13,000.
• The Legislative Fiscal Office is decreased by $13,000.

The bill includes a restoration of 25% of the 2% supplemental ending balance holdback for all of the Legislative Branch agencies.

**NATURAL RESOURCES**

**Department of Agriculture**
The Subcommittee approved a one-time $125,000 General Fund appropriation for use by Portland State University’s Consensus Center to support a balanced task force to begin examining labeling requirements, liability, compensation, budgetary requirements and any other areas relating to genetically engineered agricultural products and recommend if new authorities or statutory changes are needed. The Subcommittee also approved a one-time $65,000 General Fund appropriation to pay the costs necessary to establish administrative rules and put the program processes in place to be able to issue licenses and permits for industrial hemp production.

Other Funds expenditure limitation was increased by $430,590 for the food safety program. These funds will be used to hire three new inspector positions (1.75 FTE), which will allow the Department to conduct food safety inspections of facilities on a shorter interval than is currently possible.

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $96,102 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which moved some of the Other Funds reductions from administrative support services to agency programs.

**Columbia River Gorge Commission**
The Subcommittee restored the full 2% supplemental ending balance holdback of $17,820 General Fund for the Columbia River Gorge Commission. This action brings the Commission’s 2013-15 budget back to parity with the budget adopted by the State of Washington for the agency.

**Department of Energy**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a part time Office Specialist 1 position (0.63 FTE) and reducing FTE on an Accounting Technician 3 position (-0.58 FTE).

House Bill 5201 includes a net of $276,190 in additional Other Funds expenditure limitation, to facilitate the expenditure of lottery bond proceeds totaling $10,152,380. Ten million dollars is intended to be deposited into the Jobs and Energy and Schools Fund and granted by the Oregon Department of Energy to Clean Energy Works Oregon, which will utilize the funding to facilitate the delivery of energy efficiency projects; $152,380 is for bond-related costs.
Department of Environmental Quality
The Subcommittee approved a $375,000 General Fund appropriation and three limited duration positions (1.04 FTE) to conduct air toxics monitoring in the Swan Island area. The funds will be used to operate a new air toxics monitor to better understand what air toxics people are exposed to in the vicinity of Swan Island. The monitoring work will continue into the first few months of the 2015-17 biennium, with a roll-up cost of $120,389 General Fund and three limited duration positions (0.48 FTE).

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $130,726 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which moved some of the reductions from Agency Management to the Air, Water, and Land Quality programs and eliminated 2 positions and 2.50 FTE in Land Quality.

Department of Fish and Wildlife
The Subcommittee approved the transfer of $613,000 Federal Funds from the Fish Division to Capital Improvement to comply with new federal rules that require states to hold title to any land acquired using federal funds from the Sportfish Restoration Fund. The Department has traditionally used a portion of these funds to partner with the Oregon State Marine Board to improve public boating access. In the past the funds were awarded and a local government held title to any land purchased as part of these projects. The Department will now have to hold title, but local governments will continue to manage and maintain these facilities. The Subcommittee also approved the transfer of $183,000 Other Funds from the Fish Division to Capital Improvement to replace a condemned residence at the Cedar Creek Hatchery.

The Subcommittee approved the transfer of $1,104,325 Federal Funds and $359,548 Other Funds from the Wildlife Division to Capital Improvement to reflect plans to use these monies for land acquisition to increase hunter access, habitat improvement, and for capital improvements to existing facilities. The Federal Funds are from the Pittman Roberts Program (PR) which distributes revenue from a federal excise tax on sporting arms and ammunition. The Other Funds are necessary to meet PR match requirements.

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $73,671 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which eliminated 3 positions and 3.42 FTE in the Administrative Services Division.

State Forestry Department
The Subcommittee approved a restoration of $457,618 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 50% of the initial holdback for Fire Protection and 25% of the initial holdback for Private Forests. No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

The Subcommittee approved $40 million General Fund to supplement the 2013-15 Department’s Fire Protection Division appropriation. The funding covers the estimated state’s share of $75 million in net costs for the 2013 fire season. $10 million is the deductible on the state’s and landowners’ insurance policy. The additional $30 million covers costs that exceeded the state’s $10 million deductible, the landowners’ $10
million deductible, and the insurance policy $25 million payout. The Department will reconcile the 2013 and 2014 fire seasons and report on total costs during the 2015 Legislative Session.

**Department of Geology and Mineral Industries**
The Subcommittee approved a restoration of $12,880 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee approved an updated Package 091 Administrative Savings, moving a portion, primarily in Other Funds expenditure limitation, from personal services to services and supplies.

**Department of Land Conservation and Development**
The Subcommittee approved a restoration of $59,087 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. Funds restored include $24,653 in the grants program for grants, and $34,434 in the operations and planning program for personal services.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position (0.75 FTE) and moving a portion of the reduction from personal services to services and supplies.

**Land Use Board of Appeals**
The Subcommittee approved a restoration of $7,738 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

**Department of State Lands**
No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

The Department is planning an agency-wide reorganization. The Subcommittee approved increasing the Department’s Other Funds expenditure limitation by $135,684. The purpose is securing professional services for business process mapping, review, and improvement recommendations, in support of the reorganization.

The South Slough National Estuarine Research Reserve has received a $1 million grant award notice from the U.S. Fish and Wildlife Services. The grant will enable the Department to add 240 acres to Reserve property. The Subcommittee recommended increasing Federal Funds expenditure limitation by $1 million and Other Funds expenditure limitation by $58,700. The Other Funds provide part of the required match. The remaining match will be provided by in-kind work and contributions from supportive local entities.

**State Marine Board**
The Subcommittee approved an updated Package 091 Statewide Administrative Savings by taking all of the administrative savings in services and supplies. The Board did not have sufficient vacant positions to take additional cuts to personal services.
**Parks and Recreation Department**

The General Fund reduction taken for the 2% supplemental ending balance holdback was not restored.

No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

**Water Resources Department**

House Bill 5201 includes a 25% restoration of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. The restoration will allow the Water Resources Department to fill a position in the Field Services Division that was held vacant in order to generate the required savings.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reallocating among expenditure accounts to affect permanent administrative cost reductions. To accommodate the General Fund personal services reduction of $58,076, a 0.50 FTE grant administration position was reduced to 0.25 FTE. Other Funds personal services reductions of $28,742 and services and supplies reductions of $39,053 are allocated entirely to services and supplies.

The Subcommittee included the following budget note:

**Budget Note:**
The Water Resources Department will dedicate up to $2.25 million of the $10 million net proceeds from the lottery bond sale as authorized by Senate Bill 5533 (2013) or utilize authority under Package 204 in Senate Bill 5547 (2013) for the purposes of matching federal funds for ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water in the Willamette Basin Project Reservoirs and to conduct a comprehensive basin study by the United States Bureau of Reclamation in the Deschutes River Basin. Of the up to $2.25 million, up to $1.5 million shall be reserved for the Willamette Basin Project Reallocation and $750,000 shall be reserved for the Deschutes Basin Comprehensive Basin Study. Any reserved funds remaining after the completion of these two studies shall be made available for other purposes of the Water Supply Development Account as authorized under Senate Bill 839 (2013).

**Oregon Watershed Enhancement Board**

The Subcommittee increased the Measure 76 Lottery Funds allocations from the Watershed Conservation Operating Fund to the Department of State Police by $183,060 and the allocation to the Department of Agriculture by $141,485 to fund state employee compensation changes. The Department of Fish and Wildlife and the Department of Environmental Quality will use existing Measure 76 fund balances to pay for state employee compensation changes and therefore did not need an increase in Lottery Funds allocation.

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.
PUBLIC SAFETY

Department of Corrections
The Subcommittee restored $26,043,835 General Fund, nearly the full 2% supplemental ending balance holdback. The funding allocation by division is unchanged from the legislatively adopted budget for 2013-15.

- $17,849,890 in Operations and Health services
- $4,342,090 in Community Corrections
- $2,570,120 in Administration, general services, and human resources
- $1,281,735 in Offender management and rehabilitation

The Capital Improvements 2% holdback was not restored.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 2 positions and 2.00 FTE in information technology. A portion of the agency’s reduction was also moved from personal services to services and supplies.

Criminal Justice Commission
The Subcommittee restored $69,366 General Fund of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15; this amount represents 25% of the holdback. The Commission will utilize the restored funds for Attorney General costs related to rule-making implementation for the Justice Reinvestment Grant Program established in HB 3194 (2013).

An updated Package 091 Statewide Administrative Savings was approved, that included shifting the full amount of the reduction to services and supplies. This action was taken primarily because the agency’s budget is 93% special payments and contains only 9 positions.

District Attorneys and Their Deputies
The Subcommittee restored the full 2% supplemental ending balance holdback of $209,190 General Fund for the District Attorneys. This action was taken primarily because the agency’s budget is 96% personal services and without the restoration the agency would need to reduce district attorney working days.

The Subcommittee added $240,000 General Fund to the budget of the District Attorneys to provide a one-time $5,000 compensation increase to the salary plan for each District Attorney effective July 1, 2014. It is the intent of the Subcommittee that this appropriation be used to increase the salary of each District Attorney by the $5,000 amount regardless of what tier each District Attorney is currently in within the compensation plan.

Department of Justice
The Subcommittee restored the full 2% supplemental ending balance holdback of $1,212,520 General Fund for the Department of Justice. The Subcommittee, however, repurposed the restoration by restoring the $1.2 million in the following amounts for the following purposes:

- $6,000 to the Office of the Attorney General and administration for Project Clean Slate
- $87,865 to the Crime Victims’ Services Division for Oregon Domestic and Sexual Violence Services
- $25,043 to the Crime Victims’ Services Division for Multidisciplinary Teams and Child Abuse Intervention
- $1,992 to the Crime Victims’ Services Division for the Address Confidentiality Program
- $1,091,620 to the Criminal Justice Division for support of the Internet Crimes Against Children program, the Fusion Center, and district attorneys and law enforcement partners.

The addition of the General Fund to the Criminal Justice Division ($793,340 personal services and $298,271 services and supplies) will allow the Department to retain an existing forensic investigator position assigned to the Internet Crimes Against Children program, establish four limited duration positions (3.46 FTE; one PEM D and three Research Analysts) in support of Fusion Center operations once grant funding ends this biennium, and reestablish two permanent senior assistant attorney general positions (1.16 FTE) and establish one permanent criminal investigator position (0.50 FTE) to provide support to district attorneys and law enforcement partners.

In addition, the Subcommittee approved an increase of $586,354 Other Funds ($485,702 personal services and $100,652 services and supplies) in the Criminal Justice Division for support of the Fusion Center. When the 2013-15 legislatively adopted budget was developed, the Department anticipated receiving grant funding through the Oregon Military Department, Office of Emergency Management, to partially support the Fusion Center. However, the grant award had not been made and the corresponding Other Funds expenditure limitation and position authority were not included in the budget. The Fusion Center continued to maintain operations and the agency now has received the first year grant award and is anticipating a second year award.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of four positions and 3.54 FTE and making shifts between personal services and services and supplies. To better align the permanent administrative savings reductions, the Subcommittee made the following adjustments to the original placeholder reduction:

- Office of the Attorney General and administration – added a net $87,993 Other Funds expenditure limitation increase (increased personal services by $314,581 and decreased services and supplies by $226,588) and eliminated 2 positions (2.00 FTE)
- General Counsel Division – reduced the Other Funds expenditure limitation by $87,993 (personal services) and eliminated 1 position (0.54 FTE)
- Crime Victims’ Services Division – no net dollar change, but increased personal services by $3,400 Other Funds and decreased services and supplies by $3,400 Other Funds, plus eliminated 1 position (1.00 FTE)

The Subcommittee also authorized $135,000 General Fund to support the Oregon Crime Victims Law Center.

In addition, to gain a better understanding of work currently underway to identify and evaluate alternative funding models for the agency’s programs providing legal support to state agencies, the Subcommittee approved the following budget note:

**Budget Note:**
Costs of legal representation in an increasingly complex modern legal system continue to drive agency budget and policy decisions. The Department of Justice has begun working with the Department of Administrative Services and agencies to
identify and evaluate alternative funding models to improve the stability, affordability, and effectiveness of legal costs for agencies and to encourage pro-active consultation with the Department by agencies.

As the Department of Justice continues with this effort, it shall prioritize developing options for legal services for the Child Welfare program and report on these efforts to the Joint Committee on Ways and Means during the 2015 legislative session. In addition, no later than September 1, 2014, the Department of Justice and the Department of Human Services will also provide a joint written status report to the Legislative Fiscal Office on the specific options under consideration and progress being made on the development of those options.

**Oregon Military Department**
The agency received a partial restoration of its 2% ending balance holdback that totaled $151,000 General Fund. The funds are appropriated to the Operations program to support operations and maintenance costs at the Portland and Kingsley Field airbases. The restoration represents 59% of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency was able to reduce its personal services by $259,280 by eliminating one vacant permanent part-time Fiscal Analyst 3 position in the Administration program (0.50 FTE) and reducing overtime and temporaries. The remaining personal services reduction of $164,517 was moved to services and supplies and capital outlay. The agency has a plan to find efficiencies in various services and supplies line-items, including in-state travel, office expense, employee training, publications, facilities maintenance, expendable property, as well as other line-items. The capital outlay reduction will be to the automotive and aircraft line-item where the agency has identified savings.

The Subcommittee established a $385,000 Other Funds Capital Improvement expenditure limitation for the purchase of 1.46 acres of commercial property contiguous to the Department’s Forest Grove Readiness Center compound. The property and building will be used as a field maintenance shop for Washington County’s National Guard contingent. The source of the Other Funds is the agency’s Capital Construction Account. This is a one-time expenditure limitation increase and will not continue into future biennia.

The Other Funds expenditure limitation for the Community Support program was increased by $1,404,971 for the reimbursement of firefighting expenditures related to the 2013 fire season. This is a one-time expenditure limitation that is not to continue into future biennia.

As part of the agency’s compensation plan funding, the Subcommittee approved $734,800 in General Fund for the Operations program. This adjustment is to partially fund the difference between what the federal government will reimburse the state and recently concluded contract negotiations with the Portland and Kingsley Field airbase firefighter unions. This is a one-time appropriation and will not continue into future biennia.

**Board of Parole and Post-Prison Supervision**
The Subcommittee approved a restoration of $19,825 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.
The Subcommittee established a reservation within the general purpose Emergency Fund of $350,000 for the Board of Parole and Post-Prison Supervision (BPPPS) for replacement of the Parole Board Management Information System (PBMIS). Allocation of the reservation is contingent upon the Board providing a project budget, project plan, and periodic status reports. BPPPS may request allocation of the reservation from the Emergency Board after the Legislative Fiscal Office approves the project budget and project plan.

Department of State Police
The Subcommittee restored $2,351,854 General Fund of the 2% supplemental ending balance holdback for the Department of State Police. This represents 50% of the total 2% holdback. The agency will use the restored amount to fund the hire of 20 troopers and the purchase of 18 vehicles and associated equipment in September 2014.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of one position and 1.50 FTE, permanently shifting funding for three administrative positions from General Fund to Other Funds, and reducing capital outlay for the Dispatch Centers and Information Technology Services.

Department of Public Safety Standards and Training
The Subcommittee approved an updated Package 091 Statewide Administrative Savings by taking all of the administrative savings in services and supplies.

Oregon Youth Authority
The Subcommittee approved a restoration of $1,367,729 of the 2% supplemental ending balance holdback that was included in the agency’s original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 5 positions and 2.79 FTE; these are administrative support type positions. A very small portion of the agency’s reduction was also moved from personal services to services and supplies.

TRANSPORTATION

Department of Aviation
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, moving a small amount from personal services to services and supplies.

Department of Transportation
The General Fund reduction taken for the 2% supplemental ending balance holdback was not restored. The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency’s reduction was moved from personal services to services and supplies.

The Seniors special purpose appropriation, described on page 47, provides $4 million General Fund to the Department for additional Elderly and Disabled Transit support.
The Legislative Emergency Board met on May 30, 2014 and considered an agenda of 52 items. The agenda included two requests for allocations from the general purpose appropriation made to the Emergency Board; one of which was approved. There were also six agency requests on the agenda for allocations from special purpose appropriations made to the Emergency Board, totaling $13.7 million, $10.6 million of which were allocated. Additional details on these allocations are described below. After the Emergency Board actions, the unallocated, unreserved balance of the general purpose Emergency Fund is $26.1 million with a $36.3 million balance in special purpose appropriations.

The agenda included 17 items that requested additional 2013-15 biennium authority to spend Lottery Funds, Other Funds, and Federal Funds (including two adjusting 2011-13 capital construction expenditure authority). The Emergency Board approved expenditure limitation increases of approximately $44.4 million Other Funds (including $38.1 million for the Department of Administrative Services to make payments to counties under the Strategic Investment Program) and $7.7 million Federal Funds. The Emergency Board also authorized the establishment of three permanent positions (1.25 FTE), six limited duration positions (2.71 FTE), and an increase of 19.63 FTE to existing positions.

The agenda also included 14 agency reports which the Emergency Board acknowledged receiving (three of which were on consent – from the Departments of Human Services, Transportation, and Administrative Services). The Emergency Board heard 19 requests for the submission of federal grant applications (eleven of which were on consent – from the Oregon Health Authority, Criminal Justice Commission, and Departments of Justice, Parks and Recreation, Agriculture, and Transportation). Two of the grant application requests included approvals of associated expenditure limitation increases.

The following is a summary of significant Emergency Board actions taken at the May 2014 meeting:

**Education**
- Allocated $700,000 to the Higher Education Coordinating Commission and $2,299,999 to the Department of Administrative Services for the four Technical and Regional Universities from a special purpose appropriation made to the Emergency Board for costs associated with changes in the higher education system governance.
- Acknowledged receipt of a report by the Oregon Education Investment Board on the status of the P-20 Education State Longitudinal Data System project.
- Approved the submission of two five-year federal grant applications by the Department of Education to the U.S. Department of Health and Human Services in the amount of $9.75 million and to the U.S. Department of Education for up to $3.75 million to address mental health issues in schools.

**Human Services**
- Allocated $390,000 to the Oregon Health Authority from a special purpose appropriation made to the Emergency Board for senior services to cover senior mental health services and planning costs; the agency was also directed to return to the Emergency Board with a more detailed program plan.
• Allocated $500,000 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to cover adult abuse data system planning costs and directed the agency to report back to the Emergency Board on planning progress.

• Allocated $3,000,000 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to cover costs of a pilot project expanding Oregon Project Independence services to people with disabilities.

• Allocated $2,016,628 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to restore federal funding lost due to sequestration.

• Acknowledged receipt of a report from the Department of Human Services and the Department of Education on policy recommendations on how best to modify the Employment Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education.

• Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Department of Agriculture in the amount of up to $750,308 to expand employment services to certain Supplemental Nutrition Assistance Program participants.

• Acknowledged receipt of a report by the Oregon Health Authority on mental health housing investments.

  **Public Safety and Judicial Branch**

• Deferred a request for an allocation from the general purpose Emergency Fund by the Criminal Justice Commission of $142,000 to fund a vacant position until later in the biennium, and approved increases in the Other Funds expenditure limitation of $212,000 and the Federal Funds expenditure limitation of $1,107,000 for Specialty Court grants.

• Acknowledged receipt of a report by the Department of Human Services on caregiver training and the Quality Care Fund.

• Acknowledged receipt of a report by the Military Department on Next Generation 9-1-1 and directed the agency to report back to the Emergency Board on the status of the project.

  **Natural Resources**

• Increased the Other Funds expenditure limitation of the Department of State Lands by $223,145 for fire suppression and recovery costs incurred in 2013.

• Increased the Other Funds expenditure limitation of the Department of State Lands by $750,000 for remodeling the State Lands Building for consolidation of agency staff.

• Increased the Other Funds expenditure limitation of the Department of State Lands by $235,000 for capital improvements to enhance Common School Fund lands revenue for two Harney County projects related to conversion of grazing land to agricultural land, with the understanding that $195,000 of the limitation increase will be unscheduled until a water right is obtained.

• Approved the submission of a federal grant application by the Parks and Recreation Department to the U.S. Fish and Wildlife Service in the amount of $970,000 to acquire 357 acres of coastal property in the Sand Lake area of Tillamook County.

• Approved, retroactively, the submission of three federal grant applications by the Oregon Watershed Enhancement Board to the U.S. Fish and Wildlife Service in the combined amount of $3,000,000 for acquisition and restoration of coastal wetlands (China Camp Creek, Schofield Creek, and Kilchis River).

• Approved, retroactively, the submission of a federal grant application by the Department of Fish and Wildlife to the U.S. Fish and Wildlife Service in the amount of $1,000,000 for acquisition of 10,000 acres near the Lower Deschutes Wildlife Area to provide enhanced public access to hunting, fishing, and wildlife viewing.

  **Economic and Community Development**

• Allocated $98,700 from the general purpose Emergency Fund to the Department of Veterans’ Affairs and authorized the establishment of one limited duration position to facilitate timely training and accreditation of County Veteran Service Officers.
• Approved, retroactively, the submission of a federal grant application by the Department of Housing and Community Services to the U.S. Department of Housing and Urban Development in the amount of $2,335,000 for project-based rental assistance to make 80 units of affordable housing available to extremely low-income Oregonians with mental illness.
• Approved, retroactively, the submission of a federal grant application by the Oregon Business Development Department to the U.S. Small Business Administration in the amount of $300,000 for funds available under the State Trade and Export Promotion program and increased the Federal Funds expenditure limitation by $210,000, with the understanding the limitation increase will be unscheduled until the grant is received.

Transportation
• Established a $278,841 Other Funds Capital Construction expenditure limitation and a $1,590,307 Federal Funds Capital Construction expenditure limitation for the Department of Transportation to renovate the Salem baggage depot located adjacent to the Amtrak passenger rail station; the new limitations will expire at the end of the 2013-15 biennium.
• Increased the 2011-13 Other Funds Capital Construction expenditure limitation for the Department of Transportation by $332,391 to complete the Bend Driver and Motor Vehicle Division field office project.
• Approved the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration in the amount of $2,385,000, increased the Other Funds Capital Construction expenditure limitation by $265,000, and increased the Federal Funds Capital Construction expenditure limitation by $2,385,000 for improvements at the Cottage Grove State Airport.
• Increased the 2011-13 Other Funds Capital Construction expenditure limitation for the Department of Aviation by $204,454 to cover unbudgeted administrative, legal, engineering, and well drilling expenses at the Aurora State Airport.

Consumer and Business Services
• Increased the Other Funds expenditure limitation for the Department of Consumer and Business Services by $402,411, authorized the reclassification of two existing permanent positions, and authorized the establishment of five limited duration positions (2.21 FTE) to support increases in workload driven by changes in the health insurance market and in construction inspection and permitting services.
• Acknowledged receipt of a report by the Construction Contractors Board on agency operations and directed the agency to report back to the Emergency Board in September.

Administration
• Acknowledged receipt of a report by the Secretary of State on costs associated with a data breach of the agency’s web applications.
• Increased the Other Funds expenditure limitation of the Treasurer of State by $580,732 and authorized the establishment of two permanent full-time positions (0.83 FTE) for the creation of an Information Security Management program within the agency.
• Increased the Other Funds expenditure limitation of the Treasurer of State by $111,967 and authorized the establishment of one permanent full-time position (0.42 FTE) to support the Oregon 529 College Savings Network program.
• Increased the Other Funds expenditure limitation for the Department of Administrative Services by $38,110,951 for distributions to counties of funds from the Shared Services Fund related to the Strategic Investment Program; $37.8 million of the amount is to be provided to Washington County.
• Increased the Other Funds expenditure limitation for the Government Ethics Commission by $133,560 for costs associated with development of an electronic reporting system for statements of economic interest.
• Acknowledged receipt of a report by the Governor’s Office on positions loaned from other agencies, funded with resources from other agencies, or currently vacant.
• Allocated $1,684,947 from a special purpose appropriation made to the Emergency Board for the Oregon State Library, increased the Other Funds expenditure limitation by $264,471 for endowment and donation funds and by $2,857,191 for state agency assessments, increased the Federal Funds expenditure limitation by $2,409,329, and authorized an
increase of 19.63 FTE for existing positions for second fiscal year operational costs of the agency.

- Acknowledged receipt of a report from the Department of Revenue on the Core System Replacement project and directed the agency to report back to the Emergency Board in September on its readiness to proceed with implementation of Phase I of the project.
- Acknowledged receipt of a report by the Department of Administrative Services on uniform rent rates and approved the rates for the 2015-17 biennium.

### Emergency Fund Balance Summary

<table>
<thead>
<tr>
<th></th>
<th>Agency Requests</th>
<th>Full Board Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Purpose Emergency Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation (after 2014 Session adjustments)</td>
<td>30,000,000</td>
<td>30,000,000</td>
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<tr>
<td>Allocations to date</td>
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<td>0</td>
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<tr>
<td><strong>Unallocated Balance</strong></td>
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<td>30,000,000</td>
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<tr>
<td>Reservations (within General Purpose)</td>
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<td>3,850,000</td>
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<tr>
<td>Reservations allocated to date</td>
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<td>0</td>
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<tr>
<td><strong>Unallocated Reservations</strong></td>
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<td>3,850,000</td>
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<td>General Purpose Unallocated/Unreserved Balance</td>
<td>26,150,000</td>
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#### May 2014 Requests - General Purpose

<table>
<thead>
<tr>
<th>Request Description</th>
<th>Agency Requests</th>
<th>Full Board Action</th>
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</thead>
<tbody>
<tr>
<td>25 Criminal Justice Commission - Restore funding for Economist position</td>
<td>(142,000)</td>
<td>0</td>
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<tr>
<td>28 Department of Veterans’ Affairs - Funding for position to assist training CVSOs</td>
<td>(98,700)</td>
<td>(98,700)</td>
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<tr>
<td><strong>Total Requests - General Purpose</strong></td>
<td>(240,700)</td>
<td>(98,700)</td>
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</table>

**General Purpose Unallocated/Unreserved Balance after 5/2014**

|                                  | 25,909,300 | 26,051,300 |

#### Special Purpose Appropriations - Agency Specific (after 2014 Session actions)

<table>
<thead>
<tr>
<th>Request Description</th>
<th>Agency Requests</th>
<th>Full Board Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Higher Education Coordinating Commission - Costs related to changes in governance of universities</td>
<td>(2,999,999)</td>
<td>(2,999,999)</td>
</tr>
<tr>
<td>10 Oregon Health Authority - Senior mental health specialists</td>
<td>(3,500,000)</td>
<td>(390,000)</td>
</tr>
<tr>
<td>20 Department of Human Services - Adult abuse prevention technology project</td>
<td>(500,000)</td>
<td>(500,000)</td>
</tr>
<tr>
<td>21 Department of Human Services - Oregon Project Independence pilot for people with disabilities</td>
<td>(3,000,000)</td>
<td>(3,000,000)</td>
</tr>
<tr>
<td>22 Department of Human Services - Older Americans Act backfill due to sequestration cuts</td>
<td>(2,016,628)</td>
<td>(2,016,628)</td>
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<tr>
<td>46 Oregon State Library - Second year operational costs</td>
<td>(1,702,192)</td>
<td>(1,684,947)</td>
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<tr>
<td><strong>Total Requests - Special Purpose - Agency Specific</strong></td>
<td>(13,718,819)</td>
<td>(10,591,574)</td>
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</table>

**Special Purpose - Agency Specific - Unallocated Balance after 5/2014**

|                                  | 33,188,000  |

Emergency Board materials for the May 2014 meeting are available at [https://olis.leg.state.or.us/liz/2013I1/Committees/EB/2014-05-30-08-30/Agenda](https://olis.leg.state.or.us/liz/2013I1/Committees/EB/2014-05-30-08-30/Agenda)

This summary is available on the Legislative Fiscal Office website at [www.oregonlegislature.gov/lfo](http://www.oregonlegislature.gov/lfo)
Oregon Legislative Emergency Board
Certificate
May 30, 2014

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d); ORS 276.390; ORS 291.371; and ORS 291.375; this hereby certifies that the Emergency Board, meeting on May 30, 2014, took the following actions:

1. **Secretary of State**
   Acknowledged receipt of a report from the Secretary of State on the costs associated with a data breach of the agency’s web applications.

2. **Treasurer of State**
   Increased the Other Funds expenditure limitation for the Treasurer of State established by section 1(1), chapter 558, Oregon Laws 2013, Administrative expenses of State Treasury operations, by $580,732 and authorized the establishment of two permanent full-time positions (0.83 FTE) for an Information Security Management Program.

3. **Treasurer of State**
   Increased the Other Funds expenditure limitation for the Treasurer of the State established by section 1(2), chapter 558, Oregon Laws 2013, Administrative expenses of the Oregon 529 College Savings Network, by $111,967 and authorized the establishment of one permanent full-time position (0.42 FTE).

4. **Office of the Governor**
   Acknowledged receipt of a report from the Office of the Governor on “loaned,” “other funded,” and vacant positions.

5. **Judicial Department**
   Acknowledged receipt of a report from the Judicial Department on compensation plan changes, with the understanding that the fiscal impact of the compensation plan changes will be separately identified in the 2015-17 biennium Chief Justice’s recommended budget.

6. **Oregon Education Investment Board**
   Acknowledged receipt of a report from the Oregon Education Investment Board and the Department of Education on the status of the P-20 Education State Longitudinal Data System project.

7. **Department of Education**
   Approved the submission of two federal grant applications by the Department of Education: to the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, in the amount of up to $9,750,000 for a Project AWARE grant to address mental health issues; and to the U.S Department of Education,
Office of Elementary and Secondary Education, in the amount of up to $3,750,000 for a School Climate Transformation grant.

8. **Higher Education Coordinating Commission**
   Allocated $700,000 from the special purpose appropriation made to the Emergency Board by section 37(1), chapter 118, Oregon Laws 2014, to supplement the appropriation made to the Higher Education Coordinating Commission by section 1, chapter 634, Oregon Laws 2013, for costs associated with the Commission’s statutory responsibilities, with the understanding that $92,000 of the amount would be unscheduled by the Department of Administrative Services; and allocated $2,299,999 from the special purpose appropriation made to the Emergency Board by section 37(1), chapter 118, Oregon Laws 2014, to supplement the appropriation made to the Department of Administrative Services for use by the Oregon University System by section 1(1), chapter 564, Oregon Laws 2013, Public university support, for payments to the four Technical and Regional Universities for increased costs of Shared Services provided centrally and for cost of services previously provided by the Chancellor’s Office.

9. **Oregon Health Authority**
   Acknowledged receipt of a report from the Oregon Health Authority on the $5 million investment in mental health housing.

10. **Oregon Health Authority**
    Allocated $390,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Oregon Health Authority by section 1(1), chapter 668, Oregon Laws 2013, Programs, for senior mental health services planning and training.

11. **Oregon Health Authority**
    Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, in the amount of up to $3 million a year for three years to continue a referral and voucher system that allows individuals with substance use disorders to select preferred providers for recovery support services.

12. **Oregon Health Authority**
    Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention in the amount of up to $575,000 a year for five years, to fund infrastructure and strategic partnerships to support school-, home-, and health systems-based efforts to ensure access to comprehensive asthma control services for Oregonians.

13. **Oregon Health Authority**
    Approved the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, in the amount of up to $400,000 a year for three years, to enhance the Prescription Drug Monitoring Program; and to evaluate state level laws, policies, and regulations to prevent prescription drug misuse, abuse, and overdose.
14. Oregon Health Authority
   Approved the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, in the amount of up to $270,000 a year for five years, to work with the Department of State Police and the State Medical Examiner to collect and study data on violent deaths in order to better support violence prevention efforts.

15. Oregon Health Authority
   Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Department of Health and Human Services, Substance Abuse and Mental Health Services, in the amount of up to $736,000 a year for five years, to continue statewide and tribal youth suicide prevention and early intervention strategies grounded in public-private collaboration.

16. Department of Human Services
   Department of Education
   Acknowledged receipt of a report from the Department of Human Services and the Department of Education on policy recommendations for how best to modify the Employment Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education.

17. Department of Human Services
   Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Department of Agriculture in the amount of up to $750,308 to expand employment services to certain Supplemental Nutrition Assistance Program participants.

18. Department of Human Services
   Acknowledged receipt of a report from the Department of Human Services on Nursing Facility and Community Based Care.

19. Department of Human Services
   Acknowledged receipt of a report from the Department of Human Services on caregiver training and the Quality Care Fund.

20. Department of Human Services
   Allocated $500,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, for adult abuse data system planning costs, with the understanding that $300,000 of the amount will be unscheduled by the Department of Administrative Services, with instructions that the agency to report to the Emergency Board in September 2014 on planning progress.

21. Department of Human Services
   Allocated $3,000,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the
appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, for a pilot project expanding Oregon Project Independence services to people with disabilities.

22. Department of Human Services
Allocated $2,016,628 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, to restore Older Americans Act federal funding lost due to sequestration.

23. Military Department
Acknowledged receipt of a report from the Military Department on the status of the Next Generation 9-1-1 Project, with instructions that the agency report to the Emergency Board in September 2014 on the status of the project.

24. Criminal Justice Commission
Approved, retroactively, the submission of a federal grant application by the Criminal Justice Commission to the U.S. Department of Justice, Office of Justice Programs, in the amount of up to $1.75 million for justice reinvestment initiative programs.

25. Criminal Justice Commission
Increased the Other Funds expenditure limitation established for the Criminal Justice Commission by section 2, chapter 497, Oregon Laws 2013, by $212,000 for specialty court grants, and increased the Federal Funds expenditure limitation established for the Criminal Justice Commission by section 3, chapter 497, Oregon Laws 2013, by $1,107,000 for specialty court grants.

26. Department of Justice
Approved, retroactively, the submission of a federal grant application by the Department of Justice in an amount not to exceed $250,000 to conduct a statewide survey of current recipients of Victims of Crime Act funding and to identify small scale technology projects to improve services for victims.

27. Housing and Community Services Department
Approved, retroactively, the submission of a federal grant application by the Housing and Community Services Department to the U.S. Housing and Urban Development Department in the amount of $2,335,000 for Section 811 Project Rental Assistance for extremely low-income Oregonians with mental illness or disability.

28. Department of Veterans’ Affairs
Allocated $98,700 from the Emergency Fund established by section 1, chapter 723, Oregon Laws 2013, to supplement the appropriation made to the Department of Veterans’ Affairs by section 1(1), chapter 509, Oregon Laws 2013, services provided by the Department of Veterans’ Affairs, and authorized the establishment of one limited duration position (0.50 FTE) for training and certification of county veteran service officers.
29. **Oregon Business Development Department**
Approved, retroactively, the submission of a federal grant application by the Oregon Business Development Department to the U.S. Small Business Administration in the amount of $300,000 for funds available under the State Trade and Export Promotion program, and increased the Federal Funds expenditure limitation established for the Oregon Business Development Department by section 4(1), chapter 622, Oregon Laws 2013, Business, innovation and trade, by $210,000 with the understanding that the Department of Administrative Services will unschedule the expenditure limitation pending award of the grant.

30. **Department of Consumer and Business Services**
Increased the Other Funds expenditure limitation established for the Department of Consumer and Business Services by section 1, chapter 452, Oregon Laws 2013, by $402,411; and authorized the reclassification of two existing permanent positions and the establishment of five limited duration positions (2.21 FTE) to support the increase in workload driven by changes in the health insurance market and to manage the increase in construction inspection and permitting services; with instructions.

31. **Parks and Recreation Department**
Approved, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the U.S. Department of Transportation in the amount $9.5 million to continue work on portions of the Historic Columbia River Highway State Trail.

32. **Parks and Recreation Department**
Approved the submission of a federal grant application by the Parks and Recreation Department to the U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation Grant Program in the amount of $970,000 for coastal land acquisition.

33. **Parks and Recreation Department**
Approved the submission of a federal grant application by the Parks and Recreation Department to the National Park Service Historic Preservation Fund in the amount of $25,000 to document historical places associated with populations that have been underrepresented in traditional historical narratives.

34. **Department of State Lands**
Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(1), chapter 449, Oregon Laws 2013, Common School Fund programs, by $223,145 for 2013 fire suppression costs.

35. **Department of State Lands**
Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(4), chapter 449, Oregon Laws 2013, Capital improvements, by $750,000 for capital improvements to the State Lands Building.

36. **Department of State Lands**
Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(4), chapter 449, Oregon Laws 2013, Capital improvements, by $235,000 for capital improvements on state rangeland, with the understanding that the
Department of Administrative Services will unschedule $195,000 of the expenditure limitation pending notification of the agency receiving the required water right for the proposed project.

37. **Department of Agriculture**
Approved the submission of a federal grant application by the Department of Agriculture to the U.S. Fish and Wildlife Service in an amount not to exceed $200,000 to assist livestock producers in undertaking proactive, nonlethal activities to reduce the risk of livestock losses and to compensate for livestock losses due to wolf predation.

38. **Department of Fish and Wildlife**
Approved, retroactively, the submission of a federal grant application by the Department of Fish and Wildlife to the U.S. Fish and Wildlife Service, Cooperative Endangered Species Conservation Fund, in the amount of $1,000,000 for acquisition of 10,000 acres near the Lower Deschutes Wildlife Area.

39. **Oregon Watershed Enhancement Board**
Approved the submission of three federal grant applications by the Oregon Watershed Enhancement Board to the U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation Grant Program, totaling $3,000,000 for wetlands acquisition and restoration.

40. **Department of Transportation**
Approved the submission of a federal grant application by the Department of Transportation to the Federal Highway Administration in an amount not to exceed $250,000 for a fuels tax evasion grant.

41. **Department of Transportation**
Established for the 2013-15 biennium a Federal Funds Capital Construction expenditure limitation for the Department of Transportation in the amount of $1,590,307 and established for the 2013-15 biennium an Other Funds Capital Construction expenditure limitation for the Department of Transportation in the amount of $278,841 for renovating the Salem Baggage Depot located adjacent to the Amtrak passenger rail station in Salem, Oregon.

42. **Department of Transportation**
Acknowledged receipt of a report from the Department of Transportation on the Oregon Innovative Partnerships Program.

43. **Department of Transportation**
Increased the Other Funds Capital Construction expenditure limitation established for the Department of Transportation by section 3, chapter 79, Oregon Laws 2012, by $332,391 to complete the Bend Driver and Motor Vehicle Division field office project.

44. **Department of Aviation**
Approved the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration in the amount of $2,385,000 for improvement to the Cottage Grove State Airport; and increased the Federal Funds Capital Construction
expenditure limitation established for the Department of Aviation by section 2(2), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by $2,385,000 to expend grant funds on the project and increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 1(9), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by $265,000 to expend matching state funds on the project.

45. Department of Aviation
Increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 2, chapter 5, Oregon Laws 2011, by $204,454 for the Aurora Air Traffic Control Tower project.

46. Oregon State Library
Allocated $1,684,947 from the special purpose appropriation made to the Emergency Board by section 4(1), chapter 723, Oregon Laws 2013, to supplement the appropriation made to the Oregon State Library by section 1, chapter 500, Oregon Laws 2013, for operations in the state fiscal year 2015; increased the Other Funds expenditure limitation established for the Oregon State Library by section 2, chapter 500, Oregon Laws 2013, by $264,471 for operations in the state fiscal year 2015; increased the Other Funds expenditure limitation established for the Oregon State Library by section 3, chapter 500, Oregon Laws 2013, by $2,857,191 for operations paid by revenues from assessments on other state agencies in the state fiscal year 2015; increased the Federal Funds expenditure limitation established for the Oregon State Library by section 4, chapter 500, Oregon Laws 2013, by $2,409,329 for operations in the state fiscal year 2015; and authorized an increase in full-time positions (19.63FTE).

47. Department of Revenue
Acknowledged receipt of a report from the Department of Revenue on the Core System Replacement Project, with instructions that the agency report to the Emergency Board in September 2014 documenting its readiness to proceed with a successful implementation of Phase-I of the project.

48. Construction Contractors Board
Acknowledged receipt of a report from the Construction Contractors Board on agency operations, with instructions that the agency to report back to the Emergency Board in September 2014.

49. Department of Administrative Services
Acknowledged receipt of a report from the Department of Administrative Services on compensation plan changes.

50. Department of Administrative Services
Approved the 2015-17 uniform rent rates as proposed by the Department of Administrative Services.
51. **Department of Administrative Services**
   Increased the Other Funds expenditure limitation established for the Department of Administrative Services by section 2(10), chapter 627, Oregon Laws 2013, Shared Services Fund, by $38,110,951 for payments to counties from the Strategic Investment Program Shared Services Fund.

52. **Oregon Government Ethics Commission**
   Increased the Other Funds expenditure limitation established for the Oregon Government Ethics Commission by section 1(2), chapter 453, Oregon Laws 2013, Electronic reporting system, by $133,560, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation pending finalization of contracts for the project and with instructions that the Commission report to the Emergency Board in September 2014 on the status of the project.

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Ken Rocco, Legislative Fiscal Officer
The mission of the Department of Human Services (DHS) is to help Oregonians in their own communities achieve safety, well-being and independence through services that protect, empower, respect choice and preserve dignity. DHS is responsible for the care of some of Oregon's most vulnerable citizens – children, families, people with intellectual and developmental disabilities, and seniors. DHS is also responsible for serving Oregonians at times when they are most in need – when they have experienced abuse, when they are hungry, when they are homeless.

After several biennia of program reductions and unprecedented increase in demand for services during the economic recession, Oregonians in need of human services during the 2013-15 biennium began to feel the impact of the state’s economic recovery. Additional investments in the 2013-15 LAB all were designed to advance transformation that promotes long-term financial sustainability for human services programs, including:

- Support for more in-home and community-based supports for seniors and people with disabilities; an expansion of supports for seniors and people with disabilities to make informed decisions about how to maintain their independence, health and safety; and investment in innovation and enhanced coordination between our long term care and health care systems.

- Investments that support more children and adults with intellectual and developmental disabilities (I/DD) to live at home and avoid the need for crisis interventions; investments in infrastructure that, over time, will enable a more seamless and coordinated system in service to consumers and their families, and expanded family-support services.

- Support to expand community-based services statewide that will strengthen, preserve and reunify families involved in the child welfare system and investments in child welfare staff to improve outcomes and to implement an alternative track of intervention once child abuse or neglect has occurred.
• Investments to help low-income unemployed individuals go to work and employed parents stay employed, as well investments to improve integrated employment opportunities for youth and working age adults with I/DD.

• Investments in care providers to improve quality and ensure access to services.

• Investments in DHS staff and business support that enables more engagement with customers, improved family and individual safety and independence and, ultimately, a reduced need for services.

To ensure the success of those ongoing human service delivery transformation efforts, as well as to address emerging community needs, the Department is proposing a 2015-17 budget guided by the following principles:

• Focus on the needs of customers and communities, not on individual programs.

• Continue efforts to transform service delivery models to address current gaps, anticipate future needs and to repurpose the time of people delivering services to allow for more time serving people and less time on paperwork and process.

• Invest upfront to prevent the need for crises and higher cost services. Where possible, target investments to supports that will promote independence and avoid, delay or reduce the need for services.

• Align programs and services to leverage other statewide transformation efforts, such as those taking place in education, health care, jobs and innovation, and public safety.

To that end, in this budget request DHS is presenting requests centered on the following outcomes:

Safety for Children. The cost of abuse and neglect – to children, to families, and to the state – is significant. So, too, is the cost of crisis and/or residential care for children with Intellectual and Developmental Disabilities (I/DD). The agency’s budget continues to target resources across programs designed to strengthen families, reduce the incidence of abuse and neglect, and transform the State and its partners’ ability to respond to families in distress.

Safety for Vulnerable Adults. Abuse of the elderly and people with physical, mental and developmental disabilities also has significant human and financial consequences. This budget proposes to strengthen the quality of Oregon’s response to reports of abuse and neglect and to enhance the State’s capacity to prevent abuse in the first place. These prevention efforts depend on strong partnerships with consumers, providers, stakeholders and community partners.
Independence for Older Adults, People with Disabilities. In the 2013-15 biennium, DHS received additional investments that expanded services and supports for the Aging and People with Disabilities and Office of Developmental Disability Programs. Those investments allowed for significant expansion of services for those populations – services designed to anticipate the growing number of people needing services from those two systems, and to target investments upfront to increase opportunities for living independently. The Department’s 2015-17 budget proposes to continue those strategic investments, with some targeted enhancements in services, provider rates, and workload models.

Family Stability and Employment. For the past two years, the Department has been piloting efforts to leverage its programs and supports to improve family economic stability and increase employment outcomes, particularly among parents. Following extensive work with partners to ensure alignment with other system transformation efforts, the DHS budget is proposing a redesign of its Temporary Assistance for Needy Families program that focuses on budget reinvestment, policy changes that provide a sharpened focus for locally-tailored employment strategies, streamlining of processes, and new flexibility for local investments. These strategies together are designed to build the capacity of Oregon’s poorest families to increase earnings and transition off of the TANF program through an accountable, flexible and family-centered approach.

Employment for People with Disabilities. More than 60 percent of working-age adults with disabilities are unemployed. Youth and adults with intellectual and developmental disabilities (I/DD) are particularly underrepresented in Oregon’s workforce. Research shows that employment for people with disabilities improves personal well-being (health, mental health), improves safety (by reducing isolation), and supports economic independence – thereby reducing dependence on other publicly funded supports. To advance the Oregon vision of economic opportunity and prosperity for all Oregonians, the Department’s budget recommends targeted investments designed to increase employment outcomes among all youth and working-age Oregonians with disabilities, with a targeted focus on individuals with intellectual and developmental disabilities.

School Readiness for Young Children and Job Retention for Low-Income Working Families. The Employment Related Day Care program helps very low-income working families from a variety of cultural and linguistic backgrounds arrange and pay for quality child care. Quality child care nurtures a child’s learning and development so the child is better prepared to succeed in school. The Department’s proposed budget expands opportunities for low-income parents to access child care subsidies and strengthens training for providers in support of positive child development. This investment is intended to complement the investment in quality child care being advanced through the Early Learning Division at the Oregon Department of Education.

Program Performance and Integrity. Over 1 million Oregonians each year depend on DHS for services or supports. With an imperative to improve current services, decrease operational costs and demonstrate results, this budget includes critical investments to advance the effectiveness of the Department and its provider partners – including
strengthened race, ethnicity, language and disability data reporting infrastructure, eligibility and case management systems and support for performance-based management of contracted services. It also includes additional proposals relating to quality control and assurance, targeting efforts to strengthen program integrity in our Self Sufficiency programs.

**Conclusion**

Recognizing that there will be difficult choices to make in the 2015-17 biennium, the Department appreciates this opportunity to propose a budget that will continue to break through traditional barriers and build capacity through outcome-oriented models and person-centered approaches.

As discussions continue about what services Oregon can afford in these difficult times, DHS will maintain its commitment to innovation and transparency, prioritizing improvements that will use scarce resources efficiently and effectively. DHS’s success in that effort depends upon nearly 7500 employees across the state, as well as upon thousands of community and service delivery partners, all of whom are dedicated to supporting and improving the lives of Oregonians.

Every year, more than one-million people rely on DHS services to meet their most basic needs, to be safe, to live as independently as possible, and to support their efforts to achieve economic independence.

It is on behalf of those Oregonians that I respectfully submit this DHS Budget.

Erinn Kelley-Siel
Director
Overview

DHS Central, Program Design and Shared Services provide critical leadership and business supports necessary to achieve the mission of the agency: helping Oregonians achieve well-being and independence through opportunities that protect, empower, respect choice and preserve dignity.

DHS Central, Program Design Services (PDS) and Shared Services include:

- Payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, the DAS risk assessment, DAS government service charges, computer replacement, and debt service.

- Payments for DHS’s share of the cost of services shared with OHA. When the agency split, DHS and OHA agreed to share information technology, financial, investigations, and other services to avoid cost increases and permit a greater focus on improving performance and efficiency.

- The cost of the DHS/OHA shared services provided by DHS. These costs are entirely other funds, paid for by the payments described in (2) above and similar payments in the OHA budget. From a total fund perspective, these costs are double-counted in the DHS and OHA budgets.

- The cost of DHS central budgets, including the Director, Governor’s Ombudsmen, Legislative and communication support, budget, diversity, and human resources.

- Program Design Services employ professionals who specialize in tasks that help the five DHS programs design and implement programs to achieve the agency’s outcomes. These supporting tasks include:
  - Measuring whether the programs are being implemented the way they are designed
  - Measuring how well the outcomes are being achieved
  - Conducting research on better ways to achieve the outcomes
  - Reporting to our federal and other partners
  - Working with IT developers to design better IT systems to support program implementation.
  - Improving business processes in delivering services.

The DHS Central, Program Design Service and Shared Services budgets are structured and administered according to the following principles:

*Control over major costs.* DHS centrally manages many major costs. Some of these costs, like many DAS charges, are essentially fixed to the agency. Others, like facility rents, are managed centrally to control the costs. DHS also strongly supports and actively participates in statewide efforts to locate
work across the enterprise and install performance management systems to perform administrative functions more efficiently and effectively.

Customer-driven shared services. When the agency split, DHS and OHA agreed to maintain many administrative functions as shared services to prevent cost increases, maintain centers of excellence, and preserve standards that help the agencies work together.

DHS and OHA govern their shared services through a board composed of operational leaders of the two agencies. This approach ensures that shared services are prioritized and managed to support program needs. The board and its subgroups have established service level agreements and performance measures for each service, implemented recent budget cuts selectively, moved staff in and out of shared services to rationalize service delivery, and begun implementing more integrated systems to support the performance of all our employees.

Performance management system. DHS has implemented a performance management system containing the following key elements:

- A clear statement of the outcomes DHS must achieve.
- Descriptions of the processes DHS uses to achieve its outcomes.
- Measures of success for each outcome and process.
- Owners for each measure.
- Written “breakthrough” strategies for each initiative that will significantly improve outcomes and processes.
- A quarterly all-leadership review of progress on each measure and strategy.

DHS is now implementing the same system within each program and support service category. The system is contained in the Director’s Office and is managed by the entire executive team.

Investment in centralized infrastructure. Based on the process maps developed in the performance management system, DHS restructured into five programs - Child Welfare, Self Sufficiency, Developmental Disabilities, Aging and People with Disabilities, and Vocational Rehabilitation. The five programs were given the essential functions to design and implement their programs within the performance management system. DHS then centralized many support services that previously had been performed separately by each program. This creates efficiencies, assigns clear accountability for the performance of support services, and allows targeted investments to improve performance. Better support services ultimately improve performance of all DHS employees and our providers. These centralized programs include Program Integrity, Business Intelligence, Licensing and Regulatory Oversight, Continuous Improvement and Information Technology Business Support offices.

Best practices in installing performance management require specific skills - especially in project management, LEAN tools, data analysis, and professional development of managers. DHS has reallocated resources and used savings to make some of these investments, but it must increase these skills much more needs to be done.
Modernization. One of the most important breakthroughs is modernization of DHS’s service delivery. This involves redesigning how DHS interacts with its clients and customers – defining where face-to-face contact better serves client needs and advances the agency mission and where online and automated processes can more efficiently meet the need or better support DHS staff in their direct service to clients.

The DHS Agency Request Budget (ARB) requests the following funding for all of Central Services, Program Design and Shared services is:

<table>
<thead>
<tr>
<th></th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
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<tbody>
<tr>
<td>LAB- BASE</td>
<td>223,675,860</td>
<td>154,967,790</td>
<td>270,102,489</td>
<td>648,746,139</td>
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<td>CSL</td>
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<td>246,070,800</td>
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<td>ARB</td>
<td>264,759,260</td>
<td>179,665,987</td>
<td>273,867,791</td>
<td>718,293,038</td>
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<td>Difference ARB - LAB</td>
<td>18.4%</td>
<td>15.9%</td>
<td>1.4%</td>
<td>10.7%</td>
<td>5.3%</td>
<td>3.8%</td>
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General Fund in Millions

- $57.73, 22%
- $60.22, 23%
- $87.97, 33%
- $58.84, 22%

DHS Central Services

DHS Central Services consist of the Office of the Director and Policy, the Office of Equity and Multicultural Services (OEMS), the Office of Human Resources, the DHS Office of the Chief Financial Officer and the Office of Communications. These offices provide essential business supports to programs in achieving the department and programs mission, vision and outcomes.
The DHS ARB request for Central Services is:

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<th>Positions</th>
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<tr>
<td>LAB- BASE</td>
<td>16,727,048</td>
<td>732,323</td>
<td>17,749,765</td>
<td>35,209,136</td>
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<td>CSL</td>
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<td>744,439</td>
<td>18,161,445</td>
<td>35,956,649</td>
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<td>ARB</td>
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<td>1,744,439</td>
<td>18,455,019</td>
<td>38,287,441</td>
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<td>8.1%</td>
<td>138.2%</td>
<td>4.0%</td>
<td>8.7%</td>
<td>6.9%</td>
<td>5.9%</td>
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</table>

Proposed investments in central services include:

<table>
<thead>
<tr>
<th>ARB Investments</th>
<th>Central Services TOTAL</th>
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<tbody>
<tr>
<td>201 - REaL-D</td>
<td>1,037,218</td>
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<td>124 - Workforce Mgt</td>
<td>743,644</td>
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<td>Consulting Unit positions</td>
<td>293,574</td>
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Office of the Director and Policy is responsible for overall leadership, policy development and administrative oversight. These functions are coordinated with the Governor’s Office, the Legislature, other state and federal agencies, partners and stakeholders, local governments, advocacy and client groups, and the private sector.

The DHS Director’s Office provides leadership in achieving the mission of the agency: helping Oregonians achieve well-being and independence through opportunities that protect, empower, respect choice and preserve dignity. The office supports all DHS field office and central office programs by managing legislative matters, legal matters, client concerns, written rules and contested hearings.

The Office of Equity and Multicultural Services (OEMS) supports the mission of the DHS by providing leadership and direction in supporting equity, diversity and inclusion initiatives throughout the agency. OEMS guides systemic changes to both internal workforce developments as well as improve service delivery to all Oregonians. The office also investigates all claims of discrimination and harassment by staff. The goals of the office include reducing service disparities; ensuring a diverse and culturally competent workforce; removing barriers to a welcoming work environment; and improving life outcomes for all DHS clients. OEMS also provides support to the department’s priority projects as defined by the DHS director and Cabinet.

REaL-D - This investment supports the establishment of uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status by the Oregon Health Authority (OHA) and Department of Human Services (DHS). This investment supports designing, building and implementing a master client data service that supports the long-term strategy of a comprehensive view of the OHA/DHS client. Upon establishment of a re-useable master client service, the agency will have the capability to collect demographic information on the client that will serve multiple program and reporting needs. DHS and OHA have developed administrative rules and policies for collecting, analyzing, and reporting meaningful race, ethnicity, language and disability data (REAL+D) across DHS and OHA based on
the foundation of the U.S. Office of Management and Budget’s (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies. Planning for the project is occurring during the remainder of the 13-15 biennium; DHS and OHA have put in place a REAL-D Analysis and Assessment Project to inventory and analyze all business processes, systems and reports across DHS/OHA that capture, update or utilize REAL-D data. This project’s focus is on a detailed assessment and impact analysis of the changes that will be required across DHS & OHA in support of the implementation of HB 2134 and the related Oregon REAL-D data collection standards. The outcome of the in-depth analysis will include a detailed business case and recommended implementation strategies for REAL-D data standards compliance.

*The Office of Human Resources* (HR) serves as a strategic partner to its customers in DHS, providing proactive, comprehensive human resources services, in alignment with agency and program mission and goals. HR works closely with internal customers on Workforce Strategies that support agency and program needs and strategies, and building a healthy workplace culture of ongoing development and feedback to ensure the agency has a diverse workforce with the right people with the right skills, training, and support to do their work, now and in the future.

*The DHS Office of the Chief Financial Officer* (OCFO) provides optimal business services to ensure accountability, data driven decisions, and stewardship of resources in support of the mission of DHS. This is done by working closely with DHS programs and the OHA CFO and programs, to ensure accurate, timely and efficient recording and management of financial resources: culturally competent services; authorizing the redistribution of available resources to meet changing needs, establishing administrative controls. The OCFO is responsible to provide leadership and direction to the DHS Budget Office and the fiscal offices located in DHS that serve both DHS and OHA, including the Office of Financial Services, the Central Budget Unit, and Office of Forecasting. These offices ensure that accounting, budget, and forecasting practices comply with all applicable laws, rules, and professional standards and ensure transparency and accountability in the financial practices of DHS and OHA.

**Workforce Management Consulting Unit Positions** - The DHS Office of the Chief Financial Officer (OCFO) requests three positions in the DHS OCFO. These three positions will be dedicated to the creation and updating of DHS workload models, the updating, tracking, analysis and position management of DHS workforce strategic plans. These strategic plans are necessary to prioritize the DHS workforce in order to maximize programmatic outcomes and require detailed position and position funding management. These positions would be 3 Operations and Policy Analyst 4s.

*The Office of Communications* supports the mission of the DHS by providing accurate information to employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policymakers, the news media, targeted audiences and the general public. The office also provides support to the department’s priority projects as defined by the DHS director and Cabinet. DHS is not making an additional request at this time.
Program Design Services

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<th></th>
<th>PDS TOTAL</th>
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<td></td>
<td>GF</td>
<td>OF</td>
<td>FF</td>
<td>TF</td>
<td></td>
<td></td>
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<tr>
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<td>Difference ARB</td>
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<td>-18.8%</td>
<td>10.9%</td>
<td>6.5%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Note Change in CSL is phase out of Modernization project that is then added again at ARB.

Investments in Program Design Services include:

<table>
<thead>
<tr>
<th>ARB Investments</th>
<th>PDS TOTAL</th>
<th></th>
<th></th>
<th></th>
<th>Positions</th>
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<tr>
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<td>TF</td>
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<td>3,779,252</td>
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**Modernization** - This is a placeholder investment focusing on the next phase of work to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority’s work, compliance with the Federal and State Stage Gate processes, utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition Services) will also continue to secure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in OF limitation for OHA limited duration positions in OIS.

**Child Welfare Quality Control Review Staff** - The position requested in this POP will increase the QC review capacity in the statewide Child Welfare Quality Assurance system to include stakeholder interviews, which are federally required as part of each state’s Continuous Quality Improvement in Child Welfare program. This requirement can be found in the federal Adoption and Safe Families Act of 1997 and the Administration for Children and Families Information Memorandum CB-IM 12-
07 dated August 27, 2012. There are currently 3 FTE in the Child Welfare review team. This additional position will enable the state to complete federally mandated Children and Family Services Review (CFSR) as required and mitigate the risk for federal penalties and imposed program improvement plans.

**Performance Based Contracting** - Provides infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required include: One (1) Lead Procurement and contract specialist (PCA 4) and two (2) PCS3 to work in Office of Contracts & Procurement (Shared Services). One (1) RA4 and one (1) ISS6 would work from OBI (Central Services). In addition, there would be approximately 100,000 service and supply funds needed for Professional Services for consultation purposes.

**Oregon Enterprise Data Analytics** - State agencies increasingly need to analyze data across all agencies serving the same clients/customers to improve their ability to design effective programs, achieve outcomes, minimize risks and find efficiencies. This helps to bring the right resources and services to the right families at the right time by identifying risk levels and strategically targeting services to produce outcomes. Some agencies have already built combined data sets for analysis purposes. This POP extends this work to more agencies and builds the resources to make use of this data. All positions are in shared services Office of Forecasting Research and Analysis (OFRA) as they would answer to multiple agencies.

**Overview of Program Design Services**

The **Office of Program Integrity (OPI)** conducts analysis and tests to determine whether DHS is implementing programs in the way they were designed and trains caseworkers based on their findings to improve program integrity. The Quality Control Unit conducts operational and case reviews, many mandated by state and federal law, to determine how accurately each program is making eligibility and other determinations. The Quality Assurance Unit and CMS Waiver Group conducts field reviews to assess program quality.

The **Office of Business Intelligence (OBI)** compiles reports and conducts research to determine whether DHS programs are achieving their goals and desired outcomes. OBI specializes in managing data to ensure it is accurate, consistent, and useful to programs in assessing their success and making decisions to alter their program design. One important part of this role is managing the agency scorecard of outcome and process measures. OBI also conducts professional research requested by programs to give them a more rigorous foundation for their program design.

IT Business Supports (ITBSU) is a bridge between IT technical staff and program staff. Its mission is to help IT technical staff understand program needs so they can construct applications that better support the program, to improve program business processes to maximize the benefits of technology, and to integrate system implications into consideration of program policy changes. This mission requires staff who understand IT systems and language as well as program business processes.
ITBSU also directly supports users of DHS systems (many of whom are county and other non-DHS staff) with issues particular to DHS program.

ITBSU’s major project is DHS Modernization – an agency breakthrough strategy to improve program processes and IT systems to give the agency the ability to: (1) engage with clients in the way that maximizes our ability to help them achieve safety, health and self-sufficiency; (2) support caseworkers with information and tools that allow them determine how to best assist the client and that minimizes their need to perform administrative tasks; and (3) improve the efficiency of DHS operations.

The Office of Continuous Improvement (OCI) helps DHS units implement the Lean Daily Management System and conduct business process improvement events. OCI employs project managers and people skilled in Lean tools that assist units in making high-priority process improvements and building their own Lean capacity.

The Office of Licensing and Regulatory Oversight (OLRO) licenses many providers of residential care to children, the aging and physically disabled, and people with developmental disabilities. These providers range across the continuum of care and serve clients of multiple DHS programs and other agencies as well as private persons. Through diligent oversight, investigation of complaints and reports of potential abuse, and corrective action, OLRO reduces future instances of unsafe conditions and improves the quality of care. These services are most effective when they are provided in a quality and prevention model aimed at preventing harm in the first place to protect the safety and health of vulnerable Oregonians.

The providers licensed by OLRO include adult foster homes, assisted living facilities, residential care facilities, nursing homes, supported living and employment programs for people with developmental disabilities, and private child care agency licensing.

**DHS Shared Services and Statewide Assessments**

DHS Shared Services supports both DHS and OHA by providing optimal business services to ensure accountability, data driven decisions, and stewardship of resources. This budget also includes the DAS, SDC and Risk Management assessments, debt service, and the DHS rent and computer replacement budgets.

<table>
<thead>
<tr>
<th>Shared TOTAL</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
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<td>4.6%</td>
<td>3.3%</td>
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2015-17 Agency Request Budget  Page - 8  Department of Human Services  DHS Central, Program  Design and Shared Services
Proposed investments in Shared services include:

<table>
<thead>
<tr>
<th>Shared TOTAL</th>
<th>GF</th>
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<th>TF</th>
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<tbody>
<tr>
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<tr>
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<td>14.75</td>
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Performance Based Contracting – included here is the Other Funds for the shared services part of this investment. This investment will provide the infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required are: One (1) Lead Procurement and contract specialist (PCA 4) and two (2) PCS3 to work in Office of Contracts & Procurement (Shared Services). One (1) RA4 and one (1) ISS6 would work from OBI (Central Services). In addition, there would be approximately 100,000 service and supply funds needed for Professional Services for consultation purposes.

DHS Shared Services Investment - Propose one (1) payroll technician to reduce the ratio of payroll cases to technicians to 1/700 for DHS Office of Financial Services. Also, one (1) leasing agent to help with the extensive DHS leases that would work from DHS Facilities Services. One (1) Policy Analyst 2 for APD/APS unit to provide the necessary technical assistance and on-site support for legal/medically complex and sensitive investigations; regional support for the delivery system for DHS Office Of Adult Abuse Prevention & Investigation. Also, there are currently no regional coordinators for the APD System. Field services staff increased recently and TA/support services are unable to provide adequate support. In addition, the Operations & Support Unit needs two (2) additional Administrative Support Specialist 1 positions in order to support expanding office operations such as appeals panels, processing abuse reports, HB 4151 which will require processing of an additional 8,000 reports each year, report distribution, notification letters, public records requests, audit activities, data entry and expansion of duties.

TANF/SNAP Investigators - Currently, Overpayment and Recovery's (OPAR) client fraud investigators have caseloads in excess of 300 cases each. This is excessive and additional resources are needed to properly dispose of the backlogged workload. Further, an investigator’s work often happens in client homes and in adversarial situations where safety is a concern.

These new staff (7 FTE, Investigator 3 classification; 10 FTE, Investigator 2 classification; 2 FTE, Office Specialist 2; 2 FTE, Administrative Specialist 2; 1 FTE, Program Manager C) would provide the additional investigative horsepower needed to right-size the investigations unit, reduce existing safety concerns, as well as expand capacity for utilizing new data mining and GIS fraud identification techniques. The expected GF Offsetting recovery estimate in program budgets can
provide some programmatic offset to this investment cost. In addition overall Return on Investment (ROI) including federal funds provides a minimum ROI of $1:1 in total fund to total fund recovery for taxpayers overall.

**Overview of Shared Services**

DHS Shared Services contains the following key offices and programs:

*Shared Services Administration* provides leadership and direction for shared services offices as well as managing the business continuity planning efforts for both DHS and OHA.

*The Budget Center* provides program and administrative budget planning, financial analysis and technical budget support for DHS and OHA. These services are provided for department leadership, program, policy and field managers, staff and external policymakers.

*The Office of Forecasting, Research and Analysis* provides an independent, externally reviewed, forecast of the usage of DHS and OHA programs used for budget forecasts and legislative decision-making. OFRA also creates an integrated client dataset across programs to facilitate research on the combined effects of DHS and OHA programs.

*The Office of Financial Services* provides accounting services, administers employee benefits and payroll, prepares financial reports, and collects funds owed to DHS and OHA. This office provides accurate, accountable and responsive financial management and business services to DHS and OHA clients, providers, vendors, stakeholders and employees in support of both agencies’ missions and in compliance with state laws and federal policies, rules and regulations.

*The Office of Human Resources* provides essential HR administrative functions and services for DHS and OHA, and supports organizational development and an improved common culture of leadership and engagement across both agencies, through background checks and fitness determinations; personnel records management; leave administration; centralized position administration; safety and risk response and management; staff and management training; facilitation services and LDMS coaching; HR data analysis and reporting; HR policy administration; and internal communication strategies and resources for managers and staff.

*The Office of Facilities Management* manages 2.7 million square feet of leased property for OHA and DHS statewide, including managing maintenance, remodeling, furniture acquisition and reconfiguration, staff relocations, coordination with DAS and state brokers on lease negotiations, and analysis of the costs and benefits of space utilization, ADA compliance, and energy conservation. OFM also oversees 1300 vehicles used by OHA and DHS staff around the state.

*The Office of Imaging and Records Management* provides document and records management services for DHS and OHA through imaging, electronic workflow, data entry, archiving and retention services.
The Office of Contracts and Procurement provides contract and procurement services for DHS and OHA by making purchases, conducting solicitations, and preparing and processing contracts with other government agencies, businesses and service providers.

The Office of Investigations and Training conducts and oversees statewide protective services investigations of abuse and neglect, provides technical assistance to community-based mental health and developmental disability programs, and delivers training on investigations and abuse prevention services for DHS and OHA.

The Internal Audit and Consulting conducts independent audits on OHA and DHS programs identified in the agencies’ risk assessment and audit plan and coordinates the agencies’ engagement in and responses to external audits. The Secretary of State and federal agencies conduct 30-50 external audits and reviews of DHS/OHA programs each year.

The Office of Payment, Accuracy and Recovery provides recovery services for DHS and OHA by identifying and recovering moneys paid in error to clients or providers; investigates allegations of fraudulent activities; investigates and recovers state funds expended for services when a third party should have covered the service and the recovery of claims made by a client; and recovers funds from the estates of Medicaid recipients for the cost of cash and medical benefits provided.

The Performance Excellence Office (PEO) provides leadership in coordinating continuous improvement and training services for DHS and OHA. PEO uses a blend of project management principles, a strong governance structure, metrics developing and tracking, training and Lean techniques to drive a comprehensive approach to creating a culture of continuous improvement that is cutting red tape, delivering better and faster services to clients, generating cost savings and increasing transparency. The PEO uses a multi-level approach designed to create an organic self-sustaining culture of continuous improvement through all levels of the organization. The PEO provides lean and continuous improvement training for all agency staff, coaching and mentoring for agency management and oversight of agency performance in continuous improvement and performance excellence.
Overview
Oregonians access self-sufficiency services when they are in need and have no other alternatives. From all corners of the state, we served over one million Oregonians last year through our Supplemental Nutrition Assistance Program (SNAP). Most Oregonians seeking assistance need help meeting needs such as nutritious food – over 800,000 just this month – or basic supplies through cash assistance for families with children living in extreme poverty such as toothpaste, bedding, and other basic hygiene needs, or assistance with quality child care so parents can remain employed and maintain a path of financial stability. Programs also help low-income families impacted by domestic violence or refugees seeking a safe area to live. Some programs require involvement in employment services or job training to help them move as quickly to supporting themselves and their families. Families can also receive help to apply for other federal programs (SSI) if employment is not a viable option.

Challenges
When adequately resourced, staff delivering these programs help break the cycle of poverty and help Oregonians transition to jobs. This keeps families safe and stable, supporting the healthy development of young children. Unfortunately, with program reductions, an economic recession that triggered a dramatic increase in demand for services from Oregonians, and a slow economic recovery, these programs have been significantly challenged to achieve results. Additionally, caseloads remain high. For example, the number of Oregon families in extreme poverty seeking cash assistance is nearly 80 percent higher than prior to the start of the most recent recession.

Staff at the state and local levels continues to collaborate and build upon existing agency and community partnerships in order to help families find the resources and services they need. There is also a need, and an opportunity, to connect with the multiple redesigns of state systems that touch or should touch families served by the DHS self-sufficiency programs. In particular, the economy is recovering slowly and unevenly creating challenges for people throughout the state to have access to jobs that build a path to self-sufficiency.

Seeking Self-Sufficiency
These programs are designed to help break the cycle of poverty, help Oregonians transition to jobs, support the healthy development of young children and help keep families stable, preventing children from being abused or neglected and from requiring out-of-home placement in more expensive foster care.

We have prepared a strategic budget to focus on reinvestment in programs that accomplish two primary objectives: 1) get families stable and parents ready for work that pays; and 2) increase access to quality child care so that children are safe and ready to learn and parents are able to maintain employment.

The proposed Self Sufficiency Agency Request Budget is 446.1$ million general fund and 3.47$ billion total funds primarily driven by SNAP benefits.
Note the large increase in CSL is driven by backfill of one time revenues in the TANF and ERDC programs.

This includes:

- Continue to build case management capacity to assist families on their path to self sufficiency;
- The creation of a glide path off of TANF to decrease the number of families who return to the program repeatedly and to incentivize employment;
- Improved access to services in local communities; and
- Increase access to quality child care.

**TANF Flexibility in Design** - Economic recovery has been uneven in Oregon and has not yet reached most families who participate in TANF. Caseloads remain very high. TANF participants often cannot find jobs that fit their current skills, offer a living wage or offer enough hours for them to exit the TANF program due to employment. At the same time, there are several redesigns of state systems that involve TANF families. DHS proposes a refocusing of the TANF program that fits today’s realities. DHS is proposing a package of cost-neutral, targeted investments that will build the capacity of families to increase earnings and transition from TANF through an accountable, flexible and family-centered approach. The investments emphasize alignment with systems that touch or should touch TANF participants, the scaling up of best practice case management, and raising the income limits for TANF exit to create a glide path off of TANF to decrease the number of families who return to the program repeatedly. DHS proposes using savings from projected caseload savings to fund the investments.

**TANF Programmatic Changes** - DHS needs to address the sunset of Chapter 412 that currently includes a number of suspensions to the HB 2469 (2007) TANF program design. DHS proposes to extend the sunset from the 2013-2015 biennium to the 2015-2017 biennium: continue the upfront service array which is limited for new applicants; relative caregivers who apply for TANF on behalf of children in their care must be below 185% of the FPL to qualify; and parents who quit a job before applying for TANF do not have access to the program. DHS proposes to fund the provisions
that: allow families in the Pre-SSI/SSDI program to have access to an enhanced cash grant and fund the Post TANF program at the original $150 per month payment for up to a year to families who became employed and left TANF. This package is necessary as the restrictions and suspensions mentioned above will expire at the end of the biennium which will necessitate additional budget resources in order to reverse current practice without legislation in the funded areas. Parts of the HB 2469 (2007) which are proposed to continue being on hold need legislation to continue.

**Backfill of Empty Other Funds Limitation and Restoration of Positions** – This combination of investments and reductions eliminates all the empty other fund limitation in virtually all Self Sufficiency positions and replaces it with a combination of General and Federal Funds. The empty other fund limitation issue is primarily the result of actions taken prior to the 2003-05 session to hit a GF target at the time, where all positions were provided some other fund limitation. In addition the loss of provider and hospital tax funding for Self Sufficiency positions, to free up GF in 2011-13 and 2013-15, was not permanently backfilled. DHS has been managing to the budget for several biennia through vacancy savings. The Federal Fund backfill is from the TANF flexibility in design POP 101. The remaining backfill is General Funds. This combination of actions will keep the Self Sufficiency workload model at 76.7%.

**ERDC caseload to average 8,500 Cases Per Month in 2015-17**-DHS proposes to keep the ERDC caseload at 8,500 allowing low-income working families access to safe, stable, quality child care. Families need ERDC to help pay for the child care necessary to maintain employment. Children in care need continuous quality educational experiences which support positive child development. This prepares children for kindergarten and beyond. Research shows having a subsidy affects parental choice. Families can select high quality child care programs, such as those offered through ERDC contracts with Head Start and providers that have achieved the Oregon Program of Quality designation. ERDC funds are paid directly to child care providers who are contributing members to local economies throughout the state. This investment connects to the Early Learning and Making Work Pay initiatives. This investment is necessary as there has been a large increase in the percentage of kids in care being placed in high quality higher costs settings resulting in a much higher cost per case than anticipated in 2013-15 and in the 2015-17 CSL budget. Though less clients can be served they are being served in higher quality settings that will benefit children as they enter the school system.

**Conclusion**

These upfront and local investments will, in the short-run, maximize results for clients and begin reducing the TANF caseload by maximizing employment outcomes. Improving participation and employment outcomes will also help avoid a $60.0M in penalty payments to the federal government, keeping our limited state dollars in Oregon.

In the long-run, these investments will improve service quality and equity, ensure that DHS clients benefit from coordination with other child and family serving systems (including health, education, and workforce systems), and allow the Department to maximize results for families.
Overview
We provide prevention, protection and regulatory programs for Oregon’s most vulnerable children – keeping them safe and improving their quality of life. Prolonged economic stress is increasingly putting Oregon children in situations that are unsafe. These issues are disproportionately affecting communities of color contributing to their over-representation in both the child welfare and corrections systems. We know that the demand for state-funded services in the future is directly related to our ability to prevent and mitigate these traumas today.

Engaging Families
Our strategies depend on creating an environment that is safe for citizens who are most vulnerable based on family, social and economic issues. We focused our initiatives toward minimizing risk by transforming our interventions to better meet the challenges families are facing. This will enhance our ability to engage individuals who are less able to care for themselves, their families and communities. This creates a stronger continuum of efforts to prevent abuse and neglect, and efforts to hold perpetrators of that abuse and neglect accountable.

Our budget proposal seeks to ensure that Oregonians are safer in the future than they are today by focusing on strategies that have proven to result in the greatest reduction in overall risk. We aim to achieve the following outcomes:

- A better array of interventions with community-based supports for families before, during and after involvement with the Child Welfare system, including strategies to safely and equitably reduce the number of children who experience foster care. This includes available services and supports so children are not at risk for re-entry into foster care and families can be stabilized.
- Improved services for children and families of color, targeting strategies to address issues such as overrepresentation in foster care, underrepresentation in family support and family preservation services, and potential disparities in decision-making.
- A clear focus on protective strategies for the most vulnerable citizens in care in Oregon.

Funding Request – Strategic Initiatives
The Agency Request Budget is proposed to be $496.5 million general fund and $981.8 million total funds for the 15-17 biennium.

<table>
<thead>
<tr>
<th></th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAB- BASE</td>
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<td>22,112,416</td>
<td>433,484,912</td>
<td>915,364,825</td>
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<td>2,424.69</td>
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<td>6.6%</td>
<td>7.3%</td>
<td>4.9%</td>
<td>4.5%</td>
</tr>
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</table>

Children and Families: Child Welfare services represent a continuum of supports with the ultimate goal of keeping children safe. Historically in Oregon that has equated with removal and placement into foster care. Based on research and feedback from children, youth and families who experience our system, our strategic efforts are refocusing the service continuum to ensure safety while also focusing on child well-being, family stability and, when possible, avoid removal and placement in...
foster care by supporting families safely parenting their children at home. Post adoption and guardianship support helps families bridge those difficult times as children move through childhood, again preventing them from returning to foster care.

These strategies include:

1. Differential Response - Changing our upfront intervention to more fully engage families building on their strengths and engage them in outcomes that remediate the issues that are challenging the family;
2. Programs that are designed to strengthen, preserve and reunify families involved in the child welfare system, preventing entry into the foster care system and shortening the length of stay for children that do enter;
3. Focusing on addressing the disproportionate number of children of color entering and remaining in the foster care system; and
4. Assisting more families in extreme poverty at risk of involvement with Child Welfare.

Program funding investments are intertwined in the Child Safety, Child Welfare Design and Delivery, and Permanency Programs

<table>
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<th>ARB Investments</th>
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<th>Positions</th>
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<td>2,176,226</td>
<td>4,359,515</td>
<td>29</td>
<td>21.75</td>
</tr>
<tr>
<td>114 - Rate Enhancements</td>
<td>589,951</td>
<td>5,226</td>
<td>292,660</td>
<td>522,607</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**GF Reinvestment in SPRF Services** – This investment maintains current service level funding associated with CW's transition to a new IV-E waiver. This investment provides in part the necessary funding of about $14 million through one time IV-E waiver savings and IV-B funding. The remaining need is GF backfill for the one time revenues used in 13-15 to fund this effort to Strengthening, Preserving and Reunify Families (SPRF) in Oregon. This funding is needed to continue the SPRF program funding set out in SB 964 in 2011-13. Prior to this request this program has been funded by GF and one time federal funding sources that are no longer available to cover the programs entire costs. Some further one time funding (as mentioned above) has been identified in 2015-17 that will not be available in 2017-19.

**CW Program Infrastructure** – With additional workload associated with CW system transformation, additional infrastructure is needed to assure that the program can meet its aggressive foster care reduction and family stability/child safety targets. This request also creates support for cross-system alignment with the education and health/behavioral health systems to ensure that children experiencing foster care fully benefit from the systems transformation underway in those areas. This POP requests 15 OPA3s, 2 PA2s, 2 PEM Es, one PEM D and 3 AS2s to staff adequately the strategies currently underway. These include additional support for the expansion of

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2015-17 Agency Request Budget | Page - 2 | Department of Human Services
Child Welfare
Differential Response, implementation of the Title IV-E waiver that will support the service array for DR, Educational Advocacy for children in care, adequate monitoring of psychotropic medication, support for ILP and Youth support services, increased support to address programmatic needs for Commercially Sexually Exploited Children, additional support for Behavioral Rehabilitation Services delivery, contracting, training, and the centralized hotline. Also adds four ORKIDS accountants 1s for payment processing and research and two positions to support Child Welfare work by the Legislative Legal Unit.

**CW Program Support Needs for PSU contract increase** – This investment provides necessary funding for increased costs associated with utilization of Portland State University contracting. Because PSU training contract costs are rising at personal services levels and not at Service and supply levels, the budget for this critical Child Welfare training contract has not kept up with the costs of PSU providing the service. Therefore the child welfare program requests additional GF to continue an adequate training contract with PSU.

**Rate Enhancements** - Allow CW to bring foster care rates back into compliance with the rate methodologies on which they are based. Those rates were based on several national reports which detailed the cost of caring for children in the U.S., to include clothing, food, transportation, and other normal daily expenses. In past biennia, the foster care rate, personal care rate and the enhanced supervision rates have been decreased, taking them out of alignment with the methodology that was established for determining these rates. It is critical for foster parents to have access to the necessary rates to provide the fundamental support children need when entering foster care; including appropriate supports for food, clothes and other daily living expenses. As the number of children in the foster care system is reduced, those that remain in care require skilled foster resources to insure children’s needs are met. Failure to raise the rates will diminish the foster parents’ abilities to stabilize and maintain children in their homes. It further compromises the ability of foster parents to meet the child’s most basic physical, medical, emotional and supervisory needs. It may lead to a lack of foster resources, and/or overuse of the remaining foster homes. This request is to realign the rates with the rate setting methodology.

**Conclusion**
We want to break the cycle that causes harm to individuals and drives Oregonians into expensive state-sponsored programs. Our strategies focus on helping ensure that Oregonians are safer in the future than they are today by increasing resources proven to result in the greatest reduction in overall risk. Though those strategies require some upfront, taxpayer investment, we are committed to being accountable for needed service delivery innovations and performance metrics focused on improvements in the lives of those we serve and long-term reductions in the demand for state services. We know that abuse and neglect will never totally be eliminated, but we believe that Oregon should be a place where our children, are safe, and we believe our budget proposal will improve the state’s ability to work with individuals and communities to achieve that goal, while reducing the demand for costly state services in the future.
Overview
We help Oregonians with disabilities become employed through specialized training and new skills. This includes helping youth with disabilities transition to jobs as they become adults, helping employers overcome barriers to employing people with disabilities, and partnering with other state and local organizations that coordinate employment and workforce programs. A total of 383,381 working age Oregonians experience a disability but only 36 percent are employed. Employment helps people with disabilities become more self-sufficient, involved in their communities and live more engaged, satisfying lives. Investments through this program provide outcomes for individuals, improving their lives, helping them become productive members of our society, contributing to local economies and reducing a reliance on expensive state and federal programs.

Current funding levels
The Proposed Agency Request Budget to operate the Vocational Rehabilitation program is $23M general fund and $101.8 million total funds for the 15-17 biennium.

Strategic funding proposals
We have prepared a strategic budget to improve our programs effectiveness and enhance the program’s ability to provide further employment outcomes for Oregonians. Program improvements focus on return-on-investment through outcomes for our clients, including:

- Serving more individuals with intellectual and developmental disabilities
- Improving access for benefits planning
- Increasing access to youth transition services
- Expanding capacity to serve federal contractors charged to hire more people with disabilities

Employment Outcomes for Individuals with I/DD – Note: this investment is currently housed in the I/DD budget but has a direct impact on VR. Youth and adults with intellectual and developmental disabilities (I/DD) are significantly underrepresented in Oregon’s workforce. With appropriate services and assistance, persons with I/DD are capable of employment. The state is seeking to increase competitive employment of I/DD persons in integrated workplaces through the Department of Human
Oregon Department of Human Services
Vocational Rehabilitation Programs

Services’ (DHS) Employment First Policy and Governor Kitzhaber’s Executive Order 13-04. The order directs state agencies and programs, including DHS’ Office of Developmental Disability Services and Vocational Rehabilitation, to take various steps and to achieve specific goals. In order fulfill the policy and order, this POP requests funding for:

a. Six Vocational Rehabilitation Counselors, Two Human Services Specialists and 1 Operations and Policy Analyst to serve increasing numbers of youth with intellectual and developmental disabilities and increase engagement with Oregon school districts participating in Youth Transition Program (YTP) and with state I/DD system. Few groups of working age youth and adults (ages 16 to 64 years) have higher rates of unemployment and underemployment than those with disabilities. The rates are higher yet for individuals with significant disabilities.

b. 10.5 contract Benefits Counselors to provide benefits counseling services to persons with disabilities, including those with I/DD; and two Operations and Policy Analysts to train, oversee and support the counselors; and to plan future delivery of these services. Loss and fear of loss of needed benefits and services is a significant barrier to employment for people with disabilities. Research indicates the people with disabilities who receive benefits counseling are more likely to go to work and experience an increase in earnings. The Employment First Policy Group has also identified additional resources for benefits counseling as a critical investment needed to achieve the goals of Employment First for people with I/DD.

No Cost Position Authority Request – This investment in staff is requesting position authority to clear all of the double filled positions within the Vocational Rehabilitation program. These positions currently have the necessary funding to support them. These positions were hired to serve the ever expanding need for rehabilitation services by Oregon residents, as well as meeting required oversight of the program based on federal reviews and reporting requirements. Vocational Rehabilitation has been able to fund these positions by reducing contract costs and managing spending related to client services.

Employ Persons with Disabilities by Federal Contracts - In 2012, Oregon business brought $29 billion in federal contracts to Oregon; in 2013, the amount was $19 billion. Following the issuance of a Presidential Executive Order, ongoing qualification for these contracts depends on Oregon businesses insuring that 7% of their workforce is comprised of individuals with disabilities. To assist federal contractors in their ongoing efforts to hire and retain persons with disabilities, VR is asking to Add 2.0 FTE Operations & Policy Analyst 2 positions. Specifically, these positions will assist Oregon business to recruit qualified persons with disabilities, develop pipelines for skilled workers and provide disability awareness training and technical assistance.

Shortfall for Federal Fund Formula Grant – This investment is requesting general fund backfill for current service level standard inflation that was calculated in package 010 Non-PICs Inflation, package 031 and 032. The Basic Rehabilitation Grant is a formula grant that works similar to a capped grant in that the federal dollars do not increase year to year. This request is to backfill the portion of the inflation that was calculated for the federal funds.
Conclusion
As the economy begins to recover, the focus on workforce development, employment and opportunity for all Oregonians has increased. The Vocational Rehabilitation program welcomes the opportunity to help the growing number of Oregonians with disabilities meet their employment goals. Over the last two years, employment outcomes for VR clients have increased by 22 percent even while caseload is increasing.

This proposal represents the next phase of strategic investments required to leverage employment services to enhance the lives of Oregonians and contribute to local economies. Voc Rehab is committed to achieving the outcomes identified in the Governor’s Executive Order for Employment for People with I/DD. OVRS will also continue to identify new ways to enhance its work with the Oregon Workforce Investment Board, Local Workforce Investment Boards, and the Workforce Policy cabinet in the implementation of the OWIB strategic plan and local board’s efforts to better align economic and workforce development activities.
Overview
The state of Oregon is a leader in long term care systems, most recently ranked number three nationally by AARP. In 1981 Oregon received the first waiver nationwide for long term care services allowing Oregonians receiving Medicaid to choose services in their own home or their communities rather than an institutional facility such as a nursing home. In 2013, Oregon transitioned most of its services into the 1915(K) State Plan Option. The K Option provides significant benefits to the State in cost savings and allows Oregonians individual choices to best serve their needs. In Home services average approximately 20 percent of the cost of nursing facility services and community based services average approximately 29 percent. Oregonians value receiving long term care services in a non-institutional setting with approximately 86% choosing alternatives that allow them to remain independent and safe.

<table>
<thead>
<tr>
<th>Long Term Care Setting (as of April 2012)</th>
<th># of Recipients</th>
<th>% of LTC Caseload</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Facility</td>
<td>4,271</td>
<td>14%</td>
</tr>
<tr>
<td>In Home</td>
<td>14,504</td>
<td>48%</td>
</tr>
<tr>
<td>Community Based Setting</td>
<td>11,466</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30,241</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Oregon’s population is aging
Our 65+ population is projected to grow from 502,000 to 950,000 by 2030. While we prepare for this growth we know we must do more than create cost effectiveness in the choices of long term care. We must also look at preventative measures Oregonians can implement now so they never need publicly-funded long term care services.

We have prepared a strategic budget to focus on continuing modernization and improvements to help Oregonians sustain long term care services. This budget includes a set of Independence and Safety investments in addition to continuing the work started last biennium.

Funding
The cost to operate the Aging and People with Disabilities (APD) Agency Request Budget is $894 million general fund and $2.9 Billion total funds.

<table>
<thead>
<tr>
<th>APD TOTAL</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAB - BASE</td>
<td>717,797,056</td>
<td>152,317,063</td>
<td>1,566,229,386</td>
<td>2,436,343,505</td>
<td>1,161</td>
<td>1,151.28</td>
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<tr>
<td>CSL</td>
<td>855,601,276</td>
<td>189,277,925</td>
<td>1,821,449,178</td>
<td>2,866,328,379</td>
<td>1,170</td>
<td>1,160.28</td>
</tr>
<tr>
<td>ARB</td>
<td>894,422,202</td>
<td>191,277,925</td>
<td>1,843,449,178</td>
<td>2,929,149,305</td>
<td>1,180</td>
<td>1,169.58</td>
</tr>
<tr>
<td>Percent Difference LAB to ARB</td>
<td>24.6%</td>
<td>25.6%</td>
<td>17.7%</td>
<td>20.2%</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>
The following Independence and Safety investments are being proposed to improve Long Term Care services in Oregon:

<table>
<thead>
<tr>
<th>ARB - Investments</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>107 - Adult Protective Services I.T. System</td>
<td>1,437,494</td>
<td>2,000,000</td>
<td>0</td>
<td>3,437,494</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>115 - APS Supervisory Ratios</td>
<td>1,883,432</td>
<td>0</td>
<td>0</td>
<td>1,883,432</td>
<td>10</td>
<td>9.30</td>
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<tr>
<td>116 - OPI Population Expansion Pilot</td>
<td>6,000,000</td>
<td>0</td>
<td>0</td>
<td>6,000,000</td>
<td>0</td>
<td>0.00</td>
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<tr>
<td>125 - Cost per Case increase placeholder</td>
<td>20,000,000</td>
<td>0</td>
<td>22,000,000</td>
<td>42,000,000</td>
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<tr>
<td>126 - Bargaining Pots</td>
<td>9,500,000</td>
<td>0</td>
<td>0</td>
<td>9,500,000</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Strategic Funding Investments**

**Adult Protective Services (APS) IT System** - This investment is to develop a streamlined and integrated Statewide Adult Abuse and Report Writing System. Phase I planning was approved by the Emergency Board in March 2014. This POP assumes the planning is completed and Phase II development is ready to proceed based on the Phase I business case and solicitation documents. It is also planned to keep close connection between program, OIS, DAS and LFO on the gate review processes and progress of this project. The need for a stable, integrated Abuse Data and Report-writing System is critical as Oregon faces an aging population, an annual increase of 5-8% in abuse referrals, and an increased need for services across all demographics. Currently all funding is assumed as GF but DHS is pursuing other avenues of Federal Funds that may or may not become available. Assumes $2 million of Q-bond available.

**APS Supervisory Ratio’s** – This investment seeks a supervisory ratio of 1:7 for local APS employees. This is in line with best practices disseminated by the National Adult Protective Services Association. The Aging and People with Disabilities Program is currently operating with a staff management ratio of 13.98:1, which is much higher than the standard sought in HB4131. Implementation of this POP will only slightly decrease the overall 13.98 ratio and not materially affect the overall DHS supervisory ratio. Increasing management oversight in this area is expected to increase timeliness and quality, ultimately resulting in better protection for older adults and people with disabilities.

**OPI Population Expansion Pilot** - As part of the $26 million special purpose appropriation for seniors in 2013-15, a $3 million pilot project was approved to serve people with disabilities in Oregon Project Independence beginning July 1, 2014. This investment assumes that the pilot will be successful and result in an ongoing need of $6M to serve people with disabilities.

**Cost per Case increase placeholder** - This is a placeholder investment for likely increases to costs per case in DHS due to Federal statutory changes and other issues that may arise over the coming months. Because it is a placeholder no FF was calculated at this time and will need to be added at a later date when more details are in place.

**Bargaining Pot placeholder** - Bargaining pot placeholder to increase bargained rates of Adult Foster Care, Personal Support Workers and Home Care Workers.
Conclusion
These investments will help Oregon ensure its long term care system is sustainable and best prepared to address anticipated growth. We believe these initiatives support preventative services to keep individuals from needing long term care in the first place and help all consumers receive high quality, unbiased information on long term care choices as it becomes necessary. Our path to transforming long term care honors choice, safety and independence and offers the most cost-effective solutions allowing our aging population to thrive and approach aging with confidence and dignity. We believe these initiatives will help the state best manage the resources available by providing the right services are delivered at the right time and place through efficient and effective staff to meet the changing population of Oregonians.
Overview
We provide services to cover a lifetime of support to Oregonians with intellectual/developmental disabilities. People with disabilities of all ages want the same opportunities every Oregonian wants: not just to survive, but to thrive. They want to live in their own homes and make decisions about daily activities, so they can go to school, work, church, enjoy recreation and participate fully in their communities. We currently help over 21,000 children, adults and their families have the best quality of life possible at all stages of their lifespan. Most individuals with developmental disabilities are eligible for a Medicaid waiver or state plan which allows them to remain in their family home or community instead of an institution. Our mission is to help them be fully engaged in life and, at the same time, address their critical health and safety needs.

History and Future State
The state of Oregon is recognized nationally as an innovative leader in developing community-based services for individuals with intellectual/developmental disabilities. Oregon is one of only three states that have no state or privately operated institutional level services specifically for people with developmental disabilities. In fact, the majority of individuals with intellectual/developmental disabilities in Oregon, approximately 72 percent, are served in their own home or their family’s home.

That is the result of two decades of work to aggressively “re-balance” the intellectual/developmental disabilities system -- moving from an institutional model with expensive “one size fits all” approach -- to a self-directed, family involved, individually focused and less expensive approach to service. Today, consumers and families report a high level of satisfaction through the increased control over services, the ability to more fully integrate in home communities and the benefits of home community life.

However, to serve the increasing number of people with intellectual and developmental disabilities, maintain those high levels of satisfaction and to further advance the inclusion of people with intellectual/developmental disabilities in their communities, the system has an urgent need to continue its evolution in a fiscally sustainable manner.

To that end, we have prepared a strategic budget designed to further improve the customer experience and advance efficiencies to maximize resources. Specifically, we seek to achieve the following outcomes and goals:

- Provide an array of service options that are properly distributed to assure access through equitable and culturally competent services.
- Be responsive to emerging consumer demands for individualized, self-directed services and sufficient service choices.
- Assure the health and safety of individuals served.
- Promote maximum consumer independence and engagement in homes and communities.
- Leverage use of available federal funding options.
- Address improvements in business practices such as payment and information systems to achieve overall operational efficiencies.
Oregon Department of Human Services  
Intellectual/Developmental Disabilities Program

Funding
The proposed Agency Request Budget to operate the Developmental Disability (DD) program for the 2015-17 biennium is $673 million in general fund and $2 billion total funds.

<table>
<thead>
<tr>
<th></th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAB- BASE</td>
<td>563,237,839</td>
<td>28,746,038</td>
<td>1,142,117,830</td>
<td>1,734,101,707</td>
<td>760</td>
<td>757.33</td>
</tr>
<tr>
<td>CSL</td>
<td>657,827,447</td>
<td>29,839,086</td>
<td>1,298,789,539</td>
<td>1,986,456,072</td>
<td>760</td>
<td>757.33</td>
</tr>
<tr>
<td>ARB</td>
<td>673,375,769</td>
<td>31,338,386</td>
<td>1,318,448,682</td>
<td>2,023,162,837</td>
<td>774</td>
<td>769.89</td>
</tr>
<tr>
<td>Difference ARB - LAB</td>
<td>19.6%</td>
<td>9.0%</td>
<td>15.4%</td>
<td>16.7%</td>
<td>1.8%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

With the ultimate goal of preventing or delaying access to the highest cost services within our system, we plan to direct funds to improve outcomes, expand on service innovations and strategically advance initiatives in the following areas:

- Employment outcomes
- Quality assurance
- Service Capacity
- Improve and implement new models of service
- Improve housing outcomes within communities

<table>
<thead>
<tr>
<th>ARB Investments</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>104 - Employment Outcomes for People with I/DD</td>
<td>15,548,322</td>
<td>1,499,300</td>
<td>19,659,143</td>
<td>36,706,765</td>
<td>14</td>
<td>12.56</td>
</tr>
<tr>
<td>106 - DD One Functional Needs Assessment Tool</td>
<td>4,358,223</td>
<td>0</td>
<td>841,898</td>
<td>5,200,121</td>
<td>12</td>
<td>10.80</td>
</tr>
<tr>
<td>110 - Build Capacity for SACU clients in Prov Comm</td>
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<td>0</td>
<td>500,000</td>
<td>1,000,000</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>111 - Provider Rate Increases</td>
<td>653,730</td>
<td>0</td>
<td>153,258</td>
<td>806,988</td>
<td>2</td>
<td>1.76</td>
</tr>
<tr>
<td>120 - Community Housing Repair and Replacement</td>
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<td>0</td>
<td>18,163,987</td>
<td>26,701,056</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>I/DD TOTAL</td>
<td>1,499,300</td>
<td>1,499,300</td>
<td>0</td>
<td>2,998,600</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Strategic Initiatives

Employment Outcomes for People with Intellectual or Developmental Disabilities - Improve employment outcomes. From an agency mission standpoint, paid employment is the key to increased independence, choice, and community engagement from an individual and family standpoint. From a program standpoint, the more individuals with intellectual/developmental disabilities that have meaningful employment, the less dependent they are on public services, service costs are reduced, and service planning flexibility is increased. Recent litigation and U.S. Department of Justice (DOJ) findings have highlighted the criticality of progress in this area, which will be accomplished by:

- Increased training and technical assistance activities, increase the capacity for the delivery of employment services. This includes, for provider organizations across the state, support to transition business models away from group or sheltered employment practices to more individual supported employment models.
• Implementing and refine a new provider rate structure to incentivize the acquisition and maintenance of supported employment.

• Alignment of policies, services and resources between the I/DD Program, Vocational Rehabilitation Services (VR) and the Dept. of Ed. to serve an additional 200 individuals.

• Developing strong partnerships and coordinating efforts with state and local workforce development and employer engagement initiatives.

• Providing information and outreach about the benefits of paid employment to individuals with intellectual and developmental disabilities and their families.

In April 2013, Governor Kitzhaber issued Executive Order 13-04 “Providing Employment Services to Individuals with Intellectual and Developmental Disabilities”. The goal of this Order is to further improve Oregon’s system of designing and delivering employment services to those with intellectual and developmental disabilities in achieving integrated employment, including a significant reduction over time of state support of sheltered work and an increase in investment in employment services.

This Order covers the time period of July 1, 2014 through July 1, 2022 and specifies certain benchmarks and metrics to be achieved each year. Collectively, at least 2,000 individuals would receive employment services over that period in time. In addition to these metrics, the Order calls for the formation of a statewide Policy Group that approves an “Integrated Employment Plan” with additional metrics.

DHS is requesting a new investment in implementing the Executive Order and furthering work in implementing the DHS Employment First Policy. NOTE: This investment directly impacts the DHS Office of Vocational Rehabilitation Services as well.

Youth and adults with intellectual and developmental disabilities (I/DD) are significantly underrepresented in Oregon’s workforce. With appropriate services and assistance, persons with I/DD are capable of employment. The state is seeking to increase competitive employment of I/DD persons in integrated workplaces through the Department of Human Services’ (DHS) Employment First Policy and Governor Kitzhaber’s Executive Order 13-04. The order directs state agencies and programs, including DHS’ Office of Developmental Disability Services and Vocational Rehabilitation, to take various steps and to achieve specific goals. In order fulfill the policy and order, this POP requests funding for:

a. Six Vocational Rehabilitation Counselors, Two Human Services Specialists and 1 Operations and Policy Analyst to serve increasing numbers of youth with intellectual and developmental disabilities and increase engagement with school districts participating in Youth Transition Program (YTP) and with state I/DD system.

b. 10.5 contract Benefits Counselors to provide benefits counseling services to persons with disabilities, including those with I/DD; and two Operations and Policy Analysts to train, oversee and support the counselors; and to plan future delivery of these services.
c. An Employment First Transformation Fund and Operations and Policy Analyst to identify, research and promote utilization of best and evidence-based practices that facilitate competitive employment of I/DD persons and promote continues improvement of related services.

DD One Functional Needs Assessment Tool - This investment is for one Developmental Disabilities Functional Needs Assessment tool that will determine the supports needs for individuals who receive K-Plan or Waivered Services through the Office of Developmental Disabilities Services and assist in budget allocation to insure equitability in rates between services. This investment would assist the state in complying with CMS requirements surrounding needs assessments. Adverse effects of this investment not being funded will be the inability to comply with legislative budget note SB 5529.

Build Capacity for Individuals in the Provider Community - As Stabilization and Crisis Unit (SACU formerly SOCP) moves toward a crisis resource for residential resources for the most vulnerable adults and children across the State of Oregon, a strong need has emerged to support the current SACU population with enhanced services in community placed settings. To that end, the need for a focused strategic plan to address the “stepping down” of severely disabled, although NOT in crisis, individuals currently served through SACU resources is immediate, cost effective and necessary. Additionally, the expanded supports and services provided to individuals through the "K" Plan are requiring increased provider capacity in all aspects of our service delivery - both agency providers and Personal Support Workers. This POP supports a plan to expand provider capacity with start–up or “grant funds” to provider agencies and others throughout the state who will build residential homes targeted at a specific SACU population each agency agrees to serve if that agency is awarded a grant. It would also provide grant funds for entities interested in developing capacity for serving non-SACU individuals in their own homes or in other community living settings.

Provider Rate Increase - DHS is requesting a 4% increase, effective 1/1/2016, in all non-bargained provider types, residential and non-residential, agency providers and employment providers. 4% is less than the combined COLAs for the previous three biennia but will allow these agencies to increase direct staff wages and/or benefits for those that serve our I/DD individuals. The Direct Support Professionals that provide services through provider agencies are currently allocated $10.80 per hour in our budget models. This package will allow an increase of 4% to that model, bringing the base rate to $11.23.

Community Housing Repair and Replacement – This investment is related to increased cost to maintain and repair homes purchased from the sale of the Fairview Hospital. Standard inflation is not adequate due the cost of contracts which have increased in some instances between 8% and 11% due to labor and material cost inflation. In 2011-13, Community Housing needed to borrow $250k of the Reserve Fund due to increasing costs for repair and maintenance, and ongoing Care & Custody liability of four vacant homes. However, due to the ongoing liability of Care & Custody, increased amount of work on aging homes, and escalating costs to maintain and repair homes purchased from the sale of the Fairview Hospital, Community Housing will not be able to refill the Reserve in 2015-17 without an investment.
Conclusion
This proposal represents a substantive level of strategic planning that will allow the I/DD system to improve the quality of service it offers to Oregonians with intellectual/developmental disabilities and their families that support them. The primary focus is on sustainable, quality service programming that accounts for the short- and long-term budget realities that shape our implementation planning. Out-of-home placements for people with disabilities can range from $24,000 to $156,000 a year. Focusing our efforts on helping people with disabilities remain at home or in their community provides not only financial benefits, but better quality throughout their lifespan. We are confident that this plan will maximize resources and strengthen the service system, enhancing its ability to produce results for those we serve.
Department of Human Services
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$9,295.3 million

- Self Sufficiency: $3,466.3 million (37%)
- Child Welfare: $916.7 million (10%)
- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services: $637.8 million (7%)
- Aging and People with Disabilities: $2,442.5 million (26%)
- Intellectual & Developmental Disabilities: $1,734.4 million (19%)
- VR Basic Rehabilitative Services: $97.6 million (1%)
Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

- Aging and People with Disabilities
  $2,929.1
  29%

- Intellectual & Developmental Disabilities
  $2,023.2
  20%

- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
  $718.3
  7%

- Self Sufficiency
  $3,476.5
  34%

- Child Welfare
  $981.8
  9%

- VR Basic Rehabilitative Services
  $100.5
  1%
### Department of Human Services
#### 2015-17 Agency Request Budget
#### Total Fund by Program Area
$10,229.4 million

<table>
<thead>
<tr>
<th>Program Area</th>
<th>General Fund</th>
<th>Other Fund</th>
<th>Federal Fund Ltd</th>
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### Self Sufficiency
$3,476.5 million

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$981.8 million

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### Aging and People with Disabilities
$2,929.1 million

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<td>General Fund</td>
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<td>Other Fund</td>
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### Intellectual & Developmental Disabilities
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<td>Other Fund</td>
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DHS PROGRAM PRIORITY REPORT

The following charts reflect an attempt by each Department of Human Services to prioritize its programs. The general criteria used to guide this prioritization process include:

- Federal program mandates;
- Levels of need;
- Numbers of clients served;
- Federal financial participation requirements and
- Minimizing risks to the agency.

In addition, each program considered its policy objectives and the department’s mission and goals.

It must be noted, however, that prioritization is particularly difficult because most DHS programs form part of an interlinked continuum of care. Very few programs and services provide, in and of themselves, the single solution to the complex issues facing Oregon’s most vulnerable populations. The wide array of programs DHS provides and the diverse populations served make application of any set of criteria difficult and of limited value, particularly at the departmental level.
## PROGRAM PRIORITIZATION FOR 2015-17

**Agency Name:** Department of Human Services  
**Agency Number:** 10000

### 2015-17 Biennium Agency-Wide Priorities for 2013-15 Biennium

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<th>Program or Activity</th>
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<th>DCR</th>
<th>Sub-DCR</th>
<th>Identification Key Performance Measure(s)</th>
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<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TOTAL FUNDS</th>
<th>Pos. FTE</th>
<th>New or Enhanced Program (Y/N)</th>
<th>Included as Reduction Option (Y/N)</th>
<th>Legal Req. Code (C, D, FM, FO, S)</th>
<th>Legal Citation</th>
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7. Primary Purpose Program Activity Exists

1. Civil Justice
2. Community Development
3. Consumer Protection
4. Administrative Function
5. Criminal Justice
6. Economic Development
7. Education & Skill Development
8. Emergency Services
9. Environmental Protection
10. Public Health
11. Recreation, Heritage, or Cultural

10. Legal Requirement Code
C Constitutional
D Debt Service
M Federal - Mandatory
F Federal - Optional (once you choose to participate, certain requirements exist)
S Statutory

2015-17 Agency Request Budget
Page - 5
Department of Human Services
Program Prioritization Detail
The reduction options presented in this document are not intended to reflect the policy or program recommendations of the agency. The Oregon Department of Human Services (DHS) is acutely aware that the reduction options on this list have significant consequences for Oregonians and the communities in which they live. The agency is -- and has been -- engaged in ongoing search for efficiencies that allow us to reduce costs and maximize resources with minimal impact to clients. We also work to ensure that as services to clients are reduced because of reductions, that we also reduce our infrastructure and administrative overhead concurrently.

Guiding Principles
In approaching these reductions, DHS was guided by a set of priorities in making proposed reductions. However, to reach the targeted reduction levels for the Department – which totals more than $268 million in General Fund – it was not possible to reflect all of the following principles and priorities in the reduction list:

- For all programs, the agency looked closely at client safety and stability, preserving the infrastructure of programs and the provider-systems that serve clients, maintenance of effort (MOE) issues, legal risk, cross-program impact, cost shifting, and what the reduction would mean in terms of the loss of federal matching funds.

- DHS looked closely at whether repeated reductions to programs no longer made sense, and whether it was time to consider the elimination of some programs in order to preserve others.

- In Child Welfare programs, DHS prioritized prevention activities and services to keep children safe at home and out of foster care over those further into the child welfare system, such as adoption and guardianship.

- In Intellectual and Developmental Disabilities programs, DHS prioritized continuing programs and services for those clients in long-term care. DHS also made every effort to consider reductions that would not move people into higher cost settings but could keep them at home and in their communities.

- In Self Sufficiency, Intellectual and Developmental Disability and Vocational Rehabilitation programs, DHS prioritized services and programs that helped support and preserve family stability and to maintain employment outcomes for Oregonians.

- In Aging and People with Disabilities programs, DHS prioritized keeping as much of Oregon’s high-quality system in place as possible – that is, prioritizing home and community-based services.
<table>
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<th>Reduction Description</th>
<th>GF</th>
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<th>TF</th>
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**Note:**
- Effective 7/1/15 eliminate COLA inflation in APD Other Services areas, and Services & Supplies for APD Delivery and Design staff.
- Effective 7/1/15 Eliminate COLA for all program areas in the developmental disability community-based service system. Since 2001 there has only been one biennium where COLA was applied to services and program costs (07-09). The majority of costs in programs are staff related. There have been significant increases in insurance costs, and other general operating costs. Minimum wage has increased by statute and programs that used to pay well above minimum wage are now paying at or little above minimum wage. All of this results in unstable workforce and general instability of provider organizations with the possible results in increase abuse and health/safety concerns.
- Effective 7/1/15 Eliminate Medical Inflation for SACU. The extra funding allows SACU to contract at reasonable rates for nursing care and behavioral health specialists.
- This eliminates the standard professional services and medical inflation taken on the base at CSL packages 31 and 32.
- This eliminates the standard, professional services, and medical inflation taken on the base at CSL packages 31 and 32.
- This eliminates the standard, professional services, and medical inflation taken on the base at CSL packages 31 and 32.
- This eliminates the standard, professional services, and medical inflation taken on the base at CSL packages 31 and 32.
- This eliminates the standard, professional services, and medical inflation taken on the base at CSL packages 31 and 32.
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<td>$ (8,040,000)</td>
<td>$ -</td>
<td>Caseload cap is currently 7,700; this would reduce to an average of 7,200. Increase in TANF cases may make it very difficult to get at desired level. This reduction continues the elimination of child care supports for all parents with incomes under 185% of poverty, limiting those supports to only TANF families transitioning to employment; families reapplying for ERDC benefits after a break of less than two calendar months; families with a child in the filing group that is eligible for a current opening in a Head Start or Oregon Program of Quality contracted child care slot; or families currently working with Child Welfare (as part of an assessment, open case or transition) and there is an ongoing safety plan in place that states child care is required to keep the child in their home, place the child with a relative or other known adult or when transitioning the child back into the home or out of stranger foster care. This reduction will further impact the ability of parents to maintain employment, the ability of child care providers to provide care and be employed, and the quality of child care children receive. This reduction will impact family child care providers, child care centers, Early Head Start/Head Start and after-school programs and may increase the number of children left home without an appropriate provider. This would affect 1,590 providers. This reduction will reduce the amount of state expenditures that count toward its MOE obligations. ERDC is mainly funded by CCDF federal dollars through an interagency Agreement with DHS and The Oregon Department of Education (ODE). ODE has a stake in this reduction and has expressed their concern to DHS.</td>
<td>10/1/2015</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>CW</td>
<td>Permanency: Eliminate Post Adoption Services program, impacting supports for over 400 adoptive and guardianship families each year. (IV-B portion of budget)</td>
<td>$ (189,868)</td>
<td>$ (57)</td>
<td>$ (1,033,825)</td>
<td>$ (1,223,750)</td>
<td>$ -</td>
<td>DHS's post adoption services program provides services to adoptive and guardianship families who provide permanent homes for DHS children. These services enhance the stability and functioning of adoptive and guardianship families and their children through the provision of a support network that includes information and referral services, consultation services in response to imminent and current adoptive family crises, support groups, and training. In the federal fiscal year ending September, 2011, the post adoption services contractor (ORPARC) provided 1,619 initial and follow up contacts with families, 34 reported crisis or disruption related services, and training to 718 individuals. Families who adopt special needs children must receive adequate and competent support to help sustain their placements. Eliminating the post adoption services program is a potential disincentive for families to adopt special needs children and it will potentially increase the number of children returning to foster care or residential treatment because families in crisis will be unable to receive the support and advocacy they need within their homes. The 1,619 initial and follow up contacts with the post adoption services program will be deferred to branch offices who neither have the staff to respond, nor the expertise and competency to provide the needed services and advocacy for these families.</td>
<td>7/1/2015</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>I-DD</td>
<td>Eliminate Fairview Housing Trust Fund by 50%</td>
<td>$ (3,000,000)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (3,000,000)</td>
<td>$ -</td>
<td>Effective 7/1/15 Eliminates options to help families and individuals with I/DD remove housing barriers by funding things such as ramps, accessible bathing options, and other housing modifications. Requires a statute change.</td>
<td>7/1/2015</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>APO</td>
<td>Reduce nursing facility rate percentile to 60th; which is a .475% rate reduction</td>
<td>$ (1,840,000)</td>
<td>$ (360,000)</td>
<td>$ (3,800,000)</td>
<td>$ (6,000,000)</td>
<td>$ -</td>
<td>Nursing Facility rate setting methodology is set in statute. This would require a statute change reducing the rate setting percentile from 63rd to 60th percentile; or a 7/1/2015 Basic rate from $309.70 to $308.31 per resident day.</td>
<td>7/1/2015</td>
<td></td>
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<tr>
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<tr>
<td>14</td>
<td>CW</td>
<td>Well Being: Reduce Client Transportation Program by 15%.</td>
<td>$ (682,662)</td>
<td>$ (134,886)</td>
<td>$ (104,308)</td>
<td>$ (921,856)</td>
<td>-</td>
<td>-</td>
<td>This reduction will impact direct services for children, negatively impact their education, and well-being of child and family reunification. The current expenditures are approximately 60% being spent on transportation for visits between child and parents, another 21% for children to attend school, 10% medically related transportation, and the rest for activities such as court hearings, case planning activities.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>15</td>
<td>I-DD</td>
<td>Eliminate Fairview Housing Trust Fund by remaining 50%</td>
<td>$ (3,000,000)</td>
<td>-</td>
<td>$ -</td>
<td>$ (3,000,000)</td>
<td>-</td>
<td>-</td>
<td>Effective 7/1/15 Eliminates options to help families and individuals with IDD remove housing barriers by funding things such as ramps, accessible bathing options, and other housing modifications. Requires a statute change.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>16</td>
<td>CW</td>
<td>Well Being: Reduce Court Ordered Other Medical Program by 15%.</td>
<td>$ (726,917)</td>
<td>$ (3,416)</td>
<td>$ (144,390)</td>
<td>$ (874,723)</td>
<td>-</td>
<td>-</td>
<td>The majority of these funds (66%) provide for psychological evaluations and testing of parents that then inform the case planning. Without these funds, testing and evaluations will not occur and this provides less information to the department and courts on how best to address the needs of parents. This funding also will assist in parent and child interactions, obtaining medical records, and other assessment oriented medical services. Reducing and or eliminating will impact outcomes for children and families, increase length of stay in foster care, increase caseloads, and will likely jeopardize the department’s ability to access federal funding regarding providing services to children and families based on reasonable and/or active efforts.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>17</td>
<td>I-DD</td>
<td>Eliminate the Family to Family Program</td>
<td>$ (1,200,000)</td>
<td>-</td>
<td>-</td>
<td>$ (1,200,000)</td>
<td>-</td>
<td>-</td>
<td>Effective 7/1/15 Eliminate Family to Family Networks. This program began in 2012 after 2011 made significant reductions in the Family Support Program. The funding ($1.2M) supports up to eight networks. The work already accomplished by these groups includes family training, identification of local resources, and general support from one family to another. The networks leverage parent time and local resources in an effort to provide support at no cost to DHS/DD.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>18</td>
<td>APO</td>
<td>Reduce community based care rates by 3% for ALFs, RCFs, AFHs, Home Delivered Meals, In-Home Agencies, Adult Day Services.</td>
<td>$ (7,014,000)</td>
<td>-</td>
<td>$ (15,380,000)</td>
<td>$ (22,394,000)</td>
<td>-</td>
<td>-</td>
<td>Under the 15-17 funding levels, community based care rates are scheduled to increase by 3% effective 10/1/2015. This reduction effective October 1, 2015 would offset the 3% increase, leaving rates flat for the biennium. Without competitive rates, in some instances Medicaid access to facilities will be eliminated. Other facilities may withdraw gradually and some facilities would be able to manage the reduction with their existing payer mix. This reduction may result in residents seeking a more costly and more restrictive level of care.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>19</td>
<td>CW</td>
<td>Child Safety: Reduce System of Care (SOC) by 15% - flexible fund resource dollars to meet the individual needs of foster children and their families.</td>
<td>$ (540,931)</td>
<td>$ (47,742)</td>
<td>$ (1,252,118)</td>
<td>$ (1,840,791)</td>
<td>-</td>
<td>-</td>
<td>SOC provides for flexible, individualized application of services to meet the unique needs of children including special consideration for a family’s cultural preferences. This level of reduction will reduce the availability of these resources to approximately 1,251 children in foster care. Many services provided through System of Care assist in resolving safety issues to prevent entry into foster care and support family reunification. Most of the services purchased through System of Care cannot be purchased with other child welfare fund sources. Therefore, reduction of this funding will mean more children coming into care, longer stays in foster care, decreased ability to return children home to their parents, and decreased ability to meet the individual needs of a child. It is likely will also mean more “no reasonable efforts” or “failure to meet active efforts for ICWA children” findings by the courts, which would impact federal funding for the program.</td>
<td>7/1/2015</td>
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<tr>
<td>20</td>
<td>I-DD</td>
<td>Eliminate the Family Support Program (SE150)</td>
<td>$ (2,282,280)</td>
<td>-</td>
<td>-</td>
<td>$ (2,282,280)</td>
<td>-</td>
<td>-</td>
<td>Effective 7/1/15 This program provides small amount of support that goes a long way to helping family with care of child with developmental disability. Approximately 1,000 children and their families will lose service as a result of this program elimination.</td>
<td>7/1/2015</td>
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### Department of Human Services CSL Reduction List

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<tr>
<td>21</td>
<td>APD</td>
<td>Eliminate GF portion of Older Americans Act program</td>
<td>$ (2,000,000)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ (2,000,000)</td>
<td></td>
<td>This reduction is effective 7/1/2015. This backfill has offset the effects of federal sequestration activities. Without this funding, services such as home delivered meals, congregate meals and family support would be reduced.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>22</td>
<td>CW</td>
<td>Child Safety: Family Support Teams/Addiction Recovery Teams reduce by 15%</td>
<td>$ (301,521)</td>
<td>$ (41,700)</td>
<td>$ (531,637)</td>
<td>$ (874,858)</td>
<td></td>
<td></td>
<td>Likely to seventy percent of all child welfare cases involve parents with addiction issues. The 15% program improves outcomes for children of addicted parents by giving parents and caseworkers access Alcohol &amp; Drug trained staff to assist parents in eliminating barriers to treatment, tracking parents whose attendance at treatment facilities, and helping parents with return home plans by supporting parents in early recovery with these transitions. Reducing these services will mean more and longer foster care placements, higher re-abuse rates, a decline in parents entering treatment quickly, and an increase in the number of parents who struggle with sustaining their recovery. It will also increase caseworker workload, including A&amp;D referral, transport, tracking and case management, making it more difficult for caseworkers to meet other state and federal mandates. Longer stays in foster care will increase costs to the state and result in poorer outcomes for children.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>23</td>
<td>I-DD</td>
<td>Reduce all non-bargained Provider Rates by3%</td>
<td>$ (6,160,720)</td>
<td>$</td>
<td>$ (13,723,654)</td>
<td>$ (19,884,374)</td>
<td></td>
<td></td>
<td>Effective 10/1/15 Reduce all non-bargained provider rates by 3%. This would be an across the board reduction of rates for all DD service providers in the comprehensive system, for children and adults, excludes Employment First services.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>24</td>
<td>APD</td>
<td>Eliminate Gatekeeper Funding</td>
<td>$ (2,800,000)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ (2,800,000)</td>
<td></td>
<td>This reduction eliminates Gatekeeper programs that enlist the help of utility workers, law enforcement, postal workers, and other service providers to help identify people in need of support. This is one of the strategies utilized to increase preventative protective services for vulnerable populations.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>25</td>
<td>CW</td>
<td>Child Safety: Foster Care Prevention reduce by 15%</td>
<td>$ (112,436)</td>
<td>$ (12,623)</td>
<td>$ (411,057)</td>
<td>$ (536,116)</td>
<td></td>
<td></td>
<td>Reducing Foster Care Prevention funding reduces funding that is specifically designed to prevent children from entering foster care or allowing them to return home more quickly. This reduction would impact the ability of staff to keep children at home or to get them home more quickly. Reduction of FCP could cause an overutilization of other services or flexible funding sources like System of Care. This is likely to affect Oregon Tribes and members of minority groups who are already overrepresented as there will be fewer financial resources to assist children in remaining safely in their homes.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>26</td>
<td>I-DD</td>
<td>Reduce Brokerage and CDDP Equity by 2%</td>
<td>$ (1,467,900)</td>
<td>$</td>
<td>$ (2,057,631)</td>
<td>$ (3,525,331)</td>
<td></td>
<td></td>
<td>Effective 10/1/15 Reduces the operating funding to CDDPs and Brokerages by another 2%--Overall reduction of 4%.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>27</td>
<td>APD</td>
<td>Eliminate Caregiver Training funding in Mental Health Expansion</td>
<td>$ (175,000)</td>
<td>$</td>
<td>$ (175,000)</td>
<td>$ (350,000)</td>
<td></td>
<td></td>
<td>This reduction would eliminate the funding of training for Local APD and AAA case managers who need training in the use of simple screening tools and coaching in the integration of mental health screening into their daily work to be successful. Direct care providers, health professionals and others also need training and support to ensure that older adults and people with disabilities receive the appropriate screenings and interventions.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>28</td>
<td>CW</td>
<td>Well Being: Further reduce Client Transportation Program by an additional 15%</td>
<td>$ (580,263)</td>
<td>$ (114,653)</td>
<td>$ (88,662)</td>
<td>$ (783,578)</td>
<td></td>
<td></td>
<td>This second reduction will further impact direct services for children, negatively impact their education, and well-being of child and family reunification. The current expenditures are approximately 60% being spent on transportation for visits between child and parents, another 21% for children to attend school, 10% medically related transportation, and the rest for activities such as court hearings, case planning activities.</td>
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<tr>
<td>29</td>
<td>APO</td>
<td>Reduce Home Care Worker rates by 3%</td>
<td>$4,623,213</td>
<td>-</td>
<td>$10,300,000</td>
<td>$14,923,213</td>
<td>-</td>
<td>-</td>
<td>Under the 15-17 funding levels, In-Home services are funded without a scheduled increase during 15-17, without bargaining pot appropriation. This would result in a rate decrease to individuals making $13.75 per hour and may result in some Home Care Workers ceasing to provide these services.</td>
<td>1/1/2016</td>
</tr>
<tr>
<td>30</td>
<td>I-DD</td>
<td>Reduce PSW Wages by 3% - Align with APO HCCW</td>
<td>$2,639,150</td>
<td>-</td>
<td>$5,482,989</td>
<td>$8,122,139</td>
<td>-</td>
<td>-</td>
<td>Effective 1/1/16. This reduction proposes to reduce bargained PSW wages by 3%.</td>
<td>1/1/2016</td>
</tr>
<tr>
<td>31</td>
<td>APO</td>
<td>Reintroduce $30 personal incidental fund for nursing facility residents</td>
<td>$539,728</td>
<td>-</td>
<td>$952,472</td>
<td>$1,492,200</td>
<td>-</td>
<td>-</td>
<td>This reduction would allow residents only $30 per month to purchase personal items not included in the all-inclusive nursing facility rate. Nursing facility residents would see a 50% decrease in their personal incidental spending power.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>32</td>
<td>CW</td>
<td>Well Being: Further reduce Court Ordered Other Medical Program by an additional 15%.</td>
<td>$617,879</td>
<td>$2,904</td>
<td>$122,731</td>
<td>$743,514</td>
<td>-</td>
<td>-</td>
<td>These dollars pay for medical expenses for parents that are not otherwise covered by insurance or the Oregon Health Plan. Most often the funds pay for psychological evaluations that inform the case planning. Without these funds, these evaluations will not occur and children will experience longer foster care stays. It will also be more difficult to provide services that are designed to address the issues that brought the children into care.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>33</td>
<td>I-DD</td>
<td>Reduce all non-bargained Provider Rates by additional 3% - Employment excluded (Overall 6% Reduction)</td>
<td>$6,160,720</td>
<td>-</td>
<td>$13,723,654</td>
<td>$19,884,374</td>
<td>-</td>
<td>-</td>
<td>Effective 10/1/15. Reduce all non-bargained provider rates by an additional 3%. This would be an across the board reduction of rates for all DD service providers in the comprehensive system, for children and adults, excludes Employment First services. Overall reduction of 6%.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>34</td>
<td>APO</td>
<td>Eliminate Evidence Based Health Promotion Funding</td>
<td>$1,250,000</td>
<td>-</td>
<td>-</td>
<td>$1,250,000</td>
<td>-</td>
<td>-</td>
<td>This reduction eliminates evidence-based health promotion and disease prevention program effective 7/1/2015. This funding was designed as a preventative strategy that would result in better health outcomes for senior Oregonians.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>35</td>
<td>VR</td>
<td>Reduce Client Service by 10%</td>
<td>$2,133,280</td>
<td>$239,049</td>
<td>$8,765,388</td>
<td>$11,137,723</td>
<td>-</td>
<td>-</td>
<td>The proposed reduction would result in an 10% decrease in case services forcing the creation of a waitlist. Nearly 4,173 additional individuals would not get services including youth served under third-party agreements with local school districts. This would jeopardize the match dollars that these agreements provide thus further reducing the program budget. Small specialized vendors who rely on the program for revenue would experience a sharp drop in income. Additionally this will impact the ability of the program to meet the required Maintenance of Effort resulting in a reduction in federal funds available, and resulting in the program reinstituting the Order of Selection. OVRS with out an investment above the Current Service level is at risk of reinstituting the Order of Selection, and is at risk for failure to meet the level of services set forth in Executive Order 13-04 regarding employment for persons with Intellectual and Developmental Disabilities.</td>
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<tr>
<td>36</td>
<td>SS</td>
<td>TANF - Time Limit 48 Months</td>
<td>$ (33,840,426)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>(33,840,426)</td>
<td></td>
<td>This action establishes a 48 month time limit for TANF receipt for the entire family unless a hardship exemption exists. The current Oregon time limit is 60 months and state statute allows for only the adults needs to be removed from TANF once the 60 month limitation has been reached and the family has no hardship exemption. Oregon's policy provides for the children in the home to continue to receive TANF. This action will require each family be reviewed at 48 months of TANF receipt to determine whether a hardship exemption exists. For families where no hardship exists the entire case would close. Some families may see an increase in SNAP benefits as cash benefits end. Ending TANF cash benefits for the entire family may result in family instability and homelessness. Families would have to rely on other community based safety net programs which have already experienced increased demand. During the biennium an average of 3,597 families per month are expected to be impacted. Based on their accrued time, the majority of these families (3,230 families) will reach their time limitation in April 2016. Families will also be impacted if they come from another state and the accrued time (alone or in combination with Oregon accrued time) equals to or exceeds 48 months. This action requires an amendment to HB 412-079.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>37</td>
<td>CW</td>
<td>Child Safety: Reduce System of Care (SOC) by another 15% - flexible fund resource dollars to meet the individual needs of foster children and their families (second reduction to this program budget).</td>
<td>$ (459,793)</td>
<td>$ (40,581)</td>
<td>$</td>
<td>$</td>
<td>(1,064,300)</td>
<td>(1,564,672)</td>
<td>SOC provides for flexible, individualized application of services to meet the unique needs of children including special consideration for a family's cultural preferences. This additional 15% reduction will further reduce the availability of these resources to an additional 1,063 children in foster care. Many services provided through System of Care assist in resolving safety issues to prevent entry into foster care and promote family reunification. Most of the services purchased through System of Care cannot be purchased with other child welfare fund sources. Therefore, reduction of this funding will mean more children coming into care, longer stays in foster care, decreased ability to return children home to their parents, and decreased ability to meet the individual needs of a child. It likely will also mean more &quot;no reasonable efforts&quot; or &quot;failure to meet active efforts for ICWA children&quot; findings by the courts, which would impact federal funding for the program.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>38</td>
<td>I-DO</td>
<td>Reduce Brokerage and CDDP Equity by additional 2% (91% equity)</td>
<td>$ (1,467,900)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>(2,057,631)</td>
<td>(3,525,531)</td>
<td>Effective 10/1/15 Reduces the operating funding to CDDPI and Brokerages by another 2%– Overall reduction of 4%.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>39</td>
<td>APO</td>
<td>Eliminate Oregon Project Independence - minus MDE amount - by remaining 50%</td>
<td>$ (7,702,987)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>(2,914,749)</td>
<td>(10,617,736)</td>
<td>This is a DHSF related program. This will have an adverse affect on the Oregon Health Authority Budget. OPI is a state funded program offering in home services and related supports to individuals 60 years of age and older or people who have been diagnosed with Alzheimer's or a related dementia disorder. OPI represents a critical element in Oregon's strategy to prevent or delay individuals from unnecessarily leaving their own homes to receive services in more expensive facility based settings, or depleting their personal assets sooner than necessary and accessing more expensive Medicaid health and long-term service benefits. Effective 7/1/2015.</td>
<td>7/1/2015</td>
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<tr>
<td>40</td>
<td>CW</td>
<td>Child Safety: Family Support Teams/Addiction Recovery Teams reduce by an additional 15%</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Safety to seventy percent of all child welfare cases involve parents with addiction issues. The ART program improves outcomes for children of addicted parents by giving parents and caseworkers access Alcohol &amp; Drug trained staff to assist parents in eliminating barriers to treatment, tracking parents whose attendance at treatment falters, and helping parents with return home plans by supporting parents in early recovery with these transitions. Reducing these services will mean more and longer foster care placements, higher re-arrest rates, a decline in parents entering treatment quickly, and an increase in the number of parents who struggle with sustaining their recovery. It will also increase caseworker workload, including A&amp;D referral, transport, tracking and case management, making it more difficult for caseworkers to meet other state and federal mandates. Longer stays in foster care will increase costs to the state and result in poorer outcomes for children.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>41</td>
<td>APD</td>
<td>Reduce Home Care Worker rates by a SECOND 3% with APD HCW -6% overall</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Under the 15-15 funding levels, In-Home services are funded without a scheduled increase during 15-17, without bargaining pot appropriation. This would result in a rate decrease to individuals making $13.75 per hour and may result in some Home Care Workers ceasing to provide these services.</td>
<td>1/1/2016</td>
</tr>
<tr>
<td>42</td>
<td>I-DD</td>
<td>Reduce PSW Wages by additional 3% - Align with APD HCW -6% overall</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This reduction proposes to reduce bargained PSW wages another 3%, overall reduction of 6%.</td>
<td>1/1/2016</td>
</tr>
<tr>
<td>43</td>
<td>APD</td>
<td>Eliminate ADRC Mental Health Funding</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This reduction would eliminate funding for community placement of individuals who are transitioning from the state hospitals or who have failed traditional APD placements because of violence, inappropriate behaviors or other complications from dementia and/or traumatic brain injury. Individuals would likely be served in nursing facilities or the Oregon State Hospital.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>44</td>
<td>CW</td>
<td>Child Safety: Further reduce Foster Care Prevention by an additional 15%</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reducing Foster Care Prevention funding reduces funding that is specifically designed to prevent children from entering foster care or allowing them to return home more quickly. This reduction would impact the ability of staff to keep children at home or to get them home more quickly. Reduction of FCP could cause an overutilization of other services or flexible funding sources like System of Care. This is likely to affect Oregon Tribes and members of minority groups who are already overrepresented as there will be fewer financial resources to assist children in remaining safely in their homes.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>45</td>
<td>I-DD</td>
<td>Reduce all non-bargained Provider Rates by another additional 3% - Employment excluded (Overall 9% Reduction)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Effective 10/1/15 Reduce all non-bargained provider rates by a another additional 3%. This would be an across the board reduction of rates for all DD service providers in the comprehensive system, for children and adults, excludes Employment First services.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>46</td>
<td>APD</td>
<td>Eliminate ADRC Options Counselors</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This reduction would eliminate funding for care coordination for individuals accessing long term services and supports (LTSS), both inside and outside the Medicaid system. Oregonians without Medicaid coverage would lose access to unbiased options counseling services.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>47</td>
<td>CW</td>
<td>Well Being: Eliminate remaining Client Transportation Program.</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Elimination of this budget will significantly impact direct services for children, negatively impact their education, and well being of child and family reunification. The actual elimination will likely push the department into Non-reasonable efforts findings by the judiciary and impact the ability to request federal funding for Title IV-E expenses in the substitute care area. The department will have a significant burden in meeting state and federal requirements regarding visitation of children and with families and for meeting a child’s educational needs.</td>
<td>7/1/2015</td>
</tr>
</tbody>
</table>
**Department of Human Services CSL Reduction List**

<table>
<thead>
<tr>
<th>Priority</th>
<th>DIVISION</th>
<th>Reduction Description</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>BUDGET- POS</th>
<th>BUDGET FTE</th>
<th>Impact of Reduction on Services and Outcomes</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>SS</td>
<td>TANF - Time Limit 36 Months - Additional savings over 48 month limit reduction</td>
<td>$ (20,569,548)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (20,569,548)</td>
<td>$ -</td>
<td>This action establishes a 36 month time limit for TANF receipt for the entire family unless a hardship exemption exists. The current Oregon time limit is 60 months and state statute allows for only the adults needs to be removed from TANF once the 60 month limitation has been reached and the family has no hardship exemption. Oregon's policy provides for the children in the home to continue to receive TANF. This action will require each family be reviewed at 36 months of TANF receipt to determine whether a hardship exemption exists. For families where no hardship exists the entire case would close. Some families may see an increase in SNAP benefits as cash benefits end. Ending TANF cash benefits for the entire family may result in family instability and homelessness. Families would have to rely on other community based safety net programs which have already experienced increased demand. An average of 5,784 families will be impacted during the 15-17 biennium in addition to those already accounted for in the 48 month time limit reduction. This action requires an amendment to ORS 412.079.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>49</td>
<td>APO</td>
<td>Reduce community based care rates by a SECOND 3% for ALFs, RCFS, AFHs, Home Delivered Meals, In-Home Agencies, Adult Day Services.</td>
<td>$ (6,800,000)</td>
<td>$ -</td>
<td>$ (14,900,000)</td>
<td>$ (21,700,000)</td>
<td>$ -</td>
<td>Further reduction of CBC rates effective 10/1/2015, which would represent actual reduction from current funding levels.</td>
<td>10/1/2015</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>CW</td>
<td>Well Being: Eliminate remaining Court Ordered Other Medical Program.</td>
<td>$ (3,501,316)</td>
<td>$ (16,456)</td>
<td>$ (695,477)</td>
<td>$ (4,213,349)</td>
<td>$ -</td>
<td>These dollars pay for medical expenses for parents that are not otherwise covered by insurance or the Oregon Health Plan. Most often the funds pay for psychological evaluations that help identify which services will be effective to address the issues that are preventing the parents from making progress and having their children return from foster care. This reduction will result in children remaining in foster care for longer periods of time.</td>
<td>7/1/2015</td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>I-DD</td>
<td>Reduce Brokerage and CCSP Equity by another additional 2% (89% equity)</td>
<td>$ (1,467,900)</td>
<td>$ -</td>
<td>$ (2,057,631)</td>
<td>$ (3,525,533)</td>
<td>$ -</td>
<td>Effective 10/1/15 reduces the operating funding to CCSP and Brokerages another 2%, overall reduction of 8%.</td>
<td>10/1/2015</td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>CW</td>
<td>Child Safety: Eliminate remaining Foster Care Prevention Program.</td>
<td>$ (541,565)</td>
<td>$ (60,799)</td>
<td>$ (1,979,924)</td>
<td>$ (2,582,288)</td>
<td>$ -</td>
<td>Reducing Foster Care Prevention funding reduces funding that is specifically designed to prevent children from entering foster care or allowing them to return home more quickly. This reduction would impact the ability of staff to keep children at home or to get them home more quickly. Reduction of FCP could cause an overutilization of other services or flexible funding sources like System of Care. This is likely to affect Oregon Tribes and members of minority groups who are already overrepresented as there will be fewer financial resources to assist children in remaining safely in their homes.</td>
<td>7/1/2015</td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>APO</td>
<td>Reduce Home Care Worker Rates by a THIRD 3%</td>
<td>$ (4,623,213)</td>
<td>$ -</td>
<td>$ (10,300,000)</td>
<td>$ (14,923,213)</td>
<td>$ -</td>
<td>Under the 15-17 funding levels, In-Home services are funded without a scheduled increase during 15-17, without bargaining pot appropriation. This would result in a rate decrease to individuals making $13.75 per hour and may result in some Home Care Workers ceasing to provide these services.</td>
<td>1/1/2016</td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>I-DD</td>
<td>Reduce PSW Wages by another additional 3% - Align with APD HCW - 9% overall</td>
<td>$ (2,639,150)</td>
<td>$ -</td>
<td>$ (5,482,988)</td>
<td>$ (8,122,139)</td>
<td>$ -</td>
<td>Effective 1/1/16 This reduction proposes to reduce bargain PSW wages another 3%, overall reduction of 9%.</td>
<td>1/1/2016</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>APO</td>
<td>Reduce nursing facility rate an additional amount to a total of 3%; which is the 52nd percentile</td>
<td>$ (7,518,000)</td>
<td>$ (1,482,000)</td>
<td>$ (15,700,000)</td>
<td>$ (24,700,000)</td>
<td>$ -</td>
<td>Nursing Facility rate setting methodology is set in statute. This would require a statute change reducing the rate setting percentile from 60th to 52nd percentile; or a 7/1/2015 basic rate from $308.31 to $300.49 per resident day.</td>
<td>7/1/2015</td>
<td></td>
</tr>
</tbody>
</table>
### Department of Human Services CSL Reduction List

#### DEPARTMENT OF HUMAN SERVICES

<table>
<thead>
<tr>
<th>Current Service Level Budget</th>
<th>10% GF Target</th>
<th>Impact of Reduction on Services and Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,680,046,541</td>
<td>268,004,654</td>
<td>2,507,765,803</td>
</tr>
<tr>
<td>521,233,837</td>
<td>52,123,384</td>
<td>750,776,580</td>
</tr>
<tr>
<td>4,306,485,425</td>
<td>430,648,543</td>
<td>7,730,763,40</td>
</tr>
</tbody>
</table>

#### Priority DIVISION Reduction Description GF OF FF TF BUDGET POS BUDGET FTE Effective Date

<table>
<thead>
<tr>
<th>Priority</th>
<th>DIVISION</th>
<th>Reduction Description</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>BUDGET POS</th>
<th>BUDGET FTE</th>
<th>Impact of Reduction on Services and Outcomes</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>56</td>
<td>CW</td>
<td>Child Safety: Eliminate Family Support Teams / Addiction Recovery Teams (ART) program, impacting services to approximately 13,400 families and 22,800 abused or neglected children.</td>
<td>$ (1,452,328)</td>
<td>$ (200,854)</td>
<td>$ (2,560,718)</td>
<td>$ (4,213,900)</td>
<td>-</td>
<td>-</td>
<td>Only to seventy percent of all child welfare cases involve parents with addiction issues. The ART program improves outcomes for children of addicted parents by giving parents and caseworkers access Alcohol &amp; Drug trained staff to assist parents in eliminating barriers to treatment, tracking parents who are at treatment facilities, and helping parents with return home plans by supporting parents in early recovery with these transitions. This reduction would eliminate the entire ART program. Elimination of these services will mean more and longer foster care placements, higher re-abuse rates, a decline in parents entering treatment quickly, and an increase in the number of parents who struggle with sustaining their recovery. It will also increase caseworker workload, including A&amp;D referral, transport, tracking and case management, making it more difficult for caseworkers to meet other state and federal mandates. Longer stays in foster care will increase costs to the state and result in poorer outcomes for children.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>57</td>
<td>I-DD</td>
<td>Reduce Brokerage and CDDP Equity by another additional 5% -total reduction of 11% (84% equity)</td>
<td>$ (3,669,750)</td>
<td>-</td>
<td>$ (5,144,078)</td>
<td>$ (8,813,828)</td>
<td>-</td>
<td>-</td>
<td>Effective 10/1/15 Reduces the operating funding to CDDPs and Brokerages another 5%, overall reduction of 11% (84% equity)</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>58</td>
<td>APD</td>
<td>Reduce community based care rates by a THIRD 3% for ALFs, RCFs, AFHs, Home Delivered Meals, in-Home Agencies, Adult Day Services.</td>
<td>$ (6,600,000)</td>
<td>-</td>
<td>$ (14,470,000)</td>
<td>$ (21,070,000)</td>
<td>-</td>
<td>-</td>
<td>Further reduction of CBC rates effective 10/1/2015, which would represent actual reduction from current funding levels.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>59</td>
<td>CW</td>
<td>Child Safety: Reduce Strengthening, Preserving, &amp; Reunifying Families (SPRF) budget by 15%.</td>
<td>$ (1,771,931)</td>
<td>-</td>
<td>$ (2,653,665)</td>
<td>$ (4,425,596)</td>
<td>-</td>
<td>-</td>
<td>Strengthening, Preserving and Reunifying Families programs provide a broad array of services that are designed to allow children to remain safely with their parents while the issues that are challenging the family are addressed, to keep children and parents connected when children must enter foster care, and to facilitate a quicker return to parental custody. A reduction in these services will impact the Department's ability to implement these programs in additional counties and will result in more children coming into care and staying longer periods of time.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>60</td>
<td>I-DD</td>
<td>Reduce all non-bargained Provider Rates by additional 8% -Employment excluded (17% overall reduction)</td>
<td>$ (16,428,584)</td>
<td>-</td>
<td>$ (36,596,409)</td>
<td>$ (53,024,993)</td>
<td>-</td>
<td>-</td>
<td>Effective 10/1/15 Reduce all non-bargained provider rates by an additional 8%. This would be an across the board reduction of rates for all DD service providers in the comprehensive system, for children and adults, excludes Employment First services. Overall reduction of 17%.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>61</td>
<td>CW</td>
<td>Child Safety: Reduce ISRS budget by 15%, eliminating in-home supports for approximately 390 abused children each year.</td>
<td>$ (1,107,718)</td>
<td>$ (28,257)</td>
<td>$ (2,258,869)</td>
<td>$ (3,394,844)</td>
<td>-</td>
<td>-</td>
<td>This reduction to contracted ISRS will impact child welfare's ability to: 1) safely keep children at home; 2) return children home in a timely manner; and 3) provide the family supports and services to ensure children aren't re-abused and don't re-enter the foster care system. This reduction is estimated to impact approximately 390 children each year who will now need to enter foster care rather than safely stay at home, or return home, to their parents. This reduction will impact the department's ability to meet Indian Child Welfare Act and other court-ordered requirements. In addition to increased costs in foster care, there will be an increase in costs to courts, defense attorneys, Citizen Review Boards, and others involved in the dependency system. Finally, contractors who provide these services will be impacted and may lay off staff.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>62</td>
<td>APD</td>
<td>Reduce nursing facility rate an additional amount to a total of 6%, which is the 44th percentile</td>
<td>$ (9,358,000)</td>
<td>$ (1,842,000)</td>
<td>$ (19,500,000)</td>
<td>$ (30,700,000)</td>
<td>-</td>
<td>-</td>
<td>Nursing Facility rate setting methodology is set in statute. This would require a change reducing the rate setting percentile from 52nd to 44th percentile; or a 7/1/2015 Basic rate from $300.49 to $291.20 per resident day.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>Priority</td>
<td>DIVISION</td>
<td>Reduction Description</td>
<td>GF</td>
<td>OF</td>
<td>FF</td>
<td>TF</td>
<td>BUDGET POS</td>
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<tr>
<td>63</td>
<td>CW</td>
<td>Child Safety: Eliminate System of Care (SOC). This eliminates the program fully and moves the SSBG federal revenues freed up due to the elimination of SOC to Personal Services in the Field to achieve GF savings.</td>
<td>$ (2,605,483)</td>
<td>$ (229,957)</td>
<td>$ (6,031,034)</td>
<td>$ (8,866,474)</td>
<td>-</td>
<td>-</td>
<td>Total elimination of the SOC budget would mean that Oregon’s child welfare system has no resources available to individually tailor services to meet the needs of children in foster care. Failure to provide these services will result in: more children coming into foster care, more children staying longer in care, more instability for children in care, failure to meet state and federal program mandates, loss of federal IV-E resources, federal penalties, and possibly other litigation against the state. Longer stays in foster care will increase costs to the state and result in poorer outcomes for children.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>64</td>
<td>APO</td>
<td>Reduce community based care rates by a FOURTH 3% for ALFs, RCFs, ARFs, Home Delivered Meals, In-Home Agencies, Adult Day Services.</td>
<td>$ (6,400,000)</td>
<td>$ -</td>
<td>$ (14,000,000)</td>
<td>$ (20,400,000)</td>
<td>-</td>
<td>-</td>
<td>Further reduction of CBC rates effective 10/1/2015, which would represent actual reduction from current funding levels.</td>
<td>10/1/2015</td>
</tr>
<tr>
<td>65</td>
<td>VR</td>
<td>Reduce Client Service by 5%</td>
<td>$ (1,066,643)</td>
<td>$ (119,524)</td>
<td>$ (4,382,692)</td>
<td>$ (5,568,859)</td>
<td>-</td>
<td>-</td>
<td>The proposed reduction would result in an additional 5% decrease in case services forcing the creation of a waitlist. Nearly 2,086 additional individuals would not get services including youth served under third party agreements with local school districts. This would jeopardize the match dollars that these agreements provide thus further reducing the program budget. Small specialized vendors who rely on the program for revenue would experience a sharp drop in income. Additionally this will impact the ability of the program to meet the required Maintenance of Effort resulting in a reduction in federal funds available, and resulting in the program reinstituting the Order of Selection. OVRS with out an investment above the Current Service level is at risk of reinstating the Order of Selection, and is at risk for failure to meet the level of services set forth in Executive Order 13-04 regarding employment for persons with Intellectual and Developmental Disabilities.</td>
<td>7/1/2015</td>
</tr>
<tr>
<td>66</td>
<td>Agency Wide</td>
<td>Forego Other Funds used for local match and/or Reduce DHS programs</td>
<td>$ (45,634,420)</td>
<td>$ -</td>
<td>$ (45,634,420)</td>
<td>$ (45,634,420)</td>
<td>-</td>
<td>-</td>
<td>DHIS is statutorily required to provide reduction options totaling 10% of CSL for each fund type. This reduction would be accomplished through a series of action including eliminating local match of federal funds and reductions to programs across DHIS that are funded by Other Funds. This is not specific as it will depend on which Other Fund funding sources would be reduced as to the exact reduction. Loss of local match would reduce local provider programs who have expenditures that are legally matched with federal funds. This assumes there is no General Fund backfill available.</td>
<td></td>
</tr>
<tr>
<td>67</td>
<td>Agency Wide</td>
<td>Forego Federal Funds and Reduce DHS programs</td>
<td>$ (100,848,174)</td>
<td>$ -</td>
<td>$ (100,848,174)</td>
<td>$ (100,848,174)</td>
<td>-</td>
<td>-</td>
<td>DHIS is statutorily required to provide reduction options totaling 10% of CSL for each fund type. This reduction would be accomplished through a series of program reductions depending on which federal funding sources are being reduced. This is a real possibility based on the current federal sequestration rules. However, this action is not specific as it will depend on which Federal funding sources would be reduced as to the program needing reduction. This reduction assumes there is no general fund backfill for these reductions.</td>
<td></td>
</tr>
</tbody>
</table>

10 % Sub Total | $ (268,522,723) | $ (53,123,384) | $ (430,648,543) | $ (1,007,765,803) | - | - |
10% Reduction Target | $ (268,004,664) | $ (53,123,384) | $ (430,648,543) | $ (750,776,580) | - | - |
Difference | $ (517,578) | $ (0) | $ (0) | $ (517,578) | - | - |
DEPARTMENT OF HUMAN SERVICES
2013-15 Legislatively Approved Budget
Budget Structure

Department of Human Services
7,631 Pos / 7,477.62 FTE

- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
  954 Pos / 969-12 FTE
- VR Basic Rehabilitative Services
  234 Pos / 229.08 FTE
- Self Sufficiency
  2,001 Pos / 1981.99 FTE
- Aging and People with Disabilities
  1,165 Pos / 1,149.02 FTE
- Child Welfare
  2,481 Pos / 2,402.82 FTE
- Intellectual & Developmental Disabilities
  761 Pos / 745.59 FTE
DEPARTMENT OF HUMAN SERVICES
2015-17 Agency Request Budget
Budget Structure

Department of Human Services
7,856 Pos / 7,737.56 FTE

- Child Welfare
  2,592 Pos / 2,533.49 FTE

- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
  1,037 Pos / 1,004.59 FTE

- VR Basic Rehabilitative Services
  255 Pos / 251.04 FTE

- Self Sufficiency
  2,018 Pos / 2,008.97 FTE

- Aging and People with Disabilities
  1,180 Pos / 1,169.58 FTE

- Intellectual & Developmental Disabilities
  774 Pos / 769.89 FTE
Department of Human Services
Agency Request Budget
Revenue Narrative

Forecast methods and assumptions

Revenues for the Oregon Department of Human Services comes from funding sources classified as the state General Fund, Other Funds and Federal Funds. Three major methodologies are used to project revenues for the department:

- The category of expenditures based on estimated Average Daily Populations (ADP) and Cost per Case (CPC) is primarily used for federal entitlement grants.
- Grant cycles and where they fall within the biennium are considered for block grants. Assumptions based on the results of prior grant averaging and the anticipated effect of the federal budget process both are used to project the amount of funds that will be received.
- The historical receipt trends method is used for Other Funds sources such as collections of overpayments and fees unless the agency has additional information, such as anticipated special projects that would increase revenue or a temporary need for additional staff that will change the projections for a specific time period.

DHS projects revenue based on assumptions that take into account:

- Essential packages that adjust the existing base budget to the 2015-17 ARB modified current service level (MCSL) for all legislatively approved programs. Essential packages include phasing program changes in or out, one-time costs, Department of Administrative Services inflation factor, mandated caseload changes, and any needed fund shifts;
- Applicable federal funding limits and requirements, including the availability of state funds to meet matching or maintenance of effort (MOE) requirements;
- Changes in federal policies that affect federal revenue available to DHS programs;
- Expected non-mandated program caseload changes; and
Recent changes in state or federal statutes and regulations that affect the availability or timing of revenue receipts.

**Significant known federal revenue changes or risk factors**
The possibility of sequestration being implemented at the federal level could cause a significant impact in federal funding for programs related to Child Welfare, Self Sufficiency and Vocational Rehabilitation. The impact could be up to $8.9M dollars for the biennium. The grants that are impacted by sequestration are called out in the narrative that follows.

**Self Sufficiency Program**
**Temporary Assistance for Needy Families (TANF)**
Changes to the calculation formula for the caseload reduction credit resulted in the Self Sufficiency Program (SS) not receiving as much credit as the program realized in the past. This reduction was due mainly to a shift in the baseline data being used, with the baseline moving forward to federal fiscal year 2005. Instead of comparing current caseload to older caseloads that were much higher, the comparison is to a caseload that reflects the agency’s efforts to significantly reduce caseload.

Additionally, if the agency does not meet the federal requirements for monitoring clients’ work, a penalty causes the maintenance of effort requirement to increase an additional 5 percent of the base. This means that rather than the maintenance of effort being set at 75 percent of the base year, it is set at 80 percent of the base year.

**Child Care and Development Fund (CCDF)**
The Deficit Reduction Act (DRA) reauthorized CCDF for five years and increased appropriations requiring additional state matching funds. SS estimates overall demand for child care subsidies will increase due to the added TANF work requirements.

**Targeted case management (TCM)**
The DRA contains a more stringent definition for TCM services, while third-party liability language has been
changed to reflect that any legally responsible entity can be considered a third-party resource payer before Medicaid pays. Any program that currently uses Medicaid and has another funding source may be at risk for Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, including resources available through SS programs.

**Child Welfare**

**Eligibility for Title IV-E adoption assistance**

Beginning with FFY 2010, the eligibility criteria for certain children for IV-E adoption assistance has been modified and more children are eligible for assistance. These changes are being phased in to cover all children by FFY 2018.

**Targeted case management (TCM)**

Oregon’s child welfare system effectively utilizes Medicaid through TCM. The DRA contains a more stringent definition of TCM services, while third-party liability language is changed to reflect that any legally responsible entity can be considered a third-party resource payer before Medicaid pays. Any program that currently uses Medicaid and has another funding source may be at risk for Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, including resources available through child welfare programs.

**Title IV-B child welfare services**

In FFY 2008, a new requirement was added to states’ Title IV-B reporting. By FFY 2012 states must be achieving 90 percent performance in caseworkers visiting children in foster care on a monthly basis. States submitted targets for performance for each year up to FFY 2012 showing how they intended to improve performance from their base year up to the 90 percent mark. Failure to meet these targets results in a penalty in the form of an increase in state match requirement for their IV-B CWS grant. Oregon failed to meet its target for FFY 2009, which will cause a 1 percent increase (from 25 percent to 26 percent) in the state match required for the FFY 2010 grant. Oregon continued to fall below the required 90 percent mark in FFY 2011 resulting in the state match rate for the FFY 2012
grant going from 26 percent to 30 percent.

**Aging and People with Disabilities (APD) and Intellectual & Developmental Disabilities (IDD)**

**Targeted case management (TCM)**
The DRA provides a more stringent definition of TCM services. Any program that currently uses Medicaid and has another funding source may be at risk of Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, which could include intellectual and developmentally disabled programs (IDD). Before DHS would be required to stop providing TCM services, viable third-party providers would need to be found to provide or pay for equivalent case management services.

**Long-term care reform**
The DRA increased the look-back period (the period during which the disposition of assets is reviewed to determine eligibility for services) from three to five years. This change in long-term care asset determinations is a greater administrative burden because staff are required to review more client documents; additionally the change increases technical assistance and training requirements.

**K-Plan and Plan of Care**
APD and IDD implemented the K Plan and the Plan of Care in Biennium 13-15. The K Plan is a Medicaid state plan option that allows Oregon to provide home and community-based services and supports while receiving a six percent increase in federal medical assistance funds for those services. Plan of Care in the IDD program will replace the need for General Fund allotments to County Developmental Disability Programs and Brokerages allowing all providers to bill on a fee for service basis.

**Major funding sources**
The following section identifies the major funding sources for DHS. All references to a grant “Title” are references to the originating statute in the federal Social Security Act.
Federal Funds

Chafee Foster Care Independence grants (Title IV-E)
The Chafee Foster Care Independent Living program was established to assist youth likely to remain in foster care until 18 years of age and children who “age out” of foster care but have not yet turned 21. The program is designed to help eligible youth make the transition from foster care to independent living. This program also includes the Education and Training Vouchers program.

The Chafee Foster Care Independent Living program is funded with a formula grant based on the number of children in the state in foster care.

This program is funded by two grants. The Chafee Education and Training Vouchers Grant is one that may be impacted by sequestration resulting in a possible $0.3M decrease in Federal Funds for 2015-17.

This grant currently funds DHS Well Being programs. The projection of revenue is based on grant cycle. These grants require a 20 percent state match.

- Revenue budgeted in 2013-15 LAB is $8.1million.
- Revenue budgeted in 2015-17 ARB is $8.1 million.

Child Abuse Prevention and Treatment Act grant
The Child Abuse Prevention and Treatment Act grant (CAPTA) provides funding to help states improve their child protective service system. The funding is administered by the US Department of Health and Human Services, Administration for Children, Youth and Families. Federal legislation authorizes an annual award of funds to states that submit plans designed to improve their child welfare service system every five years and meet certain other eligibility requirements. The amount of CAPTA funding varies from year to year and has no matching requirement. Funding is provided to the state for use on a statewide basis. A portion of the budget is set aside to support three federally mandated CAPTA panels meant to provide citizen review of and recommendations for improvements to the state’s child welfare system.
This grant currently funds DHS Child Welfare programs. The projection of revenue is based on grant cycle. This grant will potentially be impacted by sequestration resulting in a possible $0.08M decrease in funding for 2015-17 ARB.

- Revenue budgeted in 2013-15 LAB is $0.6 million.
- Revenue budgeted in 2015-17 ARB is $0.6 million.

Child welfare services (CWS) block grants (Title IV-B)
Title IV-B consists of two formula grants. The first is the basic child welfare services grant. It may be used for many services including homemaker, protective and reunification services, and on a limited basis for foster care, adoptions and day care. The amount of federal funding allotted to the state for this grant is based on the state’s population of children and state per capita income. IV-B subpart one requires a 26 percent state match.

The second part of Title IV-B is the Promoting Safe and Stable Families grant. The focus of the grant is on family preservation, family support services, reunification, and adoption promotion and support. The amount of federal funding allotted to the state is based on the number of children in the state receiving Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). Match for IV-B sub-part two is a 25 percent state match.

These grants currently fund DHS Child Welfare programs. The projection of revenue is based on the Federal Fiscal Year (FFY) grant cycle, and show a decrease from the previous biennium as a result of decreased carry forward from the prior phase. These two grants are subject to sequestration which could result in a federal funding decrease of possibly $1.2 M for 2015-17.

- Revenue budgeted in 2013-15 LAB is $13.2 million.
- Revenue budgeted in 2015-17 ARB is $17.0 million.
Developmentally Disabled Service Act (DDSA)
Congress sets a national allocation determining the amount of annual funding for this grant, which is administered by the Developmental Disabilities (DD) Council in partnership with DHS. Program expenditures are limited to programs for clients with developmental disabilities and are guided by a state plan submitted to the federal government. There is a 5 percent limit on administrative expenditures except for expenditures by the DD Council.

This grant currently funds DHS Intellectual & Developmental Disabilities programs. The projection of revenue is expenditures-based using estimated Average Daily Populations (ADP) and Cost per Case (CPC). Federal law requires a state or local match, most of which can be in-kind.

- Revenue budgeted in 2013-15 LAB is $4.1 million.
- Revenue budgeted in 2015-17 ARB is $4.1 million.

Oregon Disability Determination Services (DDS)
Oregon Disability Determination Services (DDS) provides timely and accurate eligibility determinations for Oregon citizens applying for Social Security disability benefits. Although the disability program, as part of the Social Security Administration (SSA), is administered by the federal government, state agencies make the initial medical determination of disability. The Oregon DDS currently has more than 200 staff and is 100 percent federally funded.

- Revenue budgeted in 2013-15 LAB is $56.0 million.
- Revenue budgeted in 2015-17 ARB is $56.0 million.

Family Violence Prevention grant
The Family Violence grant is a discretionary grant that supports states in the establishment, maintenance and expansion of programs and projects to prevent incidents of family violence as well as programs that provide immediate shelter and related assistance for victims of family violence and their dependents. This grant is used in support of the Domestic Violence program.
This grant currently funds DHS Child Welfare programs. The projection of revenue is based on grant cycle. The grant is 100 percent federal funds and could be impacted by sequestration resulting in a decrease in federal funding of possibly $0.4M for 2015-17 ARB.

- Revenue budgeted in 2013-15 LAB is $3.0 million.
- Revenue budgeted in 2015-17 ARB is $2.5 million.

**Supplemental Nutrition Assistance Program (SNAP)**

The SNAP program provides children and low-income people access to food, a healthy diet and nutrition education. The program is 100 percent federally funded by the Department of Agriculture Food and Nutrition Service (FNS). SNAP benefits are distributed by DHS in the form of an Electronic Benefits Transfer (EBT) card, known as the Oregon Trail Card. The cashout program provides SNAP benefits to selected elderly clients in four counties using a direct cash payment. These benefits are also 100 percent federally funded.

The SNAP employment and training program provides some reimbursement to families and individuals participating in educational activities and finding employment. The program is 100 percent federally funded up to the state's specified cap. Expenditures above the cap are funded with 50 percent state funds and 50 percent federal funds.

FNS funds 50 percent of the state’s administrative costs for operating the SNAP EBT program, the cashout program and the employment and training program. States may receive enhanced funding for up to 60 percent of their administrative costs if their SNAP error rate is below the national average.

This grant currently funds programs in DHS Self Sufficiency and Aging and People with Disabilities. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC).

- Revenue budgeted in 2013-15 LAB is $2.5 billion.
- Revenue budgeted in 2015-17 ARB is $2.3 billion.
Foster care and adoption services (Title IV-E)
The foster care and adoption assistance program is an entitlement program funded under the Social Security Act, Title IV-E. Children taken into custody due to imminent risk of harm because of abuse and neglect are provided foster care placement and medical care through grant funding. Title IV-E eligibility is based on a number of factors including the income of the child and the family. Title IV-E-eligible children are also categorically eligible for Medicaid.

Federal financial participation is available at the Medicaid FMAP rate for program costs (average biennium FMAP for 2015-17 ARB is 63.39 percent), and at the rate of 50 percent for administrative expenditures necessary for the proper and efficient administration of the Title IV-E state plan. The state's cost allocation plan identifies which administrative costs are allocated and claimed under this program. Federal financial participation also is available at the rate of 75 percent for the costs of:

- Training personnel employed or preparing for employment by the state or local agency administering the plan; and;
- Providing short-term training to current or prospective foster or adoptive parents and the members of the state licensed or approved child care institutions providing care to foster and adopted children receiving Title IV-E assistance.

All training activities and costs funded under Title IV-E must be included in the state agency’s training plan that is part of the Child Welfare services plan.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC). The increase in expected revenue is based on the case load forecast showing an increase in cases.

- Revenue budgeted in 2013-15 LAB is $238.2 million.
- Revenue budgeted in 2015-17 ARB is $253.7 million.
Medicaid (Title XIX)
Medicaid provides reimbursement to states for medical care and related services to low income and other medically needy individuals. This includes financing for:

- Health care services provided under the Oregon Health Plan;
- Private insurance premium;
- Long-term care in institutional and community-based care settings;
- Some client care provided in state hospitals;
- Residential treatment services to adults and youth;
- Central administration of alcohol and drug programs;
- Medical and non-medical transportation for Medicaid eligible individuals;
- Family planning services for individuals not enrolled in the Oregon Health Plan; and
- Uncompensated care provided by hospitals serving a high proportion of Medicaid and uninsured individuals.

State General Funds or Other Funds must be used to match federal Medicaid dollars for administration and direct service payments. The administration match rate is primarily 50 percent. A 75 percent federal fund match is available for skilled professional medical personnel, certification of nursing facilities, and related information systems activities, including the Medicaid Management Information System (MMIS) computer system support and Preadmission Screening and Resident Review (PASRR) activities. The current average federal Title XIX match rate for service payments to providers for the 2013-15 biennium is 63.4 percent and 63.39 percent for 2015-17. The cost of services and supplies for Family Planning is matched at 90 percent. The Breast and Cervical Cancer (Treatment) program which is an optional Medicaid program receives the CHIP Title XXI match rate of 74.38 percent in both the 2013-15 and 2015-17 biennia.

Most services in Oregon are provided through seven Medicaid programs that require waivers of federal requirements. The Oregon Health Plan is the largest of these waiver programs. DHS must obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) to make changes to its Medicaid program whether the changes are Medicaid state plan services or waiver services. This approval process can be lengthy, sometimes
affecting the timing of program changes and the receipt of associated federal revenues.

Medicaid currently funds services in all DHS programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC) for Administrative charges, use of time and effort and other measures.

- Revenue budgeted in 2013-15 LAB is $2.65 billion.
- Revenue budgeted in 2015-17 ARB is $2.65 billion.

**Medicaid XIX Local Match**
The Intellectual & Developmental Disabilities (IDD) program matches Medicaid Title XIX funds with funds or services from transit districts, community developmental disability programs and others for providing enhanced non-medical transportation and administrative costs.

- Revenue budgeted in 2013-15 LAB is $12.2 million.
- Revenue budgeted in 2015-17 ARB is $12.7 million.

**Older Americans Act**
Funds are allocated to Oregon annually through the Older Americans Act. The Aging and People with Disabilities (APD) program allocates program funds by a federally approved population formula to the 17 area agencies on aging. Emphasis is placed on serving the most economically and socially needy persons 60 years of age and older. There is a 15 percent match requirement of which 10% is met by area agencies on aging and 5% from state sources through local funds, in-kind and Oregon Project Independence (OPI) allocations.

- State administration funds provide for state plan administration. There is a 25 percent match requirement met with OPI funds.
- Title III funds provide for support services such as transportation, legal assistance, in-home care, and
congregate and home-delivered meals programs. The act allows for provision of in-home services for frail individuals to prevent premature institutionalization and preventive health services for elderly clients in rural areas. Title III also provides funding for family caregiver support and training and services to prevent abuse of the elderly. The match requirement ranges from 15 to 25 percent depending on whether the funds are paying for administration or program expenditures.

- Title V programs subsidize part-time paid community service work for low-income persons, aged 55 and over and job training skill. There is a 10 percent match requirement, which is met by the program operators.
- Title VII funding provides support for the long-term care ombudsman and prevention of elder abuse, neglect and exploitation. No match is required for Title VII.
- The Nutrition Services Incentive Program grant (NSIP) supplements Title III-C local funds to provide nutrition services to eligible Older Americans Act participants. Funds are 100 percent federal. No match is required.

This grant currently funds APD programs. The projection of revenue is based on actual and projected federal awards. These grants are subject to sequestration resulting in a potential reduction of $.74M for 2015-17.

- Revenue budgeted in 2013-15 LAB is $31.3 million.
- Revenue budgeted in 2015-17 ARB is $31.3 million.

Nutrition Services Incentive Program (NSIP)
The Nutrition Services Incentive Program grant (NSIP) supplements Title III-C and local funds to provide nutrition services to eligible Older Americans Act participants. Funds are 100 percent federal. No match is required.

This grant currently funds APD programs through Area Agencies on Aging. Projection is based on history of fund awards from the U.S. Administration on Aging.

- Revenue budgeted in 2013-15 LAB is $3.5 million.
- Revenue budgeted in 2015-17 ARB is $3.5 million.
Oregon Project Independence
Oregon Project Independence (OPI) is a state-funded program offering in-home services and related supports to individuals 60 years of age and older or to people who have been diagnosed with Alzheimer’s or a related dementia disorder.

OPI is administered locally by area agencies on aging throughout the state. Client eligibility is determined based upon an assessment of functional ability and natural supports related to activities of daily living. The OPI program has no financial asset limitations. A sliding fee scale is applied to clients with net monthly income between 100 and 200 percent of the federal poverty level (FPL) to pay toward the cost of service. A small minority with income above 200 percent of the FPL pay the full rate for services provided. They generally do so because they need the case management, ongoing support and monitoring that are provided in addition to the actual purchased services.

The OPI program historically has been funded by General Fund and for a short time by excess revenue in the Senior and Disabled Property Tax Deferral Revolving Account. However, due to sharply declining revenue, funds are no longer available from the Department of Revenue property tax deferral account for transfer to the OPI fund. Aging and People with Disabilities received legislatively appropriated General Funds for the purpose of continuing OPI.

- Revenue budgeted in 2013-15 LAB is $9.6 million.
- Revenue budgeted in 2015-17 ARB is $9.6 million.

Quality of Care Fund
During the 2009 Legislative Session, HB 2442 required the establishment of the Quality of Care Fund and increases in fee schedules for adult foster homes, residential care and assisted living facilities, as well as increases in state civil penalties. Revenue collected from APD and IDD licensing fees and civil penalties are dedicated to promoting quality of care and life in long-term care settings, including enhancement and maintenance of long-term care facility licensing and regulatory activities and additional training and technical assistance for facilities.
Refugee resettlement
The refugee resettlement program provides time-limited cash and medical assistance as well as social services to refugees entering the country. The refugee resettlement program and administration expenditures are 100 percent federal funds, as defined by the Immigration and Nationality Act of 1980.

These grants will potentially be reduced as a result of sequestration resulting in a possible reduction of $0.4M in 2015-17 ARB.

- Revenue budgeted in 2013-15 LAB is $8.5 million.
- Revenue budgeted in 2015-17 ARB is $8.5 million.

Rehabilitation Act grants (US Department of Education)
The Rehabilitation Act grants are the major funding source for programs provided through Vocational Rehabilitation Services. Rehabilitation Act grants currently fund DHS VR – Basic Rehabilitative Services programs. The projection of revenue is based on grant cycle.

Section 110 (Basic 110 Grant)
Basic 110 Grant, which is available to assist people with disabilities in becoming employed, is a formula grant based on the state's population and per capita income. The funds available to Oregon are divided between Vocational Rehabilitation (87.5 percent) and the Commission for the Blind (12.5 percent). These federal funds must be matched with state funds. This grant is subject to sequestration resulting in a possible revenue reduction of $3.8M for 2015-17.

- Revenue budgeted in 2013-15 LAB is $69.1 million.
- Revenue budgeted in 2015-17 ARB is $75.2 million.
Section 633 (Title VI-C grant for supported employment)
This grant assists the state in developing programs with public and private agencies for training and services leading to supported employment for individuals with severe disabilities. The grant is 100 percent federal funds and does not require state match, however it is scheduled to roll into the Basic Rehabilitation Grant amount.

- Revenue budgeted in 2013-15 LAB is $0.5 million.
- Revenue budgeted in 2015-17 ARB is $0.5 million.

Section 711 (independent living rehabilitation, Part B)
Independent living rehabilitation funds support the state Independent Living Council and Independent Living Centers. This grant is subject to sequestration resulting in a possible revenue reduction of $.08M.

- Revenue budgeted in 2013-15 LAB is $.6 million.
- Revenue budgeted in 2015-17 ARB is $.6 million.

Assistive technology
The Assistive Technology Act of 1998 supports state efforts to improve the provision of assistive technology (AT). Grant funds allow implementation of programs designed to meet the AT needs of individuals with disabilities, including plans that improve access to and acquisition of AT devices and services for individuals with disabilities.

This grant is a revenue source of the Oregon Disabilities Council, which was transferred to Vocational Rehabilitation (VR) within the VR – Basic Rehabilitative Services program in the 2007-09 biennium. This grant is subject to sequestration resulting in a possible revenue reduction of $0.1M.

- Revenue budgeted in 2013-15 LAB is $0.8 million.
- Revenue budgeted in 2015-17 ARB is $0.8 million.
Social Services Block Grant (SSBG, Title XX)
The Social Services Block Grant (SSBG) is one of the most flexible grants provided by the U.S. Department of Health and Human Services. The objective of SSBG is to provide the social services that best meet the needs of individuals residing in the state. Oregon uses SSBG to fund varied programs, including employment-related day care, crisis nurseries, supportive remedial day care and the social service components of residential treatment programs. SSBG has no matching or maintenance of effort requirements. This grant is potentially impacted by sequestration which could possibly result in a $1.8M reduction to the funding level for 2015-17.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on the grant cycle.

- Revenue budgeted in 2013-15 LAB is $42.4 million.
- Revenue budgeted in 2015-17 ARB is $34.7 million.

Children’s Health Insurance Program (Title XXI)
The Children’s Health Insurance Program (CHIP) provides federal matching funds for medical care of children through age 18 who do not have insurance but whose parents earn too much for traditional Medicaid. These services are covered through the OHP. CHIP also supports private insurance premium assistance through the Office of Private Health Partnerships (OPHP).

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC).

- Revenue budgeted in 2013-15 LAB is $10.4 million.
- Revenue budgeted in 2015-17 ARB is $ 7.8 million.

Temporary Assistance for Needy Families (TANF, Title IV-A)
Under the Personal Responsibility and Work Act of 1996 (PRWOA), Oregon is eligible to receive an annual Temporary Assistance for Needy Families (TANF) federal block grant. In order to qualify for this grant, the state
must expend a minimum of state and local revenues on TANF-related services to meet federal maintenance of effort requirements (MOE).

Some of these state and federal revenues fund Temporary Assistance to Needy Families (TANF)-eligible services. In Oregon, these services are cash assistance for single and two-parent families, domestic violence emergency assistance, and employment and training (JOBS) services. DHS and other agencies also use TANF revenue to fund related programs such as foster care, prevention services, alcohol and drug treatment services, transportation, and housing assistance for homeless persons. Administrative and direct service costs can also be reimbursed using TANF revenues. Administrative costs are limited to no more than 15 percent of total TANF expenditures with certain limited exceptions.

The block grant concept, under which TANF operates, places restraints on service delivery. Federal funds are capped, which means no federal revenue is available for increasing program costs. This limitation on revenue requires Oregon to essentially self-fund any program increases.

This grant currently funds programs in DHS Self Sufficiency. The projection of revenue is based on the grant cycle.

- Revenue budgeted in 2013-15 LAB is $381.9 million.
- Revenue budgeted in 2015-17 ARB is $333.6 million.

Money Follows the Person grant
First authorized under the Deficit Reduction Act of 2005, the federal Money Follows the Person (MFP) rebalancing demonstration program provides assistance to states to balance their long-term care systems and help Medicaid enrollees’ transition from institutions to the community. The MFP demonstration program is designed to help states shift Medicaid’s long-term care spending from institutional care to home- and community-based services (HCBS). Congress initially authorized up to $1.75 billion in federal funds through fiscal year 2011. States were intended to use the funds to increase the use of HCBS and reduce institutionally based services; eliminate
barriers and mechanisms in state law, state Medicaid plans, or state budgets that prevent or restrict the flexible use of Medicaid funds; strengthen the ability of Medicaid programs to assure continued provision of HCBS to individuals who transition from institutions; and ensure that procedures are in place to provide quality assurance and continuous quality improvement of HCBS. The Affordable Care Act extended the MFP Program through the 2016 FFY and appropriated an additional $2.25 billion in federal funds to the program.

Other Funds

Care of state wards
Trust recoveries are Other Funds collected from Social Security Administration (SSA), Social Security Insurance (SSI) and child support payments and used to reimburse the state for the maintenance cost of children in care. Trust recoveries come from collection of SSI disability payments (24 percent), child support payments (53 percent) and SSA death and survivor benefits (23 percent). Trust recoveries are used in place of General Funds to match Title XIX federal funds for the long-term care program.

Trust recoveries currently fund Child Welfare (CW) and Intellectual & Developmental Disabilities (IDD) programs. The projection of revenue is based on caseload trends and historical receipt trends. Revenues are projected to decline due to reduced receipts.

- Revenue budgeted in 2013-15 LAB is $12.8 million.
- Revenue budgeted in 2015-17 ARB is $12.8 million.

Collection of overpayment
Overpayment recoveries are recovered program dollars incorrectly paid to or for clients through client error or fraud. Recovery may be made in any of several program areas including food stamps, child care, public assistance cash and public assistance grant reductions. The projection for these revenues are developed using past performance, inflation and changes in caseloads and regulations as indicators of future trends. Public assistance recoveries are applied against program expenditures during the month of the recovery. Food stamp and child care
overpayment recoveries are budgeted as Other Funds.

Currently these funds support programs in the CW and APD programs. The projection of revenue is based on historic receipt trends.

- Revenue budgeted in 2013-15 LAB is $18.1 million.
- Revenue budgeted in 2015-17 ARB is $18.1 million.

Client account collections estate recoveries
Other Funds are collected from the estates of clients to reimburse previous cost of care. Collections are used to reimburse cost and offset both the Title XIX program cost and General Fund costs.

Currently funds APD programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC). Revenues are projected to increase as a result of increased receipts.

- Revenue budgeted in 2013-15 LAB is $21.1 million.
- Revenue budgeted in 2015-17 ARB is $21.1 million.

Domestic violence receipts
Enacted in 1981, marriage license fees are dedicated to fund the domestic violence program. The marriage license fee is currently $25. Legislation directed that the unitary tax and the criminal fines and assessments account provide additional funding for this program. Expenditures are limited to the amount of revenue actually received.

Domestic violence receipts currently fund programs in the Self Sufficiency (SS) programs. The projection of revenue is based on historical receipt trends for marriage license fees and Department of Revenue projections for criminal fines and assessments accounts.
- Revenue budgeted in 2013-15 LAB is $1.2 million.
- Revenue budgeted in 2015-17 ARB is $1.2 million.

Fees and premiums
The CW programs collects fees for adoption home study and registry, sexual abuse therapy fees, and fees for fingerprinting under ORS 409.015. Specific fee amounts are:

- Independent Adoption Placement Reports cost $675; $550 passes through to private agencies.
- The fee for registration with the mutual consent registry is $25. This registry allows individuals who have been a party to adoption access to other party information where both parties have registered and consented to disclosure.
- The non-identifying registry allows registrants to provide genetic, social and health history only for use in the adoption registry. The cost for this registry is $45.
- The cost of an adoption assisted search is $400 for the first search request and $200 for subsequent search requests. This allows individuals to request the agency’s assistance in locating biological family members.

For the OHP Standard program, persons age 19 and over in the adults, couples and families eligibility categories are charged a premium on a sliding scale, based on income. Those in the zero to 10 percent of the federal poverty level do not pay premiums while persons with incomes in the 10 to 100 percent FPL pay premiums that range from $9 to $20 per family per month. These fees currently fund CW programs. The projection of revenue is based on historical receipt trends.

Local school funding for rehabilitation services
Other Funds from local schools are used as the 21.3 percent state match needed for the Basic 110 Grant for rehabilitation services which is funded with 78.7 percent federal funds. The Youth Transition Project (YTP) is a collaborative program with school districts that assists youth with disabilities in their transition from school to the community work force.
The projection of revenue is capped based on agreements with schools.

- Revenue budgeted in 2013-15 LAB is $1.9 million.
- Revenue budgeted in 2015-17 ARB is $1.9 million.

Provider tax
During the 2003 Oregon legislative session, HB 2747 was passed imposing taxes on four types of businesses that provide health services to many of Oregon’s Medicaid clients including long-term care facilities (nursing homes) and Programs of All-Inclusive Care for the Elderly (PACE). DHS was given oversight of the taxes. The long-term care facilities tax increases nursing facility rates and improves the financial stability of the nursing home industry. Effective Sept. 30, 2009, the hospital tax and the Medicaid MCO tax ended. In HB 2116, the Oregon Legislature re-established the hospital tax and instituted a new health insurer’s tax to support the OHP. The insurer’s tax is 1 percent of health premiums. HB 2116 specifies that certain Medicaid MCO types are subject to the insurer’s tax.

Long-term care facilities tax
The current tax rate is set to collect up to 6 percent of resident service revenues of non-exempt long-term care facilities. Revenue projections are based on previous years’ cost reports, current year tax reports, and a growth factor. At present, the agency collects approximately $15 million per quarter in Other Funds through this tax. The federal match is approximately $26 million per quarter. Provider tax dollars are used to offset general fund expenditures for nursing facility services. The provider tax will sunset in June 2021.

- Revenue budgeted in 2013-15 LAB is $109.2 million.
- Revenue budgeted in 2015-17 ARB is $109.2 million.
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<td>Beginning Balance Adjustment</td>
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<td>OF</td>
<td>(14,257,526)</td>
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<td>OF</td>
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<td>OF</td>
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<td>OF</td>
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<td>2013-15 Legislatively Approved Budget</td>
<td>2015-17 Agency Request Budget</td>
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**TOTAL REVENUES**

| OF                          | 332,907,255     | 387,153,325 | 447,903,405 |

**TRANSFER IN**

| Transfer in Intrafund       | 1010            | OF   | 14,847,398     | -                                     | -                            |
| Transfer in General Fund    | 1060            | OF   | -              | 3,514,066                             | 5,118,788                    |
| Transfer from Long Term Care Ombud | 1114     | OF   | -              | 20,087                                | -                            |
| Transfer in Revenue Department | 1150        | OF   | 2,758,007      | 2,758,007                             | 2,758,007                    |
| Transfer from Oregon Youth Authority | 1415    | OF   | -              | 81,920                                | 84,378                       |
| Tsfr From Oregon Health Authority | 1443     | OF   | 1,887,485      | 687,500                               | -                            |
| Transfer in Employment Department | 1471   | OF   | 108,966,188    | -                                     | -                            |
| Transfer in Education       | 1581            | OF   | -              | 110,006,102                           | 98,906,102                  |
| Transfer in Department of Transportation | 1730 | OF   | 9,792          | -                                     | 103,000                     |
| Transfer in Board of Nursing | 1851            | OF   | 1,159,878      | 1,455,094                             | 1,455,094                   |
| Transfer in Housing and Commercial Services | 1914     | OF   | 399,155        | 500,000                               | 500,000                     |

**TOTAL TRANSFERS IN**

| OF                          | 130,027,903     | 119,022,776 | 108,925,369 |

**TRANSFER OUT**
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<tr>
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<th>COMP SOURCE GROUP</th>
<th>FUND</th>
<th>2011-13 Actuals</th>
<th>2013-15 Legislatively Approved Budget</th>
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<td>OF</td>
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<td>OF</td>
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<td>TOTAL TRANSFERS OUT</td>
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<td></td>
<td>(14,980,701)</td>
<td>(1,425,251)</td>
<td>(243,000)</td>
</tr>
</tbody>
</table>

| TOTAL OTHER FUNDS                            | OF                |      | 447,954,457     | 504,750,850                           | 556,585,774                  |

| FEDERAL FUNDS REVENUES                      |                   |      |                 |                                       |                              |
| Federal Funds Revenue                       | 0995              | FF   | 5,808,793,400   | 6,466,284,264                         | 6,894,583,798                |
| TOTAL REVENUES                              |                   |      | 5,808,793,400   | 6,466,284,264                         | 6,894,583,798                |

| TRANSFERS OUT                               |                   |      |                 |                                       |                              |
| Transfer to Intrafund                       | 2010              | FF   | -              | -                                     | -                            |
| Transfer to Governor, Office of the         | 2121              | FF   | (553,057)      | -                                     | -                            |
| Tsfr To Judicial Dept                       | 2198              | FF   | (1,169,283)    | (1,440,643)                           | (1,870,062)                  |
| Transfer to Or Youth Authority              | 2415              | FF   | (14,257,135)   | -                                     | -                            |
| Transfer to Housing and Com Services        | 2914              | FF   | (1,038,636)    | (1,000,000)                           | (1,000,000)                  |
| TOTAL TRANSFERS OUT                         |                   |      | (17,018,111)   | (2,440,643)                           | (2,870,062)                  |

| TOTAL FEDERAL FUNDS                         | FF                |      | 5,791,775,289  | 6,463,843,621                         | 6,891,713,736                |

| TOTAL AVAILABLE REVENUES                    | TF                |      | 8,425,166,836  | 9,292,673,659                         | 10,246,535,501               |
Department of Human Services  
Director’s Office, Operations and Shared Service Programs

Vision  
Safety, health and independence for all Oregonians.

Mission  
To help Oregonians in their own communities achieve wellbeing and independence through opportunities that protect, empower, respect choice and preserve dignity.

Goals
- People are safe and living as independently as possible.
- People are able to support themselves and their families through stable living wage employment.
- Children and youth are safe, well and connected to their families, communities and cultural identities.
- Choices made by seniors and people with disabilities about their own lives are honored.
- Partners, clients and stakeholders are actively engaged in a variety of collaborative and meaningful ways.
- Culturally specific and responsive services are provided by highly qualified and diverse staff.

- The department is committed to equal access, service excellence and equity for all Oregonians

Director’s Office  
The DHS Director’s Office is responsible for overall leadership, policy development and administrative oversight for all programs, staff and offices in DHS. These functions are coordinated with the Governor’s Office, the Legislature, other state and federal agencies, partners and stakeholders, communities of color, local governments, advocacy and client groups, Oregon Tribes and the private sector. Included in the DHS Director’s Office are the Office of Equity and Multicultural Services, Community Engagement, the Tribal Affairs Unit, the Communications Office and the Legislative and Client Relations Office.
Operations
The Chief Operating Officer leads the implementation of a management system that aligns agency operations with the agency mission and program strategies by creating clear decision-making processes, improving operational controls, developing scorecards aligned to agency outcomes, regularly reporting progress on agency initiatives, and serving on statewide operational work teams. The Officer oversees Shared Services, Internal Audits, Business Intelligence, Licensing & Regulatory Oversight, Continuous Improvement, Information Technology Business Supports, Adult Abuse Prevention & Investigations, Performance Excellence and Program Integrity; including the Office of Payment Accuracy and Recovery.

Shared Services - These are customer-driven shared services. When the agency split, DHS and Oregon Health Authority (OHA) maintained many administrative functions as shared services to prevent cost increases, maintain centers of excellence and preserve standards that help the agencies work together. This helps keep control over major costs. Some of these costs, like many DAS charges, are essentially fixed to the agency. Others, like facility rents, are managed centrally to control the costs.

DHS and OHA govern their shared services through a board composed of operational leaders of the two agencies. This approach ensures that shared services are prioritized and managed to support program needs.

Overview of Director’s Office
The Office of Equity and Multi-cultural Services (OEMS) provides leadership and direction in supporting equity, diversity and inclusion initiatives throughout the agency. OEMS guides systemic changes to both internal workforce developments as well as improve service delivery to all Oregonians. The office also investigates all claims of discrimination and harassment. The goals of the office include reducing service disparities in all program areas; ensuring a diverse and culturally competent workforce; removing barriers to a welcoming work environment; and improving life outcomes for all DHS clients.

The Office of Human Resources (HR) serves as a strategic partner to its customers in DHS, providing proactive, comprehensive human resources services, in alignment
with agency and program mission and goals. HR works closely with internal customers on Workforce Strategies that support agency and program needs and strategies, and building a healthy workplace culture of ongoing development and feedback to ensure the agency has a diverse workforce with the right people with the right skills, training, and support to do their work, now and in the future.

The DHS Office of the Chief Financial Officer (OCFO) provides optimal business services to ensure accountability, data driven decisions, and stewardship of resources in supports the mission of DHS. This is done by working closely with DHS programs and the OHA CFO and programs, to ensure accurate, timely and efficient recording and management of financial resources: culturally competent and equitable services; authorizing the redistribution of available resources to meet changing needs, establishing administrative controls. The OCFO is responsible to provide leadership and direction to the DHS Budget Office and the fiscal offices located in DHS that serve both DHS and OHA, including the Office of Financial Services, the Central Budget Unit, and Office of Forecasting. These offices ensure that accounting, budget, and forecasting practices comply with all applicable laws, rules, and professional standards and ensure transparency and accountability in the financial practices of DHS and OHA.

The Office of Community Mobility and Engagement (CME) is designed to bring the agency, community partner's and local communities together to achieve the common goals for a healthy and safe community. Effective community engagement is built on a foundation of mutual respect and collaboration, along with knowledge of the unique needs within the communities we serve. Community engagement is the first critical step that begins the process of bringing people together. Community Mobility & Engagement is essential to DHS's commitment to equitable outcomes for a diverse Oregon. It is a framework that actualizes the work of the community and the agency as they try to achieve the stated goals in our mission. CME is built on a foundation of trust, honesty, integrity stewardship and professionalism.

The Office of Communications supports the mission by providing accurate information to a diversity of employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policymakers, the news media, targeted audiences and the general public. Effective communication is the primary vehicle to demonstrate public transparency, accountability, and trust. The office also provides support to the department’s priority projects as defined by the DHS director and Executive Team.
The Office of Legislative and Client Relations supports all DHS field office and central office programs by managing legislative matters, legal matters, client concerns, written rules and contested hearings. The LCRO consists of the following operational areas:

**Legislative Unit** – This Unit handles all legislative matters for DHS. This team coordinates all DHS legislative matters with legislative offices, key stakeholders and the Governor’s Office. This team supports both field and central office staff providing consultation and support in legislative matters, primarily working with central office staff on policy development for program services. During a legislative session, this Unit tracks and assigns all bills related to DHS program and operations. Staff in this unit support the Director of DHS, the Directors of all program and operations in DHS regarding legislative matters and the District Managers in field offices.

**Legal Unit** – This Unit manages all law suits, tort claims and subpoenas related to DHS program and operations. Staff in this Unit provide expert consultation to DHS staff (field and central office staff), Department of Justice (DOJ) and Department of Administrative Services (DAS) Risk Management in policy related to legal matters. This team ensures timely completion of the required judicial documents to move smoothly through a complicated legal matter.

**Governor’s Advocacy Office (GAO)** – This Office handles client complaints coming into Central Office related to DHS services. This Office operates independently in the investigations performed and reports directly to the Governor quarterly on the calls received and handled. The team in this Office works closely with field office staff, central office program staff, the Governor’s Office, key stakeholders and the DHS Director’s Office to successfully, equitably and respectfully reach a conclusion. Efforts are underway to have the GAO handle all client-related complaints coming into central office and the Director’s Office.

**Contested Hearings Unit** – This Unit provides expert technical support to hearing representatives in DHS field services and to the Administrative Hearings Office regarding DHS contested hearings. This team serves as a liaison for DHS contested hearing representatives and the Department of Justice when required. This team also provides support and advice to the DHS field staff and to Administrative Hearings Office when they are involved in a DHS contested hearing.
**Program Rules Unit** – This Unit provides expert technical support to program staff writing and filing rules for DHS programs. This team supports staff efforts to arrange Rules Advisory Committees with external stakeholders and performs the required tasks to file a rule with the Secretary of State.

*Tribal Affairs* We are committed to a positive working relationship with the nine tribes in Oregon. Staff regularly holds meetings with tribal governments through tribal liaisons and continually strives to ensure these communities receive sufficient and appropriate human services.

**Overview of Shared Services**

DHS Shared Services provides business services to ensure accountability, data driven decisions, and stewardship of resources in support of the missions of DHS and OHA. DHS Shared Services contains the following key offices and programs:

*The Budget Center* provides program and administrative budget planning, financial analysis and technical budget support. These services are provided for department leadership, program, policy and field managers, staff and external policymakers.

*Office of Forecasting, Research and Analysis* provides an independent, externally reviewed, forecast of the usage of DHS and OHA programs used for budget forecasts and legislative decision-making. OFRA also creates an integrated client dataset across programs to facilitate research on the combined effects of DHS and OHA programs.

*Office of Financial Services* provides accounting services, administers employee benefits and payroll, prepares financial reports, and collects funds. This office provides accurate, accountable and responsive financial management and business services to clients, providers, vendors, stakeholders and employees to ensure compliance with state laws and federal policies, rules and regulations.

*Office of Facilities Management* manages 2.7 million square feet of leased property for OHA and DHS statewide, including managing maintenance, remodeling, furniture acquisition and reconfiguration, staff relocations, coordination with DAS and state brokers on lease negotiations, and analysis of the costs and benefits of space utilization, ADA compliance, and energy conservation. OFM also oversees 1300 vehicles used by OHA and DHS staff around the state.
Office of Imaging and Records Management provides document and records management services, which include imaging, electronic workflow, data entry, archiving and retention services.

Office of Contracts and Procurement provide purchasing services by conducting solicitations, and preparing and processing contracts with other government agencies, businesses and service providers.

Internal Audit and Consulting conducts independent audits on OHA and DHS programs identified in the agencies’ risk assessment and audit plan and coordinates the agencies’ engagement in and responses to external audits. The Secretary of State and federal agencies conduct 30-50 external audits and reviews of DHS/OHA programs each year.

Office of Payment, Accuracy and Recovery provides recovery services by identifying and recovering moneys paid in error to clients or providers; investigates allegations of fraudulent activities; investigates and recovers state funds expended for services when a third party should have covered the service and the recovery of claims made by a client; and recovers funds from the estates of Medicaid recipients for the cost of cash and medical benefits provided.

Performance Excellence Office (PEO) provides leadership in coordinating continuous improvement and training services. PEO uses a blend of project management principles, a strong governance structure, metrics developing and tracking, training and Lean techniques to drive a comprehensive approach to creating a culture of continuous improvement that is cutting red tape, delivering better and faster services to clients, generating cost savings and increasing transparency. The PEO uses a multi-level approach designed to create an organic self-sustaining culture of continuous improvement through all levels of the organization. The PEO provides lean and continuous improvement training for all agency staff, coaching and mentoring for agency management and oversight of agency performance in continuous improvement and performance excellence.

Publications and Design manages the writing, design, development, printing and distribution of publications for internal and external audiences.

Rules Coordinator advises, consults, leads, coordinates and trains staff in drafting, interpreting, defining and developing the intent and scope of administrative rules. In addition, the rules coordinator monitors and reviews contested case orders, trains
hearing representatives, assists with legal issues and acts as liaison with the Office of Administrative Hearings to discuss performance measures.

**Adult Abuse Prevention and Investigations (OAAPI)** conducts and coordinates abuse investigations and provides protective services statewide in response to reports of abuse and neglect of vulnerable adults, including: adults over the age of 65, adults with physical disabilities, adults with developmental disabilities, adults with mental illness, and children receiving residential treatment services. Staff provides training aimed at preventing abuse, and provides technical assistance to community-based mental health and developmental disability programs.

**Overview of Program Design Services**

To become outcome-driven, an agency must:

- Determine the outcomes it wants to achieve
- Measure the outcomes
- Design programs to achieve the outcomes
- Implement the design through business and IT processes
- Systematically review whether the processes are being implemented as designed and how well the outcomes are being achieved.

Program Design Services employ professionals who specialize in these tasks who help DHS and its programs perform these tasks.

The **Office of Program Integrity (OPI)** conducts analysis and tests to determine whether DHS is implementing programs in the way they were designed and trains caseworkers based on their findings to improve program integrity. The Quality Control Unit conducts operational and case reviews, many mandated by state and federal law, to determine how accurately each program is making eligibility and other determinations. The Quality Assurance Unit and CMS Waiver Group conducts field reviews to assess program quality.

The **Office of Business Intelligence (OBI)** compiles reports and conducts research to determine whether DHS programs are achieving their goals and desired outcomes. OBI specializes in managing data to ensure it is accurate, consistent, and useful to programs in assessing their success and making decisions to alter their program design. One important part of this role is managing the agency scorecard of outcome.
and process measures. OBI also conducts professional research requested by programs to give them a more rigorous foundation for their program design.

**IT Business Supports (ITBSU)** is a bridge between IT technical staff and program staff. Its mission is to help IT technical staff understand program needs so they can construct applications that better support the program, to improve program business processes to maximize the benefits of technology, and to integrate system implications into consideration of program policy changes. This mission requires staff who understand IT systems and language as well as program business processes. ITBSU also directly supports users of DHS systems (many of whom are county and other non-DHS staff) with issues particular to DHS program.

ITBSU’s major project is DHS Modernization – an agency breakthrough strategy to improve program processes and IT systems to give the agency the ability to: (1) engage with clients in the way that maximizes our ability to help them achieve safety, health and self-sufficiency; (2) support caseworkers with information and tools that allow them determine how to best assist the client and that minimizes their need to perform administrative tasks; and (3) improve the efficiency of DHS operations.

The **Office of Continuous Improvement (OCI)** helps DHS units implement the Lean Daily Management System and conduct business process improvement events. OCI employs project managers and people skilled in Lean tools that assist units in making high-priority process improvements and building their own Lean capacity.

The **Office of Licensing and Regulatory Oversight (OLRO)** licenses many providers of residential care to children, the aging and physically disabled, and people with developmental disabilities. These providers range across the continuum of care and serve clients of multiple DHS programs and other agencies as well as private persons. Through diligent oversight, investigation of complaints and reports of potential abuse, and corrective action, OLRO reduces future instances of unsafe conditions and improves the quality of care. These services are most effective when they are provided in a quality and prevention model aimed at preventing harm in the first place to protect the safety and health of vulnerable Oregonians.

The providers licensed by OLRO include adult foster homes, assisted living facilities, residential care facilities, nursing homes, supported living and employment programs for people with developmental disabilities, and private child care agency licensing.
Department of Human Services: DHS Central Services

Primary Outcome Area: Improving Government
Secondary Outcome Area: Improving Government
Program Contact: Eric Luther Moore, 503-884-4701

Executive Summary
DHS Central Services consist of the Office of the Director and Policy, the Office of Human Resources, the Office of Budget, Planning and Analysis, the Office of Communications, the Office of Legislative and Client Resources (LCRO) and the Office of Equity and Multicultural Services (OEMS). These offices provide essential business supports to programs in achieving the department and programs mission, vision and outcomes.

Program Funding Request

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<td>Positions</td>
<td>87</td>
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<tr>
<td>FTE</td>
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| Difference ARB - LAB | 8.1% | 138.2% | 4.0% | 8.7% | 6.9% | 5.9% |
**Significant Proposed Program Changes from 2015-17**

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<th>Central Services TOTAL</th>
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**REaL-D** - This investment supports the establishment of uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status by the Oregon Health Authority (OHA) and Department of Human Services (DHS). This Investment supports designing, building and implementing a master client data service that supports the long-term strategy of a comprehensive view of the OHA/DHS client. Upon establishment of a re-useable master client service, the agency will have the capability to collect demographic information on the client that will serve multiple program and reporting needs. DHS and OHA have developed administrative rules and policies for collecting, analyzing, and reporting meaningful race, ethnicity, language and disability data (REAL+D) across DHS and OHA based on the foundation of the U.S. Office of Management and Budget’s (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies. Planning for the project is occurring during the remainder of the 13-15 biennium; DHS and OHA have put in place a REAL-D Analysis and Assessment Project to inventory and analyze all business processes, systems and reports across DHS/OHA that capture, update or utilize REAL-D data. This project’s focus is on a detailed assessment and impact analysis of the changes that will be required across DHS & OHA in support of the implementation of HB 2134 and the related Oregon REAL-D data collection standards. The outcome of the in-depth analysis will include a detailed business case and recommended implementation strategies for REAL-D data standards compliance.

**Workforce Management Consulting Unit Positions** - The DHS Office of the Chief Financial Officer (OCFO) requests three positions in the DHS OCFO. These three positions will be dedicated to the creation and updating of DHS workload models, the updating, tracking, analysis and position management of DHS workforce strategic plans. These strategic plans are necessary to prioritize the DHS workforce in order to maximize programmatic outcomes and require detailed position and position funding management. These positions would be 3 Operations and Policy Analyst 4s.

**Program Description**

*Office of the Director and Policy* is responsible for overall leadership, policy development and administrative oversight. These functions are coordinated with the Governor’s Office, the Legislature, other state and federal agencies, partners and stakeholders, local governments, advocacy and client groups, and the private sector.

The DHS Director’s Office provides leadership in achieving the mission of the agency: helping Oregonians achieve well-being and independence through opportunities that protect, empower,
respect choice and preserve dignity. The office supports all DHS field office and central office programs by managing legislative matters, legal matters, client concerns, written rules and contested hearings.

The DHS Office of the Chief Financial Officer (OCFO) functions as a part of the Director’s Office and provides optimal business services to ensure accountability, data driven decisions, and stewardship of resources in supports the mission of DHS. This is done by working closely with DHS programs and the OHA-CFO programs, to ensure accurate, timely and efficient recording and management of financial resources; culturally competent services; authorizing the redistribution of available resources to meet changing needs; and establishing administrative controls.

The Office of Human Resources (HR) serves as a strategic partner to its customers in DHS, providing proactive, comprehensive human resources services, in alignment with agency and program mission and goals. HR works closely with internal customers on Workforce Strategies that support agency and program needs and strategies, and building a healthy workplace culture of ongoing development and feedback to ensure the agency has a diverse workforce with the right people with the right skills, training, and support to do their work, now and in the future.

Office of Budget, Planning and Analysis functions as the central budget for DHS based programs working under the guidance of the OCFO. The OCFO is responsible to provide leadership and direction to the DHS Budget Office and the fiscal offices located in DHS that serve both DHS and OHA, including the Office of Financial Services, the Central Budget Unit, and Office of Forecasting. These offices ensure that accounting, budget, and forecasting practices comply with all applicable laws, rules, and professional standards and ensure transparency and accountability in the financial practices of DHS and OHA.

The Office of Communications supports the mission of the DHS by providing accurate information to employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policymakers, the news media, targeted audiences and the general public. This office also provides support to the department’s priority projects as defined by the DHS director and Cabinet.

The Office of Equity and Multicultural Services (OEMS) provides leadership and direction in supporting equity, diversity and inclusion initiatives throughout the agency in support of the mission of DHS. OEMS guides systemic changes to both internal workforce developments, as well as improving service delivery to all Oregonians. This office also investigates all claims by staff of discrimination and harassment. The goals of this office include reducing service disparities; ensuring a diverse and culturally competent workforce; removing barriers to a welcoming work environment; and improving life outcomes for all DHS clients. OEMS also provides support to the department’s priority projects as defined by the DHS director and Cabinet.
Program Justification and Link to 10-Year Outcome

DHS Central Services provide critical leadership and business supports necessary to achieve the mission of the agency: helping Oregonians achieve well-being and independence through opportunities that protect, empower, respect choice and preserve dignity.

DHS Central Services include the cost of DHS central budgets, including the Director, Governor’s Ombudsmen, Legislative and communication support, budget, diversity, and human resources.

The DHS Central Services budgets are structured and administered according to the following principles:

Control over major costs. DHS centrally manages many major costs. Some of these costs, like many DAS charges, are essentially fixed to the agency. Others, like facility rents, are managed centrally to control the costs. DHS also strongly supports and actively participates in statewide efforts to locate work across the enterprise and install performance management systems to perform administrative functions more efficiently and effectively.

Performance management system. DHS is has implemented a performance management system containing the following key elements:

- A clear statement of the outcomes DHS must achieve.
- Descriptions of the processes DHS uses to achieve its outcomes.
- Measures of success for each outcome and process.
- Owners for each measure.
- Written “breakthrough” strategies for each initiative that will significantly improve outcomes and processes.
- A quarterly all-day all-leadership review of progress on each measure and strategy.

DHS is now implementing the same system within each program and support service category. The system is contained in the Director’s Office and is managed by the entire executive team.

Best practices in installing performance management require specific skills - especially in project management, LEAN tools, data analysis, and professional development of managers. DHS has reallocated resources and used savings to make some of these investments, but it must increase these skills much more needs to be done.

Enabling Legislation/Program Authorization
ORS 409.010
**Funding Streams**

- **Allocated Costs** – Costs benefiting more than one Federal or State program are charged to a cost allocation pool. The allocating grant numbers accumulate costs until the monthly cost allocation process is run.

- **Direct Charge** – Costs benefiting a single Federal or State program are charged directly to the grant number representing the program. There is no additional allocation for these costs.

- **Monthly Process** – The process runs each month based on actual accumulated costs. On a monthly basis, statistics are generated to complete the allocation process. The cost allocation pools are cleared each month by the operation of the cost allocation process to transfer the costs to the final grant and cost objective.

- **Federal Financial Participation (FFP) Calculation** – After costs are allocated to final cost objectives, DHS calculates and records the level of Federal financial participation for the specific grant.
Executive Summary
DHS Shared Services supports both DHS and OHA by providing optimal business services to ensure accountability, data driven decisions, and stewardship of resources. This budget also includes the DAS, SDC and Risk Management assessments, debt service, and the DHS rent and computer replacement budgets.

Program Funding Request

<table>
<thead>
<tr>
<th>LAB- BASE</th>
<th>CSL</th>
<th>ARB</th>
<th>Difference ARB - LAB</th>
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<tbody>
<tr>
<td>GF</td>
<td>OF</td>
<td>FF</td>
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<td>13.7%</td>
<td>6.1%</td>
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<td>10.8%</td>
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Significant Proposed Program Changes from 2011-13

<table>
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<tr>
<th>ARB Investments</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
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</table>

**Performance Based Contracting** – included here is the Other Funds for the shared services part of this investment. This investment will provide the infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required are: One (1) Lead Procurement and contract specialist (PCA 4) and two (2) PCS3 to work in Office of Contracts & Procurement (Shared Services). One (1) RA4 and one (1) ISS6 would work from OBI (Central Services). In addition, there would be approximately 100,000 service and supply funds needed for Professional Services for consultation purposes.

**DHS Shared Services Investment** - Propose one (1) payroll technician to reduce the ratio of payroll cases to technicians to 1/700 for DHS Office of Financial Services. Also, one (1) leasing agent to help with the extensive DHS leases that would work from DHS Facilities Services. One (1) Policy Analyst 2 for APD/APS unit to provide the necessary technical assistance and on-site support for legal/medically complex and sensitive investigations; regional support for the delivery system for DHS Office Of Adult Abuse Prevention & Investigation. Also, there are currently no regional coordinators for the APD System. Field services staff increased recently and TA/support services are unable to provide adequate support. In addition, the Operations & Support Unit needs two (2) additional Administrative Support Specialist 1 positions in order to support expanding office operations such as appeals panels, processing abuse reports, HB 4151 which will require processing of an additional 8,000 reports each year, report distribution, notification letters, public records requests, audit activities, data entry and expansion of duties.

**TANF/SNAP Investigators** - Currently, Overpayment and Recovery's (OPAR) client fraud investigators have caseloads in excess of 300 cases each. This is excessive and additional resources are needed to properly dispose of the backlogged workload. Further, an investigator’s work often happens in client homes and in adversarial situations where safety is a concern.

These new staff (7 FTE, Investigator 3 classification; 10 FTE, Investigator 2 classification; 2 FTE, Office Specialist 2; 2 FTE, Administrative Specialist 2; 1 FTE, Program Manager C) would provide the additional investigative horsepower needed to right-size the investigations unit, reduce existing safety concerns, as well as expand capacity for utilizing new data mining and GIS fraud identification techniques. The expected GF Offsetting recovery estimate in program budgets can provide some programmatic offset to this investment cost. In addition overall Return on Investment (ROI) including federal funds provides a minimum ROI of $1:1 in total fund to total fund recovery for taxpayers overall.
**Program Description**

DHS Shared Services contains the following key offices and programs:

**Shared Services Administration** provides leadership and direction for shared services offices as well as managing the business continuity planning efforts for both DHS and OHA.

**The Budget Center** provides program and administrative budget planning, financial analysis and technical budget support for DHS and OHA. These services are provided for department leadership, program, policy and field managers, staff and external policymakers.

**The Office of Forecasting**, Research and Analysis provides client caseload forecasting services for DHS and OHA.

**The Office of Financial Services** provides accounting services, administers employee benefits and payroll, prepares financial reports, and collects funds owed to DHS and OHA. This office provides accurate, accountable and responsive financial management and business services to DHS and OHA clients, providers, vendors, stakeholders and employees in support of both agencies’ missions and in compliance with state laws and federal policies, rules and regulations.

**The Office of Human Resources** provides essential HR administrative functions and services for DHS and OHA, and supports organizational development and an improved common culture of leadership and engagement across both agencies, through background checks and fitness determinations; personnel records management; leave administration; centralized position administration; safety and risk response and management; staff and management training; facilitation services and LDMS coaching; HR data analysis and reporting; HR policy administration; and internal communication strategies and resources for managers and staff.

**The Office of Facilities Management** provides coordination of DHS and OHA offices and other facilities statewide.

**The Office of Imaging and Records Management** provides document and records management services for DHS and OHA through imaging, electronic workflow, data entry, archiving and retention services.

**The Office of Contracts and Procurement** provides contract and procurement services for DHS and OHA by making purchases, conducting solicitations, and preparing and processing contracts with other government agencies, businesses and service providers.

**Office of Adult Abuse Prevention and Investigations** conducts investigations and provides protective services in response to reported abuse and neglect of seniors and people with physical disabilities; adults with developmental disabilities or mental illness; and children receiving residential treatment services. The types of abuse we investigate may include physical, sexual, verbal and financial abuse, neglect, involuntary seclusion, and wrongful restraint. (See also individual Bid Form for more details)

**The Internal Audit and Consulting** provides independent and objective information about DHS and OHA operations, programs and activities to help management make informed decisions and improve services.
The Office of Payment, Accuracy and Recovery provides recovery services for DHS and OHA by identifying and recovering moneys paid in error to clients or providers; investigates allegations of fraudulent activities; investigates and recovers state funds expended for services when a third party should have covered the service and the recovery of claims made by a client; and recovers funds from the estates of Medicaid recipients for the cost of cash and medical benefits provided.

The Performance Excellence Office (PEO) provides leadership in coordinating continuous improvement and training services for DHS and OHA. PEO uses a blend of project management principles, a strong governance structure, metrics developing and tracking, training and Lean techniques to drive a comprehensive approach to creating a culture of continuous improvement that is cutting red tape, delivering better and faster services to clients, generating cost savings and increasing transparency. The PEO uses a multi-level approach designed to create an organic self-sustaining culture of continuous improvement through all levels of the organization. The PEO provides lean and continuous improvement training for all agency staff, coaching and mentoring for agency management and oversight of agency performance in continuous improvement and performance excellence.

Program Justification and Link to 10-Year Outcome
DHS Shared Services provide critical business supports necessary to achieve the mission of the agency: helping Oregonians achieve well-being and independence through opportunities that protect, empower, respect choice and preserve dignity.

DHS Shared Services include:

- Payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, the DAS risk assessment, DAS government service charges, computer replacement, and debt service.

- Payments for DHS’s share of the cost of services shared with OHA. When the agency split, DHS and OHA agreed to share information technology, financial, investigations, and other services to avoid cost increases and permit a greater focus on improving performance and efficiency.

- The cost of the DHS/OHA shared services provided by DHS. These costs are entirely other funds, paid for by the payments described in (2) above and similar payments in the OHA budget. From a total fund perspective, these costs are double-counted in the DHS and OHA budgets.

The DHS Shared Services budget is structured and administered according to the following principles:

Control over major costs. DHS centrally manages many major costs. Some of these costs, like many DAS charges, are essentially fixed to the agency. Others, like facility rents, are managed centrally to control the costs. DHS also strongly supports and actively participates in statewide
efforts to locate work across the enterprise and install performance management systems to perform administrative functions more efficiently and effectively.

*Customer-driven shared services.* When the agency split, DHS and OHA agreed to maintain many administrative functions as shared services to prevent cost increases, maintain centers of excellence, and preserve standards that help the agencies work together.

DHS and OHA govern their shared services through a board composed of operational leaders of the two agencies. This approach ensures that shared services are prioritized and managed to support program needs. The board and its subgroups have established service level agreements and performance measures for each service, implemented recent budget cuts selectively, moved staff in and out of shared services to rationalize service delivery, and begun implementing more integrated systems to support the performance of all our employees.

Best practices in installing performance management require specific skills - especially in project management, LEAN tools, data analysis, and professional development of managers. DHS has reallocated resources and used savings to make some of these investments, but it must increase these skills much more needs to be done.

**Enabling Legislation/Program Authorization**
ORS 409.010

**Funding Streams**
Funding streams are billed to through an approved cost allocation plan. The model contains a billing allocation module and a grant allocation module.

The billing allocation module allocates Shared Service costs to the two agencies. The billing module allocates costs to customers within each agency. It does not allocate costs directly to Federal grants.

The grant allocation module allocates costs within DHS to State and Federal grants. These costs include those directly incurred by DHS, Shared Service costs allocated to DHS by the billing allocation module, and external costs allocated to DHS by other State agencies.

Both modules allocate aggregated costs on a monthly basis and use similar allocation methods. Below is a very high-level description of how the system allocates costs.
The Office of Adult Abuse Prevention and Investigations (OAAPI) serves some of the state’s most vulnerable citizens through protective services and trainings with integrity, fairness, quality, service and cultural equity. OAAPI conducts investigations and provides protective services in response to reported abuse and neglect of seniors and people with physical disabilities; adults with developmental disabilities or mental illness; and children receiving residential treatment services. The types of abuse we investigate may include physical, sexual, verbal and financial abuse, neglect, involuntary seclusion, and wrongful restraint.

A key part of our goal is to make sure perpetrators of abuse are held accountable for their actions through quality, timely and comprehensive reporting. We focus our training to be proactive and preventative, and aimed at eliminating abuse or neglect. We collaborate with communities and value those who do the work.
Program Funding Request

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<thead>
<tr>
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<th>GF</th>
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<th>FF</th>
<th>TF</th>
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Significant Proposed Program Changes from 2011-13

<table>
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<tr>
<th>Add Adult Protective Service staff to be more responsive to reports of abuse</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Pos</th>
<th>FTE</th>
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<td>0.63</td>
<td>1.26</td>
<td>7</td>
<td>6.16</td>
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($ millions)

These proposals provide additional resources for training, grant writing and quality assurance strengthening the quality of our response to reports of abuse and neglect and enhance capacity to prevent abuse.

Program Description

OAAPI has responsibility for safety and protection of some of Oregon’s most vulnerable citizens. This includes:

- Approximately 140,000 people who receive mental health, developmental disability or children’s therapeutic services.
- Approximately 468,500 seniors and people with disabilities who receive medical coverage, Supplemental Nutrition Assistance Program (SNAP) benefits, and services related to activities of daily living or through Oregon Project Independence or The Older Americans Act.
- Members of protected populations that do not receive direct benefits or services from DHS. This includes an estimated 14 percent of Oregonians who are over the age of 65.

Adults we serve are especially vulnerable to abuse, neglect or exploitation because of age, physical or developmental disabilities, or mental illness. Children are more vulnerable because of significant mental health, emotional or behavioral health issues. Members of both groups often require residential treatment settings or other significant supports in their communities. In the case of many of the individuals we serve, illness, grief or isolation from family and community are significant factors which contribute to increased vulnerability. This is especially true in cases involving elders and children because perpetrators are known to actively seek out those populations because they may not be able to self-report abuse or neglect.

Critical functions of central office staff include core competency training, program oversight for the provision of protective services, and investigation responses for nearly 280 field staff in counties and local offices throughout Oregon. We provide standards, policy, data and research analysis; program coordination, and legislative, administrative and legal activities. Ongoing discussions with other work units within DHS are held to review policies, practices and procedures and to discuss system improvement and staff performance aimed at improving the safety and protection of the clients served. This includes: Licensing, program delivery and
design, and support services such as information technology or staff training. These prevention aspects guide our continuous improvement efforts to maximize the value of our services.

Investigations and screening for abuse and neglect are conducted in more than 6,053 licensed, certified or registered facilities. We have staff stationed throughout the State in field offices so they can be available to respond locally. In 2013, OAAPI responded to over 35,000 reports of abuse or neglect and provided oversight for 1,600 county developmental disabled investigations and 600 mental health investigations. It also responded to an estimated 200 accidental death reports.

OAAPI directly screens reports of abuse for State-provided facilities. This includes: Blue Mountain Recovery Center, Children’s 24-Hour Residential Developmental Disability (DD) programs, Children’s Care Providers, Oregon State Hospital, Stabilization and Crisis Unit (DD) and State Operated Secure Residential Facilities. In these settings in 2013, approximately 1,000 reports of possible abuse were reported and approximately 500 were assigned for investigation.

OAAPI collaborates and partners with the Oregon Health Authority, Oregon State Hospital, Addictions and Mental Health programs, providers, consumers, Long-Term Care Ombudsman, SEIU, advocacy groups, multiple community entities and all DHS programs that deliver services. In particular, OAAPPI works with the DHS Office of Licensing and Regulatory Oversight (ORLO) which is responsible for the licensing, certification, regulatory and corrective action functions for facilities and providers serving DHS clients. When ORLO investigates health or safety complains and discovers possible abuse or neglect of clients, it brings in OAAPPI.

The program costs are driven by:
  • The number of Oregonians approaching or over the age of 65.
  • Demand for service due to statutory changes related to protection.
  • An increase in legally and medically complex cases.

National data shows elder abuse as vastly under-reported with only one in 23.5 cases reported. Financial abuse is one in 44, and neglect one in 57 (Cornell University, 2011¹). A 2009 study by MetLife reported a “$2.9 billion dollar annual loss” as a result of elder financial abuse, which is a 12 percent increase from 2008. In 2013, financial exploitation comprised 45 percent of all substantiated abuse in Oregon. Ultimately, all of these factors combined with increasingly legal and medically complex cases drive up requests for service and costs.

Statutorily, these services are a public health and safety responsibility of the State. Here are some examples of the types of services we provide:

  • An adult child with mental illness was providing unpaid care to an elderly parent. The adult child was verbally abusive and the parent became isolated in her own home. The situation escalated and the adult child began destroying property and threatening physical harm. A call to OAPPI resulted in a family-based response that helped the parent obtain a court-issued protective order, arrange for alternative care and mental health assistance for the adult child.

¹ Testimony by Mark Lachs, Senate Special Committee on Aging, March 2, 2011 Washington, D.C.
• An immobile resident was being moved in a licensed care facility by use of a device not approved by the manufacturer of the device nor the care plan. The resident was dropped during an attempted move, resulting in serious physical injury. OAPPI provided protective services for the individual in addition to facilitating acute medical care services. OAPPI ensured the safety of the other facility residents by reviewing service standards and providing training.

• An investigation of neglect in a secure psychiatric facility was conducted after a suicide death of a child. The child was admitted with severe depression and self-esteem issues, and had a documented history of previous suicidal motives. The child was moved throughout various levels of supervision and was the subject of several suicide risk assessments. The investigation identified that the agency’s policies and procedures around supervision, client monitoring, safety checks and suicide assessments were vague and confusing. In addition, its staff had not been trained on many policies and procedures. This investigation disclosed systemic issues and once corrected, improved safety and other risk to the populations served.

Program Justification and Link to 10-Year Outcome
OAAPI is inextricably linked to the outcome goal of Safety for all Oregonians, and particularly for vulnerable adults and children. Individuals we serve are at the highest risk of abuse or neglect. National research shows that more than half of people with mental illness or developmental disabilities will experience repeated physical or sexual abuse in their lifetime. Freedom from abuse is critical to benefiting from services. Through this program, victims of abuse are offered and provided protective services such as counseling, prevention and reporting.

The link between the 10-Year Outcome and the office is demonstrated by research provided by The National Adult Protective Services Association (NAPSA). Here are some of the facts:

• Abused seniors are three times more likely to die.
• Elder abuse victims are four times more likely to go to a nursing home.
• Victims of abuse use healthcare services at higher rates.
• 90 percent of abusers are family members or trusted others.
• Almost one in 10 financial abuse victims will turn to Medicaid as a direct result of their own monies being stolen from them.

Oregon is a national leader in core competencies and best practices for training abuse investigators and our curriculum has been shared with other states. We maintain detailed data in several program areas to assist us in identifying frequency and types of abuse, or locations or programs where abuse has occurred. This helps us target corrective or protective actions.

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3 Testimony by Mark Lachs, Senate Special Committee on Aging, March 2, 2011 Washington, D.C.
4 Archives of Family Medicine, 1992 (1), 53-59,
5 National Center on Elder Abuse, 1994.
6 The Utah Cost of Financial Exploitation, March 2011, Utah Division of Aging and Adult Services.
Secondary outcomes of this program are linked to the Healthy People 10-Year Outcome. When people live free from abuse, their medical, physical and psychological treatment needs are reduced, allowing them to live independent, productive lives in their communities. Considering the direct link between robust abuse prevention efforts and potential reductions in health care services, Medicaid resources and nursing home placements, the human services needed to respond quickly and thoroughly to reports of abuse is not only critical, but a wise investment in the safety of vulnerable Oregonians.

When criminal interventions such as prosecutions are not an option, this program is able to use substantiated reports of abuse as a primary line of defense against perpetrators who actively seek out our vulnerable populations.

**Program Performance**

Some of our important measures include the timeliness of the initial response to an abuse report, the timely completion of an investigation, the rate of re-abuse within one year, the abuse rate and the rate of inconclusive findings. All of these measures help us understand the outcomes of our key goals related to safety and protection.

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OAAPI is in the initial phase of a strategic re-design to leverage resources, expertise and engage in enterprise-wide continuous quality improvement activities. The series of design activities are outcome and results oriented, and work to achieve accountable, well-supported programs that focus on customer service and client outcomes. The strategies center on integration, innovation and a future perspective that is community and business partner focused.

**Enabling Legislation/Program Authorization**

The Federal Americans with Disabilities Act, Elder Justice Act of 2009, the Older Americans Act, and the Adoption and Safe Families Act, all authorize the States to protect vulnerable adults and children from abuse and neglect. In addition, Oregon statutes authorize the Department of Human Services to provide protection from abuse and training for individuals who conduct abuse investigations. Statutory authorization for investigating abuse of seniors and people with disabilities is found at ORS 124.005 *et seq.* For people with developmental disabilities or mental illness, authorization is at ORS 430.735 *et seq.* and for children, authorization is at ORS 419b.005 *et seq.*
Funding Streams
OAAPI is a newly created office resulting from the merger of the Adult Protective Services Program and the DHS Office of Investigations and Training. Funding streams for those previously separate programs are not the same. Currently the new Office’s investigative and training functions are funded as a shared service, with costs allocated on a monthly basis among OHA/AMH, DHS/DD and DHS/Child Welfare, expressed as a percentage of total workload. The Adult Protective Services Program receives 100 percent funding from the General Fund. The Office is seeking revenue generating strategies such as grant applications and is consulting with our Federal partners regarding federal funds that may be available.
**Executive Summary**

DHS Program Design Services support program design offices by centralizing services that require specialized skills. This allows each office to set uniformly high standards for each of these services and to develop its staff to those standards. It facilitates cross-training of staff in multiple programs, flexibility in supporting program offices when needs change or staff turnover occurs, and research into the combined impact of our services on clients served by more than one program.

**Investment in centralized infrastructure.** Based on the process maps developed in the performance management system, DHS restructured into five programs. DHS Program Design Services include the Office of Business Intelligence, the Office of IT Business Support, the Office of Licensing and Regulatory Oversight, the Office of Program Integrity, and the Office of Continuous Improvement.

The five programs were given the essential functions to design and implement their programs within the performance management system. DHS then centralized many support services that previously had been performed separately by each program. This creates efficiencies, assigns clear accountability for the performance of support services, and allows targeted investments to improve performance. Better support services ultimately improve performance of all DHS employees and our providers.
Program Funding Request

<table>
<thead>
<tr>
<th></th>
<th>GF</th>
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<th>TF</th>
<th>Positions</th>
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Note: OF changes due to modernization being removed at CSL and brought back at ARB.

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**Modernization** - This is a placeholder investment focusing on the next phase of work to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority’s work, compliance with the Federal and State Stage Gate processes, utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition Services) will also continue to secure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in OF limitation for OHA limited duration positions in OIS.

**Child Welfare Quality Control Review Staff** - The position requested in this POP will increase the QC review capacity in the statewide Child Welfare Quality Assurance system to include stakeholder interviews, which are federally required as part of each state’s Continuous Quality Improvement in Child Welfare program. This requirement can be found in the federal Adoption and Safe Families Act of 1997 and the Administration for Children and Families Information Memorandum CB-IM 12-07 dated August 27, 2012. There are currently 3 FTE in the Child Welfare review team. This additional position will enable the state to complete federally mandated Children and Family Services Review (CFSR) as required and mitigate the risk for federal penalties and imposed program improvement plans.
Performance Based Contracting - Provides infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required include: One (1) Lead Procurement and contract specialist (PCA 4) and two (2) PCS3 to work in Office of Contracts & Procurement (Shared Services). One (1) RA4 and one (1) ISS6 would work from OBI (Central Services). In addition, there would be approximately 100,000 service and supply funds needed for Professional Services for consultation purposes.

Oregon Enterprise Data Analytics - State agencies increasingly need to analyze data across all agencies serving the same clients/customers to improve their ability to design effective programs, achieve outcomes, minimize risks and find efficiencies. This helps to bring the right resources and services to the right families at the right time by identifying risk levels and strategically targeting services to produce outcomes. Some agencies have already built combined data sets for analysis purposes. This POP extends this work to more agencies and builds the resources to make use of this data. All positions are in shared services Office of Forecasting Research and Analysis (OFRA) as they would answer to multiple agencies.

Program Description
The Office of Business Intelligence (OBI) compiles reports and conducts research to determine whether DHS programs are achieving their goals and desired outcomes. OBI specializes in managing data to ensure it is accurate, consistent, and useful to programs in assessing their success and making decisions to alter their program design. One important part of this role is managing the agency scorecard of outcome and process measures. OBI also conducts professional research requested by programs to give them a more rigorous foundation for their program design.

IT Business Supports (ITBSU) is a bridge between IT technical staff and program staff. Its mission is to assist IT technical staff in understanding program needs so they can construct applications that better support the program; to improve program business processes; to maximize the benefits of technology; and to integrate system implications into consideration of program policy changes. This mission requires staff who understand IT systems and language as well as program business processes. ITBSU also directly supports users of DHS systems (many of whom are county and other non-DHS staff) with issues particular to DHS’ programs. One of the most important breakthroughs is modernization of DHS’s service delivery. This involves redesigning how DHS interacts with its clients and customers – defining where face-to-face contact better serves client needs and advances the agency mission and where on-line and automated processes can more efficiently meet the need or better support DHS staff in their direct service to clients.

The Office of Licensing and Regulatory Oversight (OLRO) licenses many providers of residential care to children, the aging and physically disabled, and people with developmental disabilities. These providers range across the continuum of care and serve clients of multiple DHS programs and other agencies; as well as private persons. Through diligent oversight, investigation of complaints and reports of potential abuse, and corrective action, OLRO reduces future instances of unsafe conditions and improves the quality of care. These services are most effective when provided in a quality and prevention model aimed at preventing harm in the first place to protect the safety and health of vulnerable Oregonians.
The providers licensed by OLRO include adult foster homes, assisted living facilities, residential care facilities, nursing homes, supported living and employment programs for people with developmental disabilities, and private child care agency licensing.

The Office of Program Integrity (OPI) conducts analysis and tests to determine whether DHS is implementing programs in the way they were designed and trains caseworkers based on their findings to improve program integrity. The Quality Control Unit conducts operational and case reviews, many mandated by state and federal law, to determine how accurately each program is making eligibility and other determinations. The Quality Assurance Unit and CMS Waiver Group conducts field reviews to assess program quality.

ITBSU’s major project is DHS Modernization – an agency breakthrough strategy to improve program processes and IT systems to give the agency the ability to: (1) engage with clients in the way that maximizes our ability to help them achieve safety, health and self-sufficiency; (2) support caseworkers with information and tools that allow them determine how to best assist the client and that minimizes their need to perform administrative tasks; and (3) improve the efficiency of DHS operations.

The Office of Continuous Improvement (OCI) helps DHS units implement the Lean Daily Management System and conduct business process improvement events. OCI employs project managers and people skilled in Lean tools that assist units in making high-priority process improvements and building their own Lean capacity. Best practices in installing performance management require specific skills - especially in project management, LEAN tools, data analysis, and professional development of managers. DHS has reallocated resources and used savings to make some of these investments, but it must increase these skills much more needs to be done.

Program Justification and Link to 10-Year Outcome
To become outcome-driven, an agency must:

- Determine the outcomes it wants to achieve
- Measure the outcomes
- Design programs to achieve the outcomes
- Implement the design through business and IT processes
- Systematically review whether the processes are being implemented as designed and how well the outcomes are being achieved.

Program Design Services employ professionals who specialize in these tasks who help DHS and its programs perform these tasks. OBI specializes in program data used to measure outcomes, including maintaining the agency scorecard, and conducts professional research on the impact of various program designs on achievement of outcomes. OPI determines whether operating units are implementing the program design accurately and conducts training to close any gaps. Using Lean tools, OCI works with operating units to design and implement more efficient and effective operating processes. ITBSU acts as a translator between program staff and IT technical staff to ensure that IT projects more accurately meet business needs. OLRO uses many of these tools to license residential providers who serve clients of DHS and other agency programs as well as private clients.

Program Performance
Program Design Service are concentrating on improving operations of foundational services and covering gaps in services that existed when the services were split. OBI set targets to put all program data into data warehouses, to organize all warehouse data in a format giving program users more access to get data on their own, to automate reports, and to respond more quickly to individual requests. As of December 2013, depending on the program, 25 to 84% of data was contained in a data warehouse, 0 to 60% of data was in a format facilitating user access, and 55% of reports were automated. These metrics are generally improving.

OPI and the agency adopted agency-wide metrics to improve accuracy or quality in 12 different program areas. OPI set targets to complete all accuracy and client service reviews on time, to conduct useful and accurate reviews, and to conduct an aggressive number of trainings per year to correct findings from the accuracy reviews. In general, these metrics have been improving to achieving or nearly achieving the targets, although there was some slippage in the last quarter of 2013.

OCI has worked largely with program field staff to help local offices improve business processes through approved LEAN projects. It currently has 13 projects in execution and 12 in planning or initiation phases. OCI’s latest metrics show that 88% of projects achieve the expected outcomes outlined in the charter, which is in the “yellow” range. The rollout of the Lean Daily Management System has been completed in most programs and is currently being completed in the last areas. OCI has developed a tool to assess the performance of the Lean Daily Management System to assist districts in Phase 2 of the rollout - increasing maturity in using LDMS. District 6 successfully piloted use of the tool. Extension to other areas will be based on priorities and the availability of resources.
OLRO set targets to complete all licensing reviews within federal timelines. Nursing facility reviews, in particular, have been problematic due to the difficulty of recruiting staff, the extensive training and certification required, and the increasing depth of the reviews. OLRO isolated the various factors influencing the ability to complete the reviews, found some techniques to streamline the process and developed a plan to get in compliance.

**Enabling Legislation/Program Authorization**
ORS 409.010

**Funding Streams**
- Allocated Costs – Costs benefiting more than one Federal or State program are charged to a cost allocation pool. The allocating grant numbers accumulate costs until the monthly cost allocation process is run.
- Direct Charge – Costs benefiting a single Federal or State program are charged directly to the grant number representing the program. There is no additional allocation for these costs.
- Monthly Process – The process runs each month based on actual accumulated costs. On a monthly basis, statistics are generated to complete the allocation process. The cost allocation pools are cleared each month by the operation of the cost allocation process to transfer the costs to the final grant and cost objective.
- Federal Financial Participation (FFP) Calculation – After costs are allocated to final cost objectives, DHS calculates and records the level of Federal financial participation for the specific grant.
Department of Human Services
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$9295.3 million

Central & Shared Services, State Assessments & Enterprise-wide Costs and Program Design Services
Total by Fund Type
$637.8 million

Self Sufficiency
$3,466.3
37%

VR Basic Rehabilitative Services
$97.6
1%

Child Welfare
$916.7
10%

Federal Fund
$261.5
41.0%

General Fund
$208.2
32.6%

Central Services
$34.3
5%

Debt Service
$13.8
2%

State Assessments and Enterprise-wide Costs
$367.0
58%

Program Design Services
$110.2
17%

Shared Services
$112.5
18%
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<th>FUND</th>
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<th>2013-15 Legislatively Approved Budget</th>
<th>2015-17 Agency Request Budget</th>
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Department of Human Services  
DHS Central Services  
10000-010-40-00-00000

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<td>Transfer to Governor, Office of the</td>
<td>2121</td>
<td>FF</td>
<td>(553,057)</td>
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<tr>
<td>Tsfr To Judicial Dept</td>
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<td>Transfer to Housing and Com Services</td>
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### 2015-17 Revenue Report

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## Department of Human Services
### Statewide Assessments & Enterprise-wide Costs

**10000-010-50-00-00000**

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## 2015-17 Revenue Report

### Department of Human Services
Program Design Services
10000-010-55-00-00000

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Department of Human Services
Self Sufficiency Program

The Department of Human Services Self Sufficiency program (SS) provides assistance for low-income families to promote family stability and help them become self-supporting.

The major program areas within Self Sufficiency are:
• Supplemental Nutritional Assistance Program (SNAP)
• Temporary Assistance for Needy Families (TANF) and TANF-related programs such as Pre-TANF, Family Support and Connections (FS&C), and Post TANF
• Employment Related Day Care (ERDC)
• Job Opportunity and Basic Skills (JOBS)
• Temporary Assistance for Domestic Violence Survivors (TA-DVS)
• Refugee Program
• Youth Services Program
• Program Delivery and Design

Self Sufficiency employees provide direct services through a network of local offices in every county across Oregon. For a list, see http://oregon.gov/dhs/Pages/localoffices/index.aspx

The program
Oregonians access self-sufficiency services when they are in need and have no other alternatives. We served over one million Oregonians last year through our Self-Sufficiency programs. The recessionary conditions have presented an unusually challenging economic climate for all Oregonians. The poverty rate in Oregon has exceeded the national rate since 2010. There is an uneven distribution of poverty based on factors such as geography, race/ethnicity, and age. In Oregon, poverty rates in rural counties tend to be disproportionately higher than urban areas. Nearly 30% of African Americans, Latinos, and American Indians live in poverty (most of whom are children); and one in four children live in poverty. Most Oregonians need help meeting needs such as nutritious food – about 800,000; basic supplies, through cash assistance for families with children living in extreme poverty, such as toothpaste, bedding, other basic hygiene needs and housing; or assistance with quality child care so parents can remain employed and maintain a path of financial stability. Self-sufficiency programs also help low-income families
impacted by domestic violence or refugees seeking a safe area to live. Some programs require involvement in employment services or job training to help individuals move as quickly as possible to supporting themselves and their families. Self-Sufficiency programs are essential in serving the many unique needs of Oregonians.

**Seeking Self-Sufficiency**

These programs are designed to help break the cycle of poverty, help Oregonians transition to jobs, support the healthy development of young children and help keep families stable, preventing children from being abused or neglected and from requiring out-of-home placement in more expensive foster care. The economic recession triggered a rapid increase in demand from Oregonians. For example, the number of Oregon families in extreme poverty seeking cash assistance nearly doubled compared to the number at the start of the recession.

We seek to achieve the following outcomes and goals:

- Provide an array of options to assure access through equitable and culturally competent services.
- Be responsive to emerging consumer demands for individualized, self-directed services and sufficient service choices.
- Assure the health and safety of individuals served.
- Promote maximum consumer independence and engagement in homes and communities.
- Leverage use of available federal funding options.
- Address improvements in business practices such as payment and information systems to achieve overall operational efficiencies.

**SERVICES**

*Supplemental Nutrition Assistance Program (SNAP)* is a federally funded benefit program to help low-income families, single adults, and childless couples buy food to meet their nutritional needs. Benefits to clients are 100 percent federally funded; however, the administration of the program requires a 50 percent state match. Approximately one in five Oregonians or 21 percent of the population receive SNAP benefits.

Self-Sufficiency offices across the state serve approximately 83 percent of the SNAP population. The balance of the population includes elderly persons (60 and
older) plus persons with disabilities who require services. They are assisted by 
Aging and Persons with Disabilities (APD) local offices and their contracted 
agencies (Area Agencies on Aging, Disability Services Offices and Councils of 
Government).

Money from the program spreads quickly through the State economy. The United 
States Department of Agriculture (USDA) calculates that for every $5 of SNAP 
benefits, there is $9.20 of total economic activity. SNAP is an important and 
constantly growing anti-poverty program. Recent research has shown that SNAP 
benefits reduce the depth and severity of poverty, and have a particularly strong 
effect on reducing child poverty.

Food and Nutrition Service (FNS) within the USDA regulates SNAP. Although 
Federal regulations do allow a few state options, any significant variation from the 
regulations must be approved by FNS through a formal process.

*Temporary Assistance for Needy Families (TANF)* TANF is a critical safety net 
program for families with children living in extreme poverty. TANF helps families, 
including over 61,000 children, from a variety of diverse backgrounds to address 
their most basic needs. TANF provides eligible families with cash assistance, 
connections to support and community resources, case management, and 
employment and training services. Safety net programs are usually the last step for 
families with few or no resources left, and any assistance can have an immediate 
impact on their health, safety and well-being. These families typically use TANF 
funds to prevent homelessness and to help with other factors contributing to family 
instability. The goal of the program is to help families address barriers, gain skills, 
and access employment opportunities to become self-sufficient.

TANF is a collection of programs directed at improving the lives of very low-
income Oregon families with children.

*Job Opportunity and Basic Skills (JOBS) program.* Most parents and caretaker 
relatives must meet additional requirements to receive TANF services. The JOBS 
program provides employment and skill building services to parents receiving 
TANF assistance. Individuals must participate in JOBS to gain skills necessary to 
join the workforce and retain a job or face possible sanctions, including losing 
benefits. A TANF family may participate in the JOBS program and access a 
variety of other programs and services as part of the plan to move a client towards 
self-sufficiency.
State Family Pre-SSI/SSDI (SFPSS) program is designed to assist TANF-eligible individuals with disabilities obtain Social Security disability benefits through the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs. The program serves individuals who are not required to participate in the JOBS program due to their health condition.

Post-TANF is a program that provides an incentive to employment. This program continues to be suspended for the 2013-15 biennium because of budgetary constraints. Post-TANF provided a small transitional payment of $50 a month (Reduced from $150 a month) for up to a year for those who leave TANF due to employment. The goal of this incentive was to help families transition to financial independence to reduce their chances of returning to the program.

Family Support and Connections provides supports to prevent children in the TANF program from entering the child welfare system. Home visiting and community based services are used to guide interventions that build on family strengths and address family functioning issues.

Temporary Assistance to Domestic Violence Survivors (TA-DVS) provides temporary financial assistance and support services to families with children affected by domestic violence during crisis or emergent situations when other resources are not available. TA-DVS is used to help the domestic violence survivor and the children address their safety concerns and stabilize their living situation, thus reducing the likelihood of the survivor returning to the abuser. These services maintain the safety of these vulnerable children and their parents, and can prevent sometimes life-threatening situations. These services also help prevent child abuse and the need for child welfare intervention.

Refugee Program serves individuals and families who fled persecution in their country of origin and were legally admitted for resettlement by the United States government. The program helps refugees and asylum residents successfully resettle in this country by providing financial, employment-related services and acculturation services. The program guides refugees into self sufficiency through employment as early as possible. The program serves only those persons in immigration categories approved by the Federal Office of Refugee Resettlement (ORR).
Youth Services includes age-appropriate, medically accurate sexual health education program. This service supports community prevention efforts to help families break the generational connection to public assistance. The Youth Services Program expands on the historical teen pregnancy prevention program to provide education and tools for youth to resist multiple risk taking behaviors. DHS partners with the Oregon Department of Education and the My Future - My Choice Advisory Committee to develop and implement this sexual health education program. During the 2010-2011 school year, this curriculum was implemented in 17 counties and 26 school districts.

Employment Related Day Care program (ERDC) helps very low-income working families from a variety of cultural and linguistic backgrounds arrange and pay for quality child care. ERDC provides low-income families with the same opportunity to quality child care as other families with higher incomes. Quality child care nurtures a child’s learning and development so the child is better prepared to succeed in school. ERDC helps parents stay employed and gain self-sufficiency by assisting with the consistent, stable child care parents need to remain on the job. ERDC also supports care for children with special needs, as well as offering providers who come from diverse cultural backgrounds. Providers required to register with the State must meet a set of health and safety standards, and all are required to complete background checks.

Program Delivery and Design provides program design, personnel and service delivery in addition to oversight, planning, reporting, implementation, training, eligibility and benefit issuance for programs that support a diverse, low-income population in need of economic supports and self-sufficiency services to meet their basic needs.

When adequately resourced, staff delivering these programs help break the cycle of poverty and help Oregonians transition to jobs. This keeps families safe and stable, supporting the healthy development of young children. With the recent economic recession that triggered a dramatic increase in demand from Oregonians in need, these programs have been significantly challenged to achieve results managing caseloads. Staff and the State and local levels continues to collaborate and build upon existing partnerships in order to help families find the resources and services they need.
Staff at the state and local levels coordinates with Child Welfare to work with families to increase their stability and prevent Child Welfare involvement. This collaboration helps to support safety by ensuring children are cared for regardless of the system of service.

The Self-Sufficiency employment programs are included in the work that was chartered by the Oregon Workforce Investment Board to align and improve the state’s workforce system. This effort, supported by the Governor, is to ensure that service delivery and outcomes are improved for both employer and job seeker. Other collaborations have been built around domestic violence; housing; alcohol, drug and mental health treatment; Vocational Rehabilitation; health care, and education.

With the support of the Oregon Legislature this biennium the Self-Sufficiency programs are also testing local strategies for effectiveness in meeting outcomes for families in the areas of family stability and employment. This work builds on collaborations with Child Welfare, local workforce entities and community partners.

As the economy and employment outlook slowly improve, the Self-Sufficiency employment programs continue to structure contracted services to help participants enter jobs in the employment sectors that are expected to grow.
The Supplemental Nutrition Assistance Program (SNAP) is a federally funded food benefit program. SNAP provides supplemental food benefit dollars to low-income families, seniors, single adults, persons with disabilities, and children to help purchase food to meet their nutritional needs. Currently, one in five Oregonians receive these benefits. Benefits to clients are 100 percent federally funded; the administration of the program requires a 50 percent state match.

Money from the program spreads quickly through the State economy. The United States Department of Agriculture (USDA) calculates that for every $5 of SNAP benefits, there is $9.20 of total economic activity. SNAP also has been an important and constantly growing anti-poverty program. Recent research has shown that SNAP benefits reduce the depth and severity of poverty, and have a particularly strong effect on reducing the depth and severity of child poverty.
Program Funding Request

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Significant Proposed Program Changes from 2013-15
This program is federally funded, and no General Fund dollars are being requested.

Program Description
SNAP serves as a crucial safety net and food benefits are intended to be a supplement to what families already provide. However, for households with little or no income, it is the primary means for Oregonians to feed their families. Food and Nutrition Service (FNS) within the USDA regulates SNAP. Although Federal regulations do allow a few state options, any significant variation from the regulations must be approved by FNS through a formal process.

For the last three years, even during times of high caseload growth, Oregon has been ranked as one of the top three states nationally for program participation. The participation rate is the percentage of potentially SNAP-eligible persons in the state receiving SNAP benefits. Outreach efforts along with policy and procedural changes have helped significantly increase participation in SNAP in recent years. Non-profit partners such as the Hunger Relief Task Force, the Oregon Food Bank and 211 Info have been invaluable in helping increase Oregon’s SNAP participation rates.

The major drivers for program growth have been a successful program outreach coupled with the economic downturn. This has resulted in a high demand for our services. Simplifying policies and making it easier for clients to apply and meet eligibility requirements has allowed for timely benefit delivery. Approximately one in five Oregonians or 21 percent of the population receive SNAP benefits. In May of 2014, a total of 792,075 Oregonians received SNAP benefits, which includes 441,272 cases (households). This is a 1.8 percent decrease from the same time last year. In May of 2014, a total of $97,316,895 SNAP benefit dollars were paid to Oregonians which are spent in clients’ local communities. According to the USDA’s Economic Research Service, 8,900 to 17,900 full-time jobs are created per $1 billion in SNAP benefits.

Program Justification and Link to 10-Year Outcome
SNAP directly addresses the 10-Year Outcome for Healthy People by providing an important economic boost to struggling households and access to nutritious foods. According to the USDA Economic Research Service, receipt of SNAP benefits reduced the national poverty rate by almost 8 percent during the recent recession.\(^1\) The SNAP program can also provide limited

assistance with job search and links to employment resources through the Oregon Food Stamp Employment and Training (OFSET) program.

Program Performance
The goals of the SNAP program are to ensure that benefits are delivered accurately and in a timely manner to those who are eligible for the program. It also aims to ensure those who are eligible for the program have access to program benefits. Oregon’s program has enabled the State to maintain a high participation rate along with a high Federal Quality Control (QC) rate. Oregon’s SNAP program has continually performed above the national average and not paid a performance penalty in seven years.

Oregon has received multiple Federal bonuses because of the state’s high SNAP participation rate and has also been the recipient of multiple competitive national grants. Oregon also was one of six states recognized for the timeliness of SNAP application processing. The two awards come with performance bonuses totaling $5 million. This is in addition to a $1.7 million award received in June 2011 for accurate payment of benefits to SNAP clients. Oregon has consistently been among the best in the nation. The bonus award funding has been used over the years to support partner agencies, help meet the program’s goals and, frequently, to shore up needs in other programs through the State General Fund.

Oregon is considered a model state by FNS in terms of timeliness and commitment to customer service. One example of this is Oregon’s Lean process which was used to streamline and standardize the eligibility process statewide to ensure that most applicants receive benefits within 48 hours of applying. In April of 2012, program administrators from Minnesota Department of Human Services and FNS representatives from the Midwest Regional office came to Oregon to learn about our Lean process and to gather information on how we maintain such a high participation rate. Oregon is continuing to improve efficiencies and in early spring 2012, another workload initiative was rolled out statewide to reduce interruptions to ongoing benefits.

The 2010 census data showed that 15.8 percent of Oregonians lived in poverty, which was slightly higher than the national average of 15.3 percent. SNAP participation in Oregon peaked in August 2012 at 445,374 cases serving 813,556 people. Through our forecasting we expect SNAP begin a slow decline in program participation through the 2015-2017 biennium. It is estimated that by June 2017 the number of households receiving SNAP will reduce to 371,290 serving 672,792 people. From 2007 when Oregon issued $487,482,626 in benefits, to 2013 when that amount had more than doubled to $1,236,125,996, SNAP has been an important and constantly growing anti-poverty program. Money from the program spreads quickly through the economy. The USDA calculates that for every $5 of SNAP benefits, there is $9.20 of total economic activity.
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In 2009, Congress enacted an economic stimulus package known as the American Recovery Reinvestment Act of 2009 (ARRA) that increased SNAP benefits nationwide. Effective April 2009, SNAP benefits increased 14 percent. The minimum increase in benefit for a one- or two-person group was $16 a month.

Benefits were reduced when the ARRA funding sunset on September 30, 2013. The Thrifty Food Plan Benefit level recalibration (an effort to recalculate benefits across the board) reset SNAP benefit levels which resulted in a net reduction in benefits and the minimum benefit level for households.

**Enabling Legislation/Program Authorization**
SNAP is guided by Federal legislation found in the "Farm Bill" authorized by The Agricultural Act of 2014 (P.L. 113-79, Feb 7, 2014). Program policy is reauthorized every five years though the Farm Bill. The Farm Bill is due for reauthorization in 2018.

**Funding Streams**
SNAP benefits are 100 percent federally funded. Oregon is responsible for 50 percent of the administrative costs. Oregon’s portion of the administrative costs for SNAP comes from the State General Fund. In Federal Fiscal Year (FFY) 2014, the SNAP program received a bonus award totaling $3,256,420. This award was based on Oregon’s participation rates and application timeliness.
Department of Human Services: Temporary Assistance for Needy Families – Cash Assistance
Self-Sufficiency Program

Primary Outcome Area: Making Work Pay
Secondary Outcome Area: Safety
Program Contact: Xochitl Esparza, 503-945-6122

Executive Summary
Temporary Assistance for Needy Families (TANF) is a critical safety net program for families with children living in extreme poverty. TANF helps families, including over 60,000 children, from a variety of diverse backgrounds to address their most basic needs. TANF provides eligible families with cash assistance, connections to support and community resources, case management, and employment and training services.

Safety net programs are usually the last step for families with few or no resources left, and any assistance can have an immediate impact on their health, safety and well-being. These families typically use TANF funds to prevent homelessness and to help with other factors contributing to family instability. The goal of the program is to help families address barriers, and gain skills and access to employment opportunities to become self-sufficient.
Program Funding Request

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**Significant Proposed Program Changes from 2013-15**
This budget proposes to continue three eligibility limitations set to expire at the end of the 2013-15 Biennium. These funds are then redirected into the JOBS budget to increase the number of TANF clients receiving JOBS services. By investing in the JOBS program and in case management staff (in the Healthy People Budget) the length of stay of clients will be reduced, leading to lower TANF caseloads and higher work participation. This is necessary both to reduce costs but also to avoid federal penalties, currently of up to $60 million.

**Program Description**
TANF is a collection of programs directed at improving the lives of very low-income Oregon families with children. Our overall TANF program provides immediate cash assistance at a point when families have exhausted all other resources. We also provide employment and training services, linkages to services in the community and short-term interventions such as support to strengthen parenting skills or the healthy development of children. Most parents and caretaker relatives must meet additional requirements to receive TANF services, such as participating in the Job Opportunity and Basic Skills (JOBS) program. These individuals must participate in JOBS to gain the skills necessary to join the workforce and retain a job or face possible sanctions, including losing benefits. A TANF family may participate in the JOBS program and access a variety of other programs and services as part of the plan to move a client towards self-sufficiency.

To qualify for TANF, a family of three must be below 37 percent of the Federal Poverty Line. This means the family’s income cannot be more than $616 per month. Currently the maximum monthly benefit for a family of three is $506 (approximately 31 percent of FPL). There is a 60-month time limit for adults to receive TANF.

The TANF program serves a population with a wide range of abilities and challenges. While 95 percent of TANF recipients have no current earnings, about 44 percent have been employed within the last two years. About 50 percent of TANF households have a disability or other barrier. Most families - 85 percent - are paying for housing without any assistance from a Federal housing program or other subsidy.

Young children make up a large number of those served within TANF. Half of all children in TANF are between 0-6 years old. In about 19 percent of TANF households, the adults receive
assistance for the children but not for themselves. In these households, many have an adult who is disabled and receiving Social Security benefits or a caretaker relative, such as an aunt, uncle or grandparent, is caring for the children. Many of these families have unique needs in both providing basic support for children and in navigating resources that can help them provide a stable, safe home environment.

The State Family Pre-SSI/SSDI (SFPSS) Program is designed to assist TANF-eligible individuals with disabilities obtain Social Security disability benefits through the Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) programs. The program serves individuals who are not required to participate in the JOBS program. The program provides families with a cash grant, professional assistance with Social Security Administration (SSA) applications and appeals and case management services. Once a client is awarded SSI benefits, the department recovers a portion of the payments it made to the family during the application process from the client’s initial SSI lump-sum payment.

When funded, Post-TANF is a program that provides an incentive to employment. This program has been suspended for the current biennium because of budgetary constraints. Post-TANF provided a small transitional payment, originally $150 a month for up to a year for those who leave TANF due to employment. The goal of this incentive was to help families transition to financial independence to reduce their chances of returning to the program.

Other programs such as Employment Related Day Care (Education Outcomes Area), the Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, Family Support and Connections (Safety Outcomes Area), Temporary Assistance for Domestic Violence Survivors (Safety Outcomes Area), and medical assistance all play a critical role in helping those on cash assistance transition to employment and financial independence.

The major cost driver for the TANF cash assistance programs is the economy. As the state of the economy worsened, families (including parents with disabilities who may have been able to work previously with accommodations) found it more difficult to obtain employment. The resulting financial strain leads them to seek our services. As the economy improves, the number of families who transition out of TANF and into employment also increases.

**Program Justification and Link to 10-Year Outcome**

There is a direct link between the TANF cash assistance programs and the Making Work Pay Outcome area. TANF strives to reduce unemployment - including unemployment of underrepresented individuals - and create job-ready communities. The TANF program is represented in the Oregon Workforce Investment Board which is aligning strategies across Oregon’s workforce programs.

The TANF and Pre-SSI/SSDI programs also contribute to family stability and safety. TANF cash assistance provides for the basic financial needs of very low-income families with children. Over 96 percent of families with an adult recipient receiving TANF in Oregon have zero income. Some of these families are homeless, which makes finding and maintaining employment extremely difficult. Being in a constant state of crisis can also negatively impact children, including their ability to attend school and make progress in their learning. Without this cash
assistance, most of these families would not have the financial means to survive. Extreme poverty is one of the leading family stressors that can put children at risk of abuse.

Program Performance
In January 2014, the TANF and Pre-SSI/SSDI programs served 34,958 families. These households include 60,967 children and 31,917 adults from a diverse range of abilities, cultures and communities. The number of children served by the program has nearly doubled since January 2005.

TANF cash assistance expenditures increased since the onset of the economic recession but are slowly decreasing as the caseload drops. The program was strained during the recession and the immediate aftermath due to a high caseload and insufficient resources, including case management staff. With the support of the Governor and the Oregon Legislature, the Department repurposed a portion of Human Service Specialist 3 positions into case management positions. By July 2014, the percent of need to adequately provide case management services relative to the forecasted caseload will shift from 35 percent of need to 59 percent of need. The case management resource is helping test strategies to engage families in ways that improve outcomes in the areas of engagement in a self-sufficiency plan, improving family stability, improving federal participation rates, and increasing employment placements.

Enabling Legislation/Program Authorization
The TANF program is authorized under Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and the Deficit Reduction Act of 2005. A significant portion of the TANF eligibility criteria is codified in State statute chapters 411 and 412.
**Funding Streams**
TANF is funded primarily through General Fund dollars and the TANF Federal block grant that requires a minimum state expenditure level, known as Maintenance of Effort (MOE). Oregon’s TANF block grant is $166.8 million per year. Oregon’s MOE requirement is equal to 80 percent of the state’s historic expenditures or approximately $98 million per year. Expenditures counted towards MOE must not be from a federal source and must not be matched to other federal funds. Oregon generally meets MOE through a combination of eligible DHS and other agency expenditures. Both the TANF federal block grant and MOE expenditures must be spent in a manner reasonably calculated to meet one of the four federally-mandated TANF purposes which are: 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies, and 4) encourage and maintain family formations.

The State Family Pre-SSI/SSDI program is a General Fund program. The Department recovers a portion of funds expended through client reimbursements.
Executive Summary
The Supplemental Nutrition Assistance Program (SNAP) has an Employment and Training (E&T) component known as the Oregon Food Stamp Employment and Training (OFSET) program. This program assists clients to gain valuable skills, training, or experience that will improve employment prospects leading to self-sufficiency and a reduced reliance on SNAP benefits.

This program provides employment-related services to federally defined mandatory adult SNAP clients. Mandatory clients are defined as those aged 18 to 59 (or age 16 and 17 if the client is the primary person/head of household) and who do not meet a federal exemption. Clients come from a variety of linguistic and cultural backgrounds from across the State. The program is mandated by the federal government and adheres to strict requirements.
Program Funding Request

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Significant Proposed Program Changes from 2013-15

There are no proposed changes for 2015-17 in this program.

Program Description

Oregon has 19 contracts with employment-related partners in all Oregon counties to deliver E&T components. Contractors specialize in workforce development and job placement. Components are designed to assist SNAP clients to move into employment. Typically participants have an assessment followed by job search training and supported independent job search. Participation is limited to a maximum of eight weeks per year. The two primary program components are:

Job search training: Trains participants on specific skills and strategies for finding and keeping a job. Information is geared towards the local labor market. Topics include resume building, interview skills, and other soft skills for finding or retaining employment.

Job Search: Includes job search techniques, referrals to the local Oregon Employment Department for I-Match registration and the assignment and monitoring of required monthly employer contacts. Clients are required to complete 12 employer contacts per month over the course of eight weeks.

Other allowable activities include Adult Basic Education (GED), English as a Second Language (ESL), job retention activities, and short-term vocational training. At this time, contractors are not providing services in these areas due to funding limitations.

The United States Department of Agriculture (USDA) Food and Nutrition Services (FNS) determines the annual allotment of E&T administrative funding. FNS has a set amount of funding for all states. Each state’s share is based on a formula using, in part, the state’s SNAP mandatory client figure. Mandatory clients are defined as those aged 18 to 59 (or age 16 and 17 if the client is the primary person/head of household) and who do not meet a federal exemption. Federal exemptions include the following:

- Caretaker of a dependent child under age 6
- Caretaker of an incapacitated individual
- Physical or mental barriers to employment
- TANF participant
- Receipt of unemployment benefits
- Participation in alcohol or drug rehabilitation
- Eligible students enrolled at least half time
- Employed 30 hours a week at federal minimum wage.

The FNS annual allotment is the major cost driver for the E&T program. As this number is adjusted annually, services provided by contractors are scaled back to stay within budget. FNS is currently facing potential cuts to the E&T program due to the federal budget deficit which in turn would reduce the amount of Oregon’s allotment in the next fiscal year.

A limited amount of support service funding is available to clients. Support services are provided to pay a client’s up-front transportation expense related to independent job search efforts, such as transportation to job interviews, submitting job applications and informal, in-person job search. The majority of reimbursements are vendor payments in the form of gas vouchers and bus tickets. Contractors use the lowest cost alternative available to maximize the number of clients who may receive a support service payment.

The support service budget is funded by 50 percent General Fund and 50 percent Federal fund per FNS regulations. Since 2009, the annual Oregon support service budget has been $1.2 million. This figure is based on 20,000 anticipated participants using $60 in support services per participant. Contractors historically serve more than 20,000 participants annually, which brings the average support service cost per person significantly down. For Federal Fiscal Year (FFY) 2012, the average support service payment per participant is $28.

SNAP E&T contractors work to leverage resources with other workforce programs. While E&T dollars cannot be utilized for clients where there is a prior resource available (for example, job preparation activities for TANF clients would be funded with JOBS dollars and not E&T dollars). The program does work with programs funded through TANF and the Workforce Investment Act (WIA) to coordinate services and refer clients into services that may not be funded by E&T but could benefit the job seeker. An example of this would be a referral of a SNAP E&T participant to a WIA-funded training program or the leveraging of job openings and referrals with co-located job placement programs.

**Program Justification and Link to 10-Year Outcome**

The SNAP E&T program’s goal is to assist clients to gain skills that will improve their employment prospects and reduce reliance on SNAP benefits. Participants improve job skills, which add to the diversity and strength of Oregon’s workforce. Using local contractors to deliver the E&T program results in a higher quality workforce because services can be tailored to the area and local economies benefit from these expenses. The program supports Oregon’s 10-year focus on long-term economic prosperity and resiliency through people-based strategies.

**Program Performance**

Current funding supports 19,833 individuals, or 1,652 people monthly. Each month, approximately 146 clients are placed into employment, about eight percent of those served. For FFY 2012, DHS projects a total of 46,342 participants are eligible for this program. However, the program is only able to serve about 42 percent of these individuals per year because of the amount of funding received.
While not all participants find employment after the eight-week E&T program, clients do become connected to employment specialists in their local area. Some clients choose to continue accessing other services available from local employment specialists once their mandatory participation in E&T ends. This link assists clients in continuing and enhancing job search efforts.

**Enabling Legislation/Program Authorization**

This program is mandated by Federal legislation found in the Food and Nutrition Act of 2008, authorized by the 2008 Farm Bill. Program policy is reauthorized every five years though the Farm Bill and the next reauthorization is this year. FNS is facing potential funding cuts to the E&T program for the next FFY due to the federal budget deficit.

**Funding Streams**

This program is funded primarily through Federal funds, with a small amount of General Fund dollars. E&T administrative costs are 100 percent Federal funds based on a fixed formula. For 2013-15, administrative costs are estimated at $4,387,216. E&T participant support service costs are funded through 50 percent General Fund dollars and 50 percent Federal funds. For 2013-15, support service costs are $701,325 General Fund. The total E&T program budget is $5,689,141.
Department of Human Services: Domestic Violence, Refugee and Youth Services
Self-Sufficiency Programs

Primary Outcome Area: Economy and Jobs
Secondary Outcome Area: Safety
Program Contact: Belit Burke, 503-947-5389

Program Funding Request for All Relevant Programs in this Bid Form

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**Significant Proposed Program Changes from 2013-15**
There are no significant changes proposed in these programs for 2013-15. However, changes in other program areas, such as Child Safety and funding for Differential Response staff, will improve outcomes in these areas.

**Overviews by Program Area**

**DOMESTIC VIOLENCE**

![Domestic Violence Caseload and Funding](image)

**Executive Summary – Domestic Violence**
Temporary Assistance for Domestic Violence Survivors (TA-DVS) provides resources to low-income families impacted by domestic violence. These are individuals or a family whose safety is at risk and need help to escape or remain free from domestic violence. Many domestic violence survivors need assistance to create safety and stability in order to be successful in finding and maintaining a job, all keys to becoming self-supporting without public assistance. A guide on domestic violence created by the Oregon Firearms and Domestic Violence Task Force in 2011 estimated that the costs of domestic and sexual violence injuries in Oregon exceed $50 million a year. Nearly $35 million of those costs are for direct medical and mental health care services. Approximately $9.3 million are from victims’ lost productivity from paid work and $10.7 million are lifetime earnings lost by victims who are killed.

**Program Description**
TA-DVS provides up to $1,200, over a three-month period. Payments include rent deposits, initial month’s rent, moving costs, and items to help address safety. The program serves families with minor children or individuals who are pregnant, who are low-income and meet eligibility requirements of the Temporary Assistance for Needy Families (TANF) program. Case managers, through DHS field offices, meet with the clients to review their situation and develop a safety
plan. Depending on the service needs, payments are made directly to vendors including landlords, truck rental companies, gas stations, or other retailers. DHS also works in partnership with local non-profit domestic violence and sexual assault service providers who assist families with safety planning and emergency shelter.

**Program Justification and Link to 10-Year Outcomes**
The TA-DVS program has a secondary link to the Safety Outcome area. Futures Without Violence (formerly the Family Violence Prevention Fund) indicates that about 30 percent of women receiving public assistance have experienced domestic violence. Research has shown that individuals impacted by domestic violence have more chronic health issues\(^i\) including depression and post-traumatic stress, more difficulty obtaining and maintaining employment\(^ii\), and that these impacts can be mitigated by addressing safety.\(^iii\) This program provides economic support to very low income families who are seeking services to meet basic needs while they are working towards self-sufficiency. Ensuring safety and stability helps the domestic violence survivor be more successful when they engage in job training or job search.

**Program Performance**
For the fiscal year ending in June 2013, the TA-DVS program served 467 families per month on average. The average payment per family was $777.09. From July 2012 to March 2014 the program has issued emergency payments to 2,468 families.

**Enabling Legislation/Program Authorization**
Domestic violence emergency assistance also known as TA-DVS is mandated under ORS 411.117 (1)(e). Federal authorization through the TANF block grant includes use of the TANF funds to meet non-recurrent, short-term benefits to deal with specific crisis situations including domestic violence. (See 45CFR 260.31 (b))

**Funding Streams**
TA-DVS is funded with the Federal TANF block grant. (See 45CFRPart260)
Executive Summary – Refugee Services

The Refugee Program serves individuals and families who fled persecution in their country of origin and were legally admitted for resettlement by the United States government. The program helps refugees and asylum residents successfully resettle in this country by providing financial, employment-related services and acculturation services. The program guides refugees into self-sufficiency through employment as early as possible, so they become contributing members of Oregon’s economy.

Program Description

The Refugee Services Program can serve only those persons in immigration categories approved by the Federal Office of Refugee Resettlement (ORR): Refugees, Asylees, Cuban/Haitian Entrants and Parolees, Amerasians, Victims of Human Trafficking (international) and certain family members, Iraqi/Afghan Special Immigrant Visa Holders.

Resettlement services are comprehensive. Initial resettlement and case coordination services are delivered by non-profit resettlement agencies located in the Portland tri-county (Multnomah, Clackamas and Washington counties) area where the majority of refugees seek services. This may include essential tasks such as picking-up refugees at the airport, finding them a place to live and helping to furnish their home with basic necessities. During Federal Fiscal Year (FFY) 2013, the average monthly caseload for all resettlement agencies was 340 refugee cases. Employment-related services are delivered by the Immigrant and Refugee Community Organization (IRCO) in Portland. IRCO services may include: Assistance with job search, employment acculturation, English language classes, citizenship, and naturalization help. These
services assisted an average of 833 refugees per month. Those refugees who resettle outside the tri-county area are served through a local DHS field office.

**Program Justification and Link to 10-Year Outcomes**
Refugees receive help to become safe, healthy and independent by learning how to understand and navigate the prevalent culture, become self-sufficient through employment as early as possible and become contributing members of Oregon’s economy. These services enhance the ability of arriving refugees to succeed in the U.S., most services are provided for up to eight months after arrival. Employment services can extend to a maximum of 60 months after arrival.

**Program Performance**
ORR requires states to establish goals related to self-sufficiency of refugees. Two of the more significant measures are the percentage of clients who become employed and the percentage who remain employed 90 days after placement. During Federal Fiscal Year (FFY) 2013, the Refugee Program was able to help gain employment for about 66 percent of the on-going caseload, with the goal being 57 percent. However, the retention goal of 76 percent was not met with only 71 percent for those still employed after 90 days.

**Enabling Legislation/Program Authorization**
The Refugee Program is authorized and operates under the Federal Immigration and Nationality Act and the Refugee Act (8 U.S.C. 1522). The Refugee Program operates as a public assistance program under ORS 411.060, 409.010(2)(c), and 409.010(2)(h).

**Funding Streams**
During the initial resettlement period, the Refugee Program serves two different populations of refugees: Those refugees who are eligible for Temporary Assistance for Needy Families (TANF) and those refugees who are eligible for ORR-funded services. The TANF eligible refugees receive cash assistance and services paid with TANF funding, and all other refugees are served with ORR funds, which are federal funds.
Executive Summary - Youth Services
Youth Services include sexual health education, leadership and mentor programs. These services support community prevention efforts to enable Temporary Assistance for Needy (TANF) families to break the generational dependence on public assistance.

Program Description
The My Future-My Choice Program includes age-appropriate, medically accurate sexual health education curriculum and services for sixth and seventh grade and a high school leadership and mentor component. These services support community prevention efforts to enable TANF families in breaking the generational dependence on public assistance. The My Future-My Choice Program expands on the historical teen pregnancy prevention program to provide education and tools for youth to resist multiple risk taking behaviors. DHS partners with the Oregon Department of Education and the My Future-My Choice Advisory Committee to develop and implement this sexual health education program. During the 2012-2013 school year, this curriculum was implemented in 17 counties and 29 school districts. School districts implement this program at many different times of the year; the 2013-2014 school year data will be available July 1, 2014.

Program Justification and Link to 10-Year Outcomes
An analysis from the National Campaign to Prevent Teen Pregnancy shows that teen childbearing (ages 19 and younger) in Oregon cost taxpayers (Federal, State and local) at least $91 million in 2004. Of the total 2004 teen childbearing costs in Oregon, 32 percent were Federal costs and 68 percent were State and local costs. Investing in preventing teen pregnancy reduces the risk to teen pregnancy, which can lead to a lifetime of poverty for both the teen parent and the child.
**Program Performance**
Oregon teen pregnancy rates have consistently stayed below the national average. The teen birth rate in Oregon declined 8 percent between 2011 and 2012. According to national data from the U.S. Department of Health and Human Services, the 2012 national rate for births to teens between the ages of 15 and 19 is 29 per 1,000 teen girls. The Oregon rate is 23.8 births per 1,000 females. Oregon has seen a steady decline in the teen pregnancy rate for teens ages 15 through 17. The rate dropped from 19 per 1,000 females in 2010 to 17 per 1,000 females in 2011, the most recent year data is available.

**Enabling Legislation/Program Authorization**
The Oregon Legislature passed HB 2509 in 2009 which requires that all schools provide comprehensive sexual health education. The My Future – My Choice curriculum complies with all requirements of this legislation for sixth and seventh grades. In 2010, the Oregon Department of Education, the Oregon Health Authority and DHS signed a Memorandum of Agreement to share responsibility for collaborative efforts to increase youth sexual health education and services.

**Funding Streams**
A five year Title V Federal grant provides annual funding of approximately $550,000 to the My Future–My Choice Program through 2015. DHS submits a request for funding each year and continued funding is contingent on Federal budget approval. DHS has already received notification of funding for FFY 2014.

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i Depression, Substance Abuse and Domestic Violence; National Center for Children in Poverty; Sarmila Lawrence; Michelle Chau; Mary Clare Lennon; June 2004

ii Welfare and Domestic Violence Against Women: Lessons from Research – Eleanor Lyon, PHD; August 2002

iii Self-Sufficiency & Safety; Lee McKeen, PHD; Center for Impact Research; October 2004
Department of Human Services - Program Delivery and Design
Self-Sufficiency Program

Primary Outcome Area: Healthy People
Secondary Outcome Area: Economy and Jobs
Tertiary Outcome Area: Safety
Program Contact: Liesl Wendt, 503-947-5589
Sandy Dugan, 503-947-5374

Executive Summary
This program provides design, personnel and service delivery in addition to oversight, planning, reporting, implementation, training, eligibility and benefit issuance for programs that support a diverse, low-income population in need of economic supports and self-sufficiency services to meet their basic needs. The last economic recession triggered a dramatic increase in demand for these services which include food and cash assistance, and other programs that enhance employability and support job retention among clients.

Self Sufficiency reallocated staff resources to meet client demand and increase positive outcomes for TANF clients. This was accomplished by reclassifying current positions. It’s projected that our case managers will be staffed at 67 percent of the demand for the 2015-17 due to the staff reallocation approved in the 2013-15 biennium. These positions provide families, who are living at less than 43 percent of the federal poverty level, with services to stabilize their living situations and increase their earning potential to move them off of state provided services which includes over 11,000 employment placements during the first year of this biennium. This investment increased case managers from 35 percent of workload to 59 percent of workload by the end of the 2013-15 biennia. This investment was also supported by an increase in JOBS funding in the Economy and Jobs budget. Together, these
investments significantly increased the level of case management and employment barrier removal services available to TANF clients.

**Program Funding Request**

<table>
<thead>
<tr>
<th>Self Sufficiency Healthy People Total (Design/Delivery)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GF</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>LAB</td>
</tr>
<tr>
<td>ARB</td>
</tr>
<tr>
<td>Difference</td>
</tr>
<tr>
<td>Percent Change</td>
</tr>
</tbody>
</table>

**Significant Proposed Program Changes from 2013-15**

$ in millions

<table>
<thead>
<tr>
<th>SS Healthy People Total (Design/Delivery)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self Sufficiency Investments/Reductions</strong></td>
</tr>
<tr>
<td>GF</td>
</tr>
<tr>
<td>Eliminate Empty OF Limitation</td>
</tr>
<tr>
<td>DHS IT modernization and eligibility automation continuation</td>
</tr>
</tbody>
</table>

DHS proposes to continue efforts to transform the process for enrolling people and delivering services in eligibility programs including SNAP, TANF, and ERDC. It also expands and focuses efforts for 2015-17 in the areas of service delivery transformation and system alignment. This comprehensive request supports technology needs and business transformation, supporting business architecture scalable for future needs. The result will accomplish consistency in service delivery and maximize economies of scale as we work with clients across the state. Working with seamless data access and data sharing will lead to positive outcomes, greater efficiency for caseworkers.

DHS proposes to extend the sunset for HB 2469 (2007) as we refocus the TANF program to fit today’s realities. Self Sufficiency is proposing a package of cost-neutral, targeted investments that build the capacity of families to increase earnings and transition from TANF through an accountable, flexible and family-centered approach. The investments emphasize alignment with systems that touch or should touch TANF participants, the scaling up of best practice case management, and creating a glide path off of TANF to decrease the number of families who return to the program repeatedly.

Self Sufficiency is also proposing several policy packages to remove empty other fund limitation and stabilize the field delivery position and FTE funding. The collection of packages is necessary to ensure adequate staffing resources to continue the supports for the most vulnerable Oregonians.
Program Description
This program encompasses and supports the personnel necessary to provide eligibility and case management services to vulnerable Oregonians who request assistance to meet basic needs such as food and shelter, and need access to employment programs. Self Sufficiency family stability and work support programs:

- Temporary Assistance to Needy Families (TANF) provides cash assistance, job preparation services and community connections to low-income families with children while they strive to self-sufficiency.
- TANF Jobs Opportunity and Basic Skills (JOBS) program is an employment and training program.
- Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps low-income families buy healthy foods to meet their nutritional needs.
- Employment Related Day Care (ERDC) helps low-income, working families with quality child care.
- Family Support and Connections (FS&C) provides local advocates who work with families to help them overcome parenting challenges to create family stability and prevent Child Welfare involvement.
- Temporary Assistance for Domestic Violence Survivors (TA-DVS) which provides up to $1,200 to help pregnant women and families flee or stay free from domestic violence.
- Refugee Services support the successful resettlement of families in the U.S. who are fleeing persecution in their countries of origin.
- Oregon Health Plan and Medicaid eligibility referral to connect Oregonians who qualify for subsidized medical coverage with the appropriate program.

Since the start of the last recession, demand for these services grew dramatically. The department continues to handle high caseloads in its primary self-sufficiency programs. Currently approximately 790,000 people – or one in five Oregonians – get help purchasing food for their families through programs like SNAP. Of those Oregonians receiving SNAP, approximately 91,600 individuals are also receiving cash assistance through TANF to cover their family’s basic living expenses such as rent, utility payments and medical needs. Other programs, such as the child care subsidy, help parents provide the safe, reliable child care to stay employed.

Major cost drivers for the personnel need for Self-Sufficiency Program Delivery and Design are: Federal or State program mandates; economic conditions which affect caseload size such as the number of Oregonians needing assistance; personnel turnover and the related training and travel costs; the work effort required to provide services, and personnel packages such as position costs, infrastructure improvements, etc.

Program Justification and Link to 10-Year Outcomes
This program primarily supports the 10-Year Outcome for Healthy People by helping Oregonians meet their basic needs such as food, housing and medical care referrals in order for people to be healthy and have the best possible quality of life at all ages. It also links to the Economy and Jobs, and Safety Outcome areas.

Staff supports basic need programs such as financial assistance, food assistance, medical insurance (referral only), child care, domestic violence services, employment and training, refugee and youth
services. Also, staff is responsible for disaster program delivery when needed and as identified by the Federal program.

Staff at the State and local levels coordinates with Child Welfare to work with families to increase their stability and prevent Child Welfare involvement. This collaboration helps to support the State’s 10-Year Outcome for safety by ensuring children are cared for regardless of the system of service. Other collaborations have been built around domestic violence; housing; alcohol, drug and mental health treatment; workforce development; Vocational Rehabilitation; health care, and education.

**Program Performance**

Personnel resources provide performance in the delivery of programs within Self Sufficiency. A workload model is used to provide a basis for determining personnel needs to adequately support those seeking services. The Spring 2014 Forecast matrix below provides a comparison of the delivery positions authorized by the 2013-2015 Legislature, showing the investment of reallocating positions, and the need based on work effort to meet the service delivery need.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility Workers (HSS3)</td>
<td>648.0</td>
<td>956.9</td>
<td>67.7%</td>
<td>-308.9</td>
<td>648.0</td>
<td>788.8</td>
<td>82.2%</td>
<td>-140.8</td>
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<tr>
<td>Case Managers (HSCM)</td>
<td>400.0</td>
<td>677.5</td>
<td>59.0%</td>
<td>-277.5</td>
<td>400.0</td>
<td>595.6</td>
<td>67.2%</td>
<td>-195.6</td>
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<tr>
<td>Combined Support Staff *</td>
<td>545.0</td>
<td>817.2</td>
<td>66.7%</td>
<td>-272.2</td>
<td>545.0</td>
<td>692.2</td>
<td>78.7%</td>
<td>-147.2</td>
</tr>
<tr>
<td>Field Mgmt/Leadership Support</td>
<td>256.0</td>
<td>325.9</td>
<td>78.6%</td>
<td>-69.9</td>
<td>256.0</td>
<td>335.2</td>
<td>76.4%</td>
<td>-79.2</td>
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<tr>
<td><strong>Totals</strong></td>
<td>1849.0</td>
<td>2777.5</td>
<td>66.6%</td>
<td>-928.5</td>
<td>1849.0</td>
<td>2411.8</td>
<td>76.7%</td>
<td>-562.8</td>
</tr>
</tbody>
</table>

The work of staff in administration and central support is not included in the workload model; however, the work of central support staff is vital to the delivery of services in field offices. Central support provides the oversight of policy development, program design, changes required through legislation, as well as Federal reporting compliance, and has not been adequately staffed for several years.

The charts below provide a comparison of the caseload growth to the personnel growth providing a stark display of how our current resources are struggling to keep pace with the need of vulnerable Oregonians.
We are committed to continually evaluating how to work in a more lean and efficient way to help streamline our efforts and improve outcomes for our clients and our budgets. As an example, improvements continue in how we interview and determine eligibility for SNAP and TANF. This greatly improved the capacity of staff to see clients and issue benefits quickly, and helps us gain monetary performance awards to further benefit the State. The United States Department of Human Services is in the process of hiring to fill all authorized positions. In June 2014, DHS had 377
Agriculture (USDA) Food and Nutrition Service (FNS) recognized Oregon as a national model for effective administration of the SNAP program. FNS awarded Oregon performance bonuses totaling $3.2 million for its timeliness in issuing benefits and for program accessibility.

This active process of identifying ways to improve efficiencies allowed the Self-Sufficiency Program to reinvest staff resources to close the gap between positions needed and those authorized in the 2013-2015 biennium. The Self-Sufficiency Program continues to identify opportunities for other efficiencies as the delivery programs are at 66 percent of needed positions based on client demand. We are developing new models of delivery that will include on-line applications, electronic workflow and distribution and eligibility automation which, over time, will allow staff to spend less time on paperwork and more time working directly with clients providing services such as referrals to community resources, employment and training assistance, and case management.

Additionally, program areas are developing strategic plans for program delivery, including high-priority areas where breakthroughs are desired in either outcomes or the way work is done. One high priority area we share with the Vocational Rehabilitation and the Aging and People with Disabilities programs is on increasing employment outcomes for clients. We can best meet the needs of our clients by collaborating across programs to help them progress quickly along the road to self-sufficiency.

**Enabling Legislation/Program Authorization**

Self-Sufficiency Programs have varying levels of mandates from Federal law and the Oregon Constitution. SNAP and Medicaid are federally mandated programs. TANF is a federal block grant program. It is authorized under Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and the Deficit Reduction Act of 2005. A significant portion of the TANF eligibility criteria is codified in State statute chapters 411 and 412. DHS has statutory authority to administer the ERDC program through ORS 409.010(2)(c), 411.141 and 418.485. Family Support and Connections services are authorized through the Title II of the Child Abuse Prevention and Treatment Act (CAPTA), as amended by P.L. 111-320.

**Funding Streams**

Funding for personnel for program Delivery and Design is determined through Random Moment Sampling Surveys to identify which programs are being worked on in the moment and the funding split for administration of the program. With RMSS, field delivery staff are required at random intervals to indicate the time spent on various activities to determine the level of federal funding which directly supports our ability to provide Self-Sufficiency Program services. The funding is a mixture of Federal and General Funds that cover the work done by the employees to support the programs that they work on. The main grant used is SNAP Administration is 50 percent Federal funds and 50 percent General Funds. TANF and CCDF funds also are used and both are 100 percent General Fund for administration.
Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

- Self Sufficiency: $3,476.5 million (34%)
- Child Welfare: $981.8 million (9%)
- VR Basic Rehabilitative Services: $100.5 million (1%)
- Intellectual & Developmental Disabilities: $2,023.2 million (20%)
- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services: $718.3 million (7%)
- Aging and People with Disabilities: $2,929.1 million (29%)
- Other Programs: $404.6 million (4%)

Self Sufficiency
Total by fund type
$3,476.5 million

- Federal Fund Ltd: $404.6 million (12%)
- General Fund: $446.2 million (13%)
- Federal Fund Non Ltd: $2,514.3 million (72%)
- Other Fund: $111.4 million (3%)

Self Sufficiency
Total by program
$3,476.5 million

- JOBS Program: $72.4 million (2%)
- Employment Related Daycare: $136.7 million (4%)
- Other Programs: $23.7 million (1%)
- Family Support & Connections: $4.2 million (10%)
- Program Delivery, Design & Modernization: $352.4 million (10%)
- Cash Assistance: $367.0 million (11%)
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>COMP SOURCE GROUP</th>
<th>FUND</th>
<th>2011-13 Actuals</th>
<th>2013-15 Legislatively Approved Budget</th>
<th>2015-17 Agency Request Budget</th>
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<td>General Fund Appropriation</td>
<td>0050</td>
<td>GF</td>
<td>397,038,254</td>
<td>352,424,329</td>
<td>446,153,966</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td></td>
<td>GF</td>
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<td><strong>TOTAL GENERAL FUNDS</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Revenues</td>
<td></td>
<td></td>
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<td>Beginning Balance</td>
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<td>OF</td>
<td>8,953</td>
<td>8,972,415</td>
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<td>Beginning Balance Adjustment</td>
<td>0030</td>
<td>OF</td>
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<td>(8,972,415)</td>
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<td>Other Selective Taxes</td>
<td>0190</td>
<td>OF</td>
<td>5,483,837</td>
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<td>Care of State Wards</td>
<td>0420</td>
<td>OF</td>
<td>10</td>
<td>-</td>
<td>-</td>
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<td>General Fund Obligation Bonds</td>
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<td>OF</td>
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<td>14,360,000</td>
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<td>Other Revenues</td>
<td>0975</td>
<td>OF</td>
<td>1,898,617</td>
<td>14,847,049</td>
<td>16,758,987</td>
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<td><strong>TOTAL REVENUES</strong></td>
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<td>OF</td>
<td>7,649,294</td>
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<td><strong>TRANSFER IN</strong></td>
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<td>-</td>
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<td>Transfer in Education</td>
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<td>110,006,102</td>
<td>98,906,102</td>
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## Self Sufficiency - Program 10000-060-01-00-00000

### 2015-17 Revenue Report

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>COMP GROUP</th>
<th>FUND</th>
<th>2011-13 Actuals</th>
<th>2013-15 Legislatively Approved Budget</th>
<th>2015-17 Agency Request Budget</th>
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<tr>
<td>Transfer in Housing and Commercial Services</td>
<td>1914</td>
<td>OF</td>
<td>-</td>
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<td>500,000</td>
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<td><strong>TOTAL TRANSFERS IN</strong></td>
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<td>OF</td>
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<td><strong>111,275,522</strong></td>
<td><strong>99,490,480</strong></td>
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<td>2010</td>
<td>OF</td>
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<td>-</td>
<td>-</td>
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<td>Tsfr to HECC</td>
<td>2525</td>
<td>OF</td>
<td>-</td>
<td>-</td>
<td>(243,000)</td>
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<td>Tsfr To Student Access Comm</td>
<td>2575</td>
<td>OF</td>
<td>(133,303)</td>
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<td>Tsfr To Education, Dept of</td>
<td>2581</td>
<td>OF</td>
<td>-</td>
<td>(1,182,251)</td>
<td>-</td>
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<td><strong>TOTAL TRANSFERS OUT</strong></td>
<td></td>
<td>OF</td>
<td>(3,950,097)</td>
<td>(1,425,251)</td>
<td>(243,000)</td>
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<td><strong>TOTAL OTHER FUNDS</strong></td>
<td></td>
<td>OF</td>
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**2015-17 Agency Request budget**

**Self Sufficiency**

Revenue Detail (LF, OF and FF)
Department of Human Services
Child Welfare Program

MISSION
The Department of Human Services Child Welfare (CW) program is responsible for accepting and caring for Oregon’s increasingly diverse children in need of protection (ORS 418.015). These children are dependent, neglected, abused, mentally or physically disabled, and placed in legal custody by a court in the State of Oregon (ORS 419B).

INDIVIDUALS WE SERVE
Child Welfare employees provide direct services through a network of local offices in every county across Oregon. For a list, see http://oregon.gov/dhs/Pages/localoffices/index.aspx

During 2012 we served approximately:

- 30,850 reports were assigned for a protective services assessment
- 10,054 children through protective services investigations to keep them safe.
- 556 children found permanent, safe homes through our adoption services.
- Helped 4,998 domestic violence victims address safety concerns through shelter care assistance
- 4,673 Oregon families stepped forward to be foster parents
- 8,778 children on average in substitute care every day
- More than 69,096 reports of child abuse

Child Welfare Today
We provide prevention, protection and regulatory programs for Oregon’s most vulnerable citizens who meet our statutory mandate to serve, keeping them safe and improving their quality of life. Prolonged economic stress is increasingly putting Oregon children in situations that are unsafe. We know that the demand for state-funded services in the future is directly related to our ability to prevent and mitigate these traumas today.

The CW program focuses efforts that minimize risk to best meet challenges families are facing. The way we intervene enhances our ability to engage individuals who are less able to care for themselves, their families and
communities. Today we are focused on a better array of interventions with community-based supports for families before, during and after involvement with the CW system, including strategies to safely and equitably reduce the number of children who experience foster care. This includes better outcomes, available services and supports so children are not at risk for re-entry into foster care and family stabilization. CW is working to improve services for children and families of color, especially Native American and African American children, targeting strategies to address issues such as overrepresentation in foster care, underrepresentation in family support and family preservation services, and potential disparities in decision-making. Through these efforts we are helping communities build capacity to serve families in their own communities.

CW services represent a continuum of supports with the ultimate goal of keeping children safe. Historically in Oregon that has resulted in high rates of removal and placement into foster care. Based on research and feedback from children, youth and families who experience our system, our strategic efforts are refocusing the service continuum to ensure safety while also focusing on child well-being, family stability and, when possible, avoid removal and placement in foster care by supporting families safely parenting their children at home. Post adoption and guardianship support helps families bridge those difficult times as children move through childhood, again preventing them from returning to foster care.

SERVICES
This program is designed under seven key areas representing a continuum of supports: child safety, well being (including substitute care and provider supports) permanency planning and post adoption and guardianship supports program design and delivery, and federal compliance.

**Child Safety** – Guided by the Child Abuse Reporting Law, ORS 419B.005 – 419B.050, which was enacted in 1971 and updated several times, this law was designed to provide early identification and protection of children who have been abused and neglected. DHS is required by statute to assess reports of alleged child abuse or neglect, complete comprehensive safety assessments of children, assess parent or caregiver capacity to protect, and determine whether child abuse or neglect has occurred. In addition, CW is governed by federal laws and performance indicators.
**Child Safety Services:** Services are provided to children reported to be abused or neglected and families who are impacted by abuse dynamics; typically substance abuse and domestic violence. With very few exceptions, a child abuse report begins with a call to a child abuse hotline. Trained Social Service Specialists screen over 75,000 child abuse reports each year and collect key information in order to determine next steps and how the call should be handled. If the report meets the criteria to be assigned for an in-person investigation, the family’s information is given to a Child Protective Services (CPS) trained worker who will conduct a comprehensive safety assessment of the family. Nearly half of all reports (34,500 per year) meet criteria to receive an in-person investigation. This includes gathering information related to extent of the maltreatment, circumstances surrounding the abuse, adult functioning, child functioning, parenting practices, disciplinary practices, and cultural and communication issues. This combined information is used to determine overall child safety. Approximately 25 percent of those investigations result in necessary interventions to keep children safe.

Child Protective Services administrative rules incorporate a systematic approach to child safety decisions. A procedure manual has been developed to support and clarify this safety intervention approach. The chapters dealing with screening reports of child abuse and assessment are complete and available online.

**Differential Response:** Traditional child welfare services assume a single approach to protecting a child through investigations: an allegation occurs, and we investigate and decide if maltreatment occurred. This approach is very effective with some families. However, for families experiencing neglect, the children enter care at a higher rate than other forms of abuse and stay longer, suggesting the need for a different approach with these families. DHS data shows nearly 60 percent of children are involved with child welfare as a result of neglect or threat of harm of neglect (as opposed to other forms of abuse such as physical or sexual abuse). Differential response allows the agency to implement an alternate response for case workers to conduct a family assessment, gauge the needs and strengths of the family and engage them and community partners in outcomes that keep the family together, benefitting the family as a whole. This alternative approach does not replace Child Safety Services described above or further assistance when there is imminent danger or significant safety risk. Rather this approach allows additional means for child welfare to address the diverse needs of the many different types of families we encounter.
Strengthening, Preserving and Reunifying Families Programs (SPRF): The Oregon Legislature recognized and codified this performance-based approach to the delivery of community-based programs and services for children and families involved in the child welfare system. This effort complements the work of the Coordinated Care Organizations and the future work of the Early Learning Council hubs, targeting children and families involved in the child welfare system. Local collaborations of interested stakeholders determine community strengths and service gaps and request funding for programs targeted to specific outcomes focusing on keeping children safe and families together. These programs are an essential complement to the implementation of Differential Response and supporting children being safely parented at home. Implementation of this approach and investment in a more comprehensive service continuum has been implemented in multiple counties with the rest of the state projected to implement in the 13-15 biennium.

Family Support Teams: Also known as Addiction Recovery Teams (ARTs). These teams provide coordinated, culturally appropriate multi-disciplinary services to substance abusing families referred to Child Protective Services.

Domestic Violence/Sexual Assault Funding: DHS makes grants available to domestic violence and sexual assault service providers throughout Oregon. These providers offer crisis lines, crisis response, emergency shelter and other related services to survivors of sexual assault and survivors of domestic violence and their children in a culturally and linguistically appropriate manner.

In-Home Safety and Reunification Services (ISRS): This program provides culturally appropriate intensive, short term service options to families with children who can remain safely in their homes, or in their communities, in addition to children and families who can be safely reunited. The goals of ISRS are to provide a combination of concrete safety and strengths-based change services that will lead to lasting safety changes within the family’s home. Services are designed to protect children, stabilize the family, and assist parents in establishing linkages to formal, informal, and natural supports and resources so that a child can remain safely with their family without further intervention of the Oregon child welfare system. ISRS supports crucial child welfare initiatives to increase percentage of children remaining safely at home after a child safety threat is identified, and decreases length of time children spend in foster care. ISRS allows for culturally and linguistically appropriate approaches to reduce the disproportionate placement of children of color in foster care as well. Flexible and targeted services are
These services are uniquely adapted for populations overrepresented in the child welfare system. These services are time limited in duration and are complimented by SPRF services for families in need of a longer term or more intensive service.

System of Care (SOC) Flexible Funds: These funds continue to be a valuable resource for Oregon's most vulnerable children by offering resources that meet the family’s identified needs in relationship to the safety, permanency and well-being of the child. Child Welfare staff use SOC funds to provide culturally specific, individually tailored services not otherwise available. Services are planned through family involvement in case planning, community collaboration, including diverse communities, and a shared funding of custom-designed services in collaboration with community partners.

Substitute Care – Also known as the Foster Care Program, this is a safety net for children with immediate safety needs. DHS is responsible for accepting and caring for children who cannot remain safely with their parents or families. Services are designed to meet the federal requirement of placing a child in the least restrictive, most home-like setting that can meet the child’s individual needs when a child cannot safely be cared for by his or her parent(s). This program operates 24 hours a day, seven days a week to accept and care for children. These children are dependent, neglected, mentally or physically disabled and placed in the legal custody of DHS by a court. A family, under limited circumstances and for a short time, may place a child in State custody on a voluntary basis; however, most of the children served in shelter care are there involuntarily as a result of abuse or neglect they experienced in their family home.

Types of substitute care include: Relative Care, Family Foster Care or Family Shelter Care and Residential Care. DHS is responsible for background and reference checks, assessment of the family and certification, training and support of all substitute care resources. We also work with Therapeutic and Enhanced Therapeutic Foster Care organizations, Residential Shelter Care and Residential Treatment facilities. DHS partners with community members and organizations representing diverse linguistic and cultural perspectives to deliver shelter services across the state. DHS is mandated to provide reasonable efforts to return children to their parents. Today, approximately 58 percent of children return home to a parent. Substitute care also responds to the overall well-being of the child in care addressing behavioral, emotional and social functioning; meeting core educational needs, physical, mental health and needs for family and community connections.
DHS works in collaboration with multiple State and local government agencies such as the Oregon Healthy Authority, Oregon Department of Education, and local law enforcement, community programs, schools, the faith community and volunteer programs.

In addition to meeting the needs of children, this program is also responsible for the certification and support of families that care for children in the State’s custody. This includes recruitment, retention, training, and support for foster families. Families are trained by agency staff and through contracted providers. They participate in a Structured Analysis Family Evaluation (SAFE) home study, designed to evaluate a family’s readiness to meet the needs of children that enter the system. Through deliberate attention to these structures and supports, abuse in foster care is less than one percent. We take abuse in foster care seriously and expect zero tolerance for abuse of children in our care.

Children receiving family foster care services are provided with the basic necessities for the child by the foster parent or relative caregiver. DHS reimburses the foster parent for a portion of the cost of the child’s care. Education services are provided most often through Oregon’s public education system. A number of children and youth in substitute care also receive special education services when there is an identified need.

Some children who enter the foster care system are in need of a level of care that combines intensive mental health services and highly skilled foster providers or facility based care. These children are serviced by Behavioral Rehabilitation Services. These are services that are designed to meet youths’ mental and behavioral health needs in a time limited environment with a goal of moving into a less service intensive foster setting.

The complexity of the needs of children coming into substitute care demands comprehensive services to address these needs. Complex mental health needs require oversight of treatment and medication options; complex medical needs require oversight of both treatment and provider capacity; and complex daily care needs demand services and supports for foster parents that include regular respite from daily caregiving responsibilities and day care services for working foster and relative caregivers.
The reliance on the substitute care system over the years has reached a capacity that is no longer sustainable in Oregon. This includes: financial support for the system, limited availability of foster parents, and ongoing research that indicates if substantive preventive services can be immediately put into place that then diverts the removal of children from their families and into the substitute care system. Redirecting resources away from the removal of children from families and increasing the capacity of families who currently have children in the substitute care system by reinvesting in upfront and in-home services within communities will pay far greater dividends to Oregon in the future. This reinvestment will support a Substitute Care Program that will only be necessary if in home safety and support services are not successful for some families and children.

**Permanency Planning & Post Adoption** –DHS establishes permanency through reunification, adoption and guardianship for children in foster care. The Federal Adoption and Safe Families Act (ASFA) of 1997 mandated that public child welfare agencies provide permanency for children within shorter timeframes; this was added to Oregon statute in 1999.

DHS’s first goal is to reunify a foster child with his or her parent(s). If a child is unable to safety reunify with his or parents, DHS helps find a permanent family through adoption or guardianship. Once children are placed in a permanent adoptive or guardian family, the program continues providing support to the families to meet the special needs and lifelong challenges of children who have been abused and neglected.

DHS provides a comprehensive array of services and operations that include consultation and direction for plans of reunification for the process of legally-freeing children for adoption, recruitment of potential adoptive and guardianship families, and selection of adoptive family resources to support services that help ensure the post-legal success and longevity of adoption and guardianship placements. The program provides final consent to all DHS adoptions. Adoption Assistance, Guardianship Assistance and post adoption services are also available to children through the program. This supplemental support enhances the capacity of parents to meet the special needs of their children and strengthens placement stability. Benefits may include medical and mental health coverage, financial assistance and post adoption or guardianship advocacy, consultation, training, and referral services.
DHS develops administrative rules for private and independent adoption vendors in Oregon and monitors for compliance to include approval of allowable waivers. DHS is also responsible for the Coordination of the Voluntary Adoption Search and Registry Program for Oregon’s public and private adoptions. Additionally, adoptions may be entered into for children with relatives living in other countries pursuant to The Hague Convention and the Intercountry Adoption Act.

**Interstate Compact** – The Interstate Compact on the Placement of Children (ICPC) was adopted into law by the 1975 Oregon Legislature. At this time, all states are members of the Compact, as are the District of Columbia and the U.S. Virgin Islands. The Compact requires entities seeking to place children with out-of-state families, or into certain types of out-of-state treatment facilities, to obtain approval from the Child Welfare authorities in the other state before making the placement. If the planned placement is for purposes of foster care, adoption or reunification of a child with a parent, the compact provides for a home study to be completed in which the prospective placement is evaluated to determine if it is safe and suitable before the child is placed. When DHS seeks to place a child with a parent, relative or other identified placement resource in another state; this is done using the Compact.

**Youth Transition Services**– The foster care Independent Living Program (ILP) serves current and former foster youth to age 21. Services include help with life skills, money management and budgeting, communication and social skills, community connections and supportive relationships, informed decision-making, parenting, health, education support, housing, job readiness, and individual emancipation plans including resolving legal issues in the case of foreign nationals unable to return to their country of origin. A continued focus is to develop transitional plans to ensure youth complete high school and successfully make the transition from school to post secondary education or employment at a level that allows them to be self sufficient. Housing support options are available to eligible youth through the federal Chafee housing and independent living subsidy programs. Enhanced attention to comprehensive, culturally appropriate transition planning for youth as they transition to living independently will increase successful transition of youth who have long-lasting resources, support, connections and stability in adulthood after leaving foster care.

**Program Delivery**- This is the field structure that supports the safety of children across Oregon who are abused or neglected. As of January 1, 2014, there will be
approximately 1,333 child welfare caseworkers across Oregon responding to over 75,000 reports of abuse and neglect, and serving approximately 13,000 abused children annually that experience foster care. This structure is administered in our central office in Salem to support field staff through technical support, policy and standards, evaluation, analysis, and parameters of program areas in Child Welfare.

Our service delivery innovation depends on adequate child welfare staffing focused on serving more children safely in their own homes. As of January 1, 2014, staffing will be at about 80% of what our workload model indicates is needed to adequately do the job. Staff is critical to the integrity of the Oregon Safety Model, our intervention model for safety assessments and safety management.

Field managers and supervisors provide clinical supervision of direct service staff. This is critical to building worker competencies including reinforcing positive social work ethics and values, encouraging self-reflection and critical thinking skills, building upon training to enhance performance, and supporting the work through case work decision-making and crises. This is partially achieved through lower staff-to-supervisor ratios as recommended by the Child Welfare League of America (CWLA).

The Oregon Safety Model is an overarching safety system. It is focused on the completion of a safety assessment and safety management at all stages of case management, from screening through case closure.

Child Welfare workers coordinate with Self Sufficiency workers to support family stability and prevent entrance into the foster care system for their common clients. In addition, Child Welfare coordinates with other child and family serving systems including Housing, Oregon Health Plan, Addictions and Mental Health, county-based health and support services, etc. Child Welfare continues to work to eliminate disparities and ensure equitable outcomes for families and children. Contributing cost factors of this program include program mandates (either Federal or State); the number of report/abuse notifications; family stress factors which affect abuse risk (substance abuse, unemployment, mental or physical health issues, criminal history, etc.); personnel turnover (training/travel costs); work effort required to provide services and personnel packages (i.e., furlough mandates, position cost, etc.). Additional drivers of cost include representation from the Department of Justice connected to dependency matters, court-ordered services.
and workload associated with Federal mandates such as Indian Child Welfare Act (ICWA).

DHS has implemented Lean Daily Management Systems in all districts across the State and at Central Office. This active process of identifying ways to improve, streamline, and realize efficiencies will allow DHS to reinvest staff resources to close the gap between the workload and authorized positions.

Currently this effort is directed at delivering more efficient processes surrounding the implementation of our newest technology, OR-Kids (Our child welfare reporting system as required by federal regulations.). We are focusing on improving our business systems with a goal of increasing the time staff has to work with families and children, and decreasing the time spent on the processes used to deliver the work. Child Welfare has undertaken a strategic plan to safely and equitably reduce the number of children in the foster care system.

A critical element of successfully practicing the Oregon Safety Model for child welfare system is staffing at a level adequate to do the work. At the enhanced staffing levels, it will be possible to implement significant change and it will support the program’s ability to reduce the number of children in the foster care system. It is essential that staffing remain at a level that allows consistent application of the critical elements of the Oregon Safety Model which may result in fewer children experiencing foster care.

DHS is responsible for caseworker visits with parents and children as well as arranging family and sibling visitations. Research has shown that frequent visitation is one of the single most predictive factors in reunification of children with their biological families. Contact with the caseworker and visitation also are measures in the federal Child and Family Services Review (CFSR).

Karly’s Law - Since the law went into effect in 2007, more children have been seen by identified medical professionals, resulting in a more accurate and earlier identification of child abuse victims. Karly’s Law has resulted in the development of a review process that has added a greater degree of oversight, transparency and accountability to the Department. This statute was further refined and strengthened in 2009. Since that time the Department has also developed a discretionary review process for cases where systemic issues are or maybe present
or where a child has suffered severe harm and a review is likely to impact system change in a manner that increases child safety.

**Indian Child Welfare Act (ICWA)**- Native American children are currently over-represented in Oregon’s child welfare system. Compliance with the Indian Child Welfare Act is a Federal mandate. The Act is complex and requires a higher level of expertise and effort than cases involving non-Tribal children. DHS has Tribal Liaisons in the child welfare field offices to enhance relationships with Tribal governments and to work with Tribal children and families to reduce disparities and improve compliance with the Act. Nine new positions were added in January 2014 with a specific focus on ensuring ICWA cases receive “Active” efforts to prevent placement or to achieve permanency.

**Federal Compliance**- This program is responsible for ensuring CW is in compliance with the federal programs that provide federal funds for the CW programs and services described above, which includes submitting and monitoring federal reports. The goal of Federal Compliance is to maximize the use of federal funds while ensuring the funds are only used for allowable services and administrative costs and activities.

- Title IV-B, Subpart 1 & 2
- Title IV-D – Child Support
- Title IV-E Foster Care, Adoption Assistance and Guardianship Assistance
- Title XIX Medicaid
- Title XX – Social Services Block Grant
- TANF – Emergency Assistance
Department of Human Services:  Child Safety
Child Welfare Program

Primary Outcome Area: Safety
Secondary Outcome Area: Healthy People
Program Contact: Stacey Ayers, 503-945-6696

Note: Neglect and Threat of Harm of Neglect are the primary abuse categories driving the increase in Child Welfare caseloads, currently representing over 60 percent of all founded abuse.

Executive Summary
This program provides protective and social services to children and families when allegations of child abuse or neglect are reported. Specially trained workers conduct comprehensive safety assessments and make determinations about the following: child safety, the presence of abuse, if services would benefit a family or whether safety intervention is required due to the presence of safety threats. Services are delivered through DHS staff or contracts that require linguistically and culturally appropriate service provision. They are delivered in a manner that is designed to keep children safely with their parents, whenever possible, and to quickly reunite children with their parents when they have been removed.
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**Significant Proposed Program Changes from 2011-15**

No significant changes are directly proposed for this program in 2013-15. Caseloads should be positively impacted with investments in Child Welfare staffing and the implementation of Differential Response model.

**Program Description**

The Child Safety Program is a combination of two units, Child Protective Services (CPS) and Differential Response (DR). Recently developed, the DR unit has primary responsibility for designing, developing and implementing Oregon’s DR system. As of May 1, 2014, the Department officially began implementing DR in three Oregon counties: Lane, Klamath and Lake. During the next biennium the Department will continue to implement DR in additional counties throughout the state. Currently, CPS staff in field offices respond to and assess allegations of child abuse and neglect and are usually the first contact for families with the child welfare system. With the implementation of DR, there will be more than one way for CPS workers to respond to allegations of child abuse and neglect. One way will be the traditional response and the other will be the alternative response. By design, the alternative response has the potential for providing a better connection for families with preventive, community based services that may prevent further contact with the child welfare system.

The alternative response allows CPS caseworkers to seek safety through more intentional family engagement and collaborative partnerships with community organizations. This approach also focuses less on investigative fact finding and more on assessing and insuring child safety, and helping families identify their needs to keep their children safe. Whether a family receives a traditional response or an alternative response is a decision that will be made by a specially trained child welfare screener. That response decision will depend primarily on the severity of the reported abuse and neglect. More severe allegations like sex abuse, and allegations of severe physical abuse will receive a traditional response, while allegations of neglect with no severe harm to a child, will be assigned an alternative response. Comprehensive safety assessments will occur in both the traditional response and the alternative response. DR is one of the Departments strategies for safely and equitably reducing foster care.

Generally, the Child Safety Program is the program area where children enter the State foster care system. Foster care is a temporary service, designed to keep children safe while we work to manage safety threats and enhance the parents’ protective capacities. We work with families to make sure that children are only removed when they cannot safely remain at home. When children are placed in care, which can only be done with a courts approval, we place urgency of
ensuring that children get home quickly and connect to family or other relatives whenever possible. Child abuse investigations are inherently intrusive and can be traumatic to families. The DR system is being implemented with an emphasis on reducing the intrusive nature of child abuse investigations and focusing on family engagement. The Child Safety Program can best be described in three sections: Screening, Assessment and In-Home services.

**Screening:** Screening is the front door of the service delivery system that, with very few exceptions, begins with a child abuse report at a child abuse hotline. Trained social workers screen approximately 64,600 child abuse reports from all across the State each year and collect key information from the reporter of the abuse in order to determine how the report of child abuse and neglect should be handled. If the report meets the criteria to be assigned for an in-person investigation, the family’s information is given to a DHS Child Protective Services (CPS) trained worker who will conduct a comprehensive safety assessment of the family in a respectful and sensitive manner. As DR continues to be implemented in Oregon, screeners will have increased responsibilities once a determination has been made that a report meets criteria to be assigned. In counties where DR has been implemented, screeners will also be required to determine the type of response a family will receive.

**Assessment:** Approximately 27,500 cases per year, of all reports of child abuse or neglect, receive an in-person investigation. As part of the comprehensive safety assessment the DHS CPS worker gathers information in the following categories: Extent of the maltreatment, circumstances surrounding the abuse, adult functioning, child functioning, parenting practices and disciplinary practices. With DR, this type of comprehensive safety assessment will continue to be required with a traditional or alternative response assessment. Cultural and linguistic considerations are also factored. This important information is used to determine overall child safety. In counties where DR has been implemented, in addition to the comprehensive safety assessment, families with safe children may receive additional voluntary services based on their level of need. This approach is based on two key principles: 1) Identifying family issues and stepping in early leads to better results than waiting until a family is in a real crisis. 2) Families can more successfully resolve issues when they voluntarily engage in solutions, services and supports.

**In-Home Safety and Reunification Services (ISRS):** The ability to keep children safely at home is in large part dependent on the services that can be wrapped around the family to support them while safety concerns are addressed. Services are available to families during the course of child abuse assessments when child safety issues are present or are likely to occur without the Department’s intervention. Services are designed to provide immediate protection to children without removing them from their parent or caregiver. If circumstances require a child be removed from their parent or caregiver, these services provide necessary support to the family so the child can be safely reunited with their family. The goal of these services is to provide a combination of concrete safety and strengths-based change services that will lead to lasting safety changes within the family’s home. These services support crucial child welfare initiatives to increase the
number of children who can remain safely at home after a safety threat is identified, and decrease the length of time a child spends in foster care. By contracting with a wide variety of providers, ISRS also allows for a culturally and linguistically specific approach in an effort to reduce the disproportionate placement of children of color in foster care.

Legislation in 2010 created Strengthening, Preserving, and Reunifying Families programs and identified them as the primary programs to serve families involved in the child welfare system. The goal of these programs is to foster collaborations between state and community programs and resources, as well as help children remain safely with their families. This must occur through partnerships and collaborations with State and community programs and resources that will stabilize the family in their time of need, work with the family to develop goals for family preservation services, and empower the family to make changes which may alleviate the need for an out-of-home placement. These programs are an extension and enhancement to ISRS service, and are delivered through contracts with community providers. Parents and families benefit from DHS and communities working together to provide stronger up front services and use voluntary engagement in solutions, services, and supports to achieve more successful resolution of issues. An additional anticipated outcome will be the safe and equitable reduction of children in the foster care system by increasing the number of African-American and Native American children remaining home with their families.

A key necessary partner for program success is the Attorney General’s Office who provides legal representation to DHS for all children under its jurisdiction. DOJ also files and litigates termination of parental rights cases. In most cases, the District Attorney office provides legal services from the petition until jurisdiction.

**Program Justification and Link to 10-Year Outcome**

There is a direct link between the Child Safety Program and the Safety Outcome that Oregonians will be safe where they live, work and play. Each year, thousands of Oregon families come through the child welfare system due to allegations of child abuse or neglect. The services are designed to strengthen families and to prevent further child abuse and neglect. We provide support to prevent the unnecessary removal of children from families, and promote the reunification of families where appropriate. Drug and alcohol abuse, together with domestic violence, are the two major family stressors contributing to children entering foster care in Oregon. By supporting families early with services designed to keep children safely with their parents, costly foster care placements are avoided. The average monthly cost per child in foster care is approximately $2,200.

Without the services and interventions that are provided to parents and their children there are costs that will be felt at a later date in the Safety and other Outcomes areas. For example, often it is the risk of having their children placed in foster care that motivates parents who are deep into drug or alcohol addiction to seek treatment and maintain sobriety. Not only does seeking treatment and maintaining sobriety help keep their children in their home, but it also allows parents to take the steps needed to be self-sufficient, reducing costs in the Economy and Jobs Outcomes area. It decreases the likelihood that these parents will engage in illegal activities and
any resulting criminal proceedings or incarceration, reducing future costs to the Safety Outcomes area. Similarly, helping a family deal with their domestic violence issues so that the children and non-offending parent can live without fear reduces long-term costs that are associated with the child’s education performance (Education Outcomes Area) and the non-offending parent’s health and well-being (Healthy People outcomes area). Being able to provide In-Home and Reunification Services reduces the costs of foster care (Safety Outcomes area).

**Program Performance**
The Child Safety Program measures its performance in three primary categories:

- **First contact**: As a way to measure how well DHS assures initial child safety, the timeliness of first contact is measured for those reports of child abuse and neglect that are assigned for in-person investigation. Since 2008, timeliness of first contact has remained about 86 percent. With recent increases in staffing levels the Department expects that there will be an improvement in this critical measurement.

- **Assessment**: DHS measures the comprehensiveness of the CPS assessment, the level of services that were provided and the appropriateness of safety planning for the child by monitoring whether the child experienced repeat maltreatment within six months of a prior abuse. From 2007 through 2010 re-abuse rates improved incrementally. Since 2012 the re-abuse rate has remained between 2.6% and 4.2%. With recent increases in staffing levels, and enhancements to our practice mode this measurement is expected to remain below 5%.

- **Equity**: DHS measures disparities in terms of success outcomes for various populations of clients in order to ensure equity in service delivery.

**Enabling Legislation/Program Authorization**
ORS 419B.020 is the statute that mandates the Department and Law Enforcement to conduct investigations upon receipt of reports of child abuse or neglect.

The Child Abuse Prevention and Treatment Act (CAPTA) is one of the key pieces of legislation that guides child protection. CAPTA, in its original inception, was signed into law in 1974 (P.L. 93-247). It has been reauthorized on multiple occasions since then with multiple amendments that have strengthened and refined the scope of the law.

ORS 418.575 through 418.598, Strengthening, Preserving and Reunifying Families legislation, was passed during the 2011 legislative session. The Indian Child Welfare Act (ICWA) also applies.

**Funding Streams**
Funding for this program area comes from a combination of sources that are dedicated and do not require a match, as well as leveraged funds which are matched. The following list is inclusive of each of the funding sources:

- Social Security Block Grant (SSBG) accounts for 26 percent of the child safety budget
- Title IV-B part 1 makes up 15 percent
- Title IV-B part 2 makes up 12 percent
- State only General Fund makes up nine percent
- Family Violence makes up 11 percent
• Title IV-E Independent Living makes up three percent
Department of Human Services: Substitute Care
Child Welfare Program

Primary Outcome Area: Safety
Program Contacts: Kevin George, 503-945-5987; AJ Goins, 503-945-6897

Substitute Care Caseload and Funding

Note: On average, there are 8,524 children in substitute care on any given day in Oregon.

Executive Summary
The Substitute Care Program, also known as the Foster Care Program, is designed as a critical safety net for children with immediate safety needs. DHS is responsible for accepting and caring for children who cannot remain safely with their parents. These children are dependent, neglected, mentally or physically disabled, and placed in the legal custody of DHS by a court. A family, under limited circumstances and for a short time, may place a child in State custody on a voluntary basis; however, most of the children served in foster care are there involuntarily as a result of abuse or neglect they experienced in their family home.
Program Funding Request

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<thead>
<tr>
<th>GF</th>
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Significant Proposed Program Changes from 2011-13

The department is moving forward a legislative request to increase provider rates for the care and supervision of children. The rate methodology was established in 2009 based on USDA from 2007. Since this time there has been a reduction in rates and no increase. The cost of care of children has continued to increase for care providers and this budget request will assist to narrow the gap between reimbursement and actual cost of care. Caseloads should be positively impacted by a reduction in the need for substitute care with investments in Child Welfare program and along with implementation of the Differential Response model.

Program Description

This program operates 24 hours a day, seven days a week to accept and care for children and youth who cannot remain safely in their family homes. The program served 12,113 children in 2013 that are abused or neglected. DHS partners with community members and organizations representing diverse linguistic and cultural perspectives to deliver foster care services to children and youth across the State. The agency has a federal and state mandated to provide reasonable efforts to return children to their parents. Currently, approximately 58.7 percent of children entering care return home to a parent. There are approximately 4,229 (on 9/30/2013) Oregon families who have stepped forward to be a foster parent. Approximately 40 percent of these certified families are relatives or friends of families with children in foster care. There are approximately 45 licensed private child placing agencies in Oregon who are caring for children and youth, most often because the child or youth has a significant behavior or mental health need.

An average of 8,447 children are in substitute care programs on any given day with 6,035 of those in Family Foster Care, and 43.1% of those with relatives. The remaining children are either in treatment services (approximately 520 children) with private agencies or are in Trial Reunification with their parent. Substitute care also responds to the overall well-being of the child or youth in care. Well-being is identified as caring and attending to child’s behavioral, emotional and social functioning. This is best identified through meeting the core educational needs, physical and mental health needs, and needs for family and community connections.

To be successful in meeting the needs of the children and youth for their safety and well-being, we support current programs while expanding the available service array. DHS works in collaboration with multiple State and local governmental agencies such as the Oregon Health Authority, Oregon Department of Education, and local law enforcement in addition a significant
number of community programs, schools, business or faith communities and volunteer programs. The Child Welfare Program has a strategic plan to safely and equitably reduce the number of children that enter the foster care system, and provide for the care and well-being of children who enter the system. Those children who must enter the foster care system generally have greater needs than those who can remain at home or with relatives. The ability of staff to meet the needs of these children and adequately support the foster families caring for them is directly related to staffing levels in the program.

There are multiple cost drivers to this program area including the number of children entering the substitute care system due to abuse or neglect, and the number of children who remain in the substitute care system due to the inability to be reunified or transitioned to an adoptive family. Another cost driver is the growing cost of living within the community and daily expenses for providing food, clothing, shelter, education or other support services for children and youths. As an example, the foster parents caring for the children are currently compensated $21.53 a day to care for a 10-year-old child. This is meant to cover the costs of providing food, clothing, shelter, etc. Often the additional costs for the child are paid for by the foster parent or a private agency which remains a barrier for many families and private agencies across the state.

Some of the efficiencies to improve performance range from planning and implementation of Differential Response, described in the Safety Programs, and a reinvestment of local community services to strengthen families which are intended to reduce the need for foster care. In addition, for children who are in care, an increase in their educational support and school placement continuity, and increased access and continuity of comprehensive health care (physical, mental and dental), increased financial and structural support for the foster families, and private agencies who care for the children and youth.

This program is also responsible for the certification and support of families that care for children in the Department’s custody. This includes the recruitment, assessment, retention, training and support. Training of these families is conducted both by agency staff and through contracted providers. Families participate in a Structured Analysis Family Evaluation (SAFE) home study assessment, designed to evaluate a family’s readiness to meet the needs of children that enter the system. Through deliberate attention to these structures and supports, our abuse in foster care is less than one percent. We take abuse in foster care seriously and expect zero tolerance for abuse of children in our care.

**Program Justification and Link to 10-Year Outcome**
The Child Welfare Substitute Care Program is embedded within the 10-Year Plan for Oregon as a state policy vision for the Safety Outcome area. Substitute Care programs are necessary to ensure safety for children if and when they are unable to remain safely with their families. The reliance on the substitute care system over the years has reached a capacity that is no longer sustainable in Oregon. Capacity of this system has been reached in financial support for the system, limited availability of foster parents, and ongoing research that indicates if substantive preventive services can be immediately put into place to divert the removal of children from families and into the substitute care system. Re-directing resources away from the removal of
children from families and increasing the capacity of families who currently have children in the substitute care system by reinvesting in upfront and in-home services within communities will pay far greater dividends to Oregon in meeting the outcomes identified in the 10-Year Plan. This reinvestment will support a Substitute Care Program that will only be necessary if preventive services are not successful for some families and children.

Of utmost importance is the safety of children who must be placed in substitute care. DHS continues to track the rate of abuse in foster care with a goal of no abuse of a child in foster care. One major program improvement has been the implementation of the SAFE home study model. This method of comprehensive psychosocial evaluation identifies a prospective foster family, relative caregiver or adoptive family’s strengths and identifies and addresses issues of concern to promote the best fit between the needs of a child and the family.

This program directly connects with the 10-Year Plan in the following ways:

Strategy:
- Increase family stability and child safety.
- Implement social reinvestment in the foster care system.

Outcomes:
- Reduce incidents of child abuse and neglect throughout Oregon on a per capita basis.
- Reduce the number of children entering the foster care system while maintaining and reducing Oregon’s low re-abuse rate.
- Ensuring equitable outcomes to reduce the over-representation of Native and African American children in Oregon’s foster care system.
- Better education outcomes for children and improved employment and prosperity outcomes for their parents.
- Improved school readiness and academic performance.

Program Performance
Program performance is measured in the following ways:
- The number of children who enter care has seen decline each of the last 4 years. The number of children entering care in 2013 was 3,730 a reduction from 4,140 who entered in 2012. The cost per foster care case is increasing each year, going from $29,924 in 2006 to $31,367 in 2011.
- The duration of a foster care stay is 17.3 months for FFY2013. The department anticipates this rate staying the same or slightly increasing while the impact of Differential Response diverts children from foster care the children who do enter are likely to have more challenging family system issues and require more time to mitigate the needs for care.
- The rate of abuse in foster care is less than one percent.
- The ORKids information technology system allows for tracking on educational outcomes, school readiness and educational achievement.
Enabling Legislation/Program Authorization
There are a number of Federal acts that are centered on the care for children through substitute care programs. Some of the more prominent Federal acts and Federal regulations are noted below.

Adoption Assistance and Child Welfare Act P.L. 96-272. To establish a program of adoption assistance, strengthen the program of foster care assistance for needy and dependent children, and improve the child welfare, social services, and aid to families with dependent children programs. Requires states to ensure and the Courts to determine that reasonable efforts continue to be made on each individual child to mitigate the need for continued foster care.

Indian Child Welfare Act (ICWA) PL 95-60. To establish standards for the placement of Indian children in foster and adoptive homes and to prevent the breakup of Indian families.

Adoption and Safe Family Act PL 105-89. To promote the adoption of children in foster care by placing limitations and timelines.

Fostering Connection to Success and Increasing Adoption Act PL 110-35. To support and connect relative caregivers, improve outcomes for children in foster care.

Title IV-E, The Federal Foster Care Program, helps to provide safe and stable out-of-home care for children until the children are safely returned home, placed permanently with adoptive families or placed in other planned arrangements for permanency. Title IV-B provides grants to States and Indian tribes for programs directed toward the goal of keeping families together. They include preventive intervention so that, if possible, children will not have to be removed from their homes. Finally, the Social Security Act contains the primary sources of Federal funds available to States for child welfare, foster care and adoption activities.

Oregon Revised Statutes that specify which children are involved in the Substitute Care Program can be found under ORS 418.015 Custody and Care of Needy Children by Department and ORS 418.312 When Transfer of Custody Not Required; Voluntary Placement Agreement; Review of Children Placed in Certain Institutions.

Funding Streams
There is a combination of funding sources in the Substitute Care Programs. Leveraged funds include: Title IV-E, 28 percent; Medicaid, 25 percent; Title IV-E Waiver 3 percent; Independent Living, 3 percent; Other Federal Funds, three percent; TANF twelve percent; Chafee one percent; Social Service Block Grant Federal Funds, one percent; Title IV-B, one percent. The remaining funding is General Fund State Only, approximately 20 percent.
Department of Human Services: Permanency Planning and Post-Adoption/Guardianship Support Programs
Child Welfare Program

Primary Outcome Area: Safety
Program Contact: Kathy Prouty, 503-947-5358

Program Caseload and Funding

Note: Over 58 percent of children served in the foster care system return to their parents. Adoption and guardianship are the next most permanent placements for children. A total of 667 adoptions and 273 guardianships occurred during the last federal fiscal year.

Executive Summary
Children in foster care receive assistance through the Child Permanency and Post-Adoption/Guardianship Support Programs. DHS helps foster children achieve legal permanency through reunification, adoption or guardianship. If children achieve legal permanency through adoption or guardianship, this program continues providing support to the families to meet the special needs and lifelong challenges of children who have been abused and neglected.

Program Funding Request

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<tr>
<th></th>
<th>Permanency, Post Adoption, Guardianship</th>
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Significant Proposed Program Changes from 2013-15
No significant changes are directly proposed for this program in 2015-17.

Program Description
The first and primary permanent plan for all children who enter the foster care system is reunification with a parent. Reunification services are delivered through the efforts of field staff with consultation, support, training, and technical assistance from central office consultation staff. Only after it is determined that a foster child is unable to be safely reunited with a parent, will the alternate plans of adoption or guardianship be implemented.

Adoption and guardianship services are delivered through the joint efforts of field and central office staff. When children are unable to return to their parents’ custody, the department’s efforts are directed to finding a permanent family so the children can leave the foster care system. Research shows that children who turn 18 and age out of the foster care system have poorer outcomes than children who are raised in a permanent home. The process of preparing children for adoption or guardianship, searching for an appropriate family, transitioning the children and monitoring the placement until the adoption or guardianship is finalized is work that is carried out by field staff. The process of insuring the completeness of the file for adoption or guardianship, supporting the field in determining which children are not able to return to their parents, finalizing the adoption and supporting families after the adoption or guardianship is carried out by central office staff.

During the last biennium, DHS completed 1416 adoptions and 568 guardianships. Most children adopted through Oregon’s foster care system are eligible for ongoing adoption financial support and medical coverage. Overall, approximately 12,000 families receive ongoing adoption and guardianship financial support to meet children’s special needs. We also provide administrative oversight in all private and independent adoptions, and operate a Search and Registry Program, which is mandated by law. This adds program responsibility for an additional 700-900 children who are adopted privately or independently each year in Oregon.

DHS works closely with the Department of Justice (DOJ) who provides legal representation for all children under its jurisdiction. DOJ also handles termination of parental rights cases. Other key partners include county District Attorneys, private mediators and attorneys, private adoption and recruitment agencies, the Child Protective Services and Foster Care programs of DHS, and the Division of Medical Assistance Programs at the Oregon Health Authority.

Primary cost drivers for the Permanency and Adoption/Guardianship Assistance Programs include the legal costs of freeing and placing children for adoption, and the number of eligible children for adoption and guardianship subsidies. Based on their history of abuse and trauma, almost 100 percent of the children adopted annually from the child welfare system are considered special needs children and eligible for an adoption subsidy. Families for approximately 95 percent of the eligible children choose to receive some monetary adoption assistance to assist in meeting these children’s special needs.
Program Justification and Link to 10-Year Outcome
The Child Permanency and Adoption/Guardianship Support Programs are designed to impact the safe and equitable reduction of children in foster care. Children in the foster care system need targeted, family focused and timely services in order to achieve reunification. Those who cannot safely be reunified with their biological parents need safe and appropriate alternate forms of permanency. Evidence shows that children who do not have permanency have issues in the future such as lack of education, unemployment, homelessness, and incarceration at much higher rates than the general population. Specifically, former foster children have high rates of mental illness with over half having clinically diagnosed mental health problems, including depression and Post-Traumatic Stress Disorder. These grown former foster children have a greater chance of using the services provided by the Oregon Health Authority and the Addictions and Mental Health sub-program (Healthy People Outcomes area). The safety and stability that come with a permanent home help mitigate the risk of poor future outcomes for those who were abused and placed into foster care as children.

The Education and Economy & Jobs Outcomes areas may also be impacted if children cannot find permanency through adoption and guardianship. These grown former foster children tend to complete high school at a rate comparable to the general population. However, most of the high school completion is done via a GED versus a high school diploma, known to lead to lower wage jobs. Further, completion of post-secondary education is low for this group, affecting the lifelong earnings and living standards of these former foster children. The low educational achievement and mental health issues result in many of the grown former foster children living at or below the poverty level and requiring more public assistance. From a 2005 study, one-third of the grown former foster children lived in poverty and one-third had no health insurance. The rate at which these grown foster children used Temporary Assistance to Needy Families (TANF) was five time higher than the general population.

Post-adoption and guardianship services are important in assisting families in providing care for children who often enter adoption and guardianship with significant special needs. Children who have experienced significant abuse and neglect will be challenged to address their history as they move through different developmental stages. Ongoing support of the families who are parenting these children is essential to preserve the placements. Post-adoption and guardianship services include information and referral, consultation in response to imminent and current family crises, support groups, training, and a lending library. Each year, approximately 1,400 to 1,600 contacts are made to the post-adoption services program for help. Some of these contacts are for reported crises or disruption-related issues. Children who disrupt from adoption or guardianship re-enter the foster care or residential treatment system.

Program Performance
Program performance is measured in a number of ways and data is consistently used to evaluate effectiveness. Currently the Child Permanency program is focusing on some specific performance measures and designing its program activities to impact these areas. They include the median months for children to exit the foster care system, reduction of children who do not have a legal permanency plan and are likely to age out of the foster care system, median months for children achieving adoption, and legally free children who are adopted in less than 12 months.
All these measures are important because they show how successful we are in getting children out of the foster care system, in achieving stability with one primary caretaker, in keeping their lifelong family connections, and in matching children to the family who can best meet their long-term needs for safety, well-being, and permanency.

**Enabling Legislation/Program Authorization**
The following Federal and State laws mandate the operation of permanency planning for children in the foster care system:

- Public Law 96-272 Adoption Assistance and Child Welfare Act of 1980 which established the program of adoption assistance and introduced the requirement to make reasonable efforts to keep children out of foster care
- Public Law 105-89 The Adoption and Safe Families Act which set federal time lines for moving children out of foster care
- Social Security Act Title IV-E which mandates the payment of adoption assistance for eligible children
- The Indian Child Welfare Act (ICWA)
- ORS 419A and 419B which provide a series of requirements for services to children in the foster care system
- ORS 109.309 which mandates the Department of Human Services to provide administrative services for independent adoptions and to operate a state Search and Registry program

**Funding Streams**
A combination of General and Federal Title IV-E funds the adoption and guardianship subsidy programs. Title 19 Medicaid funds the provision of medical coverage for children in adoptions and guardianship subsidies. A combination of General Fund and Title IV-B funds support programs such as recruitment and retention of foster and adoptive homes, post-adoption support and services and training.
**Department of Human Services: Delivery and Design**

**Child Welfare Program**

Primary Outcome Area: Safety  
Secondary Outcome Area: Healthy People  
Program Contacts: Lois Day, 503-945-6627; Ryan Vogt, 503-945-6120

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**Executive Summary**

This program represents the field structure that supports the safety of children across Oregon who are abused or neglected. There are 1,322 child welfare caseworkers across Oregon responding to almost 70,000 reports of abuse and neglect, and serving approximately 10,000 abused children annually that experience foster care. The program also finalizes approximately 700 adoptions a year, creating a permanent home for children in foster care that cannot return to their parents’ custody. This structure is administered in our central office in Salem to support field staff through technical support, policy and standards, evaluation, analysis, and parameters of program areas in Child Welfare.

The staffing investment in 2013-2015 brought the Child Welfare caseworkers to nearly 83 percent of the workload model by the end of the biennium, assuming all positions are filled. These staff are critical to the integrity of the Oregon Safety model; our intervention model for safety assessments and safety management.

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**Program Funding Request**

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<th>Child Welfare Design and Delivery</th>
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**Note:** The Child Welfare Program responds to approximately 70,000 reports of abuse or neglect each year and serves approximately 10,000 abused children through foster care.
### Significant Proposed Program Changes from 2011-13

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($ millions)

The combination of increased staffing, In Home Safety and Reunification Services (ISRS), Strengthening, Preserving and Reunifying Family Program (SPRF) funding, and implementation of a Differential Response model, continue to help the department make significant progress in preventing and/or delaying children from entering care, reducing the length of stay for those in care and providing culturally appropriate, family based services in community settings.

DHS proposes an increase in the staffing level of Central Office positions that support field workers to maintain fidelity to the Oregon Safety Model, and support the field staff in the continued implementation of Differential Response.

DHS further proposes an increase in the base rates to providers who care for children who cannot be safely parented at home. Two successive reductions in the rate for family foster providers have eroded the department’s ability to attract and retain an abundant pool of qualified foster providers. The rates are based on several federal studies regarding the cost of raising children. These reductions have lessened the ability of foster parents to take care of children’s most basic needs.

In addition DHS proposes a planning team for the development of a centralized abuse hotline process supporting citizens of Oregon. This planning team will explore the facility needs, staffing levels, technology needs, and change management needs to implement a single call center for calls of abuse/neglect. This effort is aimed at streamlining processes, ensuring consistent decision making, and creating efficiencies across multiple programs. They will prepare a cost analysis for the 17-19 session, to implement the center.

### Program Description
This program provides the personnel necessary for delivery and design of programs and services which include evaluation of calls of abuse and neglect, assessment and determination of which children need safety services, case management for children who enter foster care, assessment of families that will care for these children until they can return home, and visitation with parents and family while experiencing out-of-home care. The program also provides clinical supervision of direct service staff which is critical to building worker competencies including reinforcing positive social work ethics and values, encouraging self-reflection and critical thinking skills, building upon training to enhance performance, and supporting the worker through case work decision-making and crises. This is partially achieved through lower staff-to-supervisor ratios as recommended by the Child Welfare League of America (CWLA). Safety services are delivered through the Oregon Safety Model which is an overarching process that requires safety assessment and safety management at all stages of case management, from screening through case closure.
Child Welfare design and delivery coordinates with Self Sufficiency design and delivery to support family stability and prevent entrance into the foster care system for their common clients. In addition, Child Welfare coordinates with other child and family serving systems including Housing, Oregon Health Plan, Addictions and Mental Health, county-based health and support services, etc. Child Welfare continues to work to eliminate disparities and ensure equitable outcomes for families and children.

Major cost drivers for the personnel need are: Program mandates (Federal and State); the number of reports received alleging abuse; family stress factors which affect abuse risk and case complexity (substance abuse, unemployment, mental or physical health issues, criminal history, domestic violence, etc.); personnel turnover (training/travel costs); work effort required to provide services, and personnel packages (i.e., position cost, etc.). Additional drivers of cost include representation from the Department of Justice connected to dependency matters, court-ordered services and workload associated with Federal mandates such ICWA.

DHS has implemented Lean Daily Management Systems in all districts across the State and central office. This active process of identifying ways to improve efficiencies will allow DHS to reinvest staff resources to close the gap between positions earned and authorized positions as they are identified. Currently this effort is directed at delivering more efficient processes surrounding new technology, with a goal of increasing the time staff has to work with families and children, and decreasing the time spent on the processes used to deliver the work. There has also been a significant investment in making sure each office has streamlined business systems. These help to make sure work is being shifted to the right resource, and that data entry in ORKids is timely and accurate.

Child Welfare continues with a primary focus of safely and equitably reducing the number of children who experience the foster care system. A critical element of that strategic effort is the implementation of Differential Response. Differential response allows Child Welfare to tailor its response to the needs of families. This includes using a higher level of engagement with families during the assessment phase, and strengthening the community’s ability to support families. In states where the response options have been increased beyond the traditional model, more children are able to remain safely with their parents while their families receive services that will increase their capacity to keep their children safe. Studies demonstrate that children who are not subjected to the trauma of a foster placement fare substantially better on long-term outcomes than children who experience foster care. Children who age out of foster care have higher rates of homelessness and involvement with the criminal justice system than the general population. Differential Response is a critical part of the DHS strategy to eliminate areas of disparities and ensure equitable outcomes. Implementation of Differential Response began in the initial three counties in May 2014. Staged implementation will continue in 2015-2017. A critical element of successfully implementing this transformation of the child welfare system is staffing at a level adequate to do the work. Sustaining the current staffing levels is critical to support this transformation and continue the foster care reduction.
Program Justification and Link to 10-Year Outcome
There is a direct link between the program design and delivery for Child Welfare and the Safety Outcome area to support increased family stability and child safety; prevent vulnerable youth from entering the public safety system; and implementing social justice reinvestment practices. Through Child Welfare interventions, safety for abused and neglected children is established. The program’s work with families enhances their ability to safely parent their children and prevent foster placements.

Child Welfare Program delivery and design provides the personnel to administer, design and deliver child safety supports through abuse investigation, service identification and procurement, family development and reunification where possible, or alternative child safety planning when necessary which have a direct impact on the 10-Year Outcomes areas.

Program Performance
Personnel resources are necessary to provide performance in the delivery of programs within Child Welfare. The chart below provides a comparison of the caseload growth to the personnel growth over time which provides a stark display of how our current resources are struggling to keep pace with the need of vulnerable Oregonians.

Safety for children is measured through the performance measures of timeliness of responding to reports of abuse and neglect, our ability to have regular and frequent face-to-face contact with children and families, and the timeliness of achieving a permanent plan for a child to minimize the duration of a stay in foster care. All of these performance measures are impacted by the
staffing levels for the Child Welfare Program. Child safety is jeopardized when there is not adequate staff to respond, visit children and families, or move children to a permanent home. Although additional staff was added in the 2009-2011 legislative session, the hiring freezes of 2010 and 2011 eroded the gains made on completing assessments within 60 days. Adding additional staff in 2013-2015 was critical to reestablishing a positive trend in foster care reduction.

With the assistance of McKinsey & Company, a workload model was developed to record the work effort to provide program delivery. The workload model provides a basis for determining personnel needs to adequately support the work of Child Welfare. The Spring Forecast matrix below provides a comparison of the delivery positions authorized by the 2013-2015 Legislature and the need based on work effort to meet the need. The Child Welfare central support was not included in the workload modeling by McKinsey. However, the work of Child Welfare central support is vital to the delivery of services in field offices. Central support provides the oversight of policy development, program design and changes required through legislation as well as Federal reporting compliance. In summer 2014 the workload for delivery positions will again be assessed to determine the needed staffing levels and to provide a baseline for a determination of the workload impact of implementing Differential Response.
### Child Welfare Spring 2014 Forecast

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### Enabling Legislation/Program Authorization
Child Welfare services are mandated by multiple Federal and State laws including PL96-272, Adoption Assistance and Child Welfare Act; PL95-608, Indian Child Welfare Act PL 105-89, Adoption and Safe Families Act; PL 110-351, Foster Connections to Success and Increasing Adoption Act; Social Security Act Title IV-E and Title IV-B; ORS Chapter 418, and ORS Chapter 419B.

### Funding Streams
Personnel for program design and delivery is determined through Random Moment Sampling Surveys (RMSS) where field delivery staff are required at random intervals to indicate the time spent on various activities to determine the level of Federal funding which directly supports our ability to provide critical child welfare services. Block grant funds include Social Services Block Grant (SSBG) and Temporary Assistance for Needy Families (TANF) funds. Leveraged funds include Medicaid, Title IV-E and IV-B funds, primarily at a 50 percent Federal Fund and 50 percent General Fund match rate. State-only General Funds also comprise a portion of the budget.
Department of Human Services
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$9295.3 million

Child Welfare
Total by Fund Type
$916.7 million
- General Fund $453.1 (49%)
- Other Fund $22.6 (3%)
- Federal Fund $441.0 (48%)

Child Welfare
Total by Program
$916.7 million
- Program Delivery & Design $464.1 (51%)
- Well Being $211.7 (23%)
- Pernanency $148.3 (16%)
- Safety $92.6 (10%)
- Self Sufficiency $3,466.3 (37%)
- VR Basic Rehabilitative Services $97.6 (1%)
- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services $637.8 (7%)
- Aging and People with Disabilities $2,442.5 (26%)
- Intellectual & Developmental Disabilities $1,734.4 (19%)

Total Fund by Program Area
$9295.3 million
Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

Child Welfare
Total by fund type
$981.8 million

General Fund
$496.5
51%

Federal Fund Ltd
$461.9
47%

Other Fund
$23.4
2%

Other Fund
$461.9
47%

Federal Fund Ltd
$496.5
51%

Child Welfare
$981.8
9%

Self Sufficiency
$3,476.5
34%

Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
$718.3
7%

Intellectual & Developmental Disabilities
$2,023.2
20%

Aging and People with Disabilities
$2,929.1
29%

Self Sufficiency
$100.5
1%

VR Basic Rehabilitative Services
$981.8
9%

Child Welfare
$3,476.5
34%

Well Being
$230.3
24%

Safety
$97.2
10%

Permanency
$161.1
16%
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## 2015-17 Revenue Report

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## 2015-17 Revenue Report

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### Department of Human Services

**Adoptions**

10000-060-04-00-00000

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2015-17 Revenue Report

2015-17 Revenue Report budget
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## 2015-17 Revenue Report

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Child Welfare Program Delivery & Design
10000-060-06-00-00000

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<th>FUND</th>
<th>2011-13 Actuals</th>
<th>2013-15 Legislatively Approved Budget</th>
<th>2015-17 Agency Request Budget</th>
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<td>OF</td>
<td>1,210,295</td>
<td>2,711,531</td>
<td>2,188,270</td>
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<td>OF</td>
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<td>216,508,242</td>
<td>221,961,998</td>
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<td>(36,000)</td>
<td>(1,440,643)</td>
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**Department of Human Services**  
**Vocational Rehabilitation Program**

**MISSION**  
The Department of Human Services Vocational Rehabilitation program assesses plans, develops and provides vocational rehabilitation services to Oregon’s increasingly diverse individuals to become independent through positive employment outcomes.

**The program**  
This is a state and federal program authorized by state law (ORS 344.511et seq.) and the federal Rehabilitation Act of 1973, amended in 1998.

All working-age Oregonians with a disability legally entitled to work, with the exception of individuals with blindness, are potentially eligible for services. Individuals who experience a medical, cognitive or psychiatric diagnosis that results in an impediment to employment typically are eligible for services. Recipients of Social Security disability benefits are presumed eligible for services.

Approximately 96 percent of all eligible clients currently served by OVRS are persons with severe disabilities. These individuals typically experience multiple functional limitations requiring several services provided over an extended period.

We have counselors with expertise in the fields of autism, deafness and hearing impairments, mental health, motivational intervention, spinal injury, and traumatic brain injury; and, general caseload managers who provide consultation and technical assistance to agency staff.

**Individuals we serve**  
Vocational Rehabilitation employees provide direct services through a network of local offices across Oregon. For a list, see [http://cms.oregon.gov/dhs/Pages/localoffices/index.aspx](http://cms.oregon.gov/dhs/Pages/localoffices/index.aspx)

Services are provided by rehabilitation counselors and support staff who deliver direct client services through 34 field offices and multiple single employee outstations in one-stop career centers and other human services agencies across the state. The demographics in Oregon are changing and our services are adapting
accordingly in order to meet the diverse needs of consumers seeking services in order to provide culturally specific services to consumers and to diversify the workforce delivering those services in order to achieve better outcomes.

Our numbers:
- Helped 15,745 individuals and obtained 2,314 employment outcomes. (FFY 2013)
- Contract with 39 school districts and consortia on behalf of 115 schools for approximately 1,400 students each year.
- Assisted 177 individuals with intellectual and developmental disabilities and 114 individuals with psychiatric disabilities obtain supported employment outcomes in FFY13.

SERVICES
This program is designed under four primary areas; basic services, youth programs, supported employment, and independent living.

**Vocational Rehabilitation (VR)** – These are basic services provided to individuals whose disabilities present societal challenges to employment. A rehabilitation counselor conducts a comprehensive assessment to evaluate vocational potential, including diagnostic and related services necessary for the determination of eligibility for services as well as the nature and scope of services to be provided. Vocational counseling and guidance builds on this assessment and helps the client identify a vocational goal. The counselor, in partnership with the client, develops an individualized plan for employment and authorizes services and training in support of the plan while maintaining a counseling relationship with the client.

**Youth Transition Program (YTP)** These services bridge the gap between school and work by providing coordinated vocational rehabilitation services while the student is in school and ensuring a smooth transition to adult services and employment after completion of school. OVRS currently contracts with 39 school districts and consortia on behalf of 115 schools to provide and coordinate these services. Transition specialists work with students in their home schools. Youth with disabilities that complete high school and transition to work or postsecondary education or some mix do so at rates that exceed national averages through our Youth Transition Program. This nationally recognized school-to-work transition approach is a best practice for young people with disabilities. We partner with
local school districts, the Department of Education, and the University of Oregon (which provides technical assistance, training and program evaluation).

**Supported Employment Services (SES)** These services targets individuals with the most significant disabilities who, with intensive training, job coaching and the provision of ongoing supports, can obtain and retain competitive employment in the community. Basic vocational rehabilitation services are provided on a time-limited basis for each client. The Mental Health Program, Developmental Disability Program, other community programs, families and private employers are responsible for the follow-along services once we completed placement and training services. Supported Employment Services combine traditional VR services and support services provided by job coaches, typically at job sites.

**The Independent Living Program** Services are available through seven Centers for Independent Living (CIL). The CILs are consumer controlled nonprofit organizations. This is a federal program established in Title VII of the Rehabilitation Act of 1973. Oregon’s State Independent Living Council was established by Governor’s Executive Order 94-12, in 1994. We have the responsibility to:

- receive, account for, and disburse funds received by the State under Title VII, chapter 1;
- provide administrative support services for a program under part B of chapter 1;
- keep records and provide access to such records as the Rehabilitation Services Administration Commissioner finds necessary; and
- submit such additional information or provide such assurances as the Commissioner may require.

In addition, under the Title I Vocational Rehabilitation Program, Section 101(a)(18)(A)(ii)(II) requires there to be funding provided by Title I in support of the State Independent Living Council’s resource plan.

*Centers for Independent Living*– Centers must provide at least four core services – information and referral, independent living skills training, peer counseling, and both systems and individual advocacy. CILs also provide a range of services based on local needs, many of which compliment services provided through other state and federally funded programs. As an example, benefits planning as an incentive to work, mentoring for individuals transitioning to less restrictive living environments, or training for individuals utilizing state-funded home care workers.
Services are provided through a peer-mentoring model, with an emphasis on self-help, self-advocacy, and consumer responsibility. Specialists support clients as they work to achieve identified goals. Specialists are individuals who have experienced disabilities, and who have successfully overcome barriers to independence, employment and community involvement. Services are provided at the most appropriate location for the consumer’s need – at a Center for Independent Living office, the consumer’s home, or other community setting. The mentoring approach provides consumers with trusted advisors who understand their barriers and model the skills and qualities consumers are working to achieve.

Vendor report cards improve the quality of jobs and return on investments with our contracts through a “vendor report card”. Beginning in 2013, the report card will publish data about the number and quality of jobs vendors have developed as compared to dollars spent. Report cards support consumers to make informed choices about service providers. The cards will be used with providers to identify areas of best practice, need for program improvement, and determine whether or not to continue contracting with a provider.

Client Status Indicator (CSI), a computer based tool that monitors critical elements of case flow and compliance, work that had previously been completed by staff. This tool will allow for more frequent reviews and feedback opportunities for staff; identification of training issues; and reduced audit findings.

Developmental Disabilities – Employment First initiative, we will support DHS’ Developmental Disabilities program to improve service equity and provide additional focused assistance for their Employment First initiative. A number of these individuals have significant barriers to employment and our counselors and service providers will need additional skills and expertise to assist. Services will focus on community-based employment. This will require significant changes in service design, delivery, and coordination with education, DD services, community providers and employers.

Work Incentive Network (WIN). WIN is an best practice, providing benefits and work incentives planning to individuals with significant disabilities who want to obtain, maintain, or increase their employment but not lose other benefits and medical coverage. This allows people on disability benefits to become employed, gain more levels of self-sufficiency, become engaged in their communities and live a higher quality of life.
Serving Employers, One of the most significant barriers to employing people with disabilities involves overcoming employer concerns about the costs and efforts associated with hiring someone with a disability. We provide outreach services, training and technical assistance to employers to help overcome this barrier. Our efforts have resulted in an additional 118 jobs for Oregonians in small businesses and larger organizations, such as Walgreens and Lowes.
Department of Human Services: Office of Vocational Rehabilitation Services (OVRS)

Primary Outcome Area: Economy and Jobs
Secondary Outcome Area: Education
Program Contact: Stephaine Parrish Taylor, 503-945-6201

OVRS Funding Sources, Caseload Levels and FTEs

Note: Cost per case increase is the result of a growing number of people with cognitive disorders requiring services that come with higher costs.

Executive Summary
The Office of Vocational Rehabilitation Services (OVRS) assists youth and adults with disabilities to obtain, maintain or advance in employment. OVRS services are designed to help clients succeed in jobs that enable them to live as independently as possible, reduce or eliminate their need for publicly funded benefits, and be fully contributing members of their local communities.

OVRS provides services to clients through field offices across the state. OVRS assists clients with all disabilities with the exception of blindness and deaf-blindness. The most common categories of disability among OVRS clients are cognitive impairment, and psychosocial, physical, mental and orthopedic impairments. Specialized services that help clients be as self-sufficient as possible are provided through seven Centers for Independent Living (CILs) located throughout the state.
OVRS staff also work in partnership with community organizations and businesses to develop employment opportunities for people with disabilities. These activities range from live resume events and job fairs to presenting disability awareness workshops in local businesses. OVRS also offers business services that include consultations with employers about diversifying their workforces by hiring people with disabilities and pre-screening services to match employers with clients who are qualified, reliable job candidates.

**Program Funding Request**

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**Significant Proposed Program Changes from 2013-15**

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<th>Office of Vocational Rehabilitation Economy and Jobs Total</th>
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<td>Add position authority for existing positions</td>
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<tr>
<td>Add support for Employ Person w/Dis by Fed Contracts</td>
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</tr>
<tr>
<td>Maintain level funding of program</td>
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OVRS requests funds and staffing to increase client service capacity allowing us to engage more employers, increase employment outcomes and enhance the lives of individuals we serve. In addition, we propose additional funds to serve clients referred from the Developmental Disabilities Employment First Program, a critical area of need highlighted by recent litigation and U.S. Department of Justice findings.

**Program Description**

Services to clients are individualized to ensure that each eligible client receives the services essential to their employment success. Vocational rehabilitation counselors work with clients to identify their needs, create a plan to address barriers to employment and implement the plan together. OVRS services align to four major focus areas:

- **Basic Vocational Rehabilitation Services** assist individuals whose disabilities are impediments to employment. Counselors determine the client’s eligibility for services; provide vocational counseling; and identify and arrange for services, activities and accommodations needed to obtain, maintain or advance in employment. Counselors work with job developers to obtain job placements and with job coaches to provide clients with the extra supports they need to be successful in their jobs. Counselors also
work with employers to accommodate incumbent workers or to recruit new employees with disabilities.

- **Youth Transition Services**, prepare youth with disabilities for employment or career-related postsecondary education or training. The program bridges the gap between school and work by providing coordinated vocational rehabilitation services while the special education student is in school. OVRS partners with local school districts and other organizations to ensure students’ smooth transition to adult services and employment after high school.

- **Supported Employment Services**, an evidence-based rehabilitation strategy, targets individuals with the most significant disabilities who can obtain and retain competitive employment in the community if they receive intensive training, job coaching and ongoing support. Supported Employment Services are provided in partnership with the Oregon Health Authority, Addictions and Mental Health Services, and the DHS Office of Developmental Disabilities.

- **Independent Living Services** are available through the seven CILs in Oregon. The CILs are consumer controlled nonprofit organizations that receive funding to provide four federally mandated core services to promote independence and remove barriers to employment: Information and referral, skills training, peer counseling, and both systems and individual advocacy.

The major cost driver in OVRS is the severity of the disabilities of the individuals requesting services. Many clients have two or more disabilities. Severity is determined by the number of functional limitations, the number of services needed to address the impediments and the estimated length of time services will be needed.

**Program Justification and Link to 10-Year Program**

OVRS assists individuals with disabilities to establish a foundation by identifying a personal vision, goals and steps necessary to achieve success in education and employment, and become independent, productive citizens. Its services and programs link to three focus areas in the 10-Year Plan for Oregon: Employment and Jobs, Education and Safety.

**Employment and Jobs**

- The nationally recognized Youth Transition Program supports the 10-Year Plan goal of two years of postsecondary education or equivalent technical training. Through this program, 93 percent of youth with disabilities transition to work or postsecondary education as compared to the national average of 85 percent. Over the past 20 years, the rate of youth engaged in work or postsecondary education had ranged between 75 and 85 percent.
- Every year OVRS develops a State Plan which includes goals to increase self-employment and employment outcomes for clients and to increase the number of individuals who obtain postsecondary degrees and certificates.
• OVRS is helping create work-ready communities through its Preferred Worker Project. This program is a collaboration with the Department of Business and Consumer Services to help injured workers who do not qualify for regular OVRS services to return to work.
• In the 2013 Federal Fiscal Year, 2,314 individuals obtained and maintained work through the basic rehabilitation program. OVRS Employer Services provides training and technical assistance to employers for new hires and incumbent workers, and identifies and refers qualified candidates.
OVRS in a study conducted in conjunction with Portland State University found that the program returned $4.03 in tax revenues to the State of Oregon for every $1 spent in the program.

Education
• The Youth Transition Program was recognized in 2010 as a best practice program by the Association of Maternal and Child Health programs. A study found that 93 percent of youth with disabilities transitioned to work or postsecondary education.
• OVRS utilizes supported employment, an evidence-based model, which allows individuals with developmental and intellectual disabilities to work in competitive employment in the community.
• A partnership with the Office of Developmental Disabilities Services to implement the Employment First program to focus service dollars on work as an outcome for people with intellectual and developmental disabilities.
• The Independent Living program partners with schools and families to support the transition of students with disabilities to secondary education and/or work.
• Memorandums of Agreement with the Office of Developmental Disabilities Services and the Oregon Department of Education are designed to more effectively align transition services, identify opportunities to braid and leverage funding in order to increase the number of students with disabilities.

Safety
• CILs train seniors and people with disabilities to develop personal preparedness plans and on empowerment and safety as a preventative for crime and abuse often faced by these populations.
• CILs also provide training and mentoring to parents with disabilities, which enhances skills for management of their homes and families.

Program Performance
OVRS measures its performance primarily by employment outcomes. Employment outcomes are the number of individuals who obtained and successfully maintained employment for a minimum of 90 days. The chart below shows employment outcomes for OVRS since 2008.
A 2010 assessment demonstrated that the Independent Living Program could serve three percent of its consumers with an Oregon investment of only $390,429 and produce a return of $2,405,227 to public sources (from new taxpayers or reduced use of public benefits). The chart below shows Independent Living Program outcomes since 2008.

Independent Living Program

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<td>11,863</td>
<td>11,863</td>
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<td>3,533</td>
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<tr>
<td>% Goals Achieved</td>
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<td>60%</td>
<td>60%</td>
<td>60%</td>
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<td>55%</td>
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<tr>
<td>Consumer Satisfaction</td>
<td>87%</td>
<td>87%</td>
<td>87%</td>
<td>89%</td>
<td>92%</td>
<td>88%</td>
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Enabling Legislation and Program Authorization

OVRS is a State and Federal program authorized by State law (ORS 344.511 et seq.) and the Federal Rehabilitation Act of 1973 as amended in 1998 and as implemented by 34 C.F.R. 361.1 et seq.

The Independent Living Program is a Federal program established in Title VII of the Rehabilitation Act of 1973, as amended, and regulated by the Code of Federal Regulations, Title 34, and Parts 364-367. In conjunction, Oregon’s State Independent Living Council was
established in 1994 by Governor’s Executive Order 94-12. OVRS is listed as the designated state unit for this program in the State Plan for Independent Living, per Section 704 of Title VII.

Funding Streams
OVRS is funded through the federal Department of Education. It receives a formula-based grant with Match and Maintenance of Effort requirements. The match rate for Vocational Rehabilitation is 21.3 General Fund; 78.7 Federal Fund. For Independent Living the match rate is 1 General Fund; 9 Federal Fund. There is no match required for the Supported Employment grant. Grant dollars cannot be utilized by other programs. Program income includes Social Security reimbursement, Youth Transition Program grants, and revenue from the OVRS Preferred Worker Project.
Department of Human Services
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$9295.3 million

VR Basic Rehabilitative Services
$97.6 million
1%

Federal Fund
$74.4
76%

Other Fund
$2.3
3%

General Fund
$20.9
21%

Child Welfare
$916.7
10%

Self Sufficiency
$3,466.3
37%

Aging and People with Disabilities
$2,442.5
26%

Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
$637.8
7%

Intellectual & Developmental Disabilities
$1,734.4
19%

VR Programs
$51.9
53%

Self Sufficiency
$3,466.3
37%

Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
$637.8
7%

Intellectual & Developmental Disabilities
$1,734.4
19%

Aging and People with Disabilities
$2,442.5
26%

VR Basic Rehabilitative Services
$97.6 million

Federal Fund
$74.4
76%

Other Fund
$2.3
3%

General Fund
$20.9
21%
Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

VR Basic Rehabilitative Services
$100.5
1%

Child Welfare
$981.8
9%

Self Sufficiency
$3,476.5
34%

Aging and People with Disabilities
$2,929.1
29%

Intellectual & Developmental Disabilities
$2,023.2
20%

Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
$718.3
7%

Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

VR Basic Rehabilitative Services (VR)
Total by fund type
$100.5 million

Federal Fund Ltd
$75.1
75%

General Fund
$23.0
23%

Other Fund
$2.4
2%

VR Basic Rehabilitative Services (VR)
Total by program
$100.5 million

Program Delivery & Design
$50.9
51%

State Independent Living Council (SILC)
$2.3
2%

VR Basic Rehabilitative Services
$47.3
47%
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<td>COMP SOURCE GROUP</td>
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Department of Human Services
Aging and People with Disabilities Program

MISSION
The Department of Human Services Aging and People with Disabilities (APD) program assists a diverse population of seniors and people with disabilities of all ages to achieve well-being through opportunities for community living, employment, family support and services that promote independence, choice and dignity.

GOALS
We help aging and people with disabilities:
• remain as independent as possible;
• sustain the supports needed to maintain quality lives in their home communities;
• honor choices made by them about their own lives;
• by promoting value-driven commitments in statute and policy; and
• by partnering with advocacy groups, commissions and councils, local government partners, and community organizations to deliver equitable supports and services

Individuals we serve
During the 2013-2015 biennium, we expect to serve approximately:

• 2,500 people age 60 and older through Oregon Project Independence.
• 29,000 aging and people with physical disabilities with long-term care services paid through Medicaid.
• 400,000 aging individuals with Older Americans Act services.
• 150,000 through direct financial support services.

APD and Area Agencies on Aging (AAA) employees throughout Oregon are responsible for providing direct client services through a network of local offices. Employees also determine eligibility of aging and people with disabilities for medical programs provided through the Oregon Health Authority (OHA).
The aging demographic is growing rapidly, increasing the diversity of the populations we serve. APD has formed a Service Equity subcommittee as part of the work we are performing under SB21. The objective is to identify disparities in outcomes and identify strategies to serve individuals in a culturally and linguistically appropriate manner.

**Medicaid Services**
More than 29,000 aged and physically disabled Oregonians currently use Medicaid long-term services each month. By federal law, each state must develop criteria for access to nursing facility care paid by Medicaid. Criteria must include financial and asset tests as well as service eligibility criteria. The federal government, through CMS, must approve any criteria established by the states.

DHS created service priority levels (SPLs) to establish eligibility for Medicaid long-term services. SPLs prioritize services for aging and people with physical disabilities whose well-being and survival would be in jeopardy without services. Level 1 reflects the most impaired while Level 17 reflects the least impaired; levels are based on the ability of the person to perform activities of daily living (ADLs). Because of budget constraints, only levels 1-13 are funded. ADLs are personal activities required for continued well-being. These include eating, personal hygiene, cognition, toileting and mobility. For many individuals with disabilities, they need assistance from other people to perform daily activities, APD assists thousands of Oregonians who require ADL services in selecting competent providers and establishing effective working relationships with those service providers. Due to the increasingly diverse population served, it requires supports that are equally diverse, linguistically and culturally appropriate.

**PROGRAMS**
APD’s budget is sectioned into three key areas; program services, program design, and program delivery.

**Program Services**
Services focus on supporting fundamental activities of daily living (ADL), such as bathing, dressing, mobility, cognition, eating and personal hygiene. Long-term services ensure that the person is living in a safe and healthy environment. All services promote choice, independence and dignity. Ensuring linguistic access and culturally competent care are pillars of non-discrimination and equal opportunity in
state and federally funded services. Services can be provided in nursing facilities, or community settings such as residential care facilities, foster homes, or in the person’s own home. Services are provided through five programs:

- Older Americans Act
- Direct financial support
- In-home services
- Community-based care facilities
- Nursing facilities

**Older Americans Act**
This is a federal program and is administered through APD. It provides federal funding for locally developed support programs for individuals ages 60 and older. APD distributes funds to local Area Agencies on Aging (AAA’s) for service delivery through subcontractors. Nearly 400,000 Oregonians accessed these services in 2013. AAA’s develop services that meet the needs and preferences unique to individuals in their local area. Program mandates require services target those with the most significant economic and social need, to minorities and those residing in rural areas. There are no income or asset requirements to receive services except those related to the Older Worker Employment Program.

APD distributes federal funds to the AAA’s using a federally approved intra-state funding formula based on the demographics and square mileage of each area. APD encourages and incentivizes culturally-specific and linguistically competent supports within all programs. Programs might include; family caregiver supports, medication management, nutrition via congregate and home-delivered meal programs, senior employment, legal services or elder abuse prevention services. They may also provide assistance to senior centers and sponsor and promote evidence-based wellness and chronic health condition management activities.

**Direct financial support**
Programs are designed to meet a variety of special circumstances for certain low-income populations.

*Cash payments – special needs*
APD is required to meet a maintenance of effort (MOE) payment for low-income aged and disabled Oregonians who receive federal Supplemental Security Income (SSI) benefits. These benefits are focused on payments that allow clients to retain independence and mobility in a safe environment. Examples of Special Needs
Payments include; help for non-medical transportation, repairs of broken appliances such as a furnace, or for such things as adapting a home’s stairs into a ramp.

**Employed Persons with Disabilities Program (EPD)**
This program allows people with a disability to work to their full extent and not lose Medicaid coverage. To be eligible, a person must be deemed disabled by Social Security Administration (SSA) criteria, be employed and have adjusted income of less than 250% Federal Poverty Level (FPL). Eligible individuals pay a monthly participation fee and are eligible for the full range of Medicaid benefits and services.

**Other benefits**
The Centers for Medicare & Medicaid Services (CMS) requires DHS to coordinate with Medicare in many areas and clients need help accessing other programs for which they are eligible. The federal Medicare program is the most common program clients need assistance with. APD determines client eligibility and submits client data to CMS for two Medicare-related programs: Medicare buy-in and Medicare Part D low-income subsidy. APD served nearly 120,000 clients in these two programs over one year. These programs help low-income beneficiaries with their cost sharing requirements. Securing this coverage also ensures Medicare remains in a “first payor” status, ultimately saving the State’s Medicaid program significant money.

**In-home services**
In-home services are the cornerstone of Oregon's community-based care system. For aging or people with physical disabilities, the ability to live in their own homes is compromised by the need for support in regular daily living activities. For more than 25 years, Oregon has created options to meet people’s needs in their own homes. All options are funded with support of the Medicaid program through home and community-based waivers. Oregon has been able to create cost-effective programs that meet people’s needs in their homes and other community settings using these waivers and spared Oregonians from the unnecessary use of much higher cost services, primarily offered in nursing facilities.

Services to aging and people with physical disabilities are designed to support assistance with fundamental activities of daily living (ADLs), such as mobility, cognition, eating, personal hygiene, dressing, toileting and bathing. In order to
receive in-home services, an individual must be financially eligible for Medicaid. A case manager works with the client and together they identify needs and develop a plan for the in-home services.

**Medicaid client-employed Home Care Workers**

Home Care Workers (HCW) are hired directly by the client and provide many of the services Medicaid clients need to remain in their own homes. The client, or his or her selected representative, is responsible for performing the duties of an employer. These duties include selecting, hiring and providing on-site direction in the performance of the care provider duties authorized by a case manager to meet the client’s individual needs and circumstances. The HCW must pass a criminal record check. In conjunction with the client, APD develops and authorizes a service plan, makes payment to the HCW on behalf of the client and provides ongoing contact with the client to ensure his or her service needs are met. Over 11,000 clients are expected to receive services supplied by HCWs each month in 2013-15.

The Oregon Home Care Commission (HCC) was established in 2000 by an amendment to the Oregon Constitution. It is a public commission dedicated to ensuring high-quality home care services to APD clients using client-employed providers. Service Employees International Union Local 503, Oregon Public Employees Union represents approximately 15,000 HCW’s. For purposes of collective bargaining, HCC serves as the home care worker employer of record. The Commission maintains a statewide, computerized registry of workers and provides an extensive training curriculum. The HCC also makes training available to clients to better understand their employer responsibilities and increase their skill in managing the use of HCWs.

**In-home agency services**

Many clients prefer to receive their in-home services through a home care agency. These agencies employ, assign and schedule caregivers to perform the tasks authorized by the client’s case manager. APD contracts with licensed in-home care agencies throughout the state. Agencies work closely with DHS case managers and clients to ensure services are provided as authorized and to ensure the quality of the work performed.

**Medicaid Independent Choices**
This program offers a choice to clients in the way they receive in-home services and increases clients’ self-direction and independence. Clients receive a cash benefit based on their assessed need. They purchase and directly pay for services. Clients are responsible for locating providers, paying their employees, and withholding and paying necessary taxes. Depending upon how they are able to manage their service benefit, many are able to purchase a few additional services or items otherwise not covered by Medicaid to increase their independence or well-being.

Medicaid adult day services
These services provide supervision and care for clients with functional or cognitive impairments. Service may be provided for half or full days in stand-alone centers, hospitals, senior centers and licensed care facilities.

Medicaid home-delivered meals
Home-delivered meals are provided for to those who are homebound and unable to go to sites, such as senior centers, for meals. These programs generally provide a hot midday meal and, often, frozen meals for days of the week beyond the provider’s delivery schedule.

Medicaid personal care services
Services are limited to no more than 20 hours a month. Personal care can be used only for tasks related to the performance of activities of daily living, such as mobility, bathing, grooming, eating and personal health assistance.

Medicaid specialized living services
Services are provided to a special-need client base, such as those with traumatic brain injuries or other specific disabilities that require a live-in attendant or other 24-hour care. The services are provided through a contract with APD and targeted to a specific group of clients living in their own apartments, and assisted by a specialized program offering direct service and structured supports.

Oregon Project Independence (OPI)
This is a state-funded program offering in-home services and related supports to individuals 60 years of age and older or people who have been diagnosed with Alzheimer’s or a related dementia disorder. Approximately 3,000 Oregonians are served in this program. It represents a critical element in Oregon’s strategy to prevent or delay individuals from leaving their own homes to receive services in
more expensive facility-based settings, or depleting their personal assets sooner than necessary and accessing more expensive Medicaid health and long-term service benefits. The program was expanded by the 2005 Oregon Legislature to include younger adults with disabilities but no additional funding has been allocated.

OPI is administered statewide by local Area Agencies on Aging (AAAs). Many areas have waiting lists due to high demand and limited program funding. Client eligibility is determined by an assessment of functional ability and natural supports related to activities of daily living. Typical services include assistance with housekeeping, bathing, grooming, health care tasks, meal preparation, caregiver respite, chore services, adult day services and transportation.

The OPI program has no financial asset limitations for clients. A sliding fee scale is applied to clients with net monthly income between 100 and 200 percent of the federal poverty level (FPL) to pay toward the cost of service. A small group with income above 200 percent of FPL pays the full rate for services provided. Generally this is because they benefit from the case management; ongoing support and monitoring, in addition to the actual purchased services.

**Community-based care**

*Community-based facilities*

These include a variety of 24-hour care settings and services to provide an alternative to nursing facilities. Services include assistance with activities of daily living, medication oversight and social activities. Services can include nursing and behavioral supports to meet complex needs. State and federal guidelines related to health and safety of these facilities have to be met.

*Adult foster homes*

Services are provided in home-like settings licensed for five or fewer individuals who are not related to the foster home provider. Homes may specialize in certain services, such as serving ventilator-dependent residents.

*Residential care facilities*

Licensed 24-hour service settings serve six or more residents and facilities range in size from six to more than 100 beds. Different types of residential care include 24-hour residential care for adults and specialty memory care facilities. Registered nurse consultation services are required by regulation.
Enhanced care services
Specialized 24-hour programs in licensed care settings that provide intensive behavioral supports for seniors and people with physical disabilities who have needs that cannot be met in any other setting. These programs support clients with combined funding from APD and the Addictions and Mental Health division of the Oregon Health Authority (AMH).

Assisted living facilities
These facilities are licensed 24-hour settings for six or more residents including private apartments. Services are comparable to residential care facilities. Registered nurse consultation services are required by regulation.

Providence Elder Place
This is a capped Medicare/Medicaid Program of All-inclusive Care for the Elderly (PACE) providing an integrated program for medical and long-term services. 950 Oregonians age 55 and older are served in this program generally allowing them to attend adult day services and live in a variety of settings. The Elder Place program is responsible for providing and coordinating their clients’ full health and long-term service needs in all of these settings.

Nursing facilities
Institutional services for aging and people with physical disabilities are provided in nursing facilities licensed and regulated by DHS. Nursing facilities provide individuals with skilled nursing services, housing, related services and ongoing assistance with activities of daily living.

Oregon has led the nation since 1981 in the development of lower-cost alternatives to institutional (nursing facility) care. Home and community-based alternatives to nursing facility services emphasize independence, dignity and choice and offer needed services and supports at lower costs than medical models.

Program Design
Staff and services support the administration of APD programs, including:
- Central leadership and administration
- Medicaid eligibility and federal waiver administration
- Development and maintenance of administrative rules
- Administration of Medicare Modernization Act and Buy-in programs
• Provider payments and relations
• Support and leadership for various advisory councils.
• Administration of the Older Americans Act
• Home Care Commission

Program Delivery
Staff and services provide direct services to Oregonians, including:
• Direct service staff located in local offices throughout the state
• Presumptive Medicaid Disability Determination Team

• State Family/ Pre-SSI
• Disability Determination Services

Eligibility and case management services are delivered throughout the state by DHS and AAA employees. ORS Chapter 410 allows AAAs to determine which populations they wish to serve and which programs they wish to administer. Type B Transfer AAAs choose to provide Medicaid services in addition to Older Americans Act and OPI services. In areas where the AAAs do not provide Medicaid services, DHS has offices to serve seniors and people with physical disabilities.

HISTORY
Over the past 30 years there has been a profound shift in society’s understanding of the importance of independence for aging and people with physical disabilities. Traditionally, states had provided services to these individuals in institutional settings such as nursing facilities. Oregon’s first nursing facility opened in the 1940s. With the passage of the federal statute creating Medicaid, the state began to pay for nursing facility services for eligible individuals in the 1960s.

Professional standards and public thinking about how to best serve people with disabilities began to change and life in their communities became more accessible. Civil rights were strengthened and expanded by the Americans with Disabilities Act, which recently celebrated its 20th anniversary in the areas of employment, public accommodations, transportation and housing. Society became available to individuals with disabilities as accessibility increased and society began to accept people with disabilities as part of the community. Families had the
ability to remain intact and to keep their loved ones — child, adult or senior — at home.

Federal dollars to fund Medicaid waivers first became available in 1981 for “Home and Community-Based Services.” That same year, the Oregon Legislature updated its policies around disabilities and found that significant numbers of people with disabilities lived in institutions because adequate community services did not exist. The Legislature mandated that the state work to empower people with disabilities, keep them as independent as possible, and develop service settings that were alternatives to institutionalization. The 1981 Oregon Legislature also created the Senior Services Division and a strong statutory mandate to support seniors in their own homes and community settings outside of institutions. This action forged the way for Oregon to lead the nation in the development of lower-cost alternatives to institutional care.

In response to that mandate, Oregon applied for, and received, the first home and community-based waiver that allowed Medicaid funds to provide long-term services outside an institution. Throughout the 1980s and 1990s, Oregon received waivers that allowed services for unique groups of people. For Medicaid-eligible aging and people with disabilities in Oregon, this has meant that the provision of long-term care has, in large measure, shifted away from nursing facilities to in-home services, assisted living facilities, residential care facilities and adult foster homes.

Future populations
The aging population is growing rapidly. The number of people in the United States over age 65 is projected to nearly double from 40.2 million in 2010 to more than 71.4 million people by 2030. In 2010, approximately 13 percent of Oregon’s population was 65 years or older. By 2030, the percentage is expected to increase to nearly 20 percent. In Oregon, people 85 years or older make up a small but rapidly growing group within the total population. By the end of 2010, approximately 76,000 Oregonians will have reached age 85. By 2030, the number is expected to reach nearly 120,000, an increase of almost 57 percent. Cultural diversity, including individuals of different races, ethnicities and sexual orientation will require new approaches to service delivery that ensure all individuals achieve desired outcomes.
Older Americans Act funding comes primarily from the federal government. In 2011, OAA funding helped serve nearly 380,000 Oregonians.

**Executive Summary**

Services and supports provided to individuals under the Older Americans Act (OAA) provide vital assistance designed to prevent or delay entry into Medicaid-funded long-term care such as In-Home or 24-hour residential services. The OAA is a Federal law that set out a national aging network structure consisting of the U.S. Administration on Aging (AoA) now part of the Administration for Community Living, State Units on Aging (DHS/Aging and People with Disabilities program) and Area Agencies on Aging (AAAs). The OAA authorizes funding and services through this network to serve older individuals in their homes and communities, through local entities. All individuals, aged 60 or older, regardless of income are eligible to receive services but the programs are targeted towards those in greatest social or economic need. A specific focus on how to better serve diverse populations of older adults is essential with the continually changing demographics of Oregon.
Program Funding Request

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<th>Older Americans Act</th>
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<td>ARB</td>
<td>2,000,000</td>
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<td>Difference</td>
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<td>Percent Change</td>
<td>0.0%</td>
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Program Description

Older Americans Act services are administered entirely by local Area Agencies on Aging. To qualify for OAA supported services an individual must meet the following criteria:

- Be 60 years of age or older;
- Be a caregiver of someone 60 years of age or older (or younger if the person is diagnosed with Alzheimer’s Disease or related dementia) or an older individual caring for a child 18 years of age or younger;
- Be 55 or older and have an adjusted income at or below 125% of Federal Poverty Level for the Senior Community Service Employment Program (Title V).

Please Note: There are no income or asset/resource criteria for eligibility, except for the Senior Community Service Employment Program (Title V).

The Older Americans Act authorizes services and funding by title:

Title III:

Supportive Services – Provides assistance to maintain independence through assisted transportation, information and referral/assistance, In-Home care, adult day care, chore services, home modification and other housing help, legal assistance, mental health outreach, and assistive devices. Title III also funds Oregon’s Aging and Disability Resource Connection (ADRC), which provides unbiased information, referral and options counseling for individuals (consumers, family members, caregivers) needing long-term services and supports.

Nutrition Services – In order to reduce hunger and food insecurity and promote socialization, health and well-being the Act authorizes both home-delivered (commonly known as Meals on Wheels) and congregate (community setting (senior center, community center, etc.) meals programs. The Act also provides nutrition education and counseling. In addition, the Nutrition Services Incentive Program (NSIP) supplements funding authorized under Title III for food used in meals served under the Older Americans Act. States receive an allocation based on the number of meals served under the OAA in the state in proportion to the total number of meals served by all states.

Preventive Health Services – Authorizes evidence-based programs that promote healthy lifestyles through physical activity, appropriate diet and nutrition, self-management of chronic health conditions and regular health screenings.
**National Family Caregiver Support Program** - Provides individual and group options counseling, training and respite care for family members and friends who are primary caregivers to seniors. This program also provides support to grandparents raising grandchildren.

**Title V:**
**Senior Community Service Employment Program (SCSEP)** - Authorizes a community service and work-based training program for older workers that provides subsidized, service-based training for low-income persons 55 or older who are unemployed and have poor employment prospects. Participants are paid minimum wage for approximately 20 hours per week while they develop valuable skills and connections to help them find and keep jobs in their communities. Title V funding is awarded to DHS/APD from the U.S. Department of Labor and is competitively sub-granted to a qualified job training organization.

**Title VII:**
**Elder Rights Services** - Provides a focus on the physical, mental, emotional and financial well-being of older Americans. Services include pension counseling, legal assistance and elder abuse prevention education.

**Ombudsman Program** – Establishes an Office of the State Long-Term Care Ombudsman a program to identify, investigate, and resolve complaints made by or on behalf of residents of licensed care facilities (nursing homes, assisted living, and adult foster homes) and promote system changes that will improve the quality of life and care for residents. The allocation for this program is 100% passed through to the Office of the Long-Term Care Ombudsman, a separate state agency from APD.

**OAA Funding**
OAA funding is granted to each State Unit on Aging (DHS/APD) based on a population formula. The State Unit on Aging sub-grants Title III funds to Oregon’s 17 designated Area Agencies on Aging (AAA) based on a state population formula. The AAAs work with their local communities to assess and develop a menu of services that meet the needs of older adults in their planning and service area. Subsequently, the AAA submits an Area Plan to the State describing the delivery of OAA services in their communities; this is basis for the funding agreement between the AAA and DHS/APD.

**Program Justification and Link to 10-Year Outcome**
OAA program services contribute to the Healthy People, desired 10-year outcome to focus on prevention and management of chronic disease and reduced healthcare costs. The OAA provides vital support for older adults who are at significant risk of losing their independence by providing food, job training/opportunities, social support, transportation, chronic disease self-management and fall prevention - in partnership with providers and clients.

Annual State Program reports are submitted to AoA, consisting of service unit data and client demographics. Evidence-based programs supported by the preventive health services funding under Title III have provided an opportunity to demonstrate health care cost-saving based on the
research supporting the programs. The Senior Community Service Employment Program tracks six performance measures each year including employment and retention. Performance standards and measures have recently been established for the Aging and Disability Resource Connections Program and will be tracked appropriately.

**Program Performance**

- **Number of people served/items produced**
  OAA data reporting requires AAAs to capture identifiable unduplicated clients who receive “registered services” and an estimated number of clients receiving “non-registered services”. Registered services include personal care, home care, chore, meals, day care, case management, assisted transportation, caregiver and nutrition counseling. Non-registered services include but are not limited to information and assistance, health promotion programs, group education etc. The estimated number of non-registered service clients is 5-6 times that of the registered services clients (e.g. in 2011 OAA served 50,649 registered clients and an estimated 338,234 non-registered participants)

- **Quality of the services provided**
  Program standards have been established for the major services and annual program monitoring is conducted.

- **Timeliness of services provided**
  The Family Caregiver Support Program of the OAA is the only service area that consistently encounters wait lists.

- **Cost per service unit**
  Varies depending on the level of community support, the OAA funding on average supports about one-third of the cost of service. Further funding comes from local governments, donations and fundraising.

The following are selected examples of program performance for the OAA: **Older Americans Act Nutrition Program**

<table>
<thead>
<tr>
<th></th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 209</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
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<tbody>
<tr>
<td>Total Registered Service Clients</td>
<td>58,311</td>
<td>66,942</td>
<td>61,652</td>
<td>54,049</td>
<td>50,649</td>
<td>54,149</td>
<td>52,809</td>
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<tr>
<td>Home-Delivered Meal Clients</td>
<td>12,826</td>
<td>17,605</td>
<td>14,152</td>
<td>13,891</td>
<td>13,441</td>
<td>13,630</td>
<td>12,636</td>
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<tr>
<td>Congregate Meal Clients</td>
<td>35,100</td>
<td>44,511</td>
<td>42,398</td>
<td>37,980</td>
<td>34,432</td>
<td>34,828</td>
<td>36,102</td>
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<tr>
<td># of Home-Delivered Meals Served</td>
<td>1,747,541</td>
<td>1,699,180</td>
<td>1,705,901</td>
<td>1,675,082</td>
<td>1,667,493</td>
<td>1,601,457</td>
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<tr>
<td># of Congregate Meals Served</td>
<td>1,023,497</td>
<td>1,029,856</td>
<td>981,866</td>
<td>1,006,814</td>
<td>977,815</td>
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<tr>
<td># of High Nutritional Risk Persons</td>
<td>9,402</td>
<td>9,355</td>
<td>14,056</td>
<td>15,060</td>
<td>16,232</td>
<td>11,713</td>
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Senior Community Service Employment Program (SCSEP)

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<th>PY09</th>
<th>PY10</th>
<th>PY11</th>
<th>PY12</th>
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<tbody>
<tr>
<td>Participant Slots</td>
<td>102</td>
<td>100</td>
<td>138</td>
<td>163</td>
<td>194</td>
<td>109</td>
<td>141</td>
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<tr>
<td>Community Service Level</td>
<td>69.30%</td>
<td>61.30%</td>
<td>78.70%</td>
<td>75.50%</td>
<td>83.70%</td>
<td>97.00%</td>
<td>80.40%</td>
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<tr>
<td>Entered Employment Level</td>
<td>36.90%</td>
<td>42.20%</td>
<td>42.70%</td>
<td>50.70%</td>
<td>45.30%</td>
<td>47.50%</td>
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<td>Employment Retention</td>
<td>66.70%</td>
<td>73.00%</td>
<td>69.70%</td>
<td>51.60%</td>
<td>68.40%</td>
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<tr>
<td>Average Earnings Per Participant</td>
<td>$7,617</td>
<td>$9,076</td>
<td>$6,360</td>
<td>$4,453</td>
<td>$9,032</td>
<td>$7,906</td>
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Enabling Legislation/Program Authorization

Funding Streams
OAA funds are 100% federal. The law has a required Maintenance of Effort and state match of $5 million per biennium, which is met with state funding authorized for the Oregon Project Independence Program (ORS 410.410 to 410.480). OAA funding was never intended nor does it fully fund services. Each dollar of OAA funding is leveraged with $2 of state & local funds, participant donations and community fundraising. Additionally, the services are enhanced with the in-kind support of volunteers, donated community space and equipment, etc.
In-Home caseloads decreased with the elimination of certain eligibility groups in 2003. In the 13-15 biennium, in-home agency and personal care budgets were moved from 'other services' to in-home care for reporting purposes.

**Executive Summary**

In-Home services are the least restrictive service offered in Oregon’s long-term care continuum. This program funds Medicaid long-term care services to seniors and people with disabilities in their own homes for individuals who are eligible to receive the same services in a nursing facility. In 2013, Oregon added a new Medicaid, 1915(k) State Plan Option, or “K plan,” that provides additional flexibility and funds. Approximately 47% of individuals served in Oregon’s long term care system are served in their own homes. Oregon spends 78.3% of its long-term care expenditures on home and community based services, while the national median is 49.5%. In-Home services offer an opportunity to provide differentiated care in a respectful, sensitive, and inclusive manner to Oregonians from a variety of diverse backgrounds.

**Program Funding Request**

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<thead>
<tr>
<th>Program Funding Request</th>
<th>In-Home</th>
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<tbody>
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<td>GF</td>
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<tr>
<td>LAB</td>
<td>195,680,366</td>
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<td>ARB</td>
<td>220,557,328</td>
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<td>Difference</td>
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<td>Percent Change</td>
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**2015-17 Agency Request Budget**

Department of Human Services
In-Home Services
Program Description
This cost-effective program enables eligible low-income seniors and people with disabilities to remain in their own homes and established communities. Individuals from culturally diverse backgrounds benefit from this program that provides enhanced independence, health, safety, and quality of life. Oregon’s model of long-term care is referred to as a social model, distinctly different from a medical model of care. Social models of care focus on client autonomy, respect, choice and individualized care planning. Individuals are viewed holistically, with provided supports that enhance independence, dignity and respect.

Eligibility for services is based upon a combination of financial criteria and service needs. An individual’s service needs are calculated as a “service priority level”, which ranges from 1 (highest need) to 18 (lowest need). In the 2003 budget crisis, funding to serve individuals with service priority levels 14 through 18 was eliminated. These levels remain unfunded through Medicaid. However, some (not all) of the needs can be met for these individuals through Older Americans Act and Oregon Project Independence programs.

In-Home supports include necessary assistance with Activities of Daily Living (walking, transferring, eating, dressing, grooming, bathing, hygiene, toileting, and cognition) and Instrumental Activities of Daily Living (meal preparation, housekeeping, laundry, shopping, medication and oxygen management). Assistance ranges from several hours per week to twenty-four hours per day. Without these supports, over 13,000 individuals would likely receive services in a more costly nursing facility. The following graph provides a hypothetical picture of the average costs that would be incurred if In-Home services were not offered:

Cost of Care Comparison

Oregon provides a variety of In-Home service options available to individuals based on preference, choice, and cost-effectiveness:
**Consumer-Employed Provider Program** - Individuals participating in this program receive services from hourly or live-in homecare workers. The In-Home recipient is considered the employer and is empowered and responsible to hire, train, supervise, track hours worked, address performance deficiencies, and discharge providers. Homecare workers are paid a set rate established through collective bargaining, which the State pays on the individual’s behalf. The Oregon Home Care Commission establishes homecare worker enrollment standards and training for homecare workers, both of which contribute to the quality of In-Home services. APD is forecasted to serve more than 13,000 individuals in this program in the 2013-2015 biennium.

**Independent Choices Program** - This program is a 1915(j) State Plan Option and allows individuals to exercise more decision-making authority in identifying, accessing, managing, and purchasing goods and services that enhance independence, dignity, choice, and well-being. This option is popular among individuals who wish to take complete control over the planning and provision of services. In the Independent Choices Program, the cost of the established service plan is “cashed-out” and deposited into the eligible individual’s dedicated Independent Choices Program checking account. The individual then pays providers directly based on a negotiated rate. Participants have the flexibility to use a portion of the funds to purchase goods, not available through the medical plan, that enhance their independence, such as a wheelchair lift for a vehicle or a wheelchair ramp for their home. The state performs periodic monitoring with an emphasis on safety and program integrity. APD is forecasted to serve 294 individuals in this program in the 2013-2015 biennium.

**Specialized Living Services** - These are services designed to serve a specific special-needs consumer base, such as those with traumatic brain injuries or other specific disabilities who would otherwise require a live-in attendant or other 24-hour care. The services are provided through contracts with qualified vendors who provide specialized, shared-attendant services to individuals living in their own homes or apartments. APD is forecasted to serve more than 180 individuals in this program in the 2013-2015 biennium.

**Cost Drivers** - The major cost drivers of the In-Home services program are the current number of eligible individuals, their level of needed assistance, the length of time receiving services, and the growing population of those requiring services. The population served is much different than it was 30 years ago when Oregon first received a waiver. With the advancement of medical technology and treatment options, individuals are living longer with chronic disease and significant disabilities. Another major cost driver is the provision of wages and benefits for homecare workers tied to collective bargaining. This includes set wages, paid time off, workers’ compensations premiums, unemployment insurance and other benefits.

As illustrated earlier, In-Home service plans have proven to be a cost-effective alternative to nursing facility care. Individuals with hourly plans cost approximately $1,314 per month. Individuals with live-in plans cost approximately $2,219. The cost of similar services provided in a nursing facility exceeds $7,650 per month.
**Program Justification and Link to 10-Year Outcome**

In the early 1980s, Oregon was the first state awarded a Medicaid 1915(c) Home and Community-Based Services waiver from the Centers for Medicare and Medicaid Services, allowing Oregon to serve individuals in their homes and communities. In 2013, Oregon added a new, 1915(k) State Plan Option, or “K plan,” that provides additional flexibility and funds. In an independent study conducted by AARP, Oregon received an overall ranking of 3rd out of 50 states in terms of choice of settings and providers, quality of life and quality of care, and effective transitions from nursing facilities back into the community. Oregon consistently ranks in the top percentage in the number of individuals served in their own home.

There is a direct link between the In-Home services program and the Healthy People outcome that “Oregonians are healthy and have the best quality of life.” The program empowers individuals to direct their own services and make choices that enhance their quality of life, live with dignity, and remain as independent as possible. Health is maintained through the provision of necessary assistance with Activities of Daily Living and Instrumental Activities of Daily Living. Consistent provision of services, including medication management and the preparation of nutritious meals, delays or diverts an individual’s entry into more costly care settings.

**Program Performance**

A key goal of the Department of Human Services (DHS) is that people are safe and living as independently as possible. DHS currently measures this goal based on the percentage of individuals living in their own homes in lieu of a licensed care facility, as well as the percentage of individuals who move to a less restrictive service setting. Currently, there are more individuals participating in the Medicaid program who reside at home and receive services than there are receiving services in a nursing facility, as demonstrated in the graph below:
Aging and People with Disabilities is currently in the planning process to reform and modernize Oregon’s publicly funded long-term care system. This effort involves identifying innovative strategies to increase the percentage of individuals receiving In-Home and community based services.

**Enabling Legislation/Program Authorization**

Medicaid is an entitlement program that enacted in 1965 under Title XIX of the Social Security Act. Eligible individuals have the right to receive long term care services in a nursing facility. While states are not required to participate in Medicaid, in order to receive federal matching funds, states must follow the Medicaid rules. Oregon’s Long Term Care system operates under a variety of Medicaid options which allows long term care services to be provided in home and community based settings.

**Funding Streams**

In-Home services are funded through the Medicaid program. Therefore, the federal government pays approximately 69% and the state pays 31%. There is a small amount of funding from the estates of former recipients. When a Medicaid recipient dies, we are required by federal law to recover money spent for the individual's care from the recipient's estate. These funds are reinvested in services for other individuals, offsetting the need for general funds.
Since Oregon Project Independence is a state general-funded program. Funding has been volatile and tied to the overall health of the economy.

**Executive Summary**

Oregon Project Independence (OPI) provides preventive and In-Home services and supports to a diverse population of eligible individuals to reduce the risk of out-of-home placement and promote self-determination. This program optimizes eligible individuals’ personal and community support resources to prevent or delay spend down to Medicaid-funded long-term care, which could consist of In-Home or other 24-hr residential services.

### Program Funding Request

<table>
<thead>
<tr>
<th></th>
<th>Oregon Project Independence</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
</tr>
<tr>
<td>LAB</td>
<td>19,811,625</td>
</tr>
<tr>
<td>ARB</td>
<td>26,405,974</td>
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<tr>
<td>Difference</td>
<td>6,594,349</td>
</tr>
<tr>
<td>Percent Change</td>
<td>33.3%</td>
</tr>
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</table>
Oregon Project Independence (OPI) is a state-funded program offering In-Home services and related supports to a diverse population of Oregonians. DHS/APD strives to deliver In-Home services in a culturally and linguistically appropriate manner. OPI provides essential services such as personal care, homecare and chore assistance, adult day care, service coordination, registered nursing (teaching/delegation of nursing tasks to caregivers) and home-delivered meals. This program complements services provided under the Older Americans Act.

Traditionally, OPI served individuals who are 60 years of age or older, are assessed at needing assistance with activities of daily living (eating, dressing/grooming, bathing/personal hygiene, mobility, elimination and cognition) and/or Instrumental Activities of Daily Living (housekeeping, shopping, transportation, medication management and meal preparation) and are not receiving Medicaid. Also, individuals under age 60 who have been diagnosed with Alzheimer’s disease or a related disorder are also eligible. The program was expanded by the 2005 Oregon Legislature to include younger adults with disabilities and recently $3 million in funding for a pilot program has been made available to support this expansion.

There are neither income nor resource requirements for eligibility. However, these factors are taken into consideration when assessing the individual’s risk of needing Medicaid long-term care. OPI clients do not pay a charge for the service coordination services they receive. Services other than service coordination are provided at no cost to families with net incomes at or below 150 percent of the Federal Poverty Level (FPL). Families with net incomes from 150 percent to 400 percent FPL pay a fee toward services using a sliding scale based on income. Families with net incomes at or above 400 percent FPL pay the full cost of the services provided, other than service coordination.

In a 2012 study of selected comparable clients, OPI clients on average utilized 24% of the hours that Medicaid clients used. The hourly rates are the same for homecare worker services in the two programs, OPI clients utilized 24% of the billed hours compared to Medicaid. The stark utilization difference is because the OPI program has capped the number of hours available to each client due to budget restrictions. In addition to personal and home care hours, Medicaid eligibility also provides individuals with benefits for comprehensive healthcare under the Oregon Health Plan (OHP) and pays for these costs. OPI clients do not access OHP so the healthcare expenditures are $0.

Oregon Project Independence services are delivered statewide through the network of 17 designated Area Agencies on Aging (AAAs). Administrative cost efficiencies have been realized in one area of the state where neighboring AAAs collaborated to jointly secure contracted services of a single In-Home care agency. Similar partnerships should be encouraged statewide.
Program Justification and Link to 10-Year Outcome
OPI contributes to the desired 10-year outcome to “decrease the number of older Oregonians that access Medicaid-funded long-term care.” Data reported by the Area Agencies on Aging in 2009 revealed that 63.6% of OPI clients had income below the FPL, 33.1% between 100% and 200% of FPL and 3.3% over 200% of FPL. This data also revealed that fewer than 10% of OPI clients transitioned to Medicaid-funded services, despite the high rate of OPI clients whose income was at or below the FPL. AAAs are currently maintaining waiting lists of individuals who are eligible to be served by OPI. Annually, the “unable to serve” lists of individuals will be evaluated to determine how many of these individuals accessed Medicaid-funded services while waiting to be served by OPI.

Additionally, there is a direct link between the OPI program and the Healthy People outcome “Oregonians are healthy and have the best quality of life.” The program empowers individuals to direct their own services and make choices that enhance their quality of life, live with dignity, and remain as independent as possible. Health is maintained through the provision of necessary assistance with Activities of Daily Living and Instrumental Activities of Daily Living.

Program Performance

- **Number of people served/items produced** (Data from State Program Report)

<table>
<thead>
<tr>
<th></th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11*</th>
<th>FY 12</th>
<th>FY 13**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients Served</td>
<td>2,559</td>
<td>3,198</td>
<td>2,245</td>
<td>2,166</td>
<td>1,583</td>
<td>1,466</td>
<td>2,048</td>
</tr>
<tr>
<td>Hours of Care</td>
<td>247,322</td>
<td>240,426</td>
<td>239,895</td>
<td>212,381</td>
<td>191,574</td>
<td>157,275</td>
<td>210,874</td>
</tr>
<tr>
<td>Hours of Case Mgmt.</td>
<td>119,181</td>
<td>99,296</td>
<td>72,567</td>
<td>70,787</td>
<td>100,277</td>
<td>66,496</td>
<td>46,100</td>
</tr>
</tbody>
</table>

*OPI services are managed to a “budget box”. It is not an entitlement program. During the ’09-’11 and the first year of the ’11-’13 biennium uncertainty in OPI funding caused a closure of OPI services to clients and a reduction of the number of clients through attrition and reduction for the last year of the biennium, as well as increased case management time to support clients.

**Increased clients served as well as hours of In-Home services are a result of solvency of appropriated funding.

- **Quality of the services provided**
  Personal and home care services are delivered via licensed In-Home care agencies or registered home care workers. Quality of care standards for In-Home care agencies are set forth in licensing rules found in OAR Chapter 333, Division 536; compliance with licensing standards is monitored by the Health Care Licensing and Certification unit of the Public Health Division. Home Care Workers who provide services to OPI clients are required to be registered with the Home Care Commission and receive background checks and ongoing training.

- **Timeliness of services provided**
  As of July, 2014, 306 individuals are currently on a wait list for OPI services.
• **Cost per service unit**
  The average monthly cost of services to an OPI client is $332. This average is calculated using a combination of direct, administrative and other costs.

**Enabling Legislation/Program Authorization**
OPI is authorized under Oregon law at ORS 410.410 to 410.480.

**Funding Streams**
OPI is comprised of majority State General Funds with a small amount of Federal match funding. Services are expanded through the utilization of program income generated from client cost sharing based on a sliding fee schedule.

OPI serves as the required Maintenance of Effort (45 CFR Sec. 1321.49) and state match (45 CFR Sec. 1321.47) to receive federal funding under the Older Americans Act. At least $5 million per biennium in state funds is needed to maintain the Maintenance of Effort and match requirements of the OAA.
Caseloads dropped after the elimination of certain eligibility groups in 2003. Access to care was challenging when a robust private pay market existed in the mid-2000s. An investment by the Legislative Assembly in 2008 strengthened access considerably.

Executive Summary
Community-based care is considered the middle layer of Oregon’s long-term care continuum and includes a variety of 24-hour care settings and services for low-income seniors and people with physical disabilities who cannot meet their own activities of daily living. These services are part of Oregon’s nationally recognized home and community based care system, which provides a critical, cost-effective alternative to nursing facilities.

<table>
<thead>
<tr>
<th>Program Funding Request</th>
<th>Community Facilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
<td>OF</td>
<td>FF</td>
</tr>
<tr>
<td>LAB</td>
<td>182,325,519</td>
<td>10,642,800</td>
<td>398,924,609</td>
</tr>
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<td>ARB</td>
<td>213,884,302</td>
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<td>Difference</td>
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<td>68,563,361</td>
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<tr>
<td>Percent Change</td>
<td>17.3%</td>
<td>16.8%</td>
<td>17.2%</td>
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</table>
Program Description
The State of Oregon strives to meet the needs and expectations of increasingly diverse populations, and community based care provides a critical alternative to nursing facilities for seniors and people with disabilities who cannot meet their own daily needs.

Eligibility for long-term care services and supports is based upon a combination of financial criteria and service needs. Recipients contribute their own funds towards room and board directly to community based care facilities, while the state pays for services, consisting mostly of assistance with Activities of Daily Living (walking, transferring, eating, dressing, grooming, bathing, hygiene, toileting, and cognition) and Instrumental Activities of Daily Living (meal preparation, housekeeping, laundry, shopping, medication and oxygen management). Nursing facility care is a guaranteed Medicaid benefit to eligible individuals. If the state did not use alternatives to nursing facility level of care, more than 13,000 individuals would likely be receiving services in nursing facilities at more than 300 percent of the cost of community based care services.

The following table illustrates hypothetical costs that would be incurred if community based care services were not available:

<table>
<thead>
<tr>
<th>Cost of Care Comparison</th>
<th>Monthly Avg Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Facility</td>
<td>8,000</td>
</tr>
<tr>
<td>Community Based</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Community-based care includes:
- Adult Foster Homes, which serve five or fewer individuals in a home-like setting;
- Residential Care Facilities (RCF), which serve six or more individuals in a facility with private or shared rooms and common areas;
- Assisted Living facilities (ALF), which serve individuals in their own apartments;
- Enhanced Care services, which serve individuals with significant limitations complicated by mental health needs. This program is jointly funded between DHS and the Oregon Health Authority – Addictions and Mental Health Division); and
• Program of All-Inclusive Care for the Elderly (PACE), which serve nearly 1,000 individuals via a fully capitated premium. The program is jointly funded with Medicare and Medicaid dollars and provides an integrated program for medical and long-term services. Individuals are aged 55 and older, generally attend adult day services, and live in a variety of settings representative of Oregon’s long term care continuum. Oregon’s only PACE provider, Providence Elderplace, is responsible for providing and coordinating their clients’ full health and long-term service needs in all of these settings.

APD competes with the private-pay market for access to most community-based care. Most facilities have a mix of private pay and Medicaid residents. When economic conditions strengthen, and as our society ages, APD may lose access as competition for open beds increases.

Adult foster homes are represented by SEIU and have collective bargaining rights. Factors such as safety and quality cannot be negotiated; however, issues such as training and service rates are mandatory subjects of bargaining.

Each community-based care setting must meet federal and state laws and regulations related to health, safety and service delivery. Mandatory services include assistance with activities of daily living, medication oversight and social activities. Some settings, which serve individuals with more complex needs, may include additional services, such as nursing and behavioral supports.

**Program Justification and Link to 10-Year Outcome**
Community-based care is a direct link to the Health People program area outcome that “Oregonians are healthy and have the best possible quality of life at all ages.” The program maximizes federal resources while reducing unnecessary costs in higher levels of care. With one of the lowest levels of nursing facility utilization in the country, Oregon is at the forefront of using community based care as a core alternative to nursing facilities. With ongoing support, Oregon can meet the target of serving 90% of the publicly funded long term care caseload in home and community based care in the next ten years (up from 82%).

**Program Performance**
A key goal of the Department of Human Services (DHS) is that people are safe and living as independently as possible. DHS currently measures this goal based on the percentage of individuals living in their own homes in lieu of a licensed care facility, as well as the percentage of individuals who move to a less restrictive service settings such as community based care. Currently, there are more individuals participating in the Medicaid program who reside in community based care settings than there are receiving services in a nursing facility, as demonstrated in the following graph:
Aging and People with Disabilities is currently in the planning process to reform and modernize Oregon’s publicly funded long-term care system. This involves identifying innovative strategies to increase the percentage of individuals receiving in-home and community-based services.

Community-Based Care service plans have been proven to be a cost-effective alternative to nursing facility care. Costs range by facility type and assessed need of the individual. The monthly average cost by setting is:

- AFHs $2,069;
- RCFs $1,542; and
- ALFs $2,173.

The cost of similar services provided in a nursing facility exceeds $7,500 per month.

**Enabling Legislation/Program Authorization**
Community-based Care is operated under a variety of Medicaid home and community-based services. The newest mechanism is our 1915(k) State Plan Option or, “K plan.” The state provides services that substitute for nursing facility services, the mandated benefit for Medicaid eligible individuals under Title XIX of the Social Security Act. Additionally ORS 410 and ORS 443 provide statutory policy and structure to the services offered.
Funding Streams
Community based care services are funded through the Medicaid program. Therefore, the federal government pays approximately 69% and the state pays 31%. There is a small amount of funding from the estates of former recipients. When a Medicaid recipient dies, we are required by federal law to recover money spent for the individual's care from the recipient's estate. These funds are reinvested in services for other individuals, offsetting the need for general funds.
Department of Human Services: Aging and People with Disabilities

Primary Outcome Area: Healthy People
Secondary Outcome Area: APD Program - Medicaid Long-Term Care - Nursing Facilities
Program Contact: Mike McCormick, 503-945-6229

State general fund investments decreased with the passage of the provider tax. Caseload remains on an overall downward trend as more and more individuals choose to receive long-term care services in a home or community-based setting.

Executive Summary
Nursing facility services are the institutional option available in Oregon’s long-term care continuum, which also consists of in-home and community based care. Nursing facilities are generally considered the most restrictive setting of the three options offered. However, this program is important for individuals with the highest levels of acuity and is a mandated federal benefit under the Medicaid program. Nursing facility level of care is the guaranteed benefit (entitlement) by federal law.

Program Funding Request

<table>
<thead>
<tr>
<th></th>
<th>Nursing Facilities</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
</tr>
<tr>
<td>LAB</td>
<td>151,951,154</td>
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<tr>
<td>ARB</td>
<td>214,221,005</td>
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<tr>
<td>Difference</td>
<td>62,269,851</td>
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<tr>
<td>Percent Change</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

State general fund investments decreased with the passage of the provider tax. Caseload remains on an overall downward trend as more and more individuals choose to receive long-term care services in a home or community-based setting.

Executive Summary
Nursing facility services are the institutional option available in Oregon’s long-term care continuum, which also consists of in-home and community based care. Nursing facilities are generally considered the most restrictive setting of the three options offered. However, this program is important for individuals with the highest levels of acuity and is a mandated federal benefit under the Medicaid program. Nursing facility level of care is the guaranteed benefit (entitlement) by federal law.
**Program Description**
Nursing facilities are most appropriate for people with high acuity needs requiring 24-hour medical oversight and a protective/structured setting. They offer short-term care for individuals who need rehabilitation or 24-hour nursing. They may be appropriate for a limited number of individuals who need long-term care due to permanent health problems too complex or serious for in home or community based care settings.

Nursing facility rates cover basic, complex, pediatric, enhanced care, and post hospital extended care. Services will vary in nursing care facilities, but generally consist of the following:
- Medical treatment prescribed by a doctor;
- Physical, speech, and occupational therapy;
- Assistance with personal care activities such as eating, walking, bathing, and using the toilet (custodial care); and
- Social services.

Oregon currently has 129 licensed nursing facilities with 11,734 licensed beds, a decrease in both since the 2013 Legislative Session. These facilities have approximately 2.6 million annual resident days, of which approximately 63% are Medicaid clients. The annual resident days decreased by more than 500,000 in 2013. The majority of residents were admitted directly from acute care hospitals with a very small percentage from home. In 2013, the average length of stay for Medicaid residents is 124 days. Approximately 75.8% of all nursing facility residents stayed less than 3 months. Nearly 82.3% of nursing facility residents are aged 65 and older.

<table>
<thead>
<tr>
<th>Payer</th>
<th>Long-Term Care – Nursing Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>16.89%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>62.54%</td>
</tr>
<tr>
<td>Private Pay</td>
<td>20.57%</td>
</tr>
</tbody>
</table>

The main cost drivers are low census in nursing facilities, the length of stay in a nursing facility and the steady increase in the daily reimbursement rate. The nursing facility reimbursement rate is tied to the provider assessment statute. The current nursing facility reimbursement rate is $257.56 per resident per day, up from $257 and the provider assessment rate is $19.37 down from $20.46. In the 2013-2015 biennium, the provider assessment is expected to account for approximately $104 million of $751 million in expenditures.

**Program Justification and Link to 10-Year Outcome**
Though nursing facility level of care is a guaranteed benefit, Oregon has been the national leader in creating cost-effective alternatives that meet people’s needs in their homes and other community settings, such as assisted living facilities, in-home care, retirement communities, residential care and adult foster homes. Oregon continues to work closely with individuals and
their families to offer the full array of community based services. The new State Plan Authority approved by the Centers for Medicare and Medicaid Services in July 2013 provides Medicaid-funded resources to assist individuals in transitioning from nursing facilities. Oregon strives to provide quality services in a linguistically and culturally competent manner.

Nursing facilities are an important service in our continuum, meeting the needs of some individuals with higher acuity levels; however, DHS still believes there are opportunities to decrease its usage. Oregon continues to highlight, strengthen, and encourage the use of community-based care facilities instead of nursing facilities. DHS has established a goal of decreasing the percentage of long-term care recipients utilizing nursing facility services from 17.3% today to 10% by 2020.

**Program Performance**

Nursing facilities are heavily regulated by the federal government and are licensed and routinely monitored by the State. The State establishes requirements for nursing facilities that promote quality of care and maximization of personal choice and independence for residents.

DHS has increased its efforts to divert or relocate people who receive Medicaid-funded long-term care services from nursing facilities into home or community settings. One way performance is measured in this program is by the occupancy percentage of nursing facilities. Oregon has the lowest occupancy in the nation. With the decline in occupancy over the years, APD is strategizing and working with stakeholders on implementing a nursing facility capacity reduction. Rates are currently being driven higher by low occupancy levels. With a targeted occupancy percentage in place for nursing facilities, APD will be able to utilize funds more efficiently.

![National vs. Oregon Occupancy Percentages](image_url)
Low occupancy rates result in higher costs per resident day since fixed costs are allocated over fewer resident days. The following graph illustrates the inverse relationship between occupancy levels and the rate DHS pays nursing facilities. The 2013 Legislative Assembly approved legislation (HB 2216) that is intended to reduce this unnecessary nursing facility capacity and thereby reduce increasing cost per resident day. HB 2216 established a statewide bed reduction target to reduce licensed beds by 1,500 by December 31, 2015. The legislation provided incentives for providers to buy and close nursing facilities through an augmented rate of $9.75 per Medicaid resident day that lasts for four years. If the bed reduction target is not met, the statutorily set rate methodology will be reduced.

**Total NF Resident Days vs. NF Rate**

<table>
<thead>
<tr>
<th>FYE</th>
<th>Total Resident Days</th>
<th>Wt. Avg. NI' Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3,050,000</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>3,000,000</td>
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<td>2009</td>
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<tr>
<td>2013</td>
<td>2,700,000</td>
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</tbody>
</table>

**Enabling Legislation/Program Authorization**

Medicaid is an entitlement program that was enacted in 1965 under Title XIX of the Social Security Act. While states are not required to participate in Medicaid, in order to receive federal matching funds states must follow the Medicaid rules. Oregon’s Long-Term Care system operates under Medicaid state plan authority. All clients qualify for nursing facility care have the choice of receiving care in other settings such as in-home or in community based care settings.

Oregon’s nursing facility reimbursement rate and accompanying provider assessment authorization in promulgated in ORS 409.736. The 2013 Legislative Assembly reauthorized the provider assessment to 2020.
**Funding Streams**

Nursing facility services are funded through the Medicaid program. Therefore, the federal government pays approximately 64% with the remaining 36% being split between state general funds and provider taxes. In the 2013-2015 biennium, provider taxes from nursing facilities are expected to total $101.8M. There is $21.1 million in funding from the estates of former recipients. When a Medicaid recipient dies we are required by federal law to recover expenditures for the individual's care from the recipient's estate. These funds are reinvested in services for other individuals, offsetting the need for general funds.
### Executive Summary

Other Services are dominated by federally mandated programs, such as the Medicare Buy-in and the Medicare Part D low income subsidy programs, which help low-income Medicare beneficiaries meet their cost sharing requirements. This cost-effective investment ensures that Medicare remains in a first-payer position, thereby reducing or eliminating costs to the State’s Medicaid health programs (Oregon Health Plan). Other Services also includes programs that support individuals living as independently as possible in the community. For example, home-delivered meals provide a critical support to many individuals who otherwise may not be able to remain independent in their own home.

### Executive Summary

Costs for 2009-2011 and 2011-2013 are higher due to the transfer of the funding for Medicare Part A and Medicare Part B buy-in programs from the Oregon Health Authority to Aging and People with Disabilities. These funding sources were transferred back to OHA in 2013-2015 but APD continues to administer the programs.

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**Department of Human Services: Aging and People with Disabilities**

**Primary Outcome Area:** Healthy People  
**Secondary Outcome Area:** APD Program – Other Services  
**Program Contact:** Mike McCormick, 503-945-6229

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*Note: The chart above illustrates the allocation of funds for APD Other Services from 2003-2017. The data shows a steady increase in funding over the years.*
### Program Funding Request

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### Program Description

As stated above, the majority of funding in Other Services is dedicated to the Medicare Buy-in programs that support low-income individuals in accessing their federal Medicare benefits. Federal law requires states to provide payments for Medicare beneficiaries who meet specific income guidelines. Medicare beneficiaries include individuals aged 65 or older and people with disabilities who have been receiving Social Security Disability payments for at least two years. The passage of the Medicare Improvements for Patients & Providers Act (MIPPA) of 2008 expanded the asset allowance and eliminated the estate recovery component of Medicare Savings Programs. These changes eliminated many of the barriers to the Medicare buy-in programs for a significant number of Oregonians.

Oregon is expected to serve over 105,000 seniors and people with disabilities in the following programs:

- **State Medicare buy-in**: By purchasing Medicare Part B (which has a federally required premium) for individuals eligible for both Medicare and Medicaid (dual-eligibles), the Medicaid program pays for medical services, such as physician, radiology and laboratory services, only after Medicare has paid as primary payer.

- **Medicare savings programs**: Clients in these programs receive federal mandated assistance with their Medicare Part B premiums. Specified low-income Medicare beneficiaries and qualified individuals are those individuals who have income between 100 and 135 percent of the federal poverty level.

- **Qualified Medicare Beneficiaries**: Beneficiaries receive state assistance for the costs associated with the Medicare hospital benefit, Part A, and physician services, Part B, that would otherwise be required of them, including premiums, deductibles and co-payments. These clients have income equal to or less than 100 percent of the federal poverty level.

- **Medicare Part D**: Medicare Part D is the Medicare pharmacy benefit. All clients in the Medicare buy-in programs receive assistance from CMS with their Medicare Part D premiums and co-insurance amounts. Oregon pays a per-person monthly premium to Medicare for eligible clients.

APD works to provide services that support individuals in their own home. These supports reduce reliance on nursing facilities and licensed community based care while simultaneously improving quality of life and saving taxpayers’ money. These programs provide supplemental services as needed to In-Home clients and are not tracked as a separate caseload. These programs include:
• **Medicaid Adult Day Services** - Adult day services provide supervision for adults with functional or cognitive impairments who cannot be left alone for significant periods of time. Services may be provided for half or full days in stand-alone centers, hospitals, senior centers and licensed care facilities.

• **Medicaid In-Home Agency Services** - As an alternative to performing the employer duties required in the client employed Home Care Worker program (detailed in the In-Home Services bid form), many clients prefer to receive their In-Home services from a home care agency. Home care agencies employ, assign and schedule caregivers to perform the tasks authorized by the client’s case manager. APD contracts with licensed In-Home care agencies throughout the state, although they are not available in every area. Agencies work closely with local case managers and clients to ensure services are provided as authorized and also to ensure the quality of the work performed.

• **Medicaid Home-Delivered Meals** - Home-delivered meals are provided for Medicaid eligible clients receiving In-Home services who are homebound and unable to go to the congregate meal sites, such as senior centers, for meals. These programs generally provide a daily hot mid-day meal and often frozen meals for days of the week beyond the provider’s delivery schedule.

• **Medicaid Personal Care Services** - These services are available to people who are Medicaid eligible but not eligible for other In-Home services. Services are generally limited to no more than 20 hours a month. Personal care can be used only for tasks related to the performance of activities of daily living, such as mobility, bathing, grooming, eating and personal health assistance. These services can be invaluable for individuals with short-term condition that requires some assistance performing activities of daily living.

• **Cash payments** – APD makes special-needs payments to reduce the need for more expensive long-term care payments and to allow a client to retain independence and mobility in a safe environment. Special needs payments may be used for such things as adapting a home’s stairs into a ramp or repairing a broken furnace. Clients can also receive cash payments to help pay Medicare Part D prescription drug copays, payments for non-medical transportation, and a one-time emergency payment for an unexpected loss (such as stolen cash, a car repair or a broken appliance). The budget supporting these payments meets the federal requirement for APD’s maintenance of effort (MOE).

**Program Justification and Link to 10-Year Outcome**

Other Services are targeted supports that help Oregonians remain in the least restrictive setting possible. The department strives to provide services in a respectful, culturally and linguistically appropriate manner. These services are directly tied to the Healthy People Strategy and help ensure that “Oregonians are healthy and have the best possible quality of life at all ages.” They also tie to Strategy 1 on changing how health care is delivered in Oregon by supporting efforts to increase home and based care to 90 percent of the total Medicaid long-term care caseload. The 10-year outcome also envisions an integrated system that these community supports will help realize.

These services allow individuals to receive services at the right time and in the right place. They maximize expenditures by using the federal portion of Medicaid funding to provide person-
centered services when the person needs them. It ties directly to the desired outcome of Ensuring Financial Stability for the Long-Term Care Service Systems and Supports.

Other Services complement and enhance In-Home service plans, contributing to overall cost-effectiveness and the sustainability of the plan. Other services not only have a positive impact on consumers, but also their natural support system (relatives/friends/neighbors), preventing burnout and the need for higher cost services.
**Program Performance**
In an independent study conducted by AARP, Oregon received an overall ranking of 3rd out of 50 states in terms of choice of settings and providers, quality of life and quality of care, and effective transitions from nursing facilities back into the community. With approximately 47% of the Medicaid caseload served in their own homes, Oregon continues to rank in the highest percentile.

**Enabling Legislation/Program Authorization**
Services in this category are operated under both the Medicaid state plan options, including the “K plan” and Oregon’s Home and Community Based Care 1915(c) waiver. The state provides services that “waive” against nursing facility services, the mandated entitlement for Medicaid eligible individuals under Title XIX of the Social Security Act. Additionally, ORS 410 and ORS 443 provide statutory policy and structure to the services offered.

**Funding Streams**
Other Services are mostly funded through the Medicaid program. Therefore, the federal government pays approximately 69% and the state pays 31%. There is a small amount of funding that is state general fund only, which serves to meet the state’s maintenance of effort requirements. Finally, there is a small amount of funding from the estates of former recipients. When a Medicaid recipient dies, the state is required by federal law to recover money spent for the individual’s care from the recipient's estate. These funds are reinvested in services for other individuals, offsetting the need for general funds.
APD is seeing tremendous growth in the individuals it serves with relatively flat staffing levels.

**Executive Summary**

The Aging and People with Disabilities (APD) program delivery system provides services and supports to Oregonians over the age of 65 and to adults with physical disabilities. Our population is a diverse cross-section of Oregonians that goes beyond just race and ethnicity. Increasingly, it includes lesbian, gay, bisexual, and transgender (LGBT) older adults; homeless seniors; older adult immigrants; and many other populations that qualify for services. Design and Delivery includes staff who design and provide technical assistance for Oregon’s long term care system as well as the staff and partners who directly provide services in nearly 50 offices located throughout the state.

**Program Funding Request**

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<tr>
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Significant Program Changes

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<td>Manager Supervisory Ratios for Adult Protective Services</td>
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<td>millions</td>
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Program Description

The APD program delivery system provides respectful and inclusive services and eligibility determinations to over 145,000 Oregonians. Some of the services accessed by individuals include:

- Medical assistance (Oregon Health Plan and Medicare premium assistance);
- Disability determinations; and
- Supplemental nutrition assistance.

This caseload is growing rapidly and is served by eligibility staff only; case management services are not provided to individuals accessing only the services above. Approximately 30,000 of the 145,000 individuals APD serves access long term care services and supports. For these individuals, case management services are provided, which generally consists of assessment, choices counseling, service plan development and monitoring. Additionally, local offices have executed memorandums of understanding (MOUs) with local Coordinated Care Organizations. These MOUs focus on joint accountability for coordinating care for individuals accessing long term care services. State and Area Agency on Aging (AAA) case managers will be the front line in ensuring effective care coordination occurs for individuals served by APD’s long term care system.

Local staff also license adult foster homes, including those that do not participate in Medicaid. Finally, local staff provide adult protective services, consisting of investigations of abuse and neglect against seniors and people with disabilities.

APD has historically earned local service delivery staff through a caseload ratio model (e.g. one eligibility worker for every 500 cases). For the 13-15 biennium, the Legislature authorized the transition to the workload model. This model differs from the caseload ratio model in that it accurately measures time required to perform tasks and captures work performed for individuals who are never found eligible.

The delivery system is comprised of both state staff and AAA staff located in communities throughout Oregon. Under ORS 410.270, AAAs have the right to elect to deliver Medicaid services locally. Currently, four AAAs have elected this option. These four AAAs (Multnomah County, Northwest Senior and Disability Services, Oregon Cascades West Council of Government and Lane Council of Government) serve the most populous areas of Oregon. With the exception of Washington and Clackamas counties, state staff serve areas with lower population densities.
The Oregon Home Care Commission (HCC) is also included in the Design and Delivery Program Area. Under Oregon’s constitution, the HCC is responsible for ensuring the quality of home care services for seniors and people with disabilities. The Commission maintains a website of home care workers that can be accessed by all Oregonians, including those not served by Medicaid. Training is provided to both consumers and home care workers in a variety of areas addressing safety and quality. The efforts of the HCC are critical to the successful delivery of long term care services to Oregonians.

### HCC & Workers

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APD’s Design and Delivery area also includes the staff who design and administer services centrally. Some of the major services provided include:

- Negotiating system design with federal partners.
- Developing program policy and maintaining administrative rules.
- Paying providers.
- Executing contracts.
- Negotiating and implementing collective bargaining agreements.
- Maintaining provider rates.

As Oregon’s aging and disability population grows, the expectations of state government service delivery methods are changing. Efforts are currently under way to explore how technology can assist in the provision of services and determination of eligibility. In addition, work processes are continually examined for opportunities to streamline and improve. This initiative is known as the Lean Daily Management System (LDMS) and it has been deployed to all local offices.
**Program Justification and Link to 10-Year Outcome**
There is a direct link between this program and the Healthy People outcome “Oregonians are healthy and have the best possible quality of life at all ages.” The APD Delivery system supports individuals living in their communities in settings of their choice, whether in their own home, a community based care facility or a nursing facility. Partnerships between local law enforcement, local court systems and local advocates are critical to ensuring the senior and disability populations are protected from neglect and abuse.

**Program Performance**
A primary goal of the APD program is to ensure that seniors and people with disabilities are receiving appropriate services at a level that allows them to live independently and safely within their home and community. Local case managers work with individuals and community partners to ensure appropriate supports are in place. The following chart reflects the work of our nursing facility diversion and transition effort over the past five years. Not only are nursing facility placements the most expensive setting, they are generally viewed as the least desirable by consumers. Our local staff are critical in accomplishing this win-win outcome.

![APD Services Chart](chart.png)

**Enabling Legislation/Program Authorization**
Oregon Revised Statutes 410.070 charges the agency with primary responsibility for the planning, coordination, development and evaluation of policy, programs and services for elderly persons and persons with disabilities in Oregon. Area Agencies on Aging have universal responsibilities as articulated in ORS 410.210. Additionally, ORS 410.270 authorizes Area Agencies on Aging, who so elect, to perform services locally that would otherwise be administered by State staff.
Funding Streams
A mix of state general and federal dollars fund the majority of the services provided in APD Design and Delivery. Local partners also provide local matching funds to the Department, which the Department uses to leverage federal Medicaid dollars. This allows local entities to enhance services such as additional staffing and transportation.
Department of Human Services
2015-17 Agency Request Budget
Total Fund by Program Area
$10,229.4 million

- Aging and People with Disabilities: $2,929.1 million (29%)
- Intellectual & Developmental Disabilities: $2,023.2 million (20%)
- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services: $718.3 million (7%)

Aging and People with Disabilities
Total by fund type
$2,929.1 million

- General Fund: $894.4 million (31%)
- Federal Fund Ltd: $1,843.4 million (63%)
- Other Fund: $191.3 million (6%)

Aging and People with Disabilities
Total by program
$2,929.1 million

- Program Delivery & Design: $391.0 million (13%)
- Aging and People with Disabilities Program: $2,538.1 million (87%)
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**Federal funds revenues**

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Department of Human Services
Intellectual & Developmental Disabilities Program

MISSION
The Department of Human Services Intellectual & Developmental Disabilities program (I/DD) covers a lifespan of support to Oregonians with intellectual and developmental disabilities (I/DD). Our mission is to help individuals be fully engaged in life as any other Oregonian while, at the same time, addressing any critical health and safety needs.

The program
The I/DD program strives to support choices of individuals with intellectual and developmental disabilities and their families within communities by promoting and providing services that are person-centered, self-directed, flexible, community inclusive, and supportive of the discovery and development of each individual's unique gifts, talents and abilities.

We are committed to work toward service options to assure that people with intellectual and developmental disabilities have the opportunity to have fulfilling and meaningful lives allowing them to contribute to and enjoy their communities.

We currently help over 21,650 children, adults and their families have the best quality of life possible at all stages of their lifespan. Many individuals with intellectual and/or developmental disabilities are eligible for a Medicaid waiver which allows them to obtain community-based services instead of residing in an institutional setting.

We seek to achieve the following outcomes and goals:
• Provide an array of options that are properly distributed to assure access through equitable and culturally competent services.
• Be responsive to emerging consumer demands for individualized, self-directed services and provide sufficient service choices.
• Assure the health and safety of individuals served.
• Promote maximum consumer independence and engagement in homes and communities.
• Leverage use of available federal funding options.
• Address improvements in business practices such as payment and information systems to achieve overall operational efficiencies.

**Individuals we serve**
More than 21,650 Oregonians with I/DD access services each month. Individuals eligible for services must have an intellectual or developmental disability that significantly impedes their ability to function independently. Intellectual and developmental disabilities include intellectual disability, cerebral palsy, down syndrome, autism and other neurological conditions originating in the brain that occur during childhood. These disabilities must be expected to be lifelong in their effect and have a significant impact on the person’s ability to function independently. Some people with I/DD may also have significant medical or mental health needs. Most of the services are administered under Medicaid home and community-based waivers and the State Plan Option K.

**SERVICES**
Our service system is comprised of three basic components. There are two broad program service areas - support services and comprehensive services. The third major component is program design and delivery.

**Program Services**
I/DD offers a broad array of services in order to optimize consumer choice and arrange cost effective services based on functional need. The array includes a variety of in-home, congregate care, and ancillary services.

**Support Services** programs are designed to provide in-home and community supports for children and adults with I/DD and their families. Supports are things such as relief care, daily staff support and access to assistive devices and equipment. When families are supported to provide the core care, even individuals with the most significant needs have active and engaged lives in their community.

One purpose of support services is to defer the need for full, 24-hour programs or comprehensive care, which represent the higher cost models of the service system. Support services are designed to partner with families or other already existing supports, relying on the continuing existence of those supports and filling in the gaps of care and needs with publicly-funded services.
Services may also include in-home staffing, behavior specialist services, job support or community access and equipment. All support services programs are designed to be self-directed, which means the individual and their family identify the type of service, the amount of service and who provides the service. The individual or their family directly hire or contract with providers. Without these services many individuals will enter into a crisis status and require much more expensive out-of-home services such as group or foster homes. In-home support services average approximately $2,085 per month per individual while out-of-home services average approximately $6,274 per month.

Support services are provided through personal support workers, certified provider agencies, general community businesses, behavior consultants, and relief care providers. Personal Support Workers are represented by the State Employees International Union (SEIU).

**Adult Support Services** supports those adults with I/DD who are living at home with families or in their own home and are Medicaid eligible. The majority of support services, serving approximately 7,600 individuals, are provided to adults in this particular program. These services are provided through certified entities called Support Service Brokerages or through Community Developmental Disability Programs (CDDPs) across the state. The program operates under a Medicaid Home and Community Based Waiver and Medicaid State Plans. Costs for this service are about $883 per month. The individual receives case management services from the Brokerage or CDDP and works with staff to identify necessary supports required to remain in their home and live an active life integrated into the community. Within the level of assessed need, the person may use services such as relief care, in-home staffing, job support, community access, and adaptive equipment purchases.

**Family Support** services are available to any families with a child under the age of 18 who is not eligible for Medicaid. The program offers minimal support services with the most common request being for relief care services. The average amount spent per family accessing these services is $862 per year. Feedback that we have received tells us this support is of great value to families. All children in these programs have case managers through their Community Developmental Disabilities Program (CDDP) and the support services are allocated based on need. Most children are also in school programs and the case manager coordinates between school and home.
**In Home Support for Children** is a program that children may now qualify for under the State K Plan. Children in this program receive case management through their Community Developmental Disabilities Program (CDDP). As a result of the expanded accessibility to these services, we expect to see an increase in the utilization of this service over the 15-17 biennium.

**Family-to-Family Networks**, These family-driven networks provide training, information, referral, and general support from one family to another. Just having another family to connect with or problem solve with is often what it takes for children to be supported in the family home. The legislature funded an expansion of the Family to Family networks from 4 to 8 networks state-wide in 2013-15.

**Comprehensive Services** are for individuals with the highest level of care needs and those who can no longer remain at home. These services are 24-hour supports, mostly provided in settings outside the family home such as group homes, supported living or foster care. Of the 21,650 individuals enrolled in services, 5,960 are living in 24-hour group homes or foster care.

Services are funded under Medicaid State Plans and a Medicaid Home and Community-Based Waiver. These funding sources provide an alternative to institutional care. Community-based, as opposed to institutional care, remains a more cost effective program as well as being the most desirable by clients and the State.

Individuals usually receive these services when they are unable to stay at home on their own or with their family. This is usually due to a change in the person’s needs or a change in the caregiver’s ability to continue providing services. Crisis services may be provided to determine if we can divert long term out of home placements or provide behavior consultation or technical assistance to determine if an intervention can turn the crisis around.

Children with disabilities enter comprehensive service as a voluntary placement because the intensive needs of the child can’t be met in the family home. Some placements are involuntary through child welfare action. Over fifty percent of the children in comprehensive care come in through the child welfare system. Child Welfare programs maintain responsibility for the court relationship but I/DD provides the specific disability related care.
Within comprehensive service, there are also services ancillary to the residential programs. Most adults get day services at 20 - 25 hours a week for out of home activities, including work related services. Non-Medical Transportation is also provided to help individuals with I/DD when public transportation is not available, or not feasible, to help individuals participate in employment or other services. The I/DD program, service advocates and our stakeholder community have identified that individuals who are engaged in employment have better health and social outcomes.

Day services for adults begin with the *Employment First Policy*. This policy states that employment in fully integrated work settings will be the first option explored in service planning for all working age and transition age individuals with I/DD. This policy is based on the general philosophy that individuals with developmental disabilities have the ability, with the right supports, to be productive and contributing members of their communities through work. This philosophy also recognizes intrinsic and financial benefits of paid work to individuals with disabilities and their families. Employment services are also provided consistent with the provisions and expectations of Executive Order 13-04, “Providing Employment Services to Individuals with Intellectual and Developmental Disabilities”, issued April 10, 2013.

Comprehensive Services are structured to meet the person’s needs on a 24-hour basis. Individuals are assessed using a uniform assessment tool to determine the extent of support needed and resulting provider payment. The use of a statewide rate assessment tool is a requirement of the State Plan and the Waiver. Services include both residential and day programs if the person is over 21 and out of school.

Group homes, supported living programs and day programs are run by 120 private agencies, the majority being non-profit organizations. There are approximately 1,240 foster providers. The field services are provided through the Community Developmental Disabilities Program (CDDP) and Support Service Brokerages. Case managers determine program eligibility, assess needs and develop and monitor individual support plans (ISP). In addition the CDDPs also provide crisis response, Medicaid eligibility and protective service work.
Stabilization and Crisis Unit (SACU) (Formerly State Operated Community Program (SOCP)) is another component of the Comprehensive Service system. SACU provides a safety net for Oregon’s most vulnerable, intensive, medically and behaviorally challenged individuals with intellectual and/or developmental disabilities. SACU provides services when no other community-based option is available for an individual with I/DD. This includes people with developmental disabilities coming out of the Oregon State Hospital, corrections systems, and from crisis situations where counties and private providers cannot meet the needs of the individual to ensure their health and safety. SACU focuses on supporting people in community-based settings and enabling them to return to less intensive service levels as quickly as possible.

SACU provides 24 hour residential and day supports to individuals with I/DD from all across the state who have significant medical or behavioral care needs. The services are provided in small group homes located across seven counties. SACU cannot refuse to serve anyone because their needs are too high.

SACU started in 1987 when Oregon moved all individuals living at the state institution for people with developmental disabilities to private providers. There were a small number of individuals with complex medical or behavioral needs who, at that time, could not be supported by private providers.

From the first homes that were opened by SACU to today, the profile of the individuals served has changed. As private agencies increase their skills to meet challenging needs and agree to provide services, the person who needs the SACU safety net has changed. In 2000, SACU had six homes serving 30 people that were considered “medical,” which means they serve people with high medical needs. Today there are three homes for 15 people. In the past, the numbers of people with intensive behaviors had a diagnosis of autism. Today, intensive behaviors are more related to co-occurring mental health diagnosis and/or criminal convictions.

Recent budget reductions have resulted in six homes being closed. This has reduced overall SACU client capacity by 22 percent.

In-Home Comprehensive Services are also provided in some specific situations. For adults there is a comprehensive in-home program for individuals that can still be served in their family home.
For children, there are three specialized in-home programs, each with limited capacity for no more than 200 children. Collectively these services are known as the Children’s Intensive In-Home Services (CIIS). One of these programs is for children with intensive behavioral issues who, without supports, would require specialized out-of-home services. The second program is for children with medical issues that, without support, would require nursing home services. The third program is for children with intense medical needs. These are children that are dependent on life support technology such as ventilators and, without these in-home services, would require services in a hospital setting. With the implementation of the State K Plan, children who do not have the intensive needs described above may be able to access In-Home support services through the K Plan, upon completion of a needs assessment and an Individualized Service Plan (ISP).

**Diversion or crisis services** are available to all individuals with I/DD regardless of the service types or settings they are receiving. These short-term services (which could include additional in-home support, relief care or temporary out-of-home placements) are provided to individuals with developmental disabilities who are at imminent risk of being committed to the state for their care and custody due to potential harm to themselves or others. The purpose is to try to ameliorate the situation creating the crisis by focusing intense targeted supports and minimizing the need for costly long-term supports.

**Program Design**
Staff and services support the administration of the I/DD programs through a central office providing strategic planning, program funding, policy development, general oversight, and technical support to community services and support and leadership for various advisory councils.

**Program Delivery**
The structure for service delivery and design includes a central program administration office and contracted services with Community Developmental Disabilities Programs (CDDPs) and Support Service Brokerages (Brokerages). CDDPs are usually operated by County government and are responsible for service eligibility determination, program enrollment, case management, abuse investigations, provider development, and crisis response. CDDP’s are also responsible for local planning and resource development, and documentation of service delivery to comply with state and federal requirements. The I/DD program
provides funding for nearly 481 FTE of CDDP staff. Brokerages provide case management services, including assessment and service planning for adults.

**Community Developmental Disability Programs (CDDP) field reviews:** The I/DD program conducts field reviews in each CDDP on a two-year cycle. Areas of review include accuracy and reporting of eligibility for developmental disability determinations, targeted case management functions, documentation and billings, incident reporting and abuse investigations, contract development and monitoring, client plan of care reviews and family support implementation. The reviews have assisted the I/DD program in identifying CDDP-specific strengths and weaknesses and areas requiring more training and technical assistance, as well as common trends across the state that may suggest a need for system changes, improvements, best practices and training.

**Support Service Brokerages field reviews:** The I/DD program conducts annual field reviews of the 13 brokerages. Areas of review include completeness and quality of assessment and related plan development, timeliness of access to plan development and implementation, responsiveness to participant needs and choices, documentation of provider and staff qualifications, accuracy of benefit levels, fidelity to department-issued rate and expenditure guidelines, and comparison of plan authorizations to expenditures. The findings are reviewed with the individual brokerages, and the aggregate results are compared to established benchmarks. The outcomes often lead to practice changes and increased understanding of program policy within a specific brokerage. They may also lead to overall system changes, focused training for individual or multiple brokerages, and refinement of policy.

**History – future trends**

The state of Oregon is recognized nationally as an innovative leader in developing community-based services for individuals with developmental disabilities. Oregon is one of only three states that have no state or privately operated institutional level services specifically for people with intellectual and developmental disabilities. In fact, the majority of individuals experiencing intellectual and/or developmental disabilities in Oregon, approximately 72.5 percent, are served in their own home or their family’s home.
This is the result of two decades of work to aggressively “re-balance” the developmental disabilities system -- moving from an institutional model with an expensive “one size fits all” approach -- to a self-directed, family involved, individually focused and less expensive approach to service. Today, consumers and families report a high level of satisfaction through increased control over services, the ability to more fully integrate in their home communities and the benefits of home community life.

To maintain those high levels of satisfaction, to further advance the inclusion of people with intellectual and other developmental disabilities in their communities, and to serve the increasing number of people with I/DD requesting services, the system has an urgent need to continue its evolution in a fiscally sustainable manner.

Nationally and in Oregon, the number of people with developmental disability-related needs, such as the autism spectrum and alcohol and drug-related causes, is growing. There also is an increase in the number of people who need services that have co-occurring mental health needs or are coming to us from the corrections system. Over the past two years there has been a net increase of over 1,600 children and adults with developmental disabilities requesting new services. The expectation is that this number will continue to grow in the years to come making the sustainability of the service system of critical importance.
Department of Human Services: Support Services
Intellectual & Developmental Disabilities Program

Primary Outcome Area: Healthy People
Program Contact: Lilia Teninty, 503-945-6918

Support Services – Caseload and Funding

Note: Effective 2013-2015, K Plan increased enrollment as well as lifted spending caps.

Executive Summary
Support Services within the Intellectual & Developmental Disabilities program are designed to provide in-home and community supports for a child or adult with developmental disabilities. Supports are things such as respite care, daily staff support, and equipment. When families are supported to provide the core care, even individuals with the most significant needs have active and engaged lives in their community. These services have delayed or deferred the need for full, 24-hour programs or comprehensive care, which represent a higher cost model of service.
Support Services are based on a continuum of care model and are provided as the first option of supports for a person with developmental disabilities.

Support Services are the first in a continuum of services that range from the least amount of services (Support Services) to crisis (short-term, intensive support) to comprehensive (full 24-hour care) services.
Program Funding Request

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Program Description

Support Services are provided to approximately 750 children and 8,840 adults with developmental disabilities who are living at home. This number represents over 43 percent of the 22,135 individuals receiving intellectual/developmental disability services. The program is designed to partner with families, relying on the family to provide daily support and care to the extent that they are able, and filling in the gaps of care and support needs with publicly-funded services. The program offers a list of available services including in-home staffing, respite, behavior specialist, job support, or community access and equipment. The individual or their family directly hire or contract for providers. All support services programs are designed to be self-directed, which means the individual and their family identify the type of service, the amount of service and who provides it based upon an assessed level of need. Without these services many individuals will enter into a crisis status and require much more expensive out-of-home services such as group or foster homes. In-home support services average approximately $1,290 per month per individual while out-of-home services average approximately $6,870 per month.

The majority of support services, approximately 8,840, are provided to adults. The adult Support Services program supports those adults with developmental disabilities who are living at home with families or in their own home and are Medicaid eligible. These services are provided through Brokerages and Community Developmental Disability Programs (CDDPs) across the state. The program operates under a Medicaid Home and Community Based Waiver and a Medicaid State Plan. The individual receives case management from a Brokerage and works with staff to identify necessary supports a person requires to remain in their home and live in the community.

Support Services for children are delivered through the Family Support Program and offered to any family of a child under age 18. The program offers minimal support services with the most common request being for respite services. The average amount spent per family is $730 per year. Our surveys tell us this support is of great value to families. All children in these programs have case managers through their county Community Developmental Disabilities Program (CDDP) and support services are allocated based on need.

Most children are also in school programs and the case manager coordinates between school and home. This biennium, Support Services started four additional family-to-family networks. These family-driven networks provide training, information, referral, and general support from one family to another. Just having another family to connect with or problem solve is often what it takes to be supported. This network also helps them if a child cannot continue to live with the
family because of their care needs or the family circumstance changes. Often, once a child moves out of the family home into a foster care or group home care, they stay in 24-hour care for the remainder of their lifespan.

For both children and adults, the direct care services are provided through personal support workers, Developmental Disability provider agencies, community businesses, behavior consultants, and respite providers. Personal Support Workers were provided collective bargaining rights in 2010 through HB 3618.

**Program Justification and Link to 10-Year Outcome**

Support Services links to the Healthy People Outcome area through its focus on individuals with intellectual/developmental disabilities to assure they are healthy and have the best possible quality of life in their communities among families and friends, and are working or attending school in order to achieve their greatest potential.

Almost all of the adults and 82 percent of the children receiving Support Services get their health care needs met through the Oregon Health Plan. When compared to the entire Medicaid population, adults in the Medicaid Waivers and state plans with intellectual/developmental disabilities are uniquely more reliant on the Developmental Disability service system to make lifestyle changes and to adequately access health care that is necessary to impact medical costs. Funding the Developmental Disability program sufficiently to support the necessary lifestyle choices and to reliably and consistently follow through with medical recommendations will result in significant cost savings to the State’s medical programs. Families and case managers are critical to help with health care coordination in the communication and implementation of treatment.

Support services are critical to the financial stability of a family and to the person with intellectual/developmental disabilities. With supports, families don’t have to decide between working and supporting their family member. It is also important that working age adults with developmental disabilities are supported to work. Oregon has implemented an Employment First policy. This prioritizes individuals in actively engaging in developing work skills and defining work interests, pursuing job development, or being employed in the community, receiving support to maintain the job.

In April 2013, Governor Kitzhaber issued Executive Order 13-04 “Providing Employment Services to Individuals with Intellectual and Developmental Disabilities”. The goal of this Order is to further improve Oregon’s system of designing and delivering employment services to those with intellectual and developmental disabilities in achieving integrated employment, including a significant reduction over time of state support of sheltered work and an increase in investment in employment services. This Order covers the time period of July 1, 2014 through July 1, 2022 and specifies certain benchmarks and metrics to be achieved each year. Collectively, at least 2,000 individuals would receive employment services over that period in time. In addition to these metrics, the Order called for the formation of a statewide Policy Group that approved an “Integrated Employment Plan” with additional metrics.
The increased outcomes of people with intellectual/developmental disabilities working can provide additional resources for their family unit. People who work also broaden their network of people available to provide supports which continue to delay or defer the need for 24-hour supports or will result in lower costs for both day and residential supports. People who work have also been found to be healthier and happier.

The success of having people live with families for as long as they can is dependent on the families themselves being supported. In the 2011-13 and 2013-15 budgets, funding was provided to the Office Developmental Disabilities and the Oregon Council on Developmental Disabilities for a total of eight Family-to-Family Networks. These are family-directed organizations that provide education, resource connections and personal outreach and support to families experiencing similar needs.

There continues to be opportunities to explore the use of personal technology devices and applications that can help an individual communicate, access the community and provide safety information. The ability to increase the use of technology should result in less family or staff intensive support required.

Program Performance
Supporting individuals to live at home or live on their own is the most desirable outcome for people with developmental disabilities and is most cost effective for the State. The number of people supported at home has been the largest area of growth, while services in comprehensive care (24-hour residential and day supports) maintain an only slight growth pattern.

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<th>Other Care</th>
<th>In Home Supports</th>
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Enabling Legislation/Program Authorization
Oregon Revised Statutes 427.005, 427.007, and 430.610 through 430.695 enable the provision of family support for children with developmental disabilities. Oregon Revised Statutes 427.410 enables the provision of Support Services for adults through Support Services Brokerages.

At the Federal level, in addition to all applicable Medicaid statutes and regulations, services must comply with the Title II of the Americans with Disabilities Act (ADA) of 1990 and Section 504.
of the Rehabilitation Act of 1973. Compliance with these Federal laws is subject to the U.S. Supreme Court’s Olmstead Decision of 1999 and the U.S. Department of Justice’s interpretation of that decision as it relates to the ADA and Rehabilitation Act. The Olmstead ruling applies.

**Funding Streams**
The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver and a 1915k Medicaid State Plan which provide a Federal match to the program’s General Funds. The program funding match rate is 63 percent Federal funds and 37 percent State General Funds for waiver services and 69 percent Federal funds and 31 percent State General Funds for State Plan services.
Department of Human Services: Comprehensive Services
Intellectual & Developmental Disabilities Program

Primary Outcome Area: Healthy People
Secondary Outcome Area: Safety
Program Contact: Lilia Teninty, 503-945-6918

Comprehensive Services – Caseload and Funding

Note: Comprehensive Services (24 hours of support) is prioritized for individuals who can no longer live at home. Developmental Disabilities services average about 100 new cases a month, caseload numbers reflected in the chart are based on actual enrolled individuals.

Executive Summary
Comprehensive services are for individuals with the highest level of care needs and those who can no longer remain at home. Comprehensive Services are 24-hour supports, mostly provided in settings outside the family home such as group homes, supported apartments or foster care. Of the 22,135 individuals enrolled in services, 7,422 are living in 24-hour group homes or foster care.

Program Funding
Request

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GF: General Fund
OF: Other Funds
FF: Federal Funds
TF: Total Funds
### Significant Proposed Program Changes from 2013-2015

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<tr>
<td>Community Housing Repair and Replacement</td>
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($, millions)

**Increase Provider Rates:** This request would increase provider rates by 4% effective 1/1/2016 for 24 hour Group Homes and Supported Living agencies in order to increase direct staff wages and/or benefits for those that serve I/DD individuals. The request also includes a 4% increase for providers of employment services that serve individuals with I/DD.

**Community Housing Repair and Replacement:** This request would increase funding available for the I/DD Community Housing program. Community Housing has been part of I/DD budget since the 1980s. Currently, there are 203 CIP (Community Integration Project) group homes. There is continuous wear throughout these homes. By being proactive with a slightly larger budget, we could make these homes more livable and safer for the residents and care staff.

**Program Description**

Comprehensive services are funded under a Medicaid 1915c Home and Community-Based Waiver and under a 1915k Medicaid State Plan. This waiver and state plan provide a statutory alternative to institutional care. Community-based, as opposed to institutional care, remains a more cost effective program as well as being the most desirable by clients and the State. For example, the estimated monthly cost to serve someone with a developmental disability in an institutional setting is $32,865. The current average monthly cost for someone in comprehensive, community-based services is $6,870. Individuals enter Comprehensive Services when they are unable to stay at home on their own or with their family. This is usually due to a change in the person’s needs or a change in the caregiver’s ability to continue providing services. Before a person enters the Comprehensive Services program, there may be a period of 90 to 120 days where crisis services may be provided to determine if long term placement can be avoided or if behavior consultation intervention can turn the crisis around. This means that most people now entering Comprehensive Services have greater acuity levels, resulting in higher costs per case.

Children with disabilities enter comprehensive services as a voluntary placement because the intensive needs of the child can’t be met in the family home or as an involuntary placement through child welfare action. Approximately 69 percent of the children in comprehensive care come in through the child welfare system. Child Welfare programs maintain responsibility for the court relationship but the I/DD program provides the specific disability related care.

Within comprehensive services, most adults get employment or other day services for up to 25 hours a week. Those in individual integrated employment can get services up to 40 hours per week. All such services are expected to promote our Employment First program and support Executive Order 13-04 issued in April 2013. I/DD program leadership and our stakeholder community have identified that individuals who are engaged in employment have better health and social outcomes. The goal of the Executive Order is to further improve Oregon’s system of
designing and delivering employment services to those with intellectual and developmental disabilities in achieving integrated employment, including a significant reduction over time of state support of sheltered work and an increase in investment in community employment services.

The Order covers the time period of July 1, 2014 through July 1, 2022 and specifies certain benchmarks and metrics to be achieved each year. Collectively, at least 2,000 individuals would receive employment services over that period in time. In addition to these metrics, the Order called for the formation of a statewide Policy Group that approved an “Integrated Employment Plan” with additional metrics.

Comprehensive services are structured to meet the person’s needs on a 24-hour basis. Individuals are assessed using either the Supports Intensity Scale or the Support Needs Assessment Profile to determine the extent of support needed and resulting provider payment. The use of a statewide rate assessment tool is a requirement of the Waiver. Services include both residential and day programs if the person is over 21 and out of school.

Group homes, apartment programs and day programs are run by 120 private agencies, the majority being non-profit organizations. There are approximately 1,200 foster providers. The field services are provided through the county Community Developmental Disabilities Program (CDDP). Case managers determine program eligibility, develop and monitor plans of care, and provide crisis and protective service work. Since services through this program can last through a person’s lifetime, much work has been done to defer and delay out-of-home services. Comprehensive Services are only accessed when a person can no longer stay in the family home or in their own home due to level of care needed in combination with the lack of available supports to address those needs. Because of Oregon’s recent efforts and success in supporting people with developmental disabilities to stay in their own homes, individuals who are now entering the comprehensive system typically have higher and more intense care needs than those placed in group and foster homes in past years.

The Comprehensive Services costs per case have increased due to both the intensity of need, often behavioral, around a person coming into the system in their twenties, and the changing care needs, often medical, for people who have aged in the system. Intellectual & Developmental Disabilities has developed a strategic plan with the stakeholder community to continue to defer or delay access to Comprehensive Services by strengthening family support services, promoting increased employment outcomes and utilizing technology to create individual independence. For providers in the Comprehensive Services, Intellectual & Developmental Disabilities also is implementing strategies to more fully utilize various forms of available technology that can reduce staffing. For example, the use of remote monitoring may be used to augment and replace some staffing. Individual devices that increase independence, communication and skills may also be used to reduce direct staffing needs.

**Program Justification and Link to 10-Year Outcome**
Comprehensive Services are linked to the Healthy People Outcome area through its focus on providing supports to individuals with developmental disabilities to assure they are living in their communities, with families and friends, and are working or attending school to achieve their greatest potential. The programs funded through Comprehensive Services assure that health and safety needs are met daily. The assurance of health and safety such as freedom from abuse or neglect, or proper medical supports, is also one of the primary assurances CMS requires of those
receiving funding through a Home and Community-Based Waiver. These assurances are met by procedures that require the reporting, review and response to abuse allegations and other critical incidents. Provider reviews are also conducted to assure the development and proper implementation of procedures such as individual medical and safety protocols.

Virtually all of the individuals receiving Comprehensive Services qualify for Medicaid and get their health care needs met through the Oregon Health Plan. They will transition from current managed care plans or fee-for-service to the Coordinated Care Organizations. As a group, health care needs exceed the non-disabled population based on unique syndromes and diagnoses. In addition, high target medical conditions such as obesity, diabetes and smoking-related diseases are prevalent, and traditional strategies to change behavior require significant adaptation. Families and case managers are critical help with the care coordination, and the communication and implementation of any treatment.

Since all Comprehensive Services are community based, affordable housing is critical. The Office of Developmental Disabilities partnered with Housing and Community Supports when the State was closing Fairview Training Center to build or remodel over 200 homes using Housing Bonds. The program continues to assure the homes are maintained. Rent costs to people living in group and foster homes are controlled to allow for affordability based on the general low income levels of the individuals. These controls are based on Federal Supplemental Security Income payment amounts.

**Intellectual & Developmental Disabilities also is working to ensure financial stability for the long-term service system, including Comprehensive Services.** The service providers, counties and brokerages will invest in and use technology that increases a client’s ability to communicate, increases skills and independence, increases the ability to communicate with physicians and other health professionals, and decreases the amount of direct support staff needed. It is also critical that working age-adults with developmental disabilities are supported to work. Oregon has implemented an Employment First policy. This requires that the individual is actively engaged in developing work skills and defining work interests or are in job development or are employed and receiving support to maintain the job. The increased outcome of people with developmental disabilities working can result in delaying or deferring the need for 24-hour supports or will result in lower costs for both day and residential supports.

**Program Performance**

The numbers of people with developmental disabilities continues to increase at the same pace as the general Oregon population about .5 percent a year. Oregon has seen additional growth beyond the typical trend due in part to diagnosis such as Autism and Fetal Alcohol Syndrome. The program performance is directed at supporting people at home and delaying or deferring entry into Comprehensive Services. The graph below shows overall population growth and caseload growth in Support Services and Comprehensive Services. The comprehensive services are growing at a slower rate due to Oregon’s work to defer and delay out-of-home services. However, individuals who are now entering the comprehensive system typically have higher and more intense care needs than in the past.
2014 and 2015 are estimates based off Spring 2014 Forecast.

**Enabling Legislation/Program Authorization**
The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver and the 1915k Medicaid State Plan. The Waiver and State Plan allow individuals to be served in a community-based alternative to Institutional Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) (to which they are otherwise entitled under Federal Law). Individuals can also be court committed to State care and custody under ORS 427.

The provision of Comprehensive Services for individuals with developmental disabilities is in ORS 430.610 - .670, ORS 443.400 - .455, and ORS 443.705 - .835. The enabling statutes are in ORS 409.050 and ORS 410.070. At the Federal level, in addition to all applicable Medicaid statutes and regulations, services must comply with the Title II of the Americans with Disabilities Act (ADA) of 1990 and Section 504 of the Rehabilitation Act of 1973. Compliance with these Federal laws is subject to the U.S. Supreme Court’s Olmstead Decision of 1999 and the U.S. Department of Justice’s interpretation of that decision as it relates to the ADA and Rehabilitation Act. This means that services are available statewide to all who meet the level of need and are delivered in the most integrated setting.

**Funding Streams**
The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver which provides a Federal match to the program’s General funds. The program funding match rate is 63 percent Federal funds and 37 percent State General Funds. The 1915k Medicaid State Plan services are funded at 6% high federal match than the 1915c services. The current match rate for 1915k services is 69 percent federal funds and 31 percent state general funds.
Executive Summary
The Stabilization and Crisis Unit (SACU) (formerly State Operated Community Programs (SOCP)) provides a safety net for Oregon’s most vulnerable, intensive, behaviorally and medically challenged individuals with developmental disabilities. This includes people with intellectual/developmental disabilities coming out of crisis situations, which include: in-home, hospitals, correctional systems, and community providers who cannot meet the needs of the individual to ensure their health and safety. Many clients present with dual diagnosis of mental health and I/DD issues. This program is an integral part of the overall intellectual/developmental disabilities continuum of services. SACU focuses on supporting people in community-based settings and preparing them to return to less intensive service levels as quickly as possible.

Program Funding Request

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<thead>
<tr>
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<th>GF</th>
<th>OF</th>
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*A 7% overall budget reduction occurred in 2011.*
**Significant Proposed Program Changes from 2013-2010**

Costs do not increase under this proposal. The SACU model continues to be redefined to ensure adequate staffing based on the increased acuity of individuals needing this level of service. SACU homes are 24/7 state-run community homes used when all other community resources have been exhausted. DHS continues to look for ways to redefine the SACU programs and, wherever possible, move clients to the lowest cost and appropriate placement.

**Program Description**

SACU provides 24 hour residential services to individuals with intellectual/developmental disabilities who have significant medical or behavioral care needs. The services are provided in small group homes located across seven counties from Portland metropolitan area through Eugene.

As individuals enter into SACU, staff work with each person to modify behaviors and increase individual skills. Many of the people have frequent and intense behaviors and staff must provide physical interventions (personal holds). Most clients have individual behavior protocols that require frequent staff training and a high level of data collection and review.

There is an active referral list of adults and children waiting to enter SACU. Before entry into SACU, individuals are first referred to private community based providers but when they are denied or terminated from a current provider program they move to a SACU placement. Over 99 percent of individuals served have co-morbid (co-occurring) disorders of intellectual/developmental disability and mental illness. Many of these individuals have criminal histories and current or pending legal sanctions. The acuity level of challenging behavior requires intensive 24-hour supervision and behavioral support services to ensure the safety of themselves and the community. Challenging behaviors range from aggression toward people or property inclusive of self-injurious behaviors. SACU also serves individuals with medically fragile conditions that require 24-hour nursing care and support services.

Many of these clients have histories of multiple arrests and convictions. The convictions range from such crimes as assault, criminal mischief, theft, harassment, public indecency, rape, sex abuse, and homicide. A number have legal sanctions as a result such as parole, probation, Psychiatric Security Review Board (PRSB), civil commitment or are registered sex offenders. The majority of clients referred to SACU have an identified need for a secured facility due to their risk to leave or offensive behavior. In addition, a large percentage of clients require “hardened” facilities where walls, windows, and fixtures are non-breakable to avoid injury to self and others.

SACU serves 83 adults who are in need of acute stabilization and crisis services. These individuals have been identified due to extreme behavioral and psychiatric needs that have not been successfully provided elsewhere.

SACU has 10 beds for children (up to 18 years old) who are in acute crisis and require stabilization. These children come from a variety of settings including the family home, foster care, 24-hour group home care, and institutional care.
SACU serves up to 15 individuals in specialized medical facilities due to their fragile medical conditions.

In all of the homes, SACU staff are providing services that assure health and safety needs are met and that the person has the ability to participate in the community. Since the goal of the program is to have the person move to services provided by private community providers, it is important to make sure the person can be supported in the same type of setting.

All of the individuals in SACU qualify for Medicaid and are currently using the Oregon Health Plan, being served by Coordinated Care Organizations, to meet their medical needs. Since there is high medical, behavioral and mental health needs, the program treatment plans are critical for client stabilization and are critical in the coordination of health services.

From the first homes that were opened in 1987 by SACU to today, the profile of the individuals served has changed dramatically. As private agencies increase their skills to meet challenging needs and are able to provide services, the person who needs safety net services has changed. In 2000, SACU had six homes serving 30 people that were considered “medical,” which means they serve people with high medical needs. Today there are three homes for 15 people. In the past, the number of people with intensive behaviors were people who had a diagnosis of autism. Today, intensive behaviors are related to co-occurring mental health diagnosis and/or criminal convictions.

To respond to an individual in crisis, the program has always developed exit plans with providers and counties for people ready to leave at the same time new clients are admitted. However, in 2011, the Legislature reduced the SACU budget. This prompted a comprehensive review of individuals in State care to determine if any could be moved out of SACU to reduce the overall number of clients. Several individuals were identified and recommended for private care. They are still individuals who are assessed at the highest levels of acuity but have behavioral or medical needs that are predictable and can be supported by a private agency.

The 2011-13 budget reduction resulted in six homes being closed over the course of that biennium. This reduced overall client capacity by 22 percent. Those individuals that remain in SACU or will be entering as a new client continue requiring the highest level of staffing and support. DHS has completed a workforce allocation that identifies the type of home (medical or behavioral), and the direct care and administrative staffing required to operate each home. We continue to improve on our efficiencies and staffing needs to produce the most programatically sound and cost-effective staffing configurations for each house, each shift and each day in every setting.

**Program Justification and Link to 10-Year Outcome**

SACU helps individuals with intellectual/developmental disabilities be healthy and have the best possible quality of life by helping them live in their communities and to work or attend school to achieve their potential. We provide effective stabilization and training for adults and children who have entered the program in crisis. SACU helps individuals transition back into community settings with support from their families, friends or private providers.

Individuals enrolled generally have no other alternatives. They are in crisis due to a family breakdown; discharge from a hospital, psychiatric or correctional setting, or discharge from a private provider who can no longer support them due to the intensity of their behavioral or
medical needs. SACU provides a critical alternative to assist the person to return to a healthy and productive life through a high quality residential program, including community-based housing, appropriate nutritional and medical care, and interventions.

In addition, the safety net provided by SACU allows for targeted, community-based support to individuals in crisis or with otherwise unmet intensive needs, individuals receive the services they need for the time they need them, and are then assisted to transition back to families or private providers.

**Program Performance**
Staff ratios are quite high; many require 1:1 or greater staffing levels. The goal is to stabilize behaviors or health issues in a residential setting so that transition to a private provider is successful. Average length of stay for SACU individuals is between seven and eight years.

SACU is focusing on placement of these long-term individuals to private care. These types of individuals, who can now be served by private providers due to improvements in community service skills and capacity, are no longer being considered for this program.

All homes have maintained a long-term record of licensing success supporting the quality of care provided. Our client, guardian and family data shows a high level of satisfaction with services. SACU tracks clinical data on client restraints, incidents, medication errors, safety records, and a number of other elements. SACU is improving its tracking abilities with new software in all locations. Since 2012, a system is being developed to centralize, capture, and allow us to analyze clinical and programmatic data.

**Enabling Legislation/Program Authorization**
Virtually all individuals served by SACU are funded through Medicaid Home and Community-Based Waivers and the 1915k Medicaid State Plan. The individuals served by SACU would be entitled to nursing home or Intermediate Care Facilities for persons with Mental Retardation (ICF/MR) institutional services. Oregon no longer uses institutional care but the service would be required if we could not meet the need in the community.

Other federal laws or rulings that impact services delivered through the mechanism of the SACU program are the Americans with Disabilities Act and the Supreme Court Ruling on Olmstead, which generally require individuals to be served in least restrictive, non-institutional settings. Oregon commitment statutes in ORS 427 also require the State to provide care and custody to a person who presents harm to themselves or others, and SACU’s status as the final safety net is integral to accomplishing this.

Additional statutes that guide the delivery and program are found in ORS 412, 430, 409 and 410. The Oregon Administrative Rules (OARs) that govern the operations of SACU require that individuals be supported in the community and in pursuit of educational and vocational activities.

At the Federal level, in addition to all applicable Medicaid statutes and regulations, services must comply with the Title II of the Americans with Disabilities Act (ADA) of 1990 and Section 504 of the Rehabilitation Act of 1973. Compliance with these Federal laws is subject to the U.S. Supreme Court’s Olmstead Decision of 1999 and the U.S. Department of Justice’s interpretation
of that decision as it relates to the ADA and Rehabilitation Act. The Olmstead ruling is relevant to the SACU in that it requires all services allowed in the Waiver, including SACU, are ones that create inclusion in the community, equitably across the state.

**Funding Streams**
The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver and a 1915k Medicaid State Plan which provides a Federal match to the program’s General Funds. The program funding match rate is 63 percent Federal funds and 37 percent State General Funds for waiver services and 69 percent Federal funds and 31 percent State General Funds for 1915k State Plan services. Based on their income level, some individuals also pay an Other Funds contribution toward their room and board costs.
Executive Summary
Intellectual and Developmental Disabilities (I/DD) is a lifespan program that provides support and funding to children and adults with developmental disabilities to live fully engaged lives in their communities. Oregon has stopped using institutional models to care for people with developmental disabilities and has focused all efforts on people living in their community. Programs are provided in the community in the family home or in a foster care, group home or supported apartment.

Program Funding Request

<table>
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Significant Program Changes

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<th>Pos.</th>
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<td>Employment Outcomes for People with I-DD</td>
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<td>One I-DD Functional Needs Assessment Tool</td>
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<tr>
<td>Build Capacity for clients</td>
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<td>0.15</td>
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<td>1.76</td>
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DHS proposes to increase the funding available to support individuals with I/DD in moving towards integrated employment in the community. This funding will support the further implementation of Executive Order 13-04. These positions are critical to continuing progress in this area. Additionally, in response to legislative direction in the 2013-15 budget, DHS is requesting funding for the purchase and implementation of an assessment tool to be utilized across service settings. This tool will determine assessed needs of individuals, as well as tier levels for rates for residential and employment services.

DHS also requests funding for building community provider capacity for serving individuals with I/DD in the community. The implementation of the 1915(k) state plan has created an unprecedented demand for providers. Building capacity now is important. This request will also support the creation of capacity for providers to serve individuals stepping down from our state run Stabilization and Crisis Unit into community placement.

Program Description

There are over 23,000 Oregonians with intellectual or developmental disabilities receiving case management and other supports. The numbers of people with intellectual or developmental disabilities requesting services have steadily increased. Since January 2014, we are seeing over 100 new people per month. Caseload typically grows in accordance with the general population at a rate of approximately 0.5 percent per year but additional factors that influence the increase include autism diagnosis and drug and alcohol affected births.

The structure for service delivery and design includes a central program administration office and contracted services with Community Developmental Disabilities Programs (CDDP) and Adult Support Service Brokerages (Brokerages). The Developmental Disabilities central office provides strategic planning, program funding, policy development, general oversight, and technical support to community services. Contracted county Community Developmental Disability Programs (CDDP) are responsible for eligibility determination, program enrollment, case management, abuse investigation, provider development, quality assurance, and crisis response. For adults who are getting Support Services, the case management function is provided by the contracted Brokerages.

Services are based on a continuum of care model and are provided as the first option of supports for a person with developmental disabilities. The table demonstrates the continuum of services.
<table>
<thead>
<tr>
<th>FIRST</th>
<th>IF</th>
<th>THEN</th>
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<td><strong>Support Services</strong></td>
<td><strong>Crisis</strong></td>
<td><strong>Comprehensive Services</strong></td>
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<td>Person lives at home with family or in their own apartment.</td>
<td>Person’s family or network cannot continue to provide the care. This may be due to increased need by the individual or a decreased capacity by the care giver. It is determined to be more than a short-term issue and will require long-term services</td>
<td>Person is in services that are provided on a 24-hour basis. Includes both residential care such as foster care or group home as well as employment or day services for an adult or school (not funded by DHS) for children.</td>
</tr>
<tr>
<td>Family or others provide support and care in the home as part of natural (unpaid) supports.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DHS funds portion of care that cannot be met by family or natural support network.</td>
<td></td>
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</table>

I/DD program delegates responsibility for program administration to local county government, Community Developmental Disabilities Program (CDDP) in accordance with state statutes (ORS 407) giving the counties the option of running the I/DD programs. DHS has Intergovernmental Agreements with all but seven counties. In those counties, the state contracts with a private agency. Local oversight responsibilities include determining eligibility for developmental disabilities, planning and resource development, authorizing program services and program rates, developing and monitoring individual plans of care, documentation of service delivery to comply with state and federal requirements. Counties also are responsible for case management services, evaluation and coordination of services, abuse investigations of adults and quality assurance services. The I/DD program provides funding for the equivalent of nearly 695 full time employees of CDDP staff through contracts. CDDP provides case management for all individuals except adults choosing to be served by a Support Service Brokerage. The case management for those individuals is then provided through a Support Service Brokerage.

In 2001 the Intellectual and Developmental Disability office started the Adult Support Services Program. This program provides services such as respite, in-home staffing and community access to adults living at home with their family or on their own. The program is organized around Support Service Brokerages who hire staff to plan and monitor services. In order to not duplicate services, once a person is in a Brokerage, they do not also get case management from the CDDP. There are 13 Support Service Brokerages statewide that support over 7,000 individuals. Brokerages vary in size and support from 300 to 750 people. Adults have a choice of case management providers, between the CDDP and a Brokerage. Children are all served by the CDDPs.

The person with developmental disabilities is enrolled in a Brokerage from the county. Once in a Brokerage, the Brokerage Personal Agent (PA) completes a needs assessment, develops person-centered individual plans, assists the person in determining types of services, amount of service, possible workers or agencies and costs of services. PA’s help the individual to design plans that meet their needs as determined by the needs assessment. Clients are the employers or
contractors for services and the Brokerages provide support for the fiscal functions for payroll and voucher expenses. This model of using Support Service Brokerages was codified in statute via House Bill in 2011.

The majority of individuals receiving Intellectual and Developmental Disability services are eligible for Medicaid. Oregon no longer uses institutional models of care for people with I/DD. Instead, the State uses Medicaid Home and Community-Based (HCBS) Waivers and a Medicaid State Plan that allow for shared funding from the Federal government. In order to maximize Federal participation, control costs and triage access to the highest level of services for children and adults with the most needs, Oregon operates five HCBS Waivers and one Medicaid State Plan. Three of the Waivers are Model Waivers for children which allow the State to ignore family income for Medicaid determination and provide staffing, including nursing, in the family home. The 2013-15 Medicaid match for all waivered services in intellectual and developmental disabilities is 63 percent Federal funds to 37 percent State General Funds. The match for Medicaid State Plan “K” services is 69 percent Federal funds to 31 percent State General Funds.

Intellectual and Developmental Disability central office staff provides policy and program design, technical support, quality assurance, provider development and review, and field support of CDDPs, Brokerages and direct service providers.

There are 120 private service providers, 1,240 foster care providers and over 7,000 Personal Support Workers. Regulatory oversight is provided by the DHS Office of Licensing and Regulatory Oversight. There are six payment systems used in Developmental Disability services. The DHS Office of IT Business Supports provides technical support on payment systems and is working on the development of streamlined payment systems with the goal to limit the numbers of systems.

Central office staff provides programmatic and budget analysis support to Department of Administrative Services Labor Management, collective bargaining, for the Adult Foster Homes, Home Care Worker, and Personal Support Worker. The central office also works with the Children’s Intensive In-Home services and the Children’s Residential Services. This includes assessing level of care and authorizing services, developing and monitoring plan outcomes, and developing provider resources. Due to understaffing, the Developmental Disabilities program has prioritized central office staff responsibilities to three critical areas: Development and implementation of policies, liaison and support of the Brokerage and CDDP services, and liaison and support to service providers.

**Program Justification and Link to 10-Year Outcome**
The program delivery system, designed and monitored by central staff and implemented through either the CDDP or Brokerage, is designed to assure supports are provided so the individual is healthy and safe, and fully engaged in their community. The goal is to help them have the best possible quality of life at any age. Person centered strategies are used to maximize the person’s natural supports. The CDDP and Brokerage reports on critical incidents and the data are used to track trends and determine strategies to improve healthy living outcomes. Almost all adults (99 percent) and a majority children (82 percent) qualify for Medicaid benefits and receive health care through the current Oregon Health Plan. The case managers in CDDPs and Brokerages are
part of a team that looks at health outcomes and health issues. They will be critical to the Coordinated Care Organizations’ efforts to achieve positive health outcomes.

**Program Performance**

Personnel resources are necessary to provide performance in the delivery of programs within Developmental Disabilities in a linguistically and culturally competent manner. The chart below provides a comparison of the caseload growth to the equivalent contracted CDDP and Brokerage personnel - Case Managers and the Brokerage Personal Agents. The growth over time provides a stark display of how our current resources are struggling to keep pace with the need of vulnerable Oregonians with intellectual or developmental disabilities. (See chart)

![Caseload Growth Chart](image)

**Enabling Legislation/Program Authorization**

The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver and a 1915k Medicaid State Plan. Without the Waiver and state plan, individuals would be entitled to Institutional Care for the Mentally Retarded (ICF/MR). Individuals can also be court committed to the State care and custody under ORS 427. Targeted Case Management is authorized under the Medicaid State Plan. Federal authorization for all services is at 42 C.F.R. 441 and Section 1915(c) of the Social Security Act. Authorization to provide the services in Oregon is in ORS (410.070, 409.050).

At the Federal level, in addition to all applicable Medicaid statutes and regulations, services must comply with the Title II of the Americans with Disabilities Act (ADA) of 1990 and Section 504 of the Rehabilitation Act of 1973. Compliance with these Federal laws is subject to the U.S. Supreme Court’s Olmstead Decision of 1999 and the U.S. Department of Justice’s interpretation of that decision as it relates to the ADA and Rehabilitation Act. The Olmstead Decision requires states to provide services and supports in non-segregated settings.
Funding Streams
The services are designed and approved using a Medicaid 1915c Home and Community-Based Waiver and a Medicaid 1915k State Plan, which provides a Federal match to the program’s General Funds. The program funding match rate for waived services is 63 percent Federal funds and 37 percent State General Funds and for K plan services is 70 percent Federal funds and 30 percent State General funds.

The administration of CDDP and central office staff are funded at the Medicaid administrative match of 50/50. Authorization to provide the services in Oregon is in ORS (410.070, 409.050).
Department of Human Services
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$9295.3 million

- Aging and People with Disabilities
  - $2,442.5
  - 26%
- Intellectual & Developmental Disabilities
  - $1,734.4
  - 19%
- Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services
  - $637.8
  - 7%
- Self Sufficiency
  - $3,466.3
  - 37%
- Child Welfare
  - $916.7
  - 10%
- VR Basic Rehabilitative Services
  - $97.6
  - 1%
- General Fund
  - $557.9
  - 32%
- Other Fund
  - $28.8
  - 2%

Intellectual & Developmental Disabilities
Total by Fund Type
$1734.4 million

- Federal Fund
  - $1,147.7
  - 66%
- General Fund
  - $557.9
  - 32%
- Other Fund
  - $28.8
  - 2%

Intellectual & Developmental Disabilities
Total by Program
$1734.4 million

- Program Delivery & Design
  - $290.5
  - 17%
- Intellectual & DD Programs
  - $1,443.8
  - 83%
### Department of Human Services
**2015-17 Agency Request Budget
Total Fund by Program Area**
$10,229.4 million

- **Central & Shared Services, State Assessments & Enterprise-wide Costs, and Program Design Services**
  - $718.3
  - 7%

- **Self Sufficiency**
  - $3,476.5
  - 34%

- **Child Welfare**
  - $981.8
  - 9%

- **VR Basic Rehabilitative Services**
  - $100.5
  - 1%

- **Aging and People with Disabilities**
  - $2,929.1
  - 29%

- **Intellectual & Developmental Disabilities**
  - $2,023.2
  - 20%

- **Aging and People with Disabilities**
  - $2,929.1
  - 29%

### Intellectual & Developmental Disabilities
**Total by fund type**
$2023.2 million

- **General Fund**
  - $673.4
  - 33%

- **Federal Fund Ltd**
  - $1,318.5
  - 65%

- **Other Fund**
  - $31.3
  - 2%

### Intellectual & Developmental Disabilities
**Total by program**
$2023.2 million

- **Intellectual and Developmental Disability Program**
  - $1,691.2
  - 84%

- **Program Delivery & Design**
  - $332.0
  - 16%
## Department of Human Services
### Intellectual & Developmental Disabilities - IDD
#### 10000-060-09-00-00000

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>COMP SOURCE GROUP</th>
<th>FUND</th>
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<th>2013-15 Legislatively Approved Budget</th>
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<td>APD</td>
<td>Adult Protective Services I.T. System</td>
<td>This is a POP to develop a streamlined and Integrated Statewide Adult Abuse and Report Writing System. Phase I planning was approved by the Emergency Board in March 2014. This POP assumes the planning is completed and the Phase II development is ready to proceed based on the Phase 1 business case and solicitation documents. It is also planned to keep close connection between program, OIS, DAS and LFO on the gate review processes and progress of this project. The need for a stable, integrated Abuse Data and Report-writing System is critical as Oregon faces an aging population, an annual increase of 5-8% in abuse referrals, and an increased need for services across all demographics. Currently all funding is assumed as GF but DHS is pursuing other avenues of Federal Funds that may or may not become available. Assumes $2 million of Q-bond available.</td>
<td>$1,437,494</td>
<td>$2,000,000</td>
<td>$3,437,494</td>
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<td>APD</td>
<td>APS Supervisory Ratios</td>
<td>Seek a supervisory ratio of 1:7 for local APS employees only in line with best practices disseminated by the National Adult Protective Services Association. The Aging and People with Disabilities Program is currently operating with a staff management ratio of 13.98:1, which is much higher than the standard sought in HB4131. Implementation of this POP will only slightly decrease the overall 13.98 ratio and not materially affect the overall DHS supervisory ratio. Increasing management oversight in this area is expected to increase timeliness and quality, ultimately resulting in better protection for older adults and people with disabilities.</td>
<td>$1,883,432</td>
<td>-</td>
<td>$1,883,432</td>
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<td>APD</td>
<td>OPI Population Expansion Pilot</td>
<td>As part of the $26 million special purpose appropriation for seniors, a $3 million pilot project was approved to serve people with disabilities in Oregon Project Independence beginning July 1, 2014. This policy option package assumes that the pilot will be successful and result in an ongoing need of $6M to serve people with disabilities.</td>
<td>$6,000,000</td>
<td>-</td>
<td>$6,000,000</td>
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<td>APD</td>
<td>LTCO</td>
<td></td>
<td>-</td>
<td>$(20,087)</td>
<td>$(58,436)</td>
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<td>CW</td>
<td>GF Reinvestment</td>
<td>This POP maintains current service level funding associated with CW’s transition to a new IV-E waiver. This POP provides in part the necessary funding of about $14 million through one time IV-E waiver savings and IV-B funding. The remaining need is GF backfill for the one time revenues used in 13-15 to fund this effort to Strengthening, Preserving and Reunify Families (SPRF) in Oregon. This funding is needed to continue the SPRF program funding set out in SB 964 in 2011-13. Prior to this request this program has been funded by GF and one time federal funding sources that are no longer available to cover the programs entire costs. Some further one time funding (as mentioned above) has been identified in 2015-17 that will not be available in 2017-19.</td>
<td>$3,344,750</td>
<td>-</td>
<td>$3,344,750</td>
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<td>CW</td>
<td>Program Infrastructure</td>
<td>With additional workload associated with CW system transformation, additional infrastructure is needed to assure that the program can meet its aggressive foster care reduction and family stability/child safety targets. This request also creates support for cross-system alignment with the education and health/behavioral health systems to ensure that children experiencing foster care fully benefit from the systems transformation underway in those areas. This POP requests 15 OPA3s, 2 PA2s, 2 PEM Es, one PEM D and 3 AS2s to staff adequately the strategies currently underway. These include additional support for the expansion of Differential Response, implementation of the Title IV-E waiver that will support the service array for DR, Educational Advocacy for children in care, adequate monitoring of psychotropic</td>
<td>$2,183,289</td>
<td>-</td>
<td>$4,359,515</td>
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<td>CW</td>
<td>CW Pgm Spt Needs; PSU contract increase</td>
<td>Provide necessary funding for increased costs associated with utilization of Portland State University contracting. Because PSU training contract costs are rising at personal services levels and not at Service and supply levels, the budget for this critical Child Welfare training contract has not kept up with the costs of PSU providing the service. Therefore the child welfare program requests additional GF to continue an adequate training contract with PSU.</td>
<td>$224,721</td>
<td>$5,226</td>
<td>$292,660</td>
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<tr>
<td><strong>CW</strong> Rate Enhancements</td>
<td>Allow CW to bring foster care rates back into compliance with the rate methodologies on which they are based. Those rates were based on several national reports which detailed the cost of caring for children in the U.S., to include clothing, food, transportation, and other normal daily expenses. In past biennia, the foster care rate, personal care rate and the enhanced supervision rates have been decreased, taking them out of alignment with the methodology that was established for determining these rates. It is critical for foster parents to have access to the necessary rates to provide the fundamental support children need when entering foster care; including appropriate supports for food, clothes and other daily living expenses. Failure to raise the rates will diminish the foster parents' abilities to stabilize and maintain children in their homes. It further compromises the ability of foster parents to meet the child's most basic physical, medical, emotional and supervisory needs. It may lead to a lack of foster resources, and/or overuse of the remaining foster homes. This request is to realign the rates with the rate setting methodology.</td>
<td>$589,950</td>
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<td>$361,583</td>
<td>$951,533</td>
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<td><strong>Gov.</strong> Bargaining Pots</td>
<td>Bargaining pot placeholder to increase bargained rates of Adult Foster Care, Personal Support Workers and Home Care Workers.</td>
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<td>$22,000,000</td>
<td>$31,500,000</td>
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<td><strong>IDD</strong> Employment Outcomes for People with I/DD</td>
<td>Youth and adults with intellectual and developmental disabilities (I/DD) are significantly underrepresented in Oregon’s workforce. With appropriate services and assistance, persons with I/DD are capable of employment. The state is seeking to increase competitive employment of I/DD persons in integrated workplaces through the Department of Human Services’ (DHS) Employment First Policy and Governor Kitzhaber’s Executive Order 13-04. The order directs state agencies and programs, including DHS’ Office of Developmental Disability Services and Vocational Rehabilitation, to take various steps and to achieve specific goals. In order fulfill the policy and order, this POP requests funding for: a. Six Vocational Rehabilitation Counselors, Two Human Services Specialists and 1 Operations and Policy Analyst to serve increasing numbers of youth with intellectual and developmental disabilities and increase engagement with school districts participating in Youth Transition Program (YTP) and with state I/DD system. b. 10.5 contract Benefits Counselors to provide benefits counseling services to persons with disabilities, including those with I/DD; and two Operations and Policy Analysts to train, oversee and support the counselors; and to plan future delivery of these services. c. An Employment First Transformation Fund and Operations and Policy Analyst to identify, research and promote utilization of best and evidence-based practices that facilitate competitive employment of I/DD persons and promote continues improvement of related services.</td>
<td>$4,358,223</td>
<td>-</td>
<td>$841,898</td>
<td>$5,200,121</td>
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<td><strong>IDD</strong> DD One Functional Needs Assessment Tool</td>
<td>This request is for one Developmental Disabilities Functional Needs Assessment tool that will determine the supports needs for individuals who receive K-Plan or Waivered Services through the Office of Developmental Disabilities Services and assist in budget allocation to insure equitable rates between services. This POP would assist the state in complying with CMS requirements surrounding needs assessments. Adverse effects of this POP not being funded will be the inability to comply with legislative budget note SB 5529.</td>
<td>$500,000</td>
<td>-</td>
<td>$500,000</td>
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<td>I/DD</td>
<td>Build Capacity for SACU clients in Prov Comm</td>
<td>As stabilization and Crisis Unit (SACU formerly SOCP) moves toward a crisis resource for residential resources for the most vulnerable adults and children across the State of Oregon, a strong need has emerged to support the current SACU population with enhanced services in community placed settings. To that end, the need for a focused strategic plan to address the “stepping down” of severely disabled, although NOT in crisis, individuals currently served through SACU resources is immediate, cost effective and necessary. Additionally, the expanded supports and services provided to individuals through the “K” Plan are requiring increased provider capacity in all aspects of our service delivery - both agency providers and Personal Support Workers. This POP supports a plan to expand provider capacity with start-up or “grant funds” to provider agencies and others throughout the state who will build residential homes targeted at a specific SACU population each agency agrees to serve if that agency is awarded a grant. It would also provide grant funds for entities interested in developing capacity for serving non-SACU individuals in their own homes or in other community living settings.</td>
<td>$653,730</td>
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<td>$153,258</td>
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<td>I/DD</td>
<td>Provider Rate Increases</td>
<td>DHS is requesting a 4% increase, effective 1/1/2016, in all non-bargained provider types, residential and non-residential, agency providers. 4% is less than the combined COLAs for the previous three biennia but will allow these agencies to increase direct staff wages and/or benefits for those that serve our I/DD individuals. The Direct Support Professionals that provide services through provider agencies are currently allocated $10.80 per hour in our budget models. This package will allow an increase of 4% to that model.</td>
<td>$8,537,069</td>
<td>-</td>
<td>$18,163,987</td>
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<td>I/DD</td>
<td>Community Housing Repair and Replacement</td>
<td>The increased cost to maintain and repair homes purchased from the sale of the Fairview Hospital. Standard inflation is not adequate due the cost of contracts which have increased in some instances between 8 and 11% due to labor and material cost inflation. In 2011-13, Community Housing needed to borrow $250k of the Reserve Fund due to increasing costs for repair and maintenance, and ongoing Care &amp; Custody liability of four vacant homes. However, due to the ongoing liability of Care &amp; Custody, increased amount of work on aging homes, and escalating costs to maintain and repair homes purchased from the sale of the Fairview Hospital, Community Housing will not be able to refill the Reserve in 2013-15 without an investment.</td>
<td>$1,499,300</td>
<td>$1,499,300</td>
<td>$2,998,600</td>
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<tr>
<td>Mod</td>
<td>Modernization</td>
<td>This is a placeholder POP focusing on the next phase of work to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority’s work, compliance with the Federal and State Stage Gate processes, utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition Services) will also continue to secure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in OF limitation for OHA limited duration positions in OIS.</td>
<td>$11,500,000</td>
<td>$23,753,244</td>
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<tr>
<td>201</td>
<td>Real-D</td>
<td>This POP supports the establishment of uniform standards and processes for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status by the Oregon Health Authority (OHA) and Department of Human Services (DHS). This POP supports designing, building and implementing a master client data service that supports the long-term strategy of a comprehensive view of the OHA/DHS client. Upon establishment of a re-useable master client service, the agency will have the capability to collect demographic information on the client that will serve multiple program and reporting needs. DHS and OHA have developed administrative rules and policies for collecting, analyzing, and reporting meaningful race, ethnicity, language and disability data (REAL-D) across DHS and OHA based on the foundation of the U.S. Office of Management and Budget’s (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies. Planning for the project is occurring during the remainder of the 13-15 biennium. DHS and OHA have put in place a REAL-D Analysis and Assessment Project to inventory and analyze all business processes, systems and reports across DHS/OHA that capture, update or utilize REAL-D data. This project’s focus is on a detailed assessment and impact analysis of the changes that will be required for HB 2134 and the related Oregon REAL-D data collection standards. The outcome of the in-depth analysis will include a detailed business case and recommended implementation strategies for REAL-D data standards compliance.</td>
<td>$743,644</td>
<td>$1,000,000</td>
<td>$1,743,644</td>
</tr>
<tr>
<td>121</td>
<td>Oregon Enterprise Data Analytics</td>
<td>State agencies increasingly need to analyze data across all agencies serving the same clients/customers to improve their ability to design effective programs, achieve outcomes, minimize risks and find efficiencies. This helps bring the right resources and services to the right families at the right time by identifying risk levels and strategically targeting services to produce outcomes. Some agencies have already built combined data sets for analysis purposes. This POP extends this work to more agencies and builds the resources to make use of this data. All positions are in shared services Office of Forecasting Research and Analysis (OFRA) as they would answer to multiple agencies.</td>
<td>$946,393</td>
<td>$1,889,626</td>
<td>$3,779,252</td>
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<tr>
<td>108</td>
<td>Child Welfare Quality Control Reviewer Staff</td>
<td>The position requested in this POP will increase the OPRD review capacity in the statewide Child Welfare Quality Assurance system to include stakeholder interviews, which are federally required as part of each state’s Continuous Quality Improvement in Child Welfare program. This requirement can be found in the federal Adoption and Safe Families Act of 1997 and the Administration for Children and Families information Memorandum CS-IM 12-07 dated August 27, 2012. There are currently 3 FTE in the Child Welfare review team. This additional position will enable the state to complete federally mandated Children and Family Services Review (CFSR) as required and mitigate the risk for federal penalties and imposed program improvement plans.</td>
<td>$79,725</td>
<td>-</td>
<td>$159,450</td>
</tr>
<tr>
<td>125</td>
<td>Cost per Case increase placerholder</td>
<td>This is a placeholder POP for likely increases to costs per case in DHS due to Federal statutory changes and other issues that may arise over the coming months. Because it is a placeholder no FF was calculated at this time and will need to be added at a later date when more details are in place.</td>
<td>$20,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>122</td>
<td>DHS Shared services investments</td>
<td>Recommend one (1) payroll technician to reduce the ratio of payroll costs to technicians to 1/700 for DHS Office of Financial Services. Also, one (1) leasing agent to help with the extensive DHS leases that would work from DHS Facilities Services. One (1) Policy Analyst 2 for APD/APS unit to provide the necessary technical assistance and on-site support for legal/medically complex and sensitive investigations; regional support for the delivery system for DHS Office Of Adult Abuse Prevention &amp; Investigation. Also, there are currently no regional coordinators for the APD System. Field services staff increased recently and TA/support services are unable to provide adequate support. In addition, the Operations &amp; Support Unit needs two (2) additional Administrative Support Specialist 1 positions in order to support expanding office operations such as appeals panels, processing abuse reports, HB 4151 which will require processing of an additional 8,000 reports each year, report distribution, notification letters, public records requests, audit activities, data entry and expansion of duties.</td>
<td>$339,917</td>
<td>529,519</td>
<td>289,559</td>
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<tr>
<td>Policy Option Package Title</td>
<td>Summary Statement</td>
<td>General Fund</td>
<td>Other Funds</td>
<td>Federal Funds</td>
<td>Total Funds</td>
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<tr>
<td>Shared and Program Performance based Contracting</td>
<td>Provides infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required are: One (1) Lead Procurement and contract specialist (PCA 4) and two (2) PCS3 to work in Office of Contracts &amp; Procurement (Shared Services). One (1) RA4 and one (1) ISS6 would work from OBI (Central Services). In addition, there would be approximately 100,000 service and supply funds needed for Professional Services for consultation purposes.</td>
<td>$479,624</td>
<td>$477,687</td>
<td>$414,797</td>
<td>$1,372,108</td>
</tr>
<tr>
<td>SS TANF Flexibility in Design</td>
<td>Economic recovery has been uneven in Oregon and has not yet reached most families who participate in TANF. Caseloads remain very high. TANF participants often cannot find jobs that fit their current skills, offer a living wage or offer enough hours for them to exit the TANF program due to employment. At the same time, there are several redesigns of state systems that involve TANF families. DHS proposes a refocusing of the TANF program that fits today’s realities. DHS is proposing a package of cost-neutral, targeted investments that will build the capacity of families to increase earnings and transition from TANF through an accountable, flexible and family-centered approach. The investments emphasize alignment with systems that touch or should touch TANF participants, the scaling up of best practice case management, and raising the income limits for TANF exit to create a glide path off of TANF to decrease the number of families who return to the program repeatedly. DHS proposes using savings from projected caseload savings to fund the investments.</td>
<td>-$</td>
<td>-$</td>
<td>$(7,987,717)</td>
<td>$(7,987,717)</td>
</tr>
<tr>
<td>SS TANF Programmatic Changes</td>
<td>DHS needs to address the sunset of Chapter 412 that currently includes a number of suspensions to the HB 2469 (2007) TANF program design. DHS proposes to extend the sunset from the 2013-2015 biennium to the 2015-2017 biennium: continue the upfront service array which is limited for new applicants; relative caregivers who apply for TANF on behalf of children in their care must be below 185% of the FPL to qualify; and parents who quit a job before applying for TANF do not have access to the program. DHS proposes to fund the provisions that: allow families in the Pre-SSI/SSDI program to have access to an enhanced cash grant and fund the Post TANF program at the original $150 per month payment for up to a year to families who became employed and left TANF. This package is necessary as the restrictions and suspensions mentioned above will expire at the end of the biennium which will necessitate additional budget and staff resources in order to reverse without legislation.</td>
<td>$9,828,582</td>
<td>-$</td>
<td>-$</td>
<td>$9,828,582</td>
</tr>
<tr>
<td>SS SS - backfill empty OF &amp; restoration of pos.</td>
<td>This combination of policy option packages eliminates all the empty other fund limitation in virtually all Self Sufficiency positions and replacing it with a combination of General and Federal Funds. The empty other fund limitation issue is primarily the result of actions taken prior to the 2003-05 session to hit a GF target at the time, where all positions were provided some other fund limitation. In addition the loss of provider and hospital tax funding for Self Sufficiency positions, to free up GF in 2011-13 and 2013-15, was not permanently backfilled. DHS has been managing to the budget for several biennia through vacancy savings. The Federal Fund backfill is from the TANF flexibility in design POP 101. The remaining backfill is General Funds. This combination of actions will keep the Self Sufficiency workload model at 76.7%.</td>
<td>$7,066,936</td>
<td>$(15,049,969)</td>
<td>$7,983,033</td>
<td>$</td>
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<tr>
<td>POP</td>
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<tr>
<td>SS</td>
<td>ERDC Caseload at ave 8500/mo ave in 2015-17</td>
<td>DHS proposes to keep the ERDC caseload at 8500 allowing low-income working families access to safe, stable, quality child care. Families need ERDC to help pay for the child care necessary to maintain employment. Children in care need continuous quality educational experiences which support positive child development. This prepares children for kindergarten and beyond. Research shows having a subsidy affects parental choice. Families can select high quality child care programs, such as those offered through ERDC contracts with Head Start and providers that have achieved the Oregon Program of Quality designation. ERDC funds are paid directly to child care providers who are contributing members to local economies throughout the state. This POP connects to the Early Learning and Making Work Pay initiatives. This POP is necessary as there has been a large increase in the percentage of kids in care being placed in high quality higher costs settings resulting in a much higher cost per case than anticipated in 2013-15 and in the CSL budget.</td>
<td>$ 12,687,382</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>SS</td>
<td>TANF Investigator POP</td>
<td>Currently, Overpayment and Recovery’s (OPAR) client fraud investigators have caseloads in excess of 300 cases each. This is excessive and additional resources are needed to properly dispose of the backlogged workload. Further, an investigator’s work often happens in client homes and in adversarial situations where safety is a concern. These new staff (7 FTE, Investigator 3 classification; 10 FTE, Investigator 2 classification; 2 FTE, Office Specialist 2; 2 FTE, Administrative Specialist 2; 1 FTE, Program Manager C) would provide the additional investigative horsepower needed to right-size the investigations unit, reduce existing safety concerns, as well as expand capacity for utilizing new data mining and GIS fraud identification techniques. The expected GF Offsetting recovery estimate in program budgets can provide some programmatic offset to this POP cost. In addition overall Return on Investment (ROI) including federal funds provides a minimum ROI of $1:1 in total fund to total fund recovery for taxpayers overall.</td>
<td>$ 1,768,496</td>
<td>$ 2,127,485</td>
<td>$ 776,103</td>
</tr>
<tr>
<td>VR</td>
<td>No Cost Position Authority Request</td>
<td>The policy option package is requesting position authority to clear all of the double filled positions within the Vocational Rehabilitation program. These positions currently have the necessary funding to support them. These positions were hired to serve the ever expanding need for rehabilitation services by Oregon residents, as well as meeting required over site of program based on federal reviews and reporting requirements. Vocational Rehabilitation has been able to fund these by reducing contract costs and managing spending related to client services.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>VR</td>
<td>Shortfall for Federal Formula Grant</td>
<td>The policy option package is requesting general fund backfill for current service level standard inflation that was calculated in package 010 Non-PIC Inflation , package 031 and 032 . The Basic Rehabilitation Grant is a formula grant that works similar to a capped grant in that the federal dollars do not increase year to year. This request is to backfill the portion of the inflation that was calculated for the federal funds.</td>
<td>$ 1,340,503</td>
<td>$ -</td>
<td>$ (1,340,503)</td>
</tr>
<tr>
<td>VR</td>
<td>Employ Persons w/ Dis by Fed Contracts</td>
<td>In 2012, Oregon business brought $2 billion in federal contracts to Oregon; in 2013, the amount was $19 billion. In order to continue to qualify for these contracts, Oregon businesses will need, as a consequence of a Presidential Executive Order, to insure that 7% of workforce is comprised of individuals with disabilities. VR is asking to Add 2.0 FTE Operations &amp; Policy Analyst 2 positions to assist federal contractors (FCs) hire and retain persons with disabilities. They will assist Oregon business to recruit qualified persons with disabilities, develop pipelines for skilled workers and provide disability awareness training and technical assistance.</td>
<td>$ 335,880</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Workload Mgt Consulting Unit positions</td>
<td>The Office of the DHS Office of the Chief Financial Officer (OCFO) requests three positions in the DHS OCFO. Three positions dedicated to the creation and updating of DHS workload models, the updating, tracking, analysis and position management of DHS workforce strategic plans. These strategic plans are necessary to prioritize the DHS workforce in order to maximize programmatic outcomes and require detailed position and position funding management. These positions would be 3 Operations and Policy Analyst 4s.</td>
<td>$ 293,574</td>
<td>$ 293,574</td>
<td>$ 587,148</td>
<td>-</td>
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<tr>
<td>TOTAL DHS POPs</td>
<td></td>
<td></td>
<td>$ 108,122,614</td>
<td>$ 18,212,031</td>
<td>$ 70,882,980</td>
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2015-17 Agency Request Budget
2015-17 Policy Option Package

Agency Name: Department of Human Services (DHS)
Program Area Name: Office of Self-Sufficiency
Program Name: Temporary Assistance for Needy Families (TANF) Re-design
Policy Option Package Initiative: N/A
Policy Option Package Title: TANF Flexibility in Design
Policy Option Package Number: 101
Related Legislation: N/A
Program Funding Team: Economy and Jobs

Summary Statement:

The economic recession and slow economic recovery resulted in one of the highest jobless rates in the nation. Demand for public benefits skyrocketed at the same time that social services, education and workforce programs at all levels took deep cuts. As the economy continues to recover, the Department is working with Legislators, partners, advocates and others on a package to re-design the state’s Temporary Assistance for Needy Families (TANF) and the Job Opportunity and Basic Skills (JOBS) program. This Policy Option Package represents targeted investments that will build the capacity of families to increase earnings and transition from TANF through an accountable, flexible, and person-centered approach. This policy option would: (1) establish a caseload to staff ratio that is closer to best practice; (2) expand contracts with community-based organizations with a focus on family stabilization, prevention and retention; (3) Add resources and increase flexibility in providing support services to stabilize families, prevent entry or re-entry into TANF, maintain engagement in activities, and retain employment; (4) Raise the income limits for TANF exit to create a glide path off of TANF for working parents to reduce the “fiscal cliff” effect; (5) make policy changes that simplify the eligibility process; (6)
conduct formal research to learn from former TANF beneficiaries which services and supports were most effective, and to identify gaps; (7) Develop strategies and tools to improve customer engagement and accountability; (8) enter into a planning phase for a technology solution to allow DHS and partners to share mutual customer information; (9) provide strength-based training to staff and partners on the re-designed TANF program; (10) fully implement performance-based contracts. This option would also potentially adjust current JOBS contract processes to leverage other workforce systems. The preliminary forecast indicates the TANF caseload will be lower in the 2015-17 biennium compared to the 2013-15 biennium. This policy option package assumes that the caseload savings projected in the forecast over the current biennium will be reinvested into the TANF and JOBS programs. With this assumption, this package nets to a zero cost.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
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<tr>
<td></td>
<td>$0</td>
<td>$0</td>
<td>($7,987,717)</td>
<td>($7,987,717)</td>
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</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The Great Recession left a lingering toll on Oregon. The number of jobless Oregonians and applicants for public assistance skyrocketed to some of the highest in the nation. At the same time, social services, education and workforce systems at all levels took deep budget cuts. Organizations lacked the capacity and resources to help all who were in need, especially those with the most barriers to employment. Recovery has not been consistent across the state. Some areas still face double-digit unemployment rates. Many parents work full-time but can’t make ends meet due to low wages, insufficient benefits and few prospects for career advancement. Others face steep barriers to employment because of low literacy, health problems, or lack of work experience or education. For DHS, public assistance caseloads remain high and although staffing levels have improved, the agency knows from best practice research that it must balance family entered case management, support services and flexible, targeted resources to put families on a path to permanent self-reliance.

Oregon recognizes that no single organization or system has the resources or responsibility to reduce poverty. Promising policy initiatives have been launched to move people out of poverty and up the economic ladder through employment. These and other policy decisions, along with economic factors and funding trends in Oregon, point to the need for social services and public agency partners to reduce duplication, increase effectiveness and collaboratively address the intensive need for services with available resources. The TANF Re-design Proposal aligns with the statewide initiatives, and strengthens collaborations and family-centered case management to bring better results for the most challenged in Oregon.

As the economy continues to recover, the Department is working with Legislators, partners, advocates and others on a package to re-design the state’s Temporary Assistance for Needy Families (TANF) and the Job Opportunity and Basic Skills (JOBS) program. This Policy Option Package represents targeted investments
that will build the capacity of families to increase earnings and transition from TANF through an accountable, flexible, and person-centered approach.

This policy option would: (1) establish a caseload to staff ratio that is closer to best practice and also provides for focus on customers scheduled to reach time limits; (2) expand contracts with community-based organizations with a focus on family stabilization, prevention and retention; (3) add resources and increase flexibility in providing support services to stabilize families, prevent entry or re-entry into TANF, maintain engagement in activities, and retain employment; (4) raise the income limits for TANF exit to create a glide path off of TANF for working parents to reduce the “fiscal cliff” effect; (5) make policy changes that simplify the eligibility process, such as eliminating deprivation as an eligibility factor; (6) conduct formal research to learn from former TANF beneficiaries which services and supports were most effective, and to identify gaps; (7) develop strategies and tools to improve client engagement and accountability; (8) enter into a planning phase for a technology solution to allow DHS and partners to share mutual customer information; (9) provide strength-based training to staff and partners on the re-designed TANF program; (10) fully implement performance-based contracts. This option would also potentially adjust current JOBS contract processes to leverage other workforce systems.

Establish a caseload to staff ratio that is closer to best practice
While the staffing has improved, the Department recognizes that a more realistic ratio that is between 50 and 60 families per case manager allows for the ability to work with families in a more holistic family-centered manner at the same time that eligibility determinations and changes in family circumstances are processed timely and accurately. This also allows for adequate time to work with families who are nearing the TANF time limit or whose youngest children will age out, making the family ineligible for TANF.

Expand contracts with community-based organizations with a focus on family stabilization
During the 2011-13 biennium significant cuts reduced the number of contracted services available to families in the TANF program. All contracts focusing on family stabilization ended. This option adds some
capacity to be able to provide family stabilization services as part of the State’s JOBS program. It also boosts the agency’s ability to address customers’ needs during the intake and after exit from TANF.

**Add resources and increase flexibility in providing support services**

More flexibility in providing support services will help case managers provide families with family stabilization services, prevent entry or re-entry into TANF, maintain engagement in activities, and retain employment.

**Raise the income limits for TANF exit to create a glide path off of TANF**

Currently, a person who is minimally employed (15 hours per week at minimum wage) loses TANF eligibility quickly. This option raises the income limits for TANF exit to create a glide path off of TANF for working parents to reduce the “fiscal cliff” effect. In addition, the State may be able to count the hours these families work in the federal work participation rates.

**Make policy changes that simplify the eligibility process**

An example that would simplify the eligibility process for both applicants and for case managers is eliminating deprivation as an eligibility factor. Currently a family must prove that the each child is deprived of parental support such as the continued absence of the other parent. This not only complicates the eligibility process but it also is contrary to supporting the formation of two-parent families. It can also be a disincentive for an absent parent to take part in their child’s life. Eliminating this eligibility factor positively supports families and it also saves case managers time.

**Conduct formal research to learn from former TANF beneficiaries which services and supports were most effective, and to identify gaps**

This formal research will help the department identify which services are most important to prioritize in the service design and which services are missing.
Develop strategies and tools to improve client engagement and accountability
This option coupled with expanded case manager training will help field staff engage families in the case planning process and the activities selected in the family case plan. This option will also help identify strategies that help improve the current re-engagement process for families who are not participating. This may involve proposing changes to the re-engagement and disqualification process.

Enter into a planning phase for a technology solution to allow DHS and partners to share mutual customer information
To facilitate planning and working with mutual clients, a formal agreement will help share information but will need a technology solution to be able facilitate the process of information sharing and tracking of outcomes between DHS and its partner organizations.

Provide strength-based training to staff and partners on the re-designed TANF program
This option will continue the strength-based, person-centered training work that began in 2014. The training will expand to all employees and will include training on the TANF re-design.

Fully implement performance-based contracts
This supports the Department’s goal of purchasing outcomes. This option will provide the necessary resources to carry-out this goal in a targeted and meaningful manner.

Adjust JOBS contract processes
Connected to the performance-based contracting, this option will help maximize JOBS funding to allow more comprehensive services delivered in a more targeted fashion. The Department will work with the Oregon Employment Department, the Community Colleges and Workforce Development agency, and Workforce Investment Act providers to identify priority services for special populations (e.g. families in TANF).
Implementation
Implementation of this policy option will require amendments to Oregon Revised Statutes, Oregon Administrative Rules, Family Services Manual, and TANF core training. This policy option will also require new or expanded performance based interagency and contract agreements.

2. WHY DOES DHS PROPOSE THIS POP?

Currently, with the economy improving and the preliminary forecast showing reduced caseloads in the 2015-17 biennium, the Department feels this is the right time for TANF re-design. This package targets investments that will build the capacity of families to increase earnings and transition from TANF through an accountable, flexible and person-centered approach.

Families may need support as they transition off of TANF and into employment. Currently approximately 27% of families who leave the TANF program return within a year. Adding supports to the TANF program at critical parts of the continuum will help families improve their employment outcomes and self-reliance.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

This policy option package supports the department’s mission and goals of assisting people to be safe, become independent and support themselves and their families through stable living wage employment.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

This policy option package ties to DHS Key Performance Measures of: (1) TANF Family Stability and (2) TANF Re-entry.
In addition, this package will drive toward the following outcomes:

- Increase the number of people going to work
- Decrease the number of people who return to TANF
- Improve customer engagement and mutual accountability through effective application of the family-centered service model
- Improve the safety, health and school readiness of children
- Increase the number of customers who meet work participation requirements
- Leverage community partnerships for improved client outcomes
- Streamline and simplify policy, rules and practice to increase accuracy, staff capacity and efficiency.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

Yes. Eliminating deprivation as an eligibility requirement would necessitate amending ORS 412.001 and 412.114. Also, this policy option package may eventually be linked with LC# 466 in a bill. LC# 466 amends time limit law at ORS 412.079 and also amends Section 8, chapter 604, Oregon Laws 2011, associated to suspensions to the TANF program design reflected in HB 2469 from the 2007 Legislative Session.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

The Department first identified the total need that would align resources and program structure to enable the TANF and JOBS programs to operate as fully intended by the 2007 Legislative Assembly. However, a more realistic scenario is to target investments in the program that have the highest likelihood to produce the best results for families based on known best practices.
7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

The current TANF and JOBS program structure is inadequate for supporting families in meeting their goals. If this option is not funded, families leaving the TANF program will continue to experience a cliff effect as they become employed.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Members of Oregon Tribes who avail themselves of TANF services will also benefit from the investments in this policy option package.

Changes in TANF caseloads have a direct impact on the Division of Child Support Cases.

Expanding or modifying employment, training and family stabilization services requires continued partnerships and coordination with other workforce, education and community-based organizations.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

The TANF Alliance has been collaborating with DHS on this policy option package. The Division of Child Support has been informed of DHS placeholder Legislative Concepts and associated policy option packages.

10. WHAT IS YOUR EQUITY ANALYSIS?

The provisions included in this policy option package are intended to benefit all TANF beneficiaries. Training for JOBS and other contractors in culturally, linguistically and gender appropriate service delivery, including conflict and grievance resolution processes will be provided.
11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

The preliminary forecast indicates the TANF caseload will be lower in the 2015-17 biennium compared to the 2013-15 biennium. This policy option package assumes that the caseload savings projected in the forecast over the current biennium will be reinvested into the TANF and JOBS programs. With this assumption, this package nets to a zero cost.

**Implementation Date(s):** October 2015

**End Date (if applicable):** N/A

a. **Will there be new responsibilities for DHS?** Specify which Program Area(s) and describe their new responsibilities.

- [X] DHS Office of Self-Sufficiency
- [ ] DHS Budget and Accounting
- [X] Office of Contracts and Procurement
- [X] Office of Information Technology
- [X] Office of Information Security and Privacy
b. **Will there be new Shared Services impacts sufficient to require additional funding?** Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

Yes; facilities, computer services.

c. **Will there be changes to client caseloads or services provided to population groups?** Specify how many in each relevant program.

Yes. It is anticipated that by adjusting case manager to case staffing ratios; expanding contracts to focus on family stabilization, prevention and retention; increasing amounts and flexibility in the use of support services; and raising the income limit for TANF exit will create changes in TANF caseloads. More realistic staffing ratios, additional contracts, flexibility in support services, eligibility process simplification, and associated training will afford case managers the ability to work with every family in a family centered manner. This means that connections to the right menu of services will likely be made faster which will result in many more families becoming employed or identifying other alternatives. Raising the income limit for TANF exit due to employment will mean that families will stay in the program longer but this coupled with additional transitional services may also mean families will stay off TANF longer, reducing the likelihood that they will re-enter the program. Eliminating deprivation as an eligibility requirement will increase the number of families that can access TANF by a monthly average of 75 families.
d. **Will it take new staff or will existing positions be modified?** For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Yes. This policy option package funds approximately 63 TANF case management positions for 21 months. It is estimated the added responsibility for incorporating and managing performance based contracts will create the need for about two positions.

e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

This package will result in administrative costs associated with amendments to Oregon Statutes, Administrative rules, manuals and training. There are anticipated costs of mailings to customers associated with the changes to the program. There are minimal costs anticipated to modify IT systems in order to raise the TANF exit limits and to eliminate deprivation.

f. **What are the ongoing costs?**

The ongoing costs include:
- Approximately $10 million for additional case management positions
- Approximately $8 million to expand contracts with community-based organizations
- Approximately $5.5 million to increase the amount and flexibility in the use of JOBS support services
- Approximately $3.5 million to raise the income limits for TANF exit due to employment
- Approximately $1 million to provide training to staff and partners on the TANF re-design changes
- Approximately $0.8 million to simplify eligibility such as eliminating deprivation as an eligibility factor
• Approximately $0.5 million to conduct formal research with former TANF beneficiaries to learn best strategies and identify gaps.
• Approximately $1 million to develop strategies and tools to improve customer engagement and accountability, fully implement performance-based contracts and to enter into a planning phase for a technology solution that would facilitate DHS and partners to share customer information and report outcomes.

g. What are the potential savings?

It is anticipated that the investments included in this policy option package will result in savings to other systems such as child welfare but the amount of savings cannot be estimated at this time.

h. Based on these answers, is there a fiscal impact?

Yes. This policy Option package has a fiscal impact, however, if it is assumed that the TANF program budget in the 2015-17 biennium is the same as the 2013-15 biennium, the fiscal impact equates to $0.00 as the savings would be reinvested into the program.

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What are the sources of funding and the funding split for each one?

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2015-17 Agency Request Budget  
Page - 14  
Department of Human Services  
POP 101
2015-17 Policy Option Package

Agency Name: Department of Human Services (DHS)
Program Area Name: Office of Self-Sufficiency
Program Name: Temporary Assistance for Needy Families (TANF) Programmatic Changes
Policy Option Package Initiative: N/A
Policy Option Package Title: TANF Programmatic Changes
Policy Option Package Number: 102
Related Legislation: N/A
Program Funding Team: Economy and Jobs

Summary Statement:
DHS needs a Policy Option Package to address the issue that Chapter 412 currently includes a number of suspensions to the HB 2469 (2007) TANF program design that are time limited. DHS proposes to extend the sunset from the 2013-2015 biennium to the 2015-2017 biennium: continue the upfront service array which is limited for new applicants; relative caregivers who apply for TANF on behalf of children in their care must be below 185% of the FPL to qualify; and parents who quit a job before applying for TANF do not have access to the program. DHS proposes to fund the provisions that: allow families in the Pre-SSI/SSDI program to have access to an enhanced cash grant; fund the Post TANF program at the original $150 per month payment for up to a year to families who became employed and left TANF. This package is necessary as the restrictions and suspensions mentioned above will expire at the end of the biennium which will necessitate additional budget and staff resources in order to reverse without legislation.
<table>
<thead>
<tr>
<th>Policy Option Package Pricing</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
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1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

The Great Recession left a lingering toll on Oregon. The number of jobless Oregonians and applicants for public assistance skyrocketed to some of the highest in the nation. At the same time, social services, education and workforce systems at all levels took deep budget cuts. Beginning in the 2007-2009 biennium a series of program reductions were taken in order to balance the budget shortfall. These cuts affected benefits and services funded under the Temporary Assistance for Needy Families (TANF) umbrella of services. The cuts included temporary program suspensions of the TANF design funded in 2007 through HB 2469. In the subsequent two biennia most program reductions and suspensions to HB 2469 were carried over. This policy option package seeks to fund two of the policy options currently suspended. This policy option would: (1) restore an enhanced payment amount for families who are in the Pre-SSI/SSDI program and (2) fund the Post TANF program at the original payment of $150 per month.

Restore an enhanced payment amount for families who are in the Pre-SSI/SSDI program
The State Family Pre-SSI/SSDI (SFPSS) program was created through HB 2469 in 2007. This voluntary General Fund program serves individuals with severe physical disabilities or mental impairments that meet Social Security disability criteria, by providing them with case management and professional level assistance through the SSI application and appeals process. The program also included an enhanced grant which was intended to provide an incentive for the family to volunteer for the program. The enhancement also served to provide a small portion of additional income for families where one member of the family was unable to work due to severe disability issues.
Fund the Post TANF program at the original payment of $150 per month

HB 2469 (2007) created the Post TANF program to provide a small payment of $150 per month for up to a year to individuals who lose TANF benefits due to employment. This payment helped these families meet the additional needs associated with getting a new job. In addition to helping families transition out of the TANF program and into employment, the Post TANF program helped the State with a countable

Implementation

Implementation of this policy option will require amendments to Oregon Revised Statutes, Oregon Administrative Rules, and the Family Services Manual. This policy option will also require modifications to information technology systems that generate payments and computer generated client notices. It will require that forms are reactivated and updated. Clients, department staff and partners would need to be notified of the change. Core training will also need to be updated to include these changes.

2. WHY DOES DHS PROPOSE THIS POP?

This policy option package would re-invest dollars for the benefit of families with children. Investing in enhanced grants for people with disabling conditions as they receive support to obtain an SSI/SSDI award provides an additional resource that will help better meet the adults’ personal needs in addition to the needs of their family.

Currently approximately 27% of families who leave the TANF program return within a year. By providing a monthly payment of $150 for up to a year, these families will have an additional resource to help pay for needs associated with getting a new job and will help in retaining their job. People who received Post TANF payments prior to the program suspension reported the monthly payments were helpful in paying for gas and other employment needs. Adding supports to the TANF program at critical parts of the continuum will help families improve their employment outcomes and self-reliance.
3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

This policy option package supports the department’s mission and goals of assisting people to be safe, become independent and support themselves and their families through stable living wage employment.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

This policy option package ties to DHS Key Performance Measures of: (1) TANF Family Stability and (2) TANF Re-entry.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

Yes. Adding an enhanced grant for families in the Pre-SSI/SSDI program would necessitate amending ORS 412.014. Also, this policy option package may require amending Section 26, chapter 722, Oregon Laws 2013.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

The alternative is to continue all the suspensions to the HB 2469 design. However, the Department feels the 2015-17 biennium is the right time to begin targeted reinvestments on behalf of families in need.
7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

The current TANF and JOBS program structure is inadequate for supporting families in meeting their goals. If this option is not funded, families leaving the TANF program will continue to experience a cliff effect as they become employed. If this option is not funded, families in the Pre-SSI/SSDI program will continue to have fewer resources while they work on obtaining an SSI or SSDI award.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Members of Oregon Tribes who avail themselves of TANF services will also benefit from the investments in this policy option package.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

The Division of Child Support has been informed of DHS placeholder Legislative Concepts and associated policy option packages.

10. WHAT IS YOUR EQUITY ANALYSIS?

The provisions included in this policy option package are intended to benefit all TANF beneficiaries.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October 2015

End Date (if applicable): N/A
a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

- DHS Office of Self-Sufficiency
- DHS Budget and Accounting
- Office of Information Technology
- Office of Information Security and Privacy

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

There will be impacts to shared services, specifically to IT for system edits to allow for payments. However, it is not anticipated the impact will require additional funding.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

Yes. It is anticipated that that funding the Post TANF program will bring about a new caseload category.

Increasing the payment amount for the State Family Pre-SSI/SSDI program may incentivize additional families to enter the program. The number of additional families cannot be estimated at this time.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No. It is not anticipated the provisions included in the policy option package will take new staff to implement.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

This package will result in administrative costs associated with amendments to Oregon Statutes, Administrative rules, manuals and training. There are anticipated costs of mailings to customers associated with the changes to the program. There are minimal costs anticipated to modify IT systems in order to reactivate the Post TANF program and to modify the payment standards for the Pre-SSI/SSDI program.

f. What are the ongoing costs?

The ongoing costs include:
- $8,111,250 million to fund the Post TANF program.
- $1,717,332 million to enhance the Pre-SSI/SSDI grants.

g. What are the potential savings?

It is anticipated that the investments included in this policy option package will help with job retention of those who become employed and leave TANF. It is also anticipated the investment in enhancing the Pre-SSI/SSDI grants may result in savings to other systems such as child welfare but the amount of savings cannot be estimated at this time.
h. Based on these answers, is there a fiscal impact?

Yes. This policy option package has a fiscal impact.

**TOTAL FOR THIS PACKAGE**

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<th>FF</th>
<th>TF</th>
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<tbody>
<tr>
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**DHS - Fiscal Impact Summary by Program Area:**

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<td>FTE</td>
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What are the sources of funding and the funding split for each one?

This POP is 100% General Fund.
The Program is structured to provide enterprise alignment for planning, governance and management, with implementation projects planned and executed in a coordinated way. The Program has evolved over time from a primarily technology focused approach to a broader service delivery program approach for DHS, encompassing and leveraging technology innovation to achieve program and agency goals.

This is a placeholder POP focusing on the next phase of work of integrated service delivery to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority’s work, compliance with the Federal and State Stage Gate processes utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition
Services) will also continue to secure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in OF limitation for OHA limited duration positions in OIS.

DHS and OHA are committed to providing a modern service delivery network in which customers are proactively engaged by the Enterprise in identifying services to address the social determinants of health, generate healthy communities, improve customer outcomes, and reduce overall costs. To achieve this vision, the enterprise remains steadfast dedication to the development of an integrated system supporting shared eligibility determination services across all public benefit programs, as well as establishing comprehensive case management capabilities supporting the major programs within DHS. To complete the next phases of development and transformation efforts that will help achieve these goals, DHS and OHA are requesting support and funding authority for the Modernization Program for the 2015-17 biennium.

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1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

This POP continues prior biennia investments in improving service delivery by establishing a sustainable technology environment supporting DHS and OHA’s current and future operational and strategic goals. Current efforts include Enterprise data definition and the development of data models that are required to provide an enterprise view of customers and their case. This new POP will allow the creation of the base for establishing an environment in which the customer and the Enterprise share in responsibility for proactive
development and solution provision for access to services and benefits. Integrated eligibility and comprehensive case management capabilities support customized solutions to meet not only the immediate presenting individual needs, but also allow for supplemental concurrent needs to be addressed. This improved, holistic approach moves individuals closer to sustainable improved outcomes in a more efficient and effective manner.

The system development and service delivery transformations will improve caseworker efficiency by establishing greater capacity to work collaboratively with customers and relevant partners to create solutions, engage in continual improvement efforts, and take advantage of the cumulated knowledge that is generated through this type of service delivery partnership.

When all phases of development are completed, the Enterprise will have achieved seamless data transfer capability, and vast improvement in collaboration capacity and mutual problem-solving across individual service delivery units within and outside the infrastructure. The impact of this accomplishment upon DHS customers will be significant. Individuals will have access to multiple channels from which they may apply for programs/services, update their personal and other demographic information, renew their benefit claims, check claims status, or schedule and confirm appointments. Eligibility determination will be automated. Customer data will be captured electronically at its source, reducing paper and paper management. Customers become a full partner in the creation of a holistic service plan, with the assistance of both enterprise and community partners, generating greater levels of community enfranchisement and more positive outcomes.

Case workers will operate within a framework of integrated eligibility, and will have automated solutions that support efficient and accurate eligibility determination and case coordination. New systems will better promote and support early intervention, prevention, and more targeted access and utilization of services and benefits. Workers will utilize a cohesive system for capturing and maintaining client information, notes, tracking family stability, safety, needs, assessments and employment readiness activities, focusing upon improved individual and family outcomes.
Data will be readily available and will promote accurate, reliable reporting. Changes in response to policy will be predictable, rapid, and much less expensive to implement than the current legacy systems. Data for management and decision making will be robust, complete and accurate. Error rates will be reduced so there are fewer over-payments and associated recoveries, and ratings will improve for program electronic review (PERM). Duplicate data will be reduced or eliminated and data will be maintained in a secure systems environment which can be scaled to meet business needs.

Strategically, technology solutions will enable coordinated case management (initially for APD services), enterprise level data strategy and data architecture, and a single payment system that will ultimately replace multiple disparate payment solutions. The work accomplished through the 2015-2017 POP will lay the foundation for further leveraging and extending support for multiple DHS services and program areas including Developmental Disabilities, Child Welfare and Self Sufficiency Programs. Additionally, efforts will focus upon the transformation of how facilities are designed and how we improve and expand upon choices for connection and engagement with customers to better support tracking progress and improving outcomes.

2015-17 activities will include a combination of planning and implementation efforts centered on the continued goal of improving service delivery and the client experience. The DHS Strategic Technology Plan outlines a series of comprehensive business needs, and five technology strategies to address the business needs across the enterprise. The work associated with this POP supports the following comprehensive business needs:

- easy, comprehensive data capture, access and analysis
- business automation and managing information electronically in proper workflows and data contexts
- integrated services across programs and partners
- better training and development
- self-directed services for clients, providers, partners and public
- staff and partners able to work remotely using modern computing devices
The activity associated with this POP aligns with all five of the STP technology strategies:
• Provide a “comprehensive” view of clients
• Provide trusted sources for health and human services data
• Enable business automation
• Enable connectivity anytime, anywhere, in multiple ways
• Use dynamic services supporting dynamic needs

Alignment to Federal and State Stage Gate processes, a commitment to maintaining achievable scope and utilization of an experienced full service system integrator will support successful solution delivery and continue forward progress towards achieving desired goals and objectives.

Efforts in the 2015-17 biennium will focus on substantial progress in four core areas:
1. Planning – inclusive of data management, benefits payments systems and integrated planning with enterprise projects such as REAL+D, business reference library development and enterprise data definitions. Multiple cycles of planning are anticipated through the biennium.
2. Eligibility Automation – including client web portals providing the ability to submit benefit applications online; caseworker portals to manage the processing of client applications and support assessment and determination supported by automated tools and workflow. The efforts will initially focus upon Medicaid and SNAP, and will lay the ground work for future efforts to incorporate ERDC and TANF.
3. Case Management – establishing base case management capabilities and planning for the eventual migration or replacement of functionality and data currently performed by various DHS legacy systems such as OR Access and TRACS to an enterprise level platform.
4. Service Delivery Transformation – reforming service delivery to customers through modernized business processes and technologies that support becoming safe, healthy and independent.
2. WHY DOES DHS PROPOSE THIS POP?

DHS is on an unsustainable growth trajectory, with systems continuing to operate under an antiquated, siloed business model, lacking the agility and infrastructure to engage in proactive solution management. Service delivery is frequently crisis event driven, and the lack of coordinated case management across the various programs exacerbates the frustration experienced by individuals, families and workers.

DHS serves a changing society where consumers increasingly communicate differently and expect access to program benefits and services without having to come to a field office. Systems are needed to support consumers’ use of various modern technology applications which offer improved efficiency, enhanced security and will allow DHS staff to focus on assisting consumers in meeting their needs.

Current Medicaid IT funding policies require a level of interoperability and integration with human services programs. DHS must develop new technology solutions to meet these requirements and must also develop sustainable human service business models that will produce positive outcomes for customers in a 21st century, performance-driven, modern marketplace. Modernizing the workflow in addition to modernizing the technology is critical for supporting business needs and the customer experience over the next decade.

Additionally, the arena in which individuals connect with and receive services from various programs across DHS must keep pace with how business in general is conducted in the 21st century. In a modern marketplace experience, an individual no longer needs to enter brick and mortar establishments to request and receive goods and services. Efficient and streamlined infrastructures save money through the achievement of sustainable positive outcomes for the citizens served. DHS must provide customers and workers with the ability to manage single and multiple transactions and to link to other relevant resources for additional transactions as needed. The transactions must occur with the level of speed, accuracy and data security that engenders confidence in the public system and assists the customer in achieving positive and sustainable outcomes.
The current technology environment is laden with risk due to age, lack of interoperability and ever increasing costs to maintain. Data is duplicated, yet not readily shared between systems. Technology re-engineering and replacement are one component of a myriad of service delivery elements including access, eligibility, enrollment, notification, and service/benefit utilization across DHS programs.

Many of Oregon’s eligibility systems were designed and implemented in the 1970s and early 1980s and primarily meant to generate payments. The eligibility process is still mostly manual and paper-driven. DHS has incorporated LEAN practices to streamline and increase service delivery efficiencies. However the touch points and basic service delivery model remain unchanged. DHS is committed to transforming service delivery including enhanced client interaction and support without increasing staff levels.

The current mode of DHS business operations does not really constitute a “system”. There are numerous freestanding programs that operate independent of one another, even though they ultimately are serving the same individual or families. Each program is in constant competition for limited tax dollars to support the population served. The information technology systems supporting the DHS programs have limited and sometimes no interoperability. Many times, categorical business rules and regulations actually serve to limit any cross-service integration. Transformation of DHS services, initially focused on eligibility is critical to ensure uniform access for clients across the state.

Currently, access to data and management of case files is geographically constrained. Client information required to determine eligibility is heavy touch and paper based. Substantial manual effort including keying of data into systems and calculation of eligibility is manual. Case files and case management is paper-based and therefore not readily transferable between caseworkers.

Existing systems do not meet the needs of caseworkers or clients, and continue to put children and families in need at risk. Two primary legacy systems -- SNAP (FSMIS) and the Client Maintenance System (CMS) and over 35 additional subsystems are used to provide, track and maintain caseworker/client interaction information for SNAP, TANF, ERDC and Medical benefits to clients. These systems have over 100 interfaces to other systems within DHS and OHA and with other external entities.
In many cases, application for support is a cumbersome process that requires a customer complete a lot of paperwork and provide copious documentation. In general, a worker typically enters the collected information into a discreet computer system, and the customer is asked to return to the office once eligibility has been determined. If the individual is determined eligible, services in that particular program are arranged and authorized. If services from another program are needed however, the individual must usually go to another office, and complete the same basic application process. The current “system” across the state is overburdened with duplicative effort for both customers and workers, and the lack of interoperability between DHS programs, and then with OHA, results in inefficiencies, delays in service, errors, and general frustration for customers and workers.

Over the first six years of the program, DHS succeeded in developing and implementing a solution for clients to apply for SNAP benefits online along with the ability for caseworkers to process those applications. An initial assessment of telephony opportunities was completed. DHS, in partnership with the Oregon Health Authority (OHA) procured and implemented a set of enterprise tools from Oracle. Oregon’s goals are to implement integrated eligibility determination across all major benefits programs and to establish comprehensive case management capabilities supporting major programs within DHS.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Since many DHS consumers receive services from different DHS program areas, coordinating the delivery of these services improves efficiency and increases customer satisfaction. Modernization includes business process re-engineering, change management and training to improve all areas of organizational development and service delivery. Modernization and integrated service delivery support progress in the following areas:

- Creating a system that is accessible by different program areas;
- Responding more effectively to changes in program rules, such as those enacted by the legislature;
- Improving accuracy and productivity by reducing/eliminating paper transactions and automating many administrative tasks;
• Improving data security;
• And, expanding options for customers to interact with DHS services, including accommodating multiple languages and people with disabilities.

Field staff and DHS clients will benefit through improved internal processes and external client experience. Benefits Oregon expects to achieve long term include:

1. **Improved client experience:**
   • Streamlined decision cycles and improved service response time
   • Increased avenues of client access to services
   • Increased client satisfaction through use of modern, interactive, accessible technology

2. **Improved caseworker productivity and retention; more direct client service time:**
   • Increased productivity for caseworkers due to heightened ability to focus on case work
   • Increased ability for field supervisors to manage caseworker caseloads and monitor case work
   • Increased process efficiency due to workflow refinements

3. **Reduced training time for new staff due to automation of complex eligibility determination:**
   • Reduced case-worker learning curves
   • Reduced error rate due to automation of manual decision trees
   • Reduced errors due to reduction of repetitive and duplicative manual data entry

4. **Improved system and reporting information for management staff:**
   • Improved tracking of program outcome measures through improved data accuracy and access
   • Improved monitoring and tracking;
   • Ability to provide adequate and efficient documentation of services and referrals
   • Improved system response time and ease of use
   • Improved accuracy of federal and state reporting by capture of essential reporting criteria and data

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• Improved data accuracy due to reduction of repetitive and duplicative data entry
• Reduced technology response time to code policy changes and legislative mandates
• Improved security to bring DHS into compliance with state and federal requirements

5. **Reduced internal process complexity for staff and managers:**
   • Increased accuracy of forecasting for DHS budget allowances
   • Increased accuracy of benefit level determination resulting in reduced overpayments

6. **Improved program information for DHS management:**
   • More efficient data and program support for service programs and federal grant programs
   • Ability to provide information needed to improve performance, increase efficiency and deploy limited resources more effectively, supporting integrity, stewardship and responsibility
   • Comprehensive service statistics including accuracy, timeliness and performance in meeting key outcome goals
   • Information across program services assisting resource allocation, budgeting processes and legislative requests

7. **Enables and support strategic initiatives:**
   • Aligned to the DHS Strategic Technology Plan
   • Aligned to industry-standards and best-practices
   • Aligned to the principles of code re-use and service oriented architecture principles
   • Reduced system and procedure complexity
   • Reduced number of technology platforms and interfaces, and reduced development and testing time for system changes
   • Technologies with sustainable architecture
   • Transition planning and training to transform the skills of current maintenance and development staff from obsolete technologies to current technology skill sets
   • Improved ability to hire technical staff that have the skill sets needed to make system modifications

As underlying technology shifts to a modular architecture, changes to application systems in response to legislative rule changes will be easier to develop, test and implement. This change will lead to long-term
improvements in technology support efficiency and effectiveness. These improvements will provide caseworkers more time to focus on improving the accuracy, timeliness and quality of the support they provide to Oregonians in need.

Service delivery transformation which focusses upon integrated customer access, shared services, streamlined business procedures and functions, interoperable information systems, coordinated care across various program areas, relationship management, and outcomes reporting will better support and lead to improved outcomes for individuals and families, and will realize cost savings for the state.

By operating a seamless, streamlined service delivery model, that utilizes a coordinated case management methodology and a performance driven modern marketplace approach, customer outcomes and staff efficiencies are vastly improved. DHS Service delivery transformation is focused along the lines of a modern marketplace, to support the provision of public benefits, programs and services with real-time access and processing, via secure electronic venues. The overall goal is to alleviate human crisis, and to prevent recurrent crisis by addressing the underlying needs for services, and to reduce or eliminate long-term dependence upon publicly funded support. A modernized service delivery system, supported by interoperable information systems produces tangible and quantifiable value for the people and communities served. People remain in their local communities, enter gainful employment, strengthen their ties with family and their community, receive necessary medical care and preventative medical support, and children can realize a state of extended well-being and stability.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

This POP directly supports the following DHS Key Performance Measures:

- #4 – SNAP UTILIZATION: The ratio of Oregonians served by SMAP to the number of low-income Oregonians.
- #5 – SNAP ACCURACY: The percentage of accurate SNAP payments.
#17 – CUSTOMER SERVICE: Percentage of DHS customers rating their satisfaction with the agency’s customer service as “good” or “excellent.”

The following performance measures are also supported through this POP:

- Percentage of accurate payments
- Percentage of total client applications submitted online
- Utilization rate for caseworker tools

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory changes are required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

DHS procured enterprise-class Oracle software solution in 2011 which serves as the foundation for modernization and delivery of expanded technology capabilities. A brief summary of options is listed below:

A. Expand and enhance current systems.

Current systems were developed from the 1970s-1990s. The technology used is very difficult and cost prohibitive to expand or enhance. Risk to on-going operations of these systems would be very high and difficult or impossible to mitigate if substantial changes were considered. Therefore, it is neither feasible nor cost effective to pursue a strategy of expanding, re-engineering or making major enhancements to existing back-end systems.
B. Purchase or transfer a comprehensive system solution.

Oregon has experience implementing several transfer solutions from other states. In each instance, significant modifications have been necessary to meet Oregon requirements. These efforts have consistently run substantially over budget and time and have required significant enhancements and ongoing modifications to meet Oregon needs.

C. Purchase an enterprise solution set with the flexibility to configure to Oregon needs utilizing the services of a full service system integrator.

Oregon purchased an enterprise solution set and is committed to utilizing an experienced full service systems integrator to help progress efforts to achieve goals. The solution selected is expected to provide a high level of flexibility, relatively quick to market implementation and the benefits of a sustainable technology solution highly applicable for enterprise level use. Before additional development efforts continue, assessment of the Oracle platform’s ability to meet multiple program eligibility assessment and case management support needs, is required. Depending upon the outcome of that assessment, the degree to which the enterprise solution is utilized in supporting efforts to achieve the goals will be better understood.

D. Develop custom new eligibility and case management solutions.

This alternative was used to deliver some interim capabilities while determining the best approach to support case management and eligibility needs and serve as an enterprise level foundation for other technology and business transformation. Custom developed solutions are expensive to develop and costly to maintain over time. It is also virtually impossible to keep custom applications up with technology progress and is challenging to establish solutions robust enough to serve as enterprise class platforms.
7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Not funding this package will compromise Oregon’s ability to meet client needs and efforts to realize a full case management system, deliver integrated eligibility determination capabilities and eventually replace the functionality provided by existing system which have a high risk of catastrophic failure. DHS will be unable to transform its service delivery model to one that can improve its service capabilities without continued increases in the cost of providing those services. The result will compromise individual support and produce heightened risk to client safety and wellbeing. As the population at risk continues to grow toward projected levels, case workers will experience diminishing ability to access and utilize cross-program information to assist in targeting immediate and ongoing support needs. Oregon’s ability to support federal Health Care Reform requirements will also be compromised. Additionally, the investments made to date, cannot be leveraged in the efforts required to develop sustainable solutions for meeting expanding public service needs for individuals and families.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

DHS is committed to the maximization of modern information technology. The internet enables remote portals for information exchange, and advances in data security allow discrete data exchange, privacy and confidentiality protocols and protections. People experiencing difficulties turn to their local communities or networks to help them through the challenges. Advanced technology can support coordination of cases across multiple service arenas within and external to the enterprise. Community-based partners, private or local governments, once empowered, could utilize the advanced technology to function as an extension of the state government workforce.

Initially, we know that federal partners will be involved, and during the planning phase of this POP period, we will determine what specific agency and community partners need to be included at which particular phases of the ongoing development, to assure future connectivity.
9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

Oregon Health Authority (OHA) and Office of Information Services (OIS), Self-Sufficiency, Aging and People with Disabilities (APD), Developmental Disabilities (DD), Child Welfare (CW), Vocational Rehabilitation (VR), Area Agencies on Aging (AAA) Community Partners, Department of Administrative Services (DAS), and Legislative Fiscal Office (LFO). During the previous POP period, workgroups and collaborative discussions and requirements gathering with Subject Matter Experts occurred and are continuing.

During the planning phase of this POP period, determination of additional stakeholders identified and included in planning and development efforts.

10. WHAT IS YOUR EQUITY ANALYSIS?

PLACEHOLDER –Office of Multicultural Services will be assisting in to performing an Equity Analysis. Additional information will be reported at a future date.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

DHS assumptions:
• Positions utilized in the 13-15 POP period were included in 15-17 POP at full pricing
• Federal funding will be at 50/50 (the PAPD and IAPDU are complete, and accepted by federal partners)
• DHS, OHA and OIS will be participating in the DAS Stage Gate Review process
• Joint governance between DHS and OHA is established for any projects with significant IT investment
• Concurrent and coordinated planning and development across the efforts included within this POP and the DHS Modernization Breakthrough activities
• Business partners will have adequate capacity to engage in requirements definition, design review and approval, solution selection and user acceptance testing, or resources will be purchased by the business to support these efforts
• Staffing estimates include a mix of permanent, limited duration positions, rotations and consulting services
• A Full-Service Systems Integration Specialist will be involved in all phases of planning, development and implementation efforts
• Decisions will be made regarding the viability of the existing platform for applicability in meeting the technical and business needs of the affected program areas
• COP and other funds limitation will be utilized for base funding for 2015-2017 efforts

OIS assumptions: (TO BE COMPLETED BY OIS AT A FUTURE DATE)
• All QA Vendor and QC Vendor costs are development costs, not maintenance costs

Implementation Date(s): 7/1/15

End Date (if applicable): This effort will extend for multiple biennia
a. Will there be new responsibilities for DHS, OHA? Specify which Program Area(s) and describe their new responsibilities.

- OHA OIS – support for new technology solutions
- DHS HR – support for recruitments to fill essential positions supporting these efforts
- DHS OC&P – support for contracting and procurement activities

DHS: APD, DD, SSP Field offices will be required to utilize the new technology developments, and implement revised business procedures to support the transformations in service delivery and the coordination of services and benefits across program areas. The specific responsibilities will be determined as part of the planning phases of this POP.

OHA: Coordination of client data needed for joint eligibility determination will be required.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

This is difficult to assess at this time; additional funding may be needed to enable ongoing operational support of new solutions while maintaining existing systems such as backend or interim solutions.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

The extent to which the changes in this area will occur is dependent upon the length of the planning process and the outcome of the platform assessment. Ultimately, once fully implemented, the solution will support customer access to benefits through online accounts, and will facilitate cross-program and
community partner data sharing, as well as coordination of benefits, service planning and service delivery.

d. **Will it take new staff or will existing positions be modified?** For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Additional permanent and limited duration positions will be needed within DHS and OHA. OIS technology areas will be required to develop, manage and interface with the development and implementation of the new technology solutions. Permanent positions within the business are necessary to perform new functions for business which will include defining business-centric data management strategies, developing new approaches to service delivery, heavy involvement in core business analytics to establish enterprise level data definitions, develop Oregon specific eligibility rules, and long-term management of updates and changes to business rules as required to address legislative or other policy actions.

Business analyst and business system analyst functions, including documentation of requirements, configuration of workflow and managing workflow changes within the platform, must also be provided. These individuals must also create test plans, testing scripts, and manage and facilitate the testing process for the solution implementation phases, as well as future enhancements, and ongoing operations and maintenance. Business transition resources will be required to support the preparation of the business arena through adoption and implementation of the new solution. These resources will work in concert with existing staff, contractors and integration vendor consultants in the development and planning efforts, and will shoulder the ongoing support within the business and technology areas into perpetuity.

*Placeholder – staffing tables to be inserted later.*
e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Start-up costs include SDC services, system development, consulting services, software licensing, and training.

*Placeholder - OIS to insert table that includes whatever is relevant - SDC services, consulting services, platform support costs, platform software support for Siebel and tech, any additional platform hardware or software support, peoplesoft support, on demand support, training, etc.*

f. What are the ongoing costs?

On-going costs are for SDC costs and software licensing. When the existing legacy solutions are retired, there is potential for reduction in SDC costs. Additional staff to support the releases of the systems will be required throughout the development lifecycle. Permanent position authority and funding will be needed in OIS and ITBSU to support the new technology solutions.

*DHS ongoing cost estimates for ITBSU: A determination is needed regarding the level of Business Analysts and tier 2 and 3 help support FTE required to provide ongoing support for the solution.*

*Placeholder - OIS does not have adequate information at this time to provide ongoing O&M estimates. Estimating this information is dependent on DHS identifying what capabilities they are targeting to implement in the 2015-17 biennium. DHS identifying this is likely dependent on the anticipated planning efforts which will not be completed until the end of the 2013-15 biennium.*

*Placeholder: Table to be entered for ongoing cost estimates.*
g. **What are the potential savings?**

Anticipated savings include improved client access, streamlined client benefit application capabilities, automation of eligibility determination, and increased accuracy of client benefit placement which will leverage federal dollars more effectively and potentially result in tangible savings of state funds. System support is expected to be more efficient as the self-sufficiency technology shifts from the complex, aging solutions environment, to a modern, streamlined non-duplicative one. Technology improvements are expected to enable caseworkers to focus on client services, supporting Oregonians in achieving goals of health, safety and independence.

Caseworker productivity is anticipated to benefit as a result of decreased manual, duplicative data entry, automation of manual processes and complex business rules for program eligibility determination and case management functions. Future caseload related staff workload-based modeling will incorporate changes to work model resulting from these efforts.

Benefits to customers, OIS and programs will result from decreased time to market for development and implementation of technology solutions that produce a 21st century marketplace environment, with the nimbleness required to adapt quickly and efficiently to the evolution of programs and the associated changes that will occur within service delivery systems.

*OIS does not have adequate information from DHS to provide meaningful estimates for potential future savings at this time. There will not be anticipated efficiency savings realized in the 2015-17 biennium.*

*Placeholder: OIS to enter additional associated savings information at a later date.*
h. Based on these answers, is there a fiscal impact?

Yes.

**TOTAL FOR THIS PACKAGE**

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<th>Category</th>
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<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
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<td><strong>$25,000,000</strong></td>
<td><strong>$60,253,244</strong></td>
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**DHS - Fiscal Impact Summary by Program Area:**

**Program Design Services - ITBS**

| General Fund              | $11,500,000 | $11,500,000 |
| Other Fund                | $23,753,244 | $23,753,244 |
| Federal Funds- Ltd        | $25,000,000 | $25,000,000 |
| **Total Funds**           | **$60,253,244** | **$60,253,244** |
| **Positions**             | **0**       | **0**       |
| **FTE**                   | **0.00**    | **0.00**    |

**Program Design Services - ITBS Revenue Impact:**

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<tbody>
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<td>$23,753,244</td>
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<tr>
<td>Medicaid (Comp Srce 0995)</td>
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<td><strong>Total</strong></td>
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2015-17 Policy Option Package

**Agency Name:** Department of Human Services  
**Program Area Name:** Office of the Director  
**Program Name:** Employment First Initiative  
**Policy Option Package Initiative:** N/A  
**Policy Option Package Title:** Employment Outcomes for People with I/DD  
**Policy Option Package Number:** 104  
**Related Legislation:** N/A  
**Program Funding Team:** Economy and Jobs

**Summary Statement:** Youth and adults with intellectual and developmental disabilities (I/DD) are significantly underrepresented in Oregon’s workforce. With appropriate services and assistance, persons with I/DD are capable of employment. The state is seeking to increase competitive employment of I/DD persons in integrated workplaces through the Department of Human Services’ (DHS) Employment First Policy and Governor Kitzhaber’s Executive Order 13-04. The order directs state agencies and programs, including DHS’ Office of Developmental Disability Services and Vocational Rehabilitation, to take various steps and to achieve specific goals. In order fulfill the policy and order, this POP requests funding for:

1. **Six Vocational Rehabilitation Counselors,** Two Human Services Specialists and 1 Operations and Policy Analyst to serve increasing numbers of youth with intellectual and developmental disabilities and increase engagement with school districts participating in Youth Transition Program (YTP) and with state I/DD system.
2. **10.5 contract Benefits Counselors** to provide benefits counseling services to persons with disabilities, including those with I/DD; and two Operations and Policy Analysts to train, oversee and support the counselors; and to plan future delivery of these services.
c. An Employment First Transformation Fund and Operations and Policy Analyst to identify, research and promote utilization of best and evidence-based practices that facilitate competitive employment of I/DD persons and promote continues improvement of related services.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
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<td>$4,358,223</td>
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<td>$841,898</td>
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1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP is necessary for the Department’s Employment First Unit, the Office of Developmental Disability Services and Vocational Rehabilitation to meet the expectations outlined in the Department’s Employment First Policy and fulfill the Governor’s Executive Order 13-04. The Policy and Executive Order were developed in response to the continuing underemployment and unemployment of Oregonians with disabilities. Few groups of working age youth and adults (ages 16 to 64 years) have higher rates of unemployment and underemployment than those with disabilities. The rates are higher yet for individuals with significant disabilities.

Specifically, this POP will be implemented through administrative and program activities described below.

a. The Employment First Unit, ODDS and VR are collaborating to increase the number of youth and adults with intellectual and developmental disabilities (I/DD) that achieve integrated, competitive employment.
Last year, VR was provided with funding allowing it to hire 8.0 FTE specialized Vocational Rehabilitation Counselors to serve I/DD individuals. Through this POP, VR seeks funding for the following additional staff positions in order to achieve the Executive Order’s goals and objectives, and address the increasing demand and need for vocational rehabilitation services by youth and adults with I/DD:

i. **6.0 FTE specialized I/DD Vocational Rehabilitation Counselors.** The additional specialized I/DD VRCs will ensure that each of Vocational Rehabilitation 14 branches has a counselor with a caseload dedicated to serving individuals with I/DD. As illustrated below, VR has experienced remarkable growth in the number of persons with I/DD seeking and receiving its services over the past five years. In addition, the program is presently experiencing increases above the Executive Order-forecasted 100-plus clients a month level, as a result of the outreach efforts of the new I/DD counselors. These counselors are providing VR with the expertise and service coordination capacity needed to effectively assist individuals with intellectual and developmental disabilities.

ii. **2.0 FTE Human Service Specialists.** The addition of these positions will allow VR to pilot an alternative service delivery model that increases the program’s capacity to serve the increased demand for services from individuals with I/DD, while reducing reliance on VRCs for certain VR services. In a number of other states, VR programs utilize highly trained VR paraprofessionals to augment the work of their professional VR counselors.

iii. **1.0 Operations and Policy Analyst 2.** The analyst will coordinate delivery of VR’s school to work services to I/DD youth, including those provided through VR’s Youth Transition Program (YTP), as VR expands its capacity to serve this population. Through YTP, VR and the 85 school districts and 145 high schools presently participating in the program, youth with disabilities are assisted in transitioning from high school work or higher education. (YTP is a nationally and internationally recognized best practice. Just this past year, it was recognized as...
one of the world’s model programs for youth by the European Association of Service Providers for Persons with Disabilities. Over 25,000 youth with disabilities have been assisted by YTP since it was begun in 1990.)

In addition, the operations and policy analyst will serve as VR’s liaison with the Oregon Department of Education and Oregon public schools in relation to youth with I/DD and Autism Spectrum disorders. The I/DD OPA 3 will work closely with VR’s existing YTP Coordinator. Together, the two positions will be responsible for providing the necessary leadership and support to:

- Continue existing local YTP sites and engage a new set of school districts and high schools in providing enhanced transition services and strengthening their core transition programs, as VR refines its transition programs to meet the new requirements of the recently enacted Workforce Innovation and Opportunities Act (WIOA).
- Serve increasing numbers of historically underserved disability populations.
- Foster greater engagement between high schools and local workforce system programs, in accord with WIOA.
- Explore with the Department of Education and VR’s Executive Team, the possibility of making YTP a statewide program that is present in every high school.

b. Provision of benefits counseling services is another key element in the Department’s effort to implement the Employment First policy and Executive Order 13-04. Benefits counseling has been identified as an essential service by the Executive Order Stakeholder Policy Committee. Through benefits counseling, consumers are provided with the information and assistance needed to use work incentives to obtain, maintain or increase employment, while continuing to receive critical services and benefits, including health care. Loss and fear of loss of needed benefits and services is a significant barrier to employment of people with disabilities. Research indicates that individuals with
disabilities who receive benefits counseling are more likely to go work and experience an increase in earnings; and those considering going to work find benefits counseling valuable and necessary.

In response to the need for benefits counseling, this POP funds continuation of Vocational Rehabilitation’s (VR) Work Incentives Network (WIN) through the 2015-17 biennium; two benefits counseling demonstration projects with local workforce programs (one urban and one rural); and development of a comprehensive plan for future delivery of benefits counseling services statewide. Currently, WIN is funded with federal Basic Rehabilitation funds. As a result, WIN’s services are limited to persons in service with VR. This POP would move funding of WIN to state General Funds only, thereby making WIN benefits counseling services available to all Oregonians with disabilities.

In addition, this POP provides for VR and Oregon’s workforce system to pilot benefits counseling services through two demonstration projects with local workforce programs, utilizing WIN’s training and certification model (see below), as well as best practices identified through WIN and workforce and self-sufficiency programs, such as training on financial literacy and use self-sufficiency calculators.

Over the ensuing biennium, VR and allied DHS, OHA and workforce programs would develop a long-term plan for delivering benefits counseling services to Oregonians with disabilities (regardless of what program or programs serve them), and other Oregonians whose efforts to secure or continue to work may be enhanced by receipt of benefits counseling. The results of the workforce demonstration projects would further inform and guide this effort.

In developing WIN, VR modeled the program after other successful benefits counseling programs and has incorporated best practices, including requiring that its contract benefits planners undergo intensive training, and meet the same proficiency standards as Social Security Administration’s certified work incentive coordinators. VR strongly encourages consumers to utilize WIN. Research shows that individuals who receive both vocational rehabilitation and benefits counseling have better
employment outcomes than individuals receiving benefits counseling services or vocational rehabilitation alone.

c. This POP will support targeted efforts and project designed to promote the continuous improvement and transformation of the employment services provided transition and working age individuals with I/DD. These projects may be in the form of pilots or other progressive practices designed to improve desired employment outcomes. A $1.5M Employment First Transformation fund would be established to support these activities. The special projects would be identified by the Employment First Project Steering Committee and the Statewide Policy Group formed under Executive Order. This POP will also fund a 1.0 FTE Research and Innovation Specialist devoted to researching and identifying other progressive practices that should be incorporated into current employment service practice. This person will coordinate efforts with the DHS and ODE staff assigned to implementing the Employment First policy and will also coordinate efforts with the process for determining use of the Special Project Fund.

2. WHY DOES DHS PROPOSE THIS POP?

DHS proposes this POP in order to carry out the Department’s Employment First Policy and the Governor’s Executive Order 13-04. The Policy and Executive Order facilitate integrated, competitive, integrated employment of persons with intellectual and developmental disabilities.

People with disabilities remain one of the most underemployed and unemployed groups in the nation and in Oregon. As of May, 2011, the national unemployment rate for people with disabilities was 16.9% compared to 9.2% for able-bodied persons.¹ Other data suggests a much greater inequity. In its most recent report on disability and work, the U.S. Census Bureau estimated that 34% of people with disabilities were employed compared with 71.9% of people without a disability.² Unemployment of individuals with significant

² “Disability Among the Working Age Population: 2008 and 2009”, American Community Survey Briefs, U.S. Census Bureau, 2010. The estimates given are for the population between the ages of 16 and 64 years.
disabilities is much higher, including those with intellectual and developmental disabilities, is perhaps as much as 70%.\(^3\) The negative effects of underemployment and unemployment on persons with disabilities go well beyond low incomes and lost wages. For many, it may also include stigma, social exclusion, the loss of dignity and self-worth, and dreams deferred and denied.

The implementation of the Employment First Policy and Executive Order 13-04 represents an increase in service delivery demand in certain program areas, including Vocational Rehabilitation. Implementation of these initiatives also requires provision or access to complementary services – such as VR’s Youth Transition Program, benefits counseling and continuous improvement activities, as well as cooperative planning and implementation with other service systems. In addition, research into new or promising practices is an important aspect needed to deliver services in the most effective and efficient manner. More specifically:

a. VR has experienced significant and increasing demand for its services from persons with intellectual and developmental disabilities since July 2009 (see below chart). Over this same period, VR has substantially increased provision of its services and activities to this population (see chart). The increases in demand and services coincide with the adoption and rollout of the Department’s Employment First policy, which was adopted in 2008 and initiated thereafter through a coordinated series of joint DDS-VR activities; and the Governor’s issuing of Executive Order 13-04 and the subsequent efforts to carry it out.

VR Service Milestones –
Increase in Demand for VR Services by I/DD Persons &
VR Service-Related Activities Provided to I/DD Persons

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<tbody>
<tr>
<td>Applications for Services</td>
<td>687</td>
<td>797</td>
<td>895</td>
<td>935</td>
<td>1,309</td>
<td>622/91%</td>
<td>1,433/9.5%</td>
<td>1,682/17%</td>
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<tr>
<td>Determined Eligible</td>
<td>676</td>
<td>796</td>
<td>815</td>
<td>871</td>
<td>1,180</td>
<td>504/75%</td>
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<tr>
<td>Entered an IPE (Plan)</td>
<td>382</td>
<td>422</td>
<td>526</td>
<td>546</td>
<td>646</td>
<td>264/69%</td>
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<tr>
<td>Cases Closed</td>
<td>605</td>
<td>794</td>
<td>843</td>
<td>790</td>
<td>841</td>
<td>236/39%</td>
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<tr>
<td>Successfully Rehabilitated</td>
<td>130</td>
<td>215</td>
<td>259</td>
<td>280</td>
<td>303</td>
<td>173/133%</td>
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</tbody>
</table>

Based on the above information, VR anticipates that demand for its services by I/DD youth and adults will continue to increase into the foreseeable future -- by 9.5 percent over the remainder of this biennium; and by an additional 17 percent over the 2015-2017 biennium.

b. This POP is needed to continue, further plan and develop, and expand the availability of benefits counseling services in Oregon.

- Loss and fear of loss of needed benefits is a significant barrier to employment of persons with disabilities who depend on benefits to obtain essential health care services, needed housing and transportation supports, and necessary subsistence income. Research indicates that individuals with disabilities who receive benefits counseling are more likely to go to work and experience an increase in earnings; and VRCs and individuals with disabilities who are considering going to work find benefits counseling valuable and necessary.
• WIN’s benefits counseling services are being used to facilitate integrated employment of persons with intellectual and developmental disabilities, as part of the effort to implement the Executive Order 13-04 and Employment First policy. Benefits counseling has been identified as an essential service by the Executive Order Stakeholder Policy Committee. It is also being used to increase employment of persons with mental illness, through delivery of evidence-based supported employment and OHA/AMH and VR’s efforts to expand the availability of these services throughout Oregon.

• Benefits counseling is available on very limited basis in Oregon. Outside of WIN, benefits counseling is only available through Disability Rights Oregon’s Work Incentives and Planning Assistance program, which is comprised 3.5 FTE benefits counselors and a coordinator and has one office in Portland; and a handful of private benefits counselors. WIN and WIPA benefits counselors undergo intensive training and are required to obtain and maintain Social Security Administration benefits counseling certification or the equivalent. This is not the case with most of the private benefits counselors.

c. Assuring continuous service quality and consumer satisfaction, as measured by more opportunities for paid employment for individuals with I/DD, is not a static activity. Continuous improvement requires a sustained effort and commitment to enhancing services based on data, consumer feedback, and research into alternate and progressive practices. Resources from this POP are to assure DHS can identify and implement practices that positively evolve the effective delivery of employment related services.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?
This POP furthers Department’s vision and mission by facilitating the independence, health and well-being of individuals with intellectual and developmental disabilities by assisting and supporting them in obtaining and maintaining competitive employment in integrated workplaces. Through employment, individuals with
disabilities are able to live more independent, productive and rewarding lives, and are likely to experience better health outcomes.

4. **IS THIS POP TIED TO A DEPARTMENT OF HUMAN SERVICES PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

Yes, this POP is tied to two KPMs: KPM #14, which relates to achieving integrated employment settings for individuals with Intellectual and Developmental Disabilities; and KPM #1, which reflects the percentage of individuals receiving VR services that enter into an individualized plan for employment who obtain an employment outcome. Success will be measured in terms of the percentage and numbers of individuals with I/DD that achieve an outcome of integrated employment.

In addition, Executive Order 13-04 sets forth the following outcomes for ODDS and VR:

- By July 1, 2015 will provide Employment Services to at least an additional 100 individuals
- By July 1, 2016, will provide Employment Services to at least an additional 200 individuals
- By July 1, 2017, will provide Employment Services to at least an additional 275 individuals
- By July 1, 2018, will provide Employment Services to at least an additional 275 individuals
- By July 1, 2019, will provide Employment Services to at least an additional 275 individuals
- By July 1, 2020, will provide Employment Services to at least an additional 275 individuals
- By July 1, 2021, will provide Employment Services to at least an additional 275 individuals
- By July 1, 2022, will provide Employment Services to at least an additional 275 individuals

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.
6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?
Use of federal funds.

- VR is primarily funded by a formula-based, federal grant. With the recent enactment of the Workforce Innovation and Opportunities Act (WIOA), and with its reauthorization of the Rehabilitation Act of 1973, the federal law that enables and governs VR services, federal funding of VR will be flat for the next five years. Utilizing federal re-allotment dollars was considered but because of its unpredictability this was ruled out.

Specific to WIN/Benefits Counseling:

- Utilizing VR counselors, DHS case managers and AMH counselors to provide benefits counseling services. This was determined impractical given training time needed to become an informed and skilled benefits planner given the significant caseloads of direct service professionals.

- Utilizing private benefits planners. This was rejected because for two reasons. First, provision of incorrect or inappropriate benefits information puts clients at risk. Most of the limited number of fee-for-service benefits counselors in Oregon are not trained and certified counselors. Second, the time and effort required to train, certify and oversee fee-for-service benefits counselors would likely cost as much as it cost to train and contract for WIN’s present benefits counselors.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?
Funding of this POP will provide significant and needed support to the Department’s efforts to fulfill the promise of its Employment First policy and fully implement carry the Governor’s Executive Order 13-04. The decision to not fund this POP will or could:

- Lead to imposition of an Order of Selection by Vocational Rehabilitation. If VR continues to experience an increase in demand for its services and it lacks the staff or resources to serve everyone
eligible for its services, it will have to institute the mandatory waiting list process (Order) that federal law requires of it in such circumstances.

- Limit the availability of benefits counseling services statewide and thereby reduce the success of the Governor’s Workforce Strategies for Work-ready Communities in increasing employment of Oregonians.

- Hinder VR’s ability to meet its federal outcomes and other performance measures if, as result of lack of funding, VR is unable to continue WIN and provide VR consumers with a service

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?
This POP will benefit the Department of Education, local education districts and schools, community developmental disability programs and provider service agencies; as well as state and local workforce programs. The former entities have direct responsibility for implementing the Employment First policy and Executive Order. The POP will directly and indirectly assist them in carrying out these responsibilities with the Employment First Unit, the Office of Developmental Disability Services and Vocational Rehabilitation. The workforce programs will also benefit as their DHS partners engage in heightened and focused activities and greater collaboration with the workforce system to increase employment of historically disadvantaged Oregonians.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?
This POP is a collaborative effort of the Department’s Employment First Unit, the Office of Developmental Disability Services and Vocational Rehabilitation. In addition, Temporary Aid to Needy Families, the Oregon Health Authority/Addictions and Mental Health, and a number of Oregon workforce agencies and programs have been consulted about the POP and are in support of it.
10. **WHAT IS YOUR EQUITY ANALYSIS?**
This POP is an equity initiative. Through it, state agencies and programs and their partners will increase the integrated and competitive employment of people with disabilities, with a particular focus on persons with intellectual and developmental disabilities. Oregonians with disabilities experience unemployment and underemployment at significantly higher rates than other Oregonians; and those with significant disabilities experience unemployment and underemployment yet higher rates. In addition, the incidence of disability is greater among a number of other historically disadvantaged populations, including Latinos and African-Americans.

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

**Implementation Date(s):** 7/1/15

**End Date (if applicable):** __________________________

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

b. No

[ ]

[ ]

[ ]

[ ]

[ ]

[ ]

[ ]

[ ]
c. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).

d. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.
None over already projected numbers based.

e. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.
Yes. 1.0 FTE OPA3. Permanent position priced to start 10/1/15. This position to be housed in ODDS.

f. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?
None

g. What are the ongoing costs?
All of the costs in this POP would be considered ongoing

h. What are the potential savings?
No

i. Based on these answers, is there a fiscal impact? Yes
### TOTAL FOR THIS PACKAGE

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<th>Category</th>
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### (Agency Name) - Fiscal Impact Summary by Program Area:

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What are the sources of funding and the funding split for each one?

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### (IDD-VR) Revenue Impact:

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<td>Licensing fees (Comp Srce 0975)</td>
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<td>Other (Comp Srce XXXX)</td>
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2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Office of Child Welfare Programs
Program Name: Safety, Permanency and Wellbeing
Policy Option Package Initiative: General Fund Required to Maintain Current Level of SB 964 Services
Policy Option Package Title: GF Reinvestment
Policy Option Package Number: 105
Related Legislation: SB 964
Program Funding Team: Healthy People

Summary Statement:
Strengthening, Preserving and Reunifying Families legislation (SB 964) requires the state to access federal savings accrued through a Title IV-E waiver and create a plan for reinvesting the federal savings into the provision of services outlined in the legislation. The state has a spending plan in place that includes reinvesting all existing federal savings achieved through the waiver into the services outlined in the SB 964 legislation. After the state reinvests all existing federal savings, there is a need for additional funding to maintain the current level of SB 964 service provision through the end of the biennium. Without this general fund investment, services will be reduced and/or eliminated, adversely impacting families actively engaged in these services, reduce the number of children that can be kept safely at home with their families and impact the state’s ability to fully implement Differential Response.

<table>
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<tr>
<th>Policy Option Package Pricing:</th>
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<th>Other Funds</th>
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<td>$3,344,750</td>
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</table>
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

This policy option package authorizes the general fund necessary to continue the current level of SB 964 service provision through the end of the biennium - after the state’s current spending plan is exhausted.

2. **WHY DOES DHS PROPOSE THIS POP?**

The Department of Human Services requests approval of this policy option package to comply with Section 6 of SB 964 to support the provision of services listed in the legislation and to further support implementation of Differential Response throughout the state.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

This policy option package supports the agency’s mission of keeping children safely at home whenever possible and the goal of safely and equitably reducing foster care.

4. **IS THIS POP TIED TO A DEPARTMENT OF HUMAN SERVICES PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL THE DEPARTMENT MEASURE THE SUCCESS OF THIS POP?**

Yes.

QBR Measure 02a
Reduction in length of stay in foster care (median length of stay of children exiting care in months); and Percent of children qualifying for child welfare services who are receiving services at home in lieu of foster care placement.
QBR Measure 05a
Percent of families served in each track (alternative and traditional) by race and ethnicity; and
Percent of children served in home vs. out of home by race/ethnicity.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW
STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR
REJECTING THEM?

The state has exhausted its use of all eligible funding sources. This request is for the minimum amount of
general fund necessary to maintain the current level of SB 964 service provision through the end of the
biennium.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

The state will not be able to maintain its current level of SB 964 service provision. Established local
services will be reduced and/or eliminated which will adversely impact children and families actively
engaged in the services, reduce the number of children that can be safely kept at home with their families,
and further delay full implementation of Differential Response.
8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Providing the services listed in SB 964 to support keeping children safely at home with their families, could indirectly impact multiple agencies (and the child/family) in a positive way by reducing the need for higher cost services.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

None.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

This GF will be used to fund a portion of the service array that, in part, is designed to meet the needs of the over represented population of children in foster care and their families. Because of this, these funds could have a positive impact on African American and Native American families.

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

The state has exhausted its use of all eligible funding sources. This request is for the minimum amount of general fund necessary to maintain the current level of SB 964 service provision through the end of the biennium.

**Implementation Date(s):** July 1, 2015

**End Date (if applicable):** N/A
a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

With this funding, the services listed in SB 964 will continue to be provided throughout the state as identified by each county through their gap assessment.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

N/A
f. **What are the ongoing costs?**

   N/A

g. **What are the potential savings?**

   The funding approved through this policy option package will be used to provide services listed in SB 964 to support further implementation of Differential Response and keep children safely at home with their families whenever possible. It is expected that this will result in a reduction of out-of-home care achieving additional savings to the state that can be reinvested in to more services for children and families.

h. **Based on these answers, is there a fiscal impact?**

   Yes.

### TOTAL FOR THIS PACKAGE

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<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
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<th>Position</th>
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<td>Special Payments</td>
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Department of Human Services - Fiscal Impact Summary by Program Area:

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</tr>
<tr>
<td>FTE</td>
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<td>0.00</td>
</tr>
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</table>

What are the sources of funding and the funding split for each one?

This POP is funded 100% with General Funds.
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Office of Developmental Disabilities Services
Program Name: ReBAR
Policy Option Package Initiative: N/A
Policy Option Package Title: DD One Functional Needs Assessment Tool
Policy Option Package Number: 106
Related Legislation: N/A
Program Funding Team: Healthy People

Summary Statement:
The POP for one Developmental Disabilities Functional Needs Assessment tool will determine the supports needs for individuals who receive K-Plan or Waivered Services through the Office of Developmental Disabilities Services and assist in budget allocation to insure equitability in rates between services. This POP would assist the state in complying with CMS requirements surrounding needs assessments. Adverse effects of this POP not being funded will be the inability to comply with legislative budget note SB 5529.

<table>
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<tr>
<th>Policy Option Package Pricing:</th>
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</table>
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

The policy option package for the Developmental Disabilities One Assessment Tool would assist ODDS in complying with the legislative budget note mandating Oregon has one assessment tool for the ID/DD population. See below:

“By January 2015, the Department of Human Services will implement a uniform needs assessment tool for individuals receiving developmental disabilities services. Any assessment tool used by the Department must be evidence-based and consider broad stakeholder input. Implementation of the uniform needs assessment tool should be done equitably and with stakeholder input.”

Additionally, this POP would assist the state in complying with CMS requirements surrounding needs assessments.

2. **WHY DOES DHS PROPOSE THIS POP?**

ODDS currently utilizes 4 assessment tools to determine the supports needs for individuals and budget allocation. The legislative budget notes intent is to have one tool used for all service elements to insure equitability in rates between services. All Developmental Disabilities service elements, county partners, stakeholders, providers, individuals and families who receive K-plan or Waivered services will be affected by the implementation of this assessment tool. This POP would potentially involve the creation of a state assessment unit.

Results of the implementation of the assessment tool include the fair and equitable distribution of funds for individuals supported by ODDS based on their assessed need and Individual Supports Plan.
3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

One assessment tool will allow ODDS to meet program goals by assessing areas of an individual’s life to identify how ODDS can be supportive of the individual’s discovery and development of abilities as well as encouraging community inclusion all while using a person centered approach through the assessment process.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL ODDS MEASURE THE SUCCESS OF THIS POP?**

Yes. The Assessment tool will contribute to the performance measures of Fiscal Responsibility, People living as independently as possible, and Program Integrity.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

Other nationally normed and validated, evidence based Functional Needs assessment tools were evaluated by ODDS staff and the Functional Needs Assessment Stakeholder Group. The group determined other tools (ICAP, CANS, InterRAI) did not meet the needs of Oregon’s I/DD system.
7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

ODDS would not be in compliance with legislative budget note SB 5529.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

None

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

Stakeholders were involved in a work group to review a number of available tools and to make recommendations on the tool to be utilized. They will also be engaged once the tool is purchased and an implementation plan is developed.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

We are working with the Office of Multicultural Services to perform an Equity Analysis. Additional information will be reported at a future date.

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

To be funded in the I/DD Design budget under Professional services 50/50. At this time, the pricing is an estimate.

**Implementation Date(s):** 7/1/2016
a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

Increased contracting services.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary. No

No.
e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

None

f. What are the ongoing costs?

None

g. What are the potential savings?

None.

h. Based on these answers, is there a fiscal impact?

Yes.
### TOTAL FOR THIS PACKAGE

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<th>GF</th>
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<th>FF</th>
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<td><strong>$1,000,000</strong></td>
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(DHS) - Fiscal Impact Summary by Program Area:

<table>
<thead>
<tr>
<th>I/DD Program Design</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$500,000</td>
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<tr>
<td>Other Fund</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Funds- Ltd</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$1,000,000</strong></td>
</tr>
<tr>
<td>Positions</td>
<td>0</td>
</tr>
<tr>
<td>FTE</td>
<td>0.00</td>
</tr>
</tbody>
</table>

What are the sources of funding and the funding split for each one?

(DHS) Revenue Impact:

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid (Comp Srce 0995)</td>
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<td>$500,000</td>
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<td><strong>$0</strong></td>
<td><strong>$500,000</strong></td>
<td><strong>$500,000</strong></td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services (DHS)
Program Area Name: Aging & People with Physical Disabilities (APD)
Program Name: Office of Adult Abuse Prevention & Investigations (OAAPI)
Policy Option Package Initiative: N/A
Policy Option Package Title: New Adult Abuse Data and Report-writing System
Policy Option Package Number: 107
Program Funding Team: Human Services – Improving our Human Services Systems

Summary Statement:

The Office of Adult Abuse Prevention and Investigations (OAAPI) was created in 2012 to centralize the oversight of investigations of reported abuse of vulnerable adults in Oregon, including adults over the age of 65; individuals with physical disabilities, developmental disabilities, and mental illness; and children in certain licensed settings.

Around 85% of the nearly 15,000 investigations conducted under the oversight of OAAPI every year involve the reported abuse of an older adult (over 65) or a younger adult with a physical disability. For this reason, APD is identified as the primary program sponsor of this Policy Option Package.

Although the oversight and responsibility for these investigations has shifted from three distinct program areas to what is now OAAPI, the data systems that are used to track and document these investigations are not consolidated and remain fragmented. OAAPI and the abuse investigators under its oversight currently use nine (9) distinct systems to collect data and generate investigation reports and data reports related to protective services and abuse investigations. These systems run on different hardware and software, collect different data
points, and are unable to share data.

The need for an integrated statewide adult abuse data system has been recognized for many years by external observers, including consultants, auditors and media, and is widely accepted by involved agencies and stakeholders who work with the inadequate and disconnected patchwork of adult abuse data systems currently in use every day.

As an enterprise-wide office and Shared Service of DHS and OHA, OAAPI proposes (under this POP) to:

1) Fund a contract with a vendor to develop and implement a new, statewide, comprehensive Adult Abuse Data and Report-Writing System, and
2) Fund the ongoing support and maintenance costs of the new system

By improving access to abuse and neglect data, this new system will lead to better outcomes in Key Process Measures and Fundamental DHS Protection & Intervention metrics, as well as better outcomes for all the vulnerable Oregonians that OAAPI serves.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 1,437,494</td>
<td>$2,000,000</td>
<td>$0</td>
<td>$ 3,437,494</td>
</tr>
</tbody>
</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

In the second half of 2014, APD and OAPPI are using an initial $500,000 investment of funds from the Special Allocation for Seniors funds (set aside under HB 5201) to contract an independent Consultant, who will develop a recommended approach and plan for implementation of a technology solution to meet OAAPI’s need for an integrated Adult Abuse Data and Report-writing System.

During this initial planning phase (Phase 1) the Consultant will begin the evaluation process and project planning, working as needed with the state team to validate and complete functional and technical requirements; identify alternatives, costs and benefits to meet the business needs defined by the requirements; update the Preliminary Business Case; and develop a recommendation report and presentation for the Legislature in January, 2015.

This POP would allow OAAPI to move forward with Phase 2, i.e. issuing an RFP for the procurement and implementation of the new Adult Abuse Data & Report-writing System. Such a system would move OAAPI and APD toward a future state in which we are able to:

- Monitor abuse referrals in real-time, and oversee screening decisions made in the local offices,
- Provide accurate, reliable and consistent data and reports to internal and external partners,
- Understand the abuse history of clients across programs and document perpetrators, improving the Department’s ability to ensure the safety of vulnerable Oregonians,
- Respond to the increased need for services that the aging of Oregon’s population will demand,
- Monitor and understand the level and types of abuse occurring in the Oregon quickly and easily, allowing us to respond more effectively and develop proactive strategies to prevent future abuse,
- Mitigate the risks outlined later in this document, and
- Achieve the efficiencies and fiscal savings outlined later in this document
2. WHY DOES THE DEPARTMENT OF HUMAN SERVICES (DHS) PROPOSE THIS POP?

Created in 2012, the Office of Adult Abuse Prevention and Investigations (OAAPI) conducts and/or oversees investigations of reported abuse of vulnerable adults in Oregon, including adults over the age of 65; individuals with developmental disabilities, physical disabilities and mental illness; and children in certain licensed settings.

In 2012, over 34,000 referrals of abuse of vulnerable adults (and children in licensed settings) were received by the state and its representatives, and nearly 15,000 of those resulted in an investigation conducted or overseen by OAAPI. Over 84% of those investigations involved the reported abuse of an adult over the age of 65 or a younger adult with a physical disability.

Prior to the creation of OAAPI, abuse referrals and investigations for adults and children in licensed settings were overseen by different program areas or the Office of Investigations & Training (OIT). Each had their own legacy abuse data and report-writing system, which had developed over time and with varying levels of investment.

At this time, OAAPI continues to rely on those disconnected data systems to store abuse-related data and produce reports, even though these legacy systems are often unable to provide the critical information being asked for currently by internal and external partners, including accurate metrics for Quarterly Business Reviews, requests for statewide abuse data from media, and sufficiently granulated data reports for the Legislature.

The absence of an integrated, real-time Adult Abuse Data and Report-writing System also makes it impossible for OAAPI to monitor and prevent abuse effectively by seeing and understanding patterns and histories of abuse, as victims – and perpetrators – move from program to program and region to region. This leads to the very real possibility of substantiated perpetrators in one program, for example, working in
another. It also makes OAAPI unable to gain a holistic view of abuse victims, who are often consumers of services from different programs and whose experiences of abuse may never be tied together.

As Oregon’s population ages – and lives longer – OAAPI is seeing an increased interweaving of clients in community and facility settings, with clients of one program often placed in facilities licensed by other programs, or clients transitioning from one system to another as their age, health conditions or behavioral needs change. Because of the lack of integration of abuse data across programs, all too often valuable information in one system is left behind, requiring the new program to re-establish baselines and interventions to help keep clients safe without access to a client’s history of abuse.

Finally, the current patchwork of data and report-writing systems lead to multiple inefficiencies and “blind spots,” which confounds quality assurance efforts and leads to timely and expensive re-work. Abuse referrals have “fallen through the cracks” as a result of the current fragmented group of data systems, introducing an unacceptable level of risk.

The shortcomings of the current system are evident not only to individuals within DHS and OAAPI, but have been brought to the attention of the Department by external entities as well, most notably in the following instances:

- DHS consultant Public Knowledge report dated 2005
- McKinsey Study recommendation dated 2008
- Oregonian article dated March 26, 2011
- Adult Safety and Protection Team Report dated August 4, 2011
- DHS Elder Abuse Prevention Audit (12-013)

This POP would allow OAAPI to move forward with an RFP for the development and implementation of an integrated Adult Abuse Data & Report-writing System.
3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

In only one year, Oregon has seen an increase of 13% in investigations of abuse and neglect of vulnerable adults – from 12,538 in 2012 to 14,143 in 2013. This growth in the number of abuse referrals and investigations, typical of previous years, is one of the reasons OAAPI was formed, to ensure a coordinated and consistent response to an increasing number of abuse referrals across all vulnerable populations. Abuse is not something that can be undone, and carries with it lifelong impacts to a person’s life in regard to health, emotional well-being, and their ability to benefit from available services.

The need for a stable, integrated Abuse Data and Report-writing System becomes ever more critical as Oregon faces an aging population, a significant annual increase in abuse referrals, and an increased need for services across all demographics. In addition, the Department’s recent emphasis on process and outcome measures to ensure customer service and service equity has highlighted the difficulty of gathering accurate data related to Protection and Intervention from existing data systems.

An improved system for abuse data collection, from the time of screening through report-writing, case closure and referral, is essential to better protect vulnerable Oregonians and to more accurately and efficiently provide meaningful abuse data and outcomes to the Legislature, DHS leadership and the public. To produce this information, this single system must be focused on *abuse across programs*, not simply added on to the various existing, disconnected program databases.

The development of such a system would contribute directly to the DHS Policy Outcome of “Improving our Human Services Systems,” by addressing a long-standing gap in data collection and analysis and leading to a more efficient and effective state response to the reported abuse of vulnerable Oregonians.
4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

Yes, this POP is directly tied to the following process measures and outcome measures outlined on the DHS Enterprise Fundamentals Map:

“Protection and Intervention” (OP1) Process Measures:

• % of completed investigations coded “unable to determine” or “inconclusive”
• % of calls assigned for field contact that meet policy timelines
• % of investigation reports completed within policy timelines

“Safety” (O1) Outcome Measures:

• Re-abuse rate
• Abuse rate

The new system would allow OAAPI and APD to report out on existing measures in a far more accurate and efficient manner. OAAPI would no longer have to rely on inadequate sampling of data to produce ‘Timeliness of Response’ measures. It would also allow OAAPI to more proactively address the issues of Investigation Timeliness/Completion in order to avoid the unforeseen backlogs that have resulted in the current system because they were not able to be detected, thereby improving the metrics. Finally, investigators would have a more reliable tool in which to document their investigations and interventions, unlike current systems in use that are prone to ‘crashing,’ resulting in data loss and re-work. A stable data system would reduce the actual time needed to complete reports, and thereby improve completion metrics.
5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No, there is no statutory impact involved with this POP.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

One alternative considered was the investment of funds and agency resources in the improvement and integration of the assortment of abuse data systems and report-writing methods currently in use. This option, however, is dependent on the continued availability and functionality of all existing systems, which is not likely. Choosing this option would require a significant dedication of program staff and resources to evaluate the feasibility of updating all of the existing systems and then reconfiguring them to provide the accessibility and information currently needed by OAAPI and its partners. And even if the utility of each individual system could be maximized, the issue of disconnected systems unable to share information would remain unaddressed.

More recently, OAAPI and APD have explored combining the development of a new abuse data system with other ongoing IT development projects. For example, a Case Management data system that APD is planning to develop for APD and DD clients appeared to present opportunities. Adding the abuse data collection, screening and report-writing components to a new APD Case Management system, would add significantly to the scope of the project. In addition, since the proposed new Case Management system will be designed primarily for Medicaid clients, it is questionable whether this new system would be able to address the needs of victims of abuse who are not eligible for Medicaid, or the specific needs of other populations such as adults with mental illness receiving services through OHA/AMH or children receiving services in licensed settings.
OAAP\text{I} also researched a possible partnership with Oregon State Police (OSP) and their new Records Management System, developed by Niche RMS of Canada. Although the OSP workflow is similar to APD/DD/MH investigations, their system was designed specifically to support dispatch and patrol functions, and under the terms of the OSP contract was not able to be modified to meet OAAP\text{I}'s needs. As a result, partnering with OSP would require OAAP\text{I} to change nomenclature and alter workflow to match the OSP model, and the system would not be allowed to integrate or interface with other systems utilized by DHS. Due to security concerns, even though OAAP\text{I} could potentially make the OSP Records Management System functional, it would require many workarounds and would not be able to consolidate all information necessary within DHS systems.

Other systems, such as OLRO’s ASPEN database and Lane County’s Client-Tracking System, have been explored for possible statewide expansion across all investigation types but found unworkable either due to limitations of the systems themselves or of their support and maintenance structures.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

All of the problems and inefficiencies discussed above add to the risks and liabilities associated with continued reliance on the current patchwork of databases and report-writing methods used by staff across programs. As stated previously, significant and avoidable risks are introduced by the current array of abuse data systems because:

- There is no integrated way to track a particular individual’s history of abuse. Records for a single victim may exist in several different data systems, with no single entity able to connect episodes of abuse, neglect or violence in a person’s life. This inability to see the larger picture results in less effective – or even inappropriate – interventions;
- There is no integrated way to document substantiated perpetrators and search by perpetrator name, allowing for abuse in one system to go undetected in another;
• Current systems are not accessible from the field causing delays in reporting and potentially placing vulnerable individuals at risk due to delay;
• The existing systems do not alert local or OAAPI staff to cases that “fall through the cracks.” OAAPI’s Quality Assurance staff has identified up to 2,000 such cases that exist in the current system, and is working to resolve them.
• The success of recent class action suits should also not be ignored, as examples of expensive and far-reaching litigation that may result from the failure to catch and respond to systemic problems early.
• Major limitations of the current system are intake/screening; protective services; report writing and tracking a case from initiation to closure.

The costs and inefficiencies associated with the current system are extensive. OAAPI frequently encounters the need for manual data mining and collection to respond to public or media inquiries, to perform effective oversight of local offices and investigators, and even to provide basic quality assurance or monitor statutory compliance.

In addition, the reduction in cost and staff time provided by a searchable database would allow quality assurance staff to spend their time identifying abuse trends and developing targeted prevention efforts, instead of reading hundreds of reports just to extract data. These savings would multiply as efficiencies were realized for investigators and their managers in the field, as well as for OAAPI and other Department staff.

In the current state, the Department loses productivity when workers run semi-automated processes to link data between different databases in order to produce metrics. Many hours are lost during the process of exchanging, checking and interpreting data from the various systems. Unfortunately, this is valuable staff time that could be better put to use performing QA and data analysis in order to identify the causes of abuse (in community and facility settings) and work to mitigate them.
8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Other agencies affected by this POP include primary partners with a business need for abuse data or investigation reports, such as:

- Background Check Unit (BCU)
- DHS Case Management (APD and DD)
- Child Welfare
- The Office of Licensing & Regulatory Oversight (OLRO)
- The Oregon Health Authority / AMH Licensing

These agencies would experience a change in how they receive abuse data and reports from OAAP and from community programs. Their access to abuse data would be based on business need and established using a role-based security protocol.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

The primary collaborators at this time are DHS Aging & People with Disabilities (APD) and OAAP. Other agencies involved in the discussion due to their use of abuse data and reports include the Background Check Unit, DHS Developmental Disabilities, DHS Child Welfare, OLRO and OHA/AMH Licensing.

We have communicated with stakeholders affected by this POP, including APD field staff and staff with Area Agencies on Aging, Community Developmental Disabilities Programs (CDDPs) and Community Mental Health Programs (CMHPs), about the plan to develop a new statewide Adult Abuse Data and Report-writing System, and they are generally supportive of the concept due the many challenges and difficulties presented by the existing systems in use today.
10. WHAT IS YOUR EQUITY ANALYSIS?

Abuse data and report-writing systems currently in use do not capture the racial and ethnic identifiers needed for an analysis of service equity in the abuse investigation process. As a result, it is currently impossible to analyze the service equity in the provision of abuse response and investigation. The proposed new system would be designed to incorporate such identifiers and allow for in-depth analysis of service equity in the delivery of abuse investigations and protective services.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

This POP assumes a relatively simple, stand-alone abuse database with role-based access for data-sharing with partners. A system that is integrated with other existing systems would be expected to cost considerably more; e.g. a new integrated abuse data system being developed in Washington is budgeted at $5.4M.

Additional assumptions that affect the pricing of this POP include:

- The Phase 1 costs of initial planning and evaluation of alternatives (along with initial QA/QC) are paid for by Special Allocation Funds for Seniors.

- This POP provides funding for Phase 2, i.e. procurement of the new Adult Abuse Data and Report-writing System recommended in Phase 1, as well as Systems Integration and QA/QC services to implement the system and ongoing maintenance and support costs.

- The vendor installs any software needed by end users. For desktop and mobile users, this would involve installing operating programs, support tool and patches/software from Microsoft. For users that would access software over an internet browser, this would involve working with the user’s device to configure
their browser to access the servers. Firewalls and VPNs may need to be adjusted also. These adjustments could be performed by OIS or with agency’s authorization by vendor personnel.

- Vendor handles the install and configuration tasks related to deployment of server software and desktop applications. Depending on devices and connectivity, vendor personnel may also handle install and configuration for remote users.

- Vendor personnel work with agency staff and contracted system integrators to review the organization’s workflow and rules in order to configure the system to match the agency’s policies and procedures, communication codes and other operational settings. Configuration rules could include report routing and due dates, communication codes, policies and procedure implementation, etc. This also includes establishing the process for report submission, deadline/extension calculation and approval processes for each division. Other examples may include import/interface/export data to/from external systems, rules related to reports and mailing form letters/emails.

- Vendor personnel work with agency staff and contracted system integrators to implement the agency’s configuration parameters. After agency approval, the software would be configured to operate in the agency environment with minimal impact to the agency. This task would be considered as completed after the vendor receives the agency’s acceptance.

- The vendor would train up to three (3) agency staff on how to set-up and maintain the software Standard Operating Data Lists along with the software System Admin Training. This process would incorporate meetings with the vendor and key agency staff. All drop-down lists would be managed by the agency, as well as field labels. Other customizations would include populating the tables, and setting up user rights and access rights to manage the workflow. Much of this would take place pre-installation, but it is assumed there would be ongoing changes to the drop-down lists and field labels due to changes in
reporting laws in the state. The DHS systems administrator would have user rights to make these changes.

This estimate also assumes that the computer equipment currently in use statewide by abuse investigators in state, county and AAA offices meets the recommended hardware requirements for this type of abuse database. It is our belief that most local offices currently use equipment that would meet the minimum requirements but, upon approval of an RFP, OAAPI would undertake a statewide survey of current equipment in use to ensure that existing equipment can use the new database, and to address any shortfalls with program and local providers.

**Implementation Date(s):** Estimated implementation date of June 1, 2017 dependent on multiple assumptions, e.g. RFP timing, decision re: OIS support needed, etc.

**End Date (if applicable):** _______________ N/A _______________

a. **Will there be new responsibilities for the Department of Human Services?** Specify which Program Area(s) and describe their new responsibilities.

   OIS will have new responsibilities in implementing the new system in the first biennium, estimated at a total of 3.0 FTE for the biennium (broken out below in [d]) and $500,000 for State Data Center costs.

b. **Will there be new Shared Services impacts sufficient to require additional funding?** Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).
As stated in [a], the cost of additional State Data Center services is estimated at $500,000.

c. **Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

No changes to client caseloads.

d. **Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.**

The development of the proposed new system will require coordinated management and oversight by OIS staff to support the implementation of this project, estimated at $752,494.

OIS staffing estimates assume:

1 PM2 24 months
1 PM1 12 months
1 ISS6 12 months
1 ISS7 12 months
1 OPA3 6 months
Accounting and Financial Support

Total estimated FTE for biennium = 3

Total estimated State Staff costs: $  752,494
TOTAL Estimated State Staff and Data Center Costs: $1,252,494

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

This POP would require an investment in the development and implementation of a new software system. Based on preliminary market research, OAAPI believes a new Adult Abuse Data & Report-writing System could be developed and delivered by a contracted vendor for around $1,150,000, as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host server software including the following modules: Records Management System, Case Management, Incident Reporting Property and Evidence, Personnel Training &amp; Management, Incident Analysis, Equipment Management, Report Photos, Field Interview, Citizen’s Online Reporting (option)</td>
<td>$ 700,000</td>
</tr>
<tr>
<td>Records Management (RMS) Users License</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>Professional Services by Vendor (Includes Workflow Management, Installation, Project Management, Classroom Training and Workplace Coaching, Data Transfer using predesigned datasheets)</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>Transfer legacy data to the new Records Management system (6 databases at estimated $25,000 per database)</td>
<td>$ 150,000</td>
</tr>
<tr>
<td>Total Vendor Product and Services:</td>
<td>$ 1,150,000</td>
</tr>
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</table>
In addition, an estimated $750,000 cost for the biennium is estimated for Systems Integration and QA/QC services (provided by separate contractors).

In summary,

<table>
<thead>
<tr>
<th>Vendor Product and Services</th>
<th>$1,150,000</th>
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<tbody>
<tr>
<td>Two years System Integration and QA/QC services</td>
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<tr>
<td>Sub-total</td>
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<table>
<thead>
<tr>
<th>Plus 15% Estimated Contingency Costs</th>
<th>$ 285,000</th>
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</thead>
<tbody>
<tr>
<td>Total Estimated Start-up/Vendor Costs</td>
<td>$2,185,000</td>
</tr>
</tbody>
</table>

| Plus Estimated State Staff and Data Center Costs    | $1,252,494 |
| (from [d])                                         |            |

| TOTAL Preliminary Estimated Cost                    | $3,437,494 |

f. What are the ongoing costs?

Ongoing maintenance of the system could either be performed by state personnel or by the vendor. If DAS/OIS staff hosted and maintained the system, we estimate that two Information System Specialist 7 (ISS7) and two Application Support Staff (ISS2) positions would be required to support the system on an ongoing basis, at an estimated ongoing cost of approximately $260,000 per year. Our preliminary market research estimates the ongoing cost of paying a vendor to host and maintain the system at around $220,000 per year.
Based on this information, we estimate ongoing maintenance costs of $250,000/year, or $500,000/biennium.

g. What are the potential savings?

In one analysis, the use of an integrated Abuse Data and Report-writing System could lead to the potential annual savings of 4,337 person-hours per year, at the level of an OPA3, by reducing the amount of manual data mining. In the current state, workers run semi-automated processes to link data between different databases in order to produce metrics. Many hours are lost during the process of exchanging, checking and interpreting data from the various systems. Unfortunately, this is valuable staff time that could be better put to use performing QA and data analysis in order to identify the causes of abuse (in community and facility settings) and work to mitigate them.

These savings would multiply as efficiencies were realized for investigators and their managers in the field, as well as for OAAPPI and other Department staff.

h. Based on these answers, is there a fiscal impact?

Yes

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
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<tr>
<td>Services &amp; Supplies</td>
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**DHS - Fiscal Impact Summary by Program Area:**

**Aging and People with Physical Disabilities Program**

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<th>Source of Funding</th>
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<tr>
<td>General Fund</td>
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<td>$0</td>
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<tr>
<td>Total Funds</td>
<td>$3,437,494</td>
</tr>
</tbody>
</table>

**Positions**

- 0

**FTE**

- 0.00

What are the sources of funding and the funding split for each one?

This Policy Option Package is funded with General Funds. The Other Funds represents the limitation needed for the Shared Services Component.

**Revenue Impact:**

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
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<th>TF</th>
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<tbody>
<tr>
<td>Other Funds Limitation for Shared Services (Comp Srce 0975)</td>
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<td>Total</td>
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<td>$2,000,000</td>
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2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Central Services
Program Name: Office of Program Integrity (OPI) QC Child Welfare Review Team (QCCW)
Policy Option Package Initiative: N/A
Policy Option Package Title: Child Welfare Quality Control Reviewer Staff
Policy Option Package Number: 108
Related Legislation: N/A
Program Funding Team: Improving Government

Summary Statement:
The position requested in this POP will increase the QC review capacity in the statewide Child Welfare Quality Assurance system to conduct a statewide qualitative review of the states’ child welfare practice in defined areas of child safety, permanency and wellbeing. The position will enable the team to complete stakeholder interviews, which are federally required as part of each state’s Continuous Quality Improvement in Child Welfare program. Federal regulations at 45 CFR 1355 require states to maintain substantial conformity with title IV-B and IV-E requirements through CFSR reviews. Other federal requirements can be found in the federal Adoption and Safe Families Act of 1997 and the Administration for Children and Families Information Memorandum CB-IM 12-07 dated August 27, 2012.

There are currently 3 FTE in the Child Welfare review team. This additional position will enable the state to complete federally mandated Children and Family Services Review (CFSR) as required and mitigate the risk for federal penalties and imposed program improvement plans. This POP has the support of the Child Welfare program area leadership.
### Policy Option Package Pricing:

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<thead>
<tr>
<th></th>
<th>General Fund</th>
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</table>

### 1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The Children’s Bureau (CB) reviews state’s conformity with titles IV-B and IV-E of the Social Security Act through the Child and Family Services Reviews (CFSRs). Federal monitoring of our state’s title IV-B and IV-E program requirements includes child welfare case reviews and stakeholder interviews to provide evaluative qualitative data to determine whether the state is in substantial conformity with the CFSR systemic factor federal requirements.

This proposal is to increase the CFSR review team by 1 FTE for a total of 4 FTE to conduct CFSR case reviews and stakeholder interviews to maintain federal requirements. Implementation will consist of hiring and training the additional FTE through one on one training, use of the established training manual, and federal guidance.

### 2. WHY DOES DHS PROPOSE THIS POP?

This DHS proposal will assist the state in meeting federal CFSR requirements (45 CFR 1355.33) by increasing capacity to conduct stakeholder interviews to inform the Children’s Bureau’s determination of the state’s functioning on the seven systemic factors.

This proposal will increase our state’s capacity to provide a statewide qualitative review of the adequacy and competence of casework and supervisory practice in defined areas of child safety, planning and outcomes for
the child’s permanent living situation and the child and family’s well-being for a stratified sample of child welfare cases. Findings from the CFSR reviews are shared with DHS for purposes of compliance with federal standards; and to provide information to senior management, program managers and community partners for purposes of program improvement and achieving outcomes for children and families.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

The position requested in this POP is directly related to the Agency’s mission and goals. Specifically, the agency’s goal: “Children and youth are safe, well and connected to their families, communities and cultural identities.” The purpose of the CFSR Quality Assurance review is to evaluate the implementation and effectiveness of Child Welfare policies and programs, which include the review area of child safety, and is a critical component to our state’s continuous Quality Improvement (CQI) system of Child Welfare.

The Child Welfare Quality Assurance team has recently transitioned to the Quality Control Unit in the Office of Program Integrity (OPI). This newly formed office is part of DHS Central Operations, and provides opportunities for collaboration and support of Child Welfare Quality Assurance while maintaining close connections to the Program Delivery and Design sectors. The CFSR review component in this new structure is a critical review area of the Department to ensure quality Child Welfare services for the best client outcomes.

OPI’s mission is to support DHS and Oregon Health Authority (OHA) programs in ensuring compliance with state and federal laws and rules; and to assist with improving program accuracy through high quality and timely accuracy review services and information sharing for select program and program areas.

Our vision for OPI is to be recognized as an indispensable partner in ensuring DHS and OHA program quality and integrity and to have our work product readily incorporated into organizational program integrity discussions and decision making.
We support our mission and vision by:

- Completing accuracy reviews and evaluations of specified program areas and report results to federal agencies, DHS and OHA leadership, programs, other interested parties and stakeholders.
- Providing detailed analysis, technical reports, feedback, recommendations, training for field staff and partners and follow up with each program area subject to review.
- Facilitating collaboration across division lines to establish and strengthen program integrity efforts in programs throughout DHS and OHA.
- Completing selected atypical reviews or reviews on a multi-year review cycle (e.g. PME, PERM, CFSR).

This POP proposal supports this mission and vision by ensuring the federal CFSR compliance to use quantitative and qualitative data to evaluate the state’s performance on child welfare outcomes and systemic factors.

4. **IS THIS POP TIED TO A DHS OFFICE OF PROGRAM INTEGRITY PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS OFFICE OF PROGRAM INTEGRITY MEASURE THE SUCCESS OF THIS POP?**

Yes, this POP is tied to the DHS OPI Performance measure of SP 1: Program Integrity (DHS QBR) 1 (b) 6 – Percentage of Child Welfare review areas considered strengths. This measure is currently at 87%. The target goal for this measure is 90%.

This POP is also tied to the Child Welfare QBR, meeting Child Welfare outcomes.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No
6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

No alternatives considered. Status quo would be the alternative.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Oregon would be unable to maintain compliance with CFSR federal requirements at 45 CFR Part 1355. Further, the State would be unable to adequately assess child welfare practices and related outcomes for children and families through case reviews and stakeholder interviews.

Oregon would be at risk for federal sanctions, which include losing federal match for title IV-B and IV-E funds.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Agencies affected include DHS Child Welfare program and field offices; Tribal partners and stakeholders; DHS children and family service providers; and federal partners within the Children Bureau. These staff and partners would benefit from timely and useful CFSR data and findings to achieve continuous improvement of child welfare program and service delivery within the state, attainment of performance objectives, protection from federal sanctions; and transference of best practices amongst DHS units, divisions and federal and state partners.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

DHS Child Welfare Program.
10. **WHAT IS YOUR EQUITY ANALYSIS?**

A known inequity this POP is associated with and addresses is disproportionality of children served by Child Welfare. This position would increase the capacity to conduct a more thorough review and analysis of services provided that prevent and/or provide timely unification of families, which include minority populations. It would also provide the ability to conduct targeted reviews, including ICWA CFSR, to determine if we are meeting the needs and providing culturally appropriate services to children and families affected by disproportionality. It would also ensure we are maintaining compliance with ICWA laws.

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

   **Implementation Date(s):** 7/1/2015

   **End Date (if applicable):** N/A

   a. **Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.**

      No new responsibilities are anticipated.

   b. **Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).**

      No.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Yes. 1 CS3 FTE C5248.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

No modifications are anticipated for computer systems. Training will be accomplished through our in-house training resources and from on-line federal guidance and review tools.

f. What are the ongoing costs?

Ongoing biennial personnel cost for the additional FTE.

g. What are the potential savings?

Avoidance of federal sanctions which could result in loss of funding. Achievement of client outcomes will result in decrease in foster care cases and service provider costs. These potential savings are incalculable.
h. Based on these answers, is there a fiscal impact?

Yes.

**TOTAL FOR THIS PACKAGE**

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<th>Category</th>
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**DHS – Office of Program Integrity - Fiscal Impact Summary by Program Area:**

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<td><strong>FTE</strong></td>
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What are the sources of funding and the funding split for each one?

This POP is funded with General Funds matched with Title IV-E Admin Federal Funds.

**OPI -Program Area 1 Revenue Impact:**

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2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Child Welfare
Program Name: Child Welfare Design
Policy Option Package Initiative: N/A
Policy Option Package Title: Program Infrastructure
Policy Option Package Number: 109
Related Legislation: N/A
Program Funding Team: Safety

Summary Statement:

This POP builds capacity in the Child Welfare design office to support the ongoing efforts currently underway. Those efforts include Differential Response; Safety, Wellbeing and Permanency supports for field workers; development of the statewide hot line;

If this POP is not funded, the fidelity of the field work of Child Welfare will drop and it could threaten the successful implementation of the primary initiative of Child Welfare.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
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<td>$0</td>
<td>$2,176,226</td>
<td>$4,359,515</td>
<td></td>
</tr>
</tbody>
</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The delivery of child welfare services in the field is supported by staff in Central Office that develops and implements policy, practice consultation, quality assurance, contract support and general support and consultation. As staff in the field has grown, the staff available to support the field staff has been static. Because of this, there is not sufficient support for the field workers in their application of the Oregon Safety Model, implementation of Differential Response, consultation on permanency issues and the promulgation of the rules that guide child welfare work. All of these initiatives support the safe and equitable reduction in foster care.

2. WHY DOES DHS PROPOSE THIS POP?

This POP will increase the capacity of Child Welfare Design to support the work in the field, specifically in practicing to fidelity to the Oregon Safety Model, further implementation of Differential Response, Permanency Roundtables, services to children in foster care, and the safe and equitable reduction in the number of children experiencing foster care.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

This POP furthers the efforts that are driving the safe and equitable reduction in foster care. This is directly related to the Safety bid team for Child Welfare.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

This POP is tied to the safe and equitable reduction in foster care.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

   No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

   For some time, the field has had allocations from the Legislature to add staff, however, there was not a concurrent addition of staff for Central Office to support the field casework staff and supervisors. We have considered and used job rotations out of the field for more immediate coverage, but this is insufficient to provide the needed support.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

   If this POP is not funded, there will be a continued reduction in the support Child Welfare Design can provide to field workers. This will result in decreased fidelity to the practice elements, impacting all families services by child welfare. Reduced fidelity to the practice model could result in children being left in unsafe situations.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

   A reduction in the fidelity of practice to the safety model could impact Native American children and families that come to the attention of the department.
9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None.

10. WHAT IS YOUR EQUITY ANALYSIS?

These positions will be supporting the field staff in the consistent and equitable provision of services to families. Potentially, with this additional support, we will positively impact the disproportionate representation of children of color in the foster care system by placing fewer children in care, serving more families with children at home.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October, 2015

End Date (if applicable): N/A

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

No. This is to staff existing responsibilities.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

None identified.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

15 OPA3 – represented, 18 months, permanent
2 PA2s – represented, 18 months, permanent
2 PEM E’s – management supervisory, one 18 month permanent, one limited duration, 18 months.
1 PEM D – management supervisory, 18 month, permanent
3 AS 2s – represented, 18 months, permanent
4 Accountant 1 – to support payment processing for ORKids payments.
1 OPA 4 – management, non-supervisory, 18 months, permanent
1 OPA 1 – represented, 18 months, permanent

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

N/A

f. What are the ongoing costs?

N/A
g. What are the potential savings?

N/A

h. Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS PACKAGE

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<tr>
<th>Category</th>
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Department of Human Services - Fiscal Impact Summary by Program Area:

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What are the sources of funding and the funding split for each one?

**CW DESIGN Revenue Impact:**

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2015-17 Policy Option Package

Agency Name: DHS
Program Area Name: Office of Developmental Disability Services (ODDS)
Program Name: Stabilization and Crisis Unit (SACU)
Policy Option Package Initiative: N/A
Policy Option Package Title: Build Program Capacity for SACU clients in Provider Community
Policy Option Package Number: 110
Related Legislation: N/A
Program Funding Team: Healthy People

Summary Statement:
As Stabilization and Crisis Unit (SACU) moves toward a crisis resource for residential resources for the most vulnerable adults and kids across the State of Oregon, a strong need has emerged to support the current SACU population with enhanced services in community placed settings. To that end, the need for a focused strategic plan to address the “stepping down” of severely disabled, although NOT in crisis, individuals currently served through SACU resources is immediate, cost effective and necessary. This POP supports such a plan with start-up or “grant funds” to provider agencies throughout the state who will build residential homes targeted at a specific SACU population each agency agrees to serve if that agency is awarded a grant.

<table>
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<tr>
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<td>$653,730</td>
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<td>$153,258</td>
<td>$806,988</td>
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</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP would create a funding resource to develop capacity within the community provider agencies for targeted services in a residential setting. Currently there is not enough service capacity for placement of SACU clients who have stabilized and yet, through no fault of their own, their disability requires intensive oversight and staffing. SACU would work directly with interested providers to establish a relationship and agreement for services directed at current clients while placing them in the least restrictive settings to enhance their independence and improve their quality of life.

2. WHY DOES DHS PROPOSE THIS POP?

Over the last year of transition and focus on a crisis oriented service model, it has become apparent that the current 108 beds within the system of care are not fully accessible for those individuals in crisis due to the permanency of many current clients in SACU homes. Through further investigation it has become apparent that many SACU clients have “stabilized” and, but for a lack of community placements, remain in our crisis beds. This is compounded by the fact that there are waiting lists for both the children and adults which further places these individuals at risk during a time of crisis.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

The mission of DHS is to support people to lead independent and healthy lives in the least restrictive way possible. To that end, this proposal supports resource development to move individuals who are currently living in secured and hardened homes when it is no longer required, simply because there are no other community resources to which they could move.
4. **IS THIS POP TIED TO A SACU PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL SACU MEASURE THE SUCCESS OF THIS POP?**

As SACU is just beginning to develop performance measures, this POP will support the measure addressing length of stay in the agency. The metric currently under design for SACU has the general population of 108 beds primarily focused on LENGTH OF STAY within the agency, again with the focus on crisis and stabilization needs. Once those needs are addressed within the SACU service model, the client will be moved into a less restrictive and expensive community placement developed with resources from this POP.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No, it does not require a change to an existing statute.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

The need to expand program capacity has been a driver in the system of care for many decades. Current alternatives considered included:

a. The continuation of the current model which is an expensive service and oversight for a population no longer in need of this level of service;

b. Using the existing community provider resources but the current shortage of community residential beds as well as the higher acuity of this population did not support this alternative.
7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Not investing in community development of a less expensive and more independent resource is twofold. These individuals will need state provided services at a higher rate of expense than a community provider would cost, and the mission of DHS would be undermined in not supporting this investment. Additionally, a crisis bed would continue to be utilized for clients NOT in crisis but simply in our system for lack of additionally community resources. The waiting list will continue to grow.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

The agencies most impacted by this POP include community based provider agencies of residential services for the most severely I/DD clients within the state of Oregon. Those agencies would build capacity for services through this proposal as well as improve their own aptitude and skill set in the service provision to this client population.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None identified.

10. WHAT IS YOUR EQUITY ANALYSIS?

We are working with the Office of Multicultural Services to perform an Equity Analysis. Additional information will be reported at a future date.
11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

The determination of the actual “grants” to each qualified provider would be set through this proposal. The affected cost variance would simply be how far a dollar can be stretched in the development and construction of additional housing resources. An assumption of proper grant management, effective cost allocation, and oversight of managing physical plant construction are all variables in the mix of effective public stewardship of tax dollars. Approximately 25 GF Grants at $10,000 each.

Implementation Date(s): July 2015

End Date (if applicable): Once capacity met, or June 2017 whichever is earlier

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

None specified.

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).

None specified.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

More options in service providers. More capacity in the appropriate services.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary. OPA3 FT LD, OS2 FT LD, Central office, 50/50, to process grants/contracts.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

None

f. What are the ongoing costs?

None specified.

g. What are the potential savings?

None

h. Based on these answers, is there a fiscal impact?

Yes.
### TOTAL FOR THIS PACKAGE

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<th>Category</th>
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### DHS - Fiscal Impact Summary by Program Area:

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<th>Positions</th>
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<tbody>
<tr>
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<td>$0</td>
<td>$153,258</td>
<td>$806,998</td>
<td>2</td>
<td>1.76</td>
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<tr>
<td>Total</td>
<td>$653,730</td>
<td>$0</td>
<td>$153,258</td>
<td>$806,998</td>
<td>2</td>
<td>1.76</td>
</tr>
</tbody>
</table>
What are the sources of funding and the funding split for each one?
  The Federal Funds is Medicaid match.

(I/DD Program Delivery) Revenue Impact:

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid (Comp Srce 0995)</td>
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<td>$153,258</td>
<td>$153,258</td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
<td>$153,258</td>
<td>$153,258</td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: DHS
Program Area Name: ODDS Assessment Unit
Program Name: ODDS
Policy Option Package Initiative: N/A
Policy Option Package Title: Provider Rate Increases
Policy Option Package Number: 111
Related Legislation: N/A
Program Funding Team: Healthy People

Summary Statement:
Providers in 24 hour Group Homes and Supported Living Agencies have not had a Cost of Living Allowance (COLA) in 3 biennia. We are requesting a 4% rate increase to these provider agencies effective 1/1/2016. 4% is less than the combined COLAs for the previous three biennia but will allow these agencies to increase direct staff wages and/or benefits for those that serve our I/DD individuals.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,537,069</td>
<td>$0</td>
<td>$18,163,987</td>
<td>$26,701,056</td>
</tr>
</tbody>
</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP would increase existing provider rates for the 24 Hour Group Home and Supported Living provider agencies. Providers would then be able to increase salaries and/or benefits for their direct care staff. We would propose to implement these rate increases effective 1/1/2016. These increases could be implemented via the eXPRS system.

2. WHY DOES DHS PROPOSE THIS POP?

DHS relies upon community providers to support individuals with intellectual and developmental disabilities. These supports allow people to be integrated into their local community with the supports that they need to live full lives. I/DD providers have not received a COLA in the past three biennia. They are finding it difficult to maintain staff due to the ability of staff to obtain higher paying jobs with benefits in other settings. Staff that remain at these agencies are not able to make a living wage. These agencies are crucial to the delivery of services to the I/DD population.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

By allowing providers to increase the wages and/or benefits to their direct care staff they will be better able to maintain long term staff which leads to a more stable living environment for the individuals we serve.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

No
5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

If we do increase provider rates they will continue to lose staff to the Personal Support Worker side which does not provide services to the group homes or supported living agencies. This will decrease our seasoned workforce for those that cannot live on their own.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

If we do increase provider rates they will continue to lose staff to the Personal Support Worker side which does not provide services to the group homes or supported living agencies. This will decrease our seasoned workforce for those that cannot live on their own.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

None.
9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

I/DD stakeholders were involved in the development of this POP. A stakeholder group was developed to advise DHS on priorities for the 2015-17 budget and this concept was one of the highest priorities the group identified.

10. WHAT IS YOUR EQUITY ANALYSIS?

Further work on an equity analysis is required. DHS will be working with the Office of Equity and Multicultural Services to advance this conversation.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): 1/1/2016

End Date (if applicable): N/A

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   No.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

No.

f. What are the ongoing costs?

None identified.

g. What are the potential savings?

None.
h. Based on these answers, is there a fiscal impact?

Yes.

**TOTAL FOR THIS PACKAGE**

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Payments</td>
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<td>$18,163,987</td>
<td>$26,701,056</td>
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<tr>
<td>Total</td>
<td>$8,537,069</td>
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<td>$18,163,987</td>
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**(DHS) - Fiscal Impact Summary by Program Area:**

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<th>Positions</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I/DD</td>
<td>$8,537,069</td>
<td>$0</td>
<td>$18,163,987</td>
<td>$26,701,056</td>
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<td>0.00</td>
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<tr>
<td>Total</td>
<td>$8,537,069</td>
<td>$0</td>
<td>$18,163,987</td>
<td>$26,701,056</td>
<td>0</td>
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</tbody>
</table>
What are the sources of funding and the funding split for each one?

The Federal Funds are Medicaid.

**I/DD Program Revenue Impact:**

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid (Comp Srce 0995)</td>
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<td>$18,163,987</td>
<td>$18,163,987</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>$18,163,987</td>
<td>$18,163,987</td>
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</table>
2015-17 Policy Option Package

Summary Statement:
Increase the overall budget associated with Child Welfare and Self Sufficiency Training Contracts with PSU due to PSU COLA equaling 6.1%

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$224,721</td>
<td>$5,226</td>
<td>$292,660</td>
<td>$522,607</td>
</tr>
</tbody>
</table>

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

It would allow for Child Welfare and Self Sufficiency to maintain Current Service Levels of training.
2. WHY DOES DHS PROPOSE THIS POP?

The costs associated with the Master Agreement with PSU are increasing based on COLA increases. The agency needs at least the same number of trainings to maintain the legislatively required, and other professional development, trainings being currently provided.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

These trainings provide the basic skills necessary for staff to serve clients and assist them in becoming safe, healthy, and independent.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

No.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.
6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

The alternative considered was reducing the number and frequency of trainings that are both legislatively and programatically required to carry cases. This was rejected based on the increased caseloads that would result due to delays in training newly hired staff.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

Newly hired caseworkers would not be able to carry cases for up to 4 or more months after being hired due to our inability to have legislatively required training available to them that would allow them to carry cases. As a result existing trained workers would have to carry higher case loads.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Child Welfare and Self Sufficiency.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

None.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

There are no current racial/ethnic disparities in CW related to this POP.
11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

The assumption of this POP is that the current service level is not only necessary but possibly inadequate to meet the ongoing needs of an increased level of staff.

Implementation Date(s): __ July 1, 2015 ________________________

End Date (if applicable): __ N/A ________________________

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

   No.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

N/A

f. What are the ongoing costs?

$522,607 per biennium

g. What are the potential savings?

N/A

h. Based on these answers, is there a fiscal impact?

Yes
### TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
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<th>Position</th>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$224,721</strong></td>
<td><strong>$5,226</strong></td>
<td><strong>$292,660</strong></td>
<td><strong>$522,607</strong></td>
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### Department of Human Services - Fiscal Impact Summary by Program Area:

#### Child Welfare Design

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<th>Source</th>
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<td><strong>Total</strong></td>
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What are the sources of funding and the funding split for each one?

### Child Welfare Program Design Revenue Impact:

<table>
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<td>$292,660</td>
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<td><strong>Total</strong></td>
<td><strong>$5,226</strong></td>
<td><strong>$292,660</strong></td>
<td><strong>$297,886</strong></td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Self Sufficiency
Program Name: Program Delivery
Policy Option Package Initiative: N/A
Policy Option Package Title: SS – backfill empty OF & restoration of pos.
Policy Option Package Number: 070/113
Related Legislation: N/A
Program Funding Team: Economy and Jobs

Summary Statement:
This combination of policy option packages eliminates all the empty other fund limitation in virtually all Self Sufficiency positions and replacing it with a combination of General and Federal Funds. The empty other fund limitation issue is primarily the result of actions taken prior to the 2003-05 session to hit a GF target at the time, where all positions were provided some other fund limitation. In addition the loss of provider and hospital tax funding for Self Sufficiency positions, to free up GF in 2011-13 and 2013-15, was not permanently backfilled. DHS has been managing to the budget for several biennia through vacancy savings. The Federal Fund backfill is from the TANF flexibility in design POP 101. The remaining backfill is General Funds. This combination of actions will keep the Self Sufficiency workload model at 76.7%.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
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<td><strong>Program Area Name:</strong></td>
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<tr>
<td><strong>Program Name:</strong></td>
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<tr>
<td><strong>Policy Option Package Initiative:</strong></td>
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<td><strong>Policy Option Package Title:</strong></td>
<td>Rate Enhancements</td>
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<td><strong>Policy Option Package Number:</strong></td>
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<td><strong>Related Legislation:</strong></td>
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<tr>
<td><strong>Program Funding Team:</strong></td>
<td>Healthy People</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Summary Statement:
The Well Being Unit is recommending a Policy Option Package for 15-17, increasing the foster care maintenance rates.

The rate methodology used to determine the foster care maintenance rate was set in 2009 using the USDA Report: Estimated Annual Expenditures on a child by husband-wife families, urban-West and the Oregon Child Care Market Price Study.

The Well Being Unit is proposing the following rate increases for 2015-2017. These rates reflect updating the payment amounts with the original methodology and using the update 2013 federal USDA table.

Foster care 0-5 $735.09
Foster Care 6-12 $832.14
Foster Care 13+ $900.71

Foster care Shelter rate 0-5 $36.39
Foster care Shelter rate 6-12 $39.59
Foster care Shelter rate 13+ $41.85

Foster Care Enhanced Shelter rate 0-5 $48.76
Foster Care Enhanced Shelter rate 6-12 $51.96
Foster Care Enhanced Shelter rate 13+ $54.22

Personal Care Level 1 $231.00
Personal Care Level 2 $461.00
Personal Care Level 3 $692.00
Personal Care Level 4 $692.00 +
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

The foster care rate (FC) methodology approved in 2009 was reduced by the legislature in 2012 and has not been updated since the methodology was approved by the Department. This POP would return the FC maintenance rate payments to the methodology approved by the Department and maintain FC rates based on the rationale designed to meet federal requirements of reasonable costs of care.

2. **WHY DOES DHS PROPOSE THIS POP?**

This POP would bring Oregon’s FC maintenance payments into alignment with the methodology for the rate structure and keep Oregon compliant with the federal requirement to cover the reasonable costs of care for a child under Title IV-E.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

This increase in FC maintenance payments enhances the caregiver’s ability to adequately supervise and care for the child, supporting the goal of safety while in foster care and enhancing child wellbeing while in foster care.
4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

The Department strives for safety of children in foster care and maintaining a FC maintenance payment structure that allows for adequate care and supervision supports safety of children in care.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

We considered no changes, but doing so adds risk of litigation for underpayment of the provider population.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

There is potential for additional litigation for not covering the reasonable costs of care.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Oregon Youth Authority’s budget for Behavior Rehabilitation Services will be affected as the rate structure for FC maintenance is a part of the calculation of the daily rate for BRS placements.
9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

OYA also reviews the funding methodology.

10. WHAT IS YOUR EQUITY ANALYSIS?

FC maintenance payments are paid to all certified providers, regardless of race or culture.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): ___________ July 1, 2015 _________________

End Date (if applicable): ___________ N/A ________________

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   No.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

None.

f. What are the ongoing costs?

All of the costs would be considered ongoing to continue Foster Care services.

g. What are the potential savings?

None.

h. Based on these answers, is there a fiscal impact?

Yes
TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
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DHS - Fiscal Impact Summary by Program Area:

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</tr>
<tr>
<td>FTE</td>
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<td>0.00</td>
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</table>

What are the sources of funding and the funding split for each one?

The Federal Funds are Title IV-E.

(CW-Well Being) Revenue Impact:

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
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<tbody>
<tr>
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<td>Total</td>
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</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Aging and People with Disabilities
Program Name: APD Delivery
Policy Option Package Initiative: N/A
Policy Option Package Title: APS Supervisory Ratios
Policy Option Package Number: 115
Related Legislation: N/A
Program Funding Team: Healthy People

Summary
Statement: This policy option package proposes to staff supervisors of adult protective services staff at a 1:7 ratio.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
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<th>Other Funds</th>
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<td>1,883,432</td>
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</table>

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP would authorize supervisors of adult protective services staff at a 1:7 ratio.
2. WHY DOES DHS PROPOSE THIS POP?

Oversight of this critical function is necessary to ensure local adult protective services staff are exercising good judgment and meeting deadlines for responses. In most offices, APS supervisory responsibilities are combined with other responsibilities such as adult foster home licensing. This POP proposes to adapt Oregon closer to national standards. The National Adult Protective Services Association completed a survey that generated the following findings:

- Ten (10) states reported a ratio of 1:6 (this is the mode value),
- Six (6) more states a ratio of less than 1:6.
- A total of 27 states reported a ratio of less than 1:12 (77%),
- Only one state reported a ratio of 1:12, and one reported 1:14.
- Oregon is the one state currently using a 1:12 ratio.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

The DHS Mission is to assist people in becoming independent, healthy and safe. This POP assists in fulfilling that mission.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

No.
5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No. Implementation of this violates the 1:11 ratio as the micro level, but DHS will be able to maintain the ratio at the macro level due to the low number of supervisors being requested.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

Continuing to staff APS supervisors at the 1:12 level is an option but is not recommended due to best practices and the significant amount of risk in this area.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Continuing to stretch supervisory responsibilities thin for an important, high-risk area of responsibility.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

None.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None.
10. **WHAT IS YOUR EQUITY ANALYSIS?**

    N/A

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

    **Implementation Date(s):** 7/1/2015

    **End Date (if applicable):** N/A

    a. **Will there be new responsibilities for DHS?** Specify which Program Area(s) and describe their new responsibilities.

        None identified.

    b. **Will there be new Shared Services impacts sufficient to require additional funding?** Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

        No.

    c. **Will there be changes to client caseloads or services provided to population groups?** Specify how many in each relevant program.

        No.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

PEM C
9.3 FTE
PF

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Not applicable.

f. What are the ongoing costs?

Staffing costs.

g. What are the potential savings?

N/A

h. Based on these answers, is there a fiscal impact?

Yes
### TOTAL FOR THIS PACKAGE

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### APD - Fiscal Impact Summary by Program Area:

- **Aging and People with Physical Disabilities Program**
  - General Fund: $1,883,432
  - Other Fund: $0
  - Federal Funds- Ltd: $0
  - **Total Funds**: $1,883,432
  - Positions: 10
  - FTE: 9.30

**Total DHS**: $0

#### What are the sources of funding and the funding split for each one?

This POP is funded by 100% General Funds.
2015-17 Policy Option Package

Agency Name: DHS
Program Area Name: APD
Program Name: Oregon Project Independence – Pilot for Adults with Disabilities
Policy Option Package Initiative: N/A
Policy Option Package Title: OPI Population Expansion Pilot
Policy Option Package Number: 116
Related Legislation: HB5201-A
Program Funding Team: Healthy People

Summary Statement:
This policy option package provides the funding for DHS to implement Oregon Project Independence for People with Disabilities as authorized under ORS 410.435.

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1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

A pilot program to expand OPI to adults with disabilities is rolling out July 1, 2014 for a period of one year due to funding received through a Special Purpose Appropriations package in February 2014. This POP would provide continued funding for the 15-17 biennium.
2. WHY DOES DHS-APD PROPOSE THIS POP?

DHS-APD recommends that this program continue into the next biennium and that the individuals served continue to receive OPI services. These services are critical to maintaining independence in one’s home or community without relying on Medicaid.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

This program contributes to prevention and health promotion, improves health outcomes, provides services in the community and helps consumers maintain their dignity and independence.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

No.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No, this program is part of the existing OPI statute - ORS 409.050, 410.070, 410.435 the pilot was created as part of HR5201-A.
6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

The alternative is to tell participants in the pilot that they will only receive services for one year or to grandfather the individuals who are served during the pilot year into the larger OPI program. This results in fewer older adults being served under OPI.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

People who need services will not get them – either the adults with disabilities within the pilot or new older individuals will not be served likely resulting in their eventual need for Medicaid-funded support.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

No other agencies. This program is administered at the local level by Area Agencies on Aging.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

No other agencies.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

People with disabilities should have the same access as seniors to supports and services critical to retain independence.
11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): 7/1/15

End Date (if applicable): N/A

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

   Yes, the total number served in OPI will increase. Caseloads will be managed within appropriated resources.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

   No.
e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

None.

f. **What are the ongoing costs?**

Cost of services with minimal administrative cost.

g. **What are the potential savings?**

Savings to the Medicaid LTSS system and health systems overall through the investment of preventive services.

h. **Based on these answers, is there a fiscal impact?**

Yes.

**TOTAL FOR THIS PACKAGE**

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What are the sources of funding and the funding split for each one?

This POP is funded by 100% General Funds.
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Office of Self Sufficiency Programs
Program Name: Child Care Program
Policy Option Package Initiative: N/A
Policy Option Package Title: Increase the Employment Related Day Care (ERDC) caseload cap
Policy Option Package Number: 117
Related Legislation: N/A
Program Funding Team: Education

Summary Statement: DHS proposes to increase the ERDC caseload from 8,500 to 9,000 allowing more low-income working families access to safe, stable, quality child care. Families need ERDC to help pay for the child care necessary to maintain employment. Children in care need continuous quality educational experiences which support positive child development. This prepares children for kindergarten and beyond. Research shows having a subsidy affects parental choice. Families can select high quality child care programs, such as those offered through ERDC contracts with Head Start and providers that have achieved the Oregon Program of Quality designation. ERDC funds are paid directly to child care providers who are contributing members to local economies throughout the state.

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2015-17 Agency Request Budget

Page - 1

Department of Human Services

POP 117
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The ERDC caseload is currently capped at 8,500. This policy option would increase the ERDC caseload cap to allow more low income working families to access high-quality child care.

2. WHY DOES DHS PROPOSE THIS POP?

ERDC helps very low income working families from a variety of cultural and linguistic backgrounds arrange and pay for quality child care. Stable high-quality child care contributes positive outcomes to early childhood development and school readiness. To be eligible for the program, a family’s income must be less than 185 percent of the 2014 Federal Poverty Level. For a family of three, this amounts to $3,051 gross income per month. ERDC and families share the cost of child care. Families choose their child care provider and ERDC pays the provider directly for the State portion of the payment. The amount ERDC pays is based on the type of care and hours needed. Families pay a portion, called a copayment, of the child care bill. The copayment is based on a sliding scale depending on the family income and size. As the family’s income increases, the parent’s share of the child care cost increases while still remaining affordable. Currently, the ERDC program serves less than 20 percent of eligible Oregon families. This POP would allow more low income working families to receive ERDC. The ERDC program is a vital support that helps parents stay employed and gain self-sufficiency. Providers employed by ERDC clients are contributing members to local economies throughout the state.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

Child care that supports children’s development, especially in the early years, helps children succeed in school and better prepares them for their future. Early learning opportunities for children are generally provided for by the parents. Access to quality child care for low-income families is important so that their children also have the same opportunities to develop cognitive, social, emotional and behavioral skills to be
ready for school. Low-income families are faced with difficult choices when it comes to child care expenses. They may rely on an older sibling, or a variety of family or friends. This may lead to inconsistent or unstable care that interferes with the employment of the parent. Research shows that ERDC is critical in helping low-income families maintain employment. The Governor’s Early Learning Council (ELC) embraces the importance of investing in measureable, progressive quality child care.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

Yes, this is tied to the access to quality child care performance measure and aligns with the early learning and making work pay Governor’s initiatives.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No, this POP does not require a statute change.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

N/A

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

If families are not able to receive ERDC supports they may not be able to access quality child care and maintain employment. This may lead to instability in the family and may cause them to access other more costly services. Child care providers may also be affected as more parents are unable to pay for child care.
8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Oregon Department of Education as the lead agency for CCDF would be affected because this reduces the amount of state expenditures that count toward MOE.

The following Child Care stakeholders, and advocate groups would be in support of this policy option package: Children First, Oregon Association for the Education of Young Children, One Voice for Child Care, Children’s Institute, Oregon ASK, Oregon Community Foundation, child care providers and provider unions – AFSCME (American Federation of State, County and Municipal Employees) and SEIU (Service Employees International Union), Head Start and Oregon Child Care Resource and Referrals. The Oregon Department of Education Early Learning Division Office of Child Care also supports increasing the ERDC caseload cap.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

DHS collaborates with the Oregon Department of Education, Early Learning Division, Office of Child Care, across systems and sectors to establish goals and innovative outcomes for children. Other stakeholders include the Service Employees International Union (SEIU) and the American Federation of State, County and Municipal Employees (AFSCME) child care provider unions. This aligns with the Federal Office of Child Care outcomes to:

- Access to quality child care that supports parental employment in stable jobs that help them provide for their families:
- Healthy, happy, and competent children who are ready for school with the necessary pre-academic skills.
10. WHAT IS YOUR EQUITY ANALYSIS?

The Employment Related Day Care program (ERDC) helps very low-income working families from a variety of cultural and linguistic backgrounds in urban and rural communities arrange and pay for quality child care. ERDC provides low-income families with the same opportunity to quality child care as other families with higher incomes. This helps reduce the achievement gap and end the poverty cycle. Quality child care nurtures a child’s learning and development so the child is better prepared to succeed in school and later in the workforce helping them form more stable families of their own. ERDC helps parents stay employed and gain self-sufficiency by assisting with the consistent, stable child care parents need to remain on the job. ERDC also supports care for children with special needs, as well as offering providers who come from diverse cultural backgrounds. This policy option package will allow DHS to serve more families and supports our Service Equity goal by including families from all race/ethnicities, languages, metro and rural communities and those with children with special needs.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

The pricing of this POP is based on the Spring 2014 forecasted cost per case.

Implementation Date(s): Immediate upon passage

End Date (if applicable): Ongoing

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

No new responsibilities for other areas are anticipated.
b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No new responsibilities for other areas are anticipated.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No changes anticipated.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No new staffing is anticipated.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

N/A

f. What are the ongoing costs?

N/A

g. What are the potential savings?

N/A
h. **Based on these answers, is there a fiscal impact?**

   Yes

**TOTAL FOR THIS PACKAGE**

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What are the sources of funding and the funding split for each one?

This POP is 100% General Fund.
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Central Services/Shared Services
Program Name: Office of Contracts & Procurement & Office of Business Intelligence
Policy Option Package Initiative: Performance Based Contracting Breakthrough
Policy Option Package Title: Performance Based Contracting
Policy Option Package Number: 118
Related Legislation: ORS 418
Program Funding Team: Improving Government

Summary Statement: Provides infrastructure necessary to support efficiencies and expertise in negotiating, reviewing contract performance and securing proper contractual obligation for client services through performance based contracts. Performance based contracts are based on outcomes and require evidence based activities. Payment consideration is based on outcomes versus expenditure reimbursements. Staff required are: One (1) Lead Procurement and contract specialist (OPA 4) and two (2) (PCS3) to work in Office of Contracts & Procurement (Shared Services). One (1) (RA4) and one (1) (ISS6) would work from OBI (Central Services). In addition, there would be approximately $100,000 service and supply funds needed for Professional Services for consultation purposes.

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2015-17 Agency Request Budget Page - 1 Department of Human Services POP 118
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

Currently DHS is seeking to advance progress of Performance Based Contracting business practices pursuant to SB964 and the DHS Performance Based Contracting (PBC) breakthrough efforts. DHS depends on contracts with statewide and local businesses to help provide what our clients and customers need, whether it be counseling or copier maintenance. We need to manage our contracts to deliver the most effective, high-quality services to achieve outcomes and to maximize state resources to ensure that taxpayers get value for their investment. Performance Based Contracting delivers results-oriented contracting methods that focus on outputs, quality, or outcomes that may tie at least a portion of a vendor’s payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements. The implementation of this POP will be accomplished by the establishment of a permanently staffed PBC team consisting of a (1) OPA4, two (2) PCS3, one (1) RA4 and one (1) ISS6. This team will directly report to the Administrator of the Office of Contracts & Procurement. OPA4 with the (2) PCS3s will conduct workshops with Programs and vendors to establish PBC measures in contracting instruments. The RA4 will assist in the establishment of PBC metrics with stakeholders and participate in Agency level data synchronization and reporting efforts. The ISS6 will develop and maintain reports for monitoring progress and performance for DHS programs.

2. **WHY DOES DHS PROPOSE THIS POP?**

Virtually all DHS service delivery models and Programs will benefit from results-oriented contracting methods that focus on outputs, quality, or outcomes that may tie at least a portion of a vendor’s payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements. This POP would provide for the establishment of a core team made up of both Office of Contracts & Procurement and Office of Business Intelligence staff to affect these ends.
3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

The Performance Based Contracting Breakthrough is a key initiative aimed at providing better outcomes for individuals and families, while maximizing resources.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

Yes, it is tied to the OC&P performance measures and will be monitored accordingly. The agency will utilized evidence based practices to measure results.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

Performance based contracts require more rigor than traditional contracts. Paying for outcomes versus services is a substantial change in monitoring performance of service providers. Continuation of past practices maintains the status quo, but does not support our goal of providing better outcomes for our clients while better leveraging states resources.
7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

The agency and state would not achieve the best measurable value for the tax dollars funding current DHS programs.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Other affected agencies would be Oregon’s counties, universities, local non-profits, and possibly some Tribal entities. These agencies would participate in the establishment and execution of Performance Based Contracting business practices.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**


10. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

   **Implementation Date(s):** 7/1/2015

   **End Date (if applicable):** n/a

   a. **Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.**

      None identified.
b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

Computers, IPhones, space and cubicles

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

New permanent positions as shown in the Budget spreadsheet.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

N/A.

f. What are the ongoing costs?

Biennial funding of new positions and facilities increases.
g. What are the potential savings?

Unknown at this time.

h. Based on these answers, is there a fiscal impact?

Yes.

TOTAL FOR THIS PACKAGE

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</tr>
<tr>
<td>Total</td>
<td>$479,624</td>
<td>$477,687</td>
<td>$414,797</td>
<td>$1,372,108</td>
<td>5</td>
<td>3.75</td>
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</table>

DHS - Fiscal Impact Summary by Program Area:

<table>
<thead>
<tr>
<th></th>
<th>Shared – OC&amp;P</th>
<th>Central- OBI</th>
<th>Total DHS</th>
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<tr>
<td>General Fund</td>
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<td>$429,624</td>
<td>$479,624</td>
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<td>Federal Funds- Ltd</td>
<td>$50,000</td>
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<td>Total Funds</td>
<td>$577,687</td>
<td>$794,421</td>
<td>$1,372,108</td>
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<tr>
<td>Positions</td>
<td>3</td>
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<tr>
<td>FTE</td>
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<td>1.50</td>
<td>3.75</td>
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</table>
What are the sources of funding and the funding split for each one?

**Shared – OC&P Revenue Impact:**

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<th>Description of Revenue</th>
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<tr>
<td>Shared Services Other Funds Limitation (Comp Srce 0975)</td>
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<td>$477,687</td>
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<td>Medicaid (Comp Srce 0995)</td>
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<td>$50,000</td>
<td>$50,000</td>
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<td><strong>Total</strong></td>
<td>$477,687</td>
<td>$50,000</td>
<td>$527,687</td>
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**Central – OBI Revenue Impact:**

<table>
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<th>Description of Revenue</th>
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<tbody>
<tr>
<td>Medicaid (Comp Srce 0995)</td>
<td>0</td>
<td>$364,797</td>
<td>$364,797</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$0</td>
<td>$364,797</td>
<td>$364,797</td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Vocational Rehabilitation
Program Name: Vocational Rehabilitation
Policy Option Package Initiative: N/A
Policy Option Package Title: No Cost Position Authority Request
Policy Option Package Number: 119
Related Legislation: N/A
Program Funding Team: N/A

Summary Statement:
The policy option package is requesting position authority to clear all of the double filled positions within the Vocational Rehabilitation program. These positions currently have the necessary funding to support them. These positions were hired to serve the ever expanding need for rehabilitation services by Oregon residents, as well as meeting required over site of program based on federal reviews and reporting requirements. Vocational Rehabilitation has been able to fund these by reducing contract costs and managing spending related to client services.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

2015-17 Agency Request Budget
Page - 1
Department of Human Services
POP 119
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

This Policy Option Package would create position authority for the double filled positions within the Vocational Rehabilitation program and move the dollars out of the special payments portion of the budget to the personal services and service and supplies lines where they are being spent.

2. **WHY DOES DHS PROPOSE THIS POP?**

To better align the budget and provide the appropriate funding related to employee cost.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

This allows the program and the agency to reflect and manage the actual expenditures in the appropriate categories.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

No. Proper classification of budgeted and actual expenditures will allow the agency and program to properly manage within the budgeted authority as well as analyze any need to active the Order of Selection based on available funding.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

   No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

   Continuing as currently funded with manual tracking and continued impact of the federal funds used to support personnel.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

   The program would continue to fund the positions with all of the state increases each biennium using federal funds that do not increase thereby reducing the amount of money available for client services.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

   No.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

   N/A
10. WHAT IS YOUR EQUITY ANALYSIS?

N/A

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Cost of the actual employees on the double filled positions.

Implementation Date(s): 7/1/2015

End Date (if applicable): N/A

a. Will there be new responsibilities for Department of Human Services Vocational Rehabilitation? Specify which Program Area(s) and describe their new responsibilities.

No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No.
c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary. No

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training? No

No.

f. What are the ongoing costs?

The normal cost of positions.

g. What are the potential savings?

None.

h. Based on these answers, is there a fiscal impact?

No, because the dollars for the personnel and service and supplies will move from the special payments line.
TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
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<td>$0</td>
<td>$2,498,063</td>
<td>$3,174,151</td>
<td>19</td>
<td>19.00</td>
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<td>Services &amp; Supplies</td>
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<td>$0</td>
<td>$546,820</td>
<td>$695,335</td>
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<tr>
<td>Special Payments</td>
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<td>($3,044,883)</td>
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<td>Total</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>19</td>
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</table>

Department of Human Services - Fiscal Impact Summary by Program

Area:

<table>
<thead>
<tr>
<th></th>
<th>Vocational Rehabilitation</th>
<th>Total</th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$0</td>
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</tr>
<tr>
<td>Other Fund</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Funds- Ltd</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Positions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FTE</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

What are the sources of funding and the funding split for each one?

The funding sources are from the Basic Rehabilitation Grant and are existing revenue that is moving from special payments.
2015-17 Policy Option Package

**Agency Name:** DHS  
**Program Area Name:** ODDS Community Housing  
**Program Name:** CIP Home Maintenance & Repair  
**Policy Option Package Initiative:** N/A  
**Policy Option Package Title:** Community Housing Repair and Replacement  
**Policy Option Package Number:** 120  
**Related Legislation:** N/A  
**Program Funding Team:** Healthy People

**Summary Statement:** Community Housing has been part of I-DD budget since the 1980s. Currently, there are 203 CIP (Community Integration Project) group homes. There is continuous wear throughout these homes from the number of occupants and 24 hour care staffing present. By being proactive with a slightly larger budget, we could make these homes more livable and safer for the residents and care staff. Additional funding would help resolve three identified issues:

- Aging homes are in need of mold/dry rot repair, interior painting, and HVAC replacement units.
- Homes are in need of modifications due to increased behavioral issues among the residents.
- The CIP home residents are aging; resulting in a need for environmental adaptations.

These projects are expensive and require additional funds not available in the current budget.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,499,300</td>
<td>$1,499,300</td>
<td>$0</td>
<td>$2,998,600</td>
</tr>
</tbody>
</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

Community Housing would be able to tackle more of these pressing concerns; adding additional funds to the 15-17 budget will give Community Housing more flexibility in material replacements.

2. WHY DOES DHS PROPOSE THIS POP?

Over the last decade, Intellectual & Developmental Disabilities programs have significantly increased. Up until 2011-2013, Community Housing has been able to work within their budget. In 2011-2013 Community Housing needed to borrow against the $500,000 reserve. Currently, Community Housing has witnessed a significant referral increase, as a result of the K Plan.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

The additional funding would help keep these aging homes safe and livable for approximately 1,000 residents and provider staff. It is critical that these homes, which endure constant activity, are maintained and equipped with the proper environmental living adaptations to keep the residents healthy and safe.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

Success can be measured by having Group Homes that are safe and comfortable for residents to reside in.
5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

No other alternative solutions considered except a continual urging for the renter/provider organizations to report any physical issues; such as, holes in flooring, trip hazards, health concerns like mold issues, water damage, etc. Community Housing has yearly forums with all of the CIP homeowners where problems are heard and solutions are developed. A new forum is in the makings this year, which will include the renters and providers. The focus will be to act as a team in being proactive in prevention of home damages and early reporting of mold & water damage problems. These forums assist with networking and problem-solving; however, does not resolve the funding issue.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

I-DD is responsible to make certain the CIP homes are comfortable, safe, and livable. With limited funding, much needed repairs are waitlisted. This creates a health and safety issue for the residents and care staff, i.e. mold, trip hazards, etc.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

The entire portfolio of 203 CIP properties is owned by 16 non-profits. By increasing our budget, we can eliminate a lot of future repair issues, thereby, decreasing paperwork & administration costs for all. Close to
40% of the 30 year contracts/obligations for these CIP homes are due to expire in four years. If homes are up to date on repairs and maintenance, it would make these homes more appealing to the homeowners to contract these homes and provide housing for the Intellectual & Developmental Disabilities population.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None.

10. WHAT IS YOUR EQUITY ANALYSIS?

We are working with the Office of Multicultural Services to perform an Equity Analysis. Additional information will be reported at a future date.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity/Remarks</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Basic CAD software</td>
<td>1</td>
<td>$1,700</td>
</tr>
<tr>
<td>Pay back the Reserve Fund</td>
<td></td>
<td>$500,000</td>
</tr>
<tr>
<td>Care &amp; Custody - Empty CIP homes</td>
<td>$2900/mo</td>
<td>$69,600</td>
</tr>
<tr>
<td>Exterior Lift System</td>
<td>1 home</td>
<td>$15,000</td>
</tr>
<tr>
<td>HVAC Replacement Project*</td>
<td>70 homes</td>
<td>$308,000</td>
</tr>
<tr>
<td>Interior Painting</td>
<td>100 homes</td>
<td>$300,000</td>
</tr>
<tr>
<td>Behavior Modifications**</td>
<td>Various</td>
<td>$75,000</td>
</tr>
<tr>
<td>Mold &amp; Dry Rot damages</td>
<td>50 homes</td>
<td>$230,000</td>
</tr>
<tr>
<td><strong>Total Request:</strong></td>
<td></td>
<td>$1,499,300</td>
</tr>
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</table>

*HVAC Replacement Project-Currently 35 homes need this system replaced, in two years; another 35 homes will need the system replaced. All homes needing this system replaced are 20+ years old.
Implementation Date(s): 07/01/2015
End Date (if applicable): 06/30/2017

a. Will there be new responsibilities for Community Housing? Specify which Program Area(s) and describe their new responsibilities.

Added referrals as a result of aging homes and the K Plan.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.
e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

A basic residential CAD system would help speed up the Scope of Work process. This basic CAD software would cost approximately $1,700.

g. **What are the potential savings?**

Substantial savings by replacing damaged or worn out materials earlier than later. Funding constraints resulted in a waitlist for extended maintenance. The longer these repairs are on the waitlist, the more expensive they are to fix.

h. **Based on these answers, is there a fiscal impact?**

Yes
### TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Payments</td>
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<td>$0</td>
<td>$2,998,600</td>
<td>0</td>
<td>0.00</td>
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<td><strong>Total</strong></td>
<td><strong>$1,499,300</strong></td>
<td><strong>$1,499,300</strong></td>
<td><strong>$0</strong></td>
<td><strong>$2,998,600</strong></td>
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### I-DD - Fiscal Impact Summary by Program Area:

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<th>DHS</th>
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<td>$0</td>
<td>$1,499,300</td>
<td>$1,499,300</td>
<td></td>
</tr>
<tr>
<td><strong>Other Fund</strong></td>
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<td>$0</td>
<td>$0</td>
<td>$1,499,300</td>
<td>$1,499,300</td>
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<tr>
<td><strong>Federal Funds- Ltd</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td><strong>Total Funds</strong></td>
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<td><strong>FTE</strong></td>
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<td></td>
</tr>
</tbody>
</table>

**What are the sources of funding and the funding split for each one?**

Other Funds represent limitation to spend against the General Funds which are transferred to the Treasury.

### I/DD Program Revenue Impact:

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
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</thead>
<tbody>
<tr>
<td>Treasury Limitation (Comp Srce 1060)</td>
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<td><strong>$1,499,300</strong></td>
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</tbody>
</table>
2015-17 Policy Option Package

Agency Name: DHS/OHA
Program Area Name: Program Design Services
Program Name: Office of Business Intelligence
Policy Option Package Initiative: N/A
Policy Option Package Title: Oregon Enterprise Data Research Analytics
Policy Option Package Number: 121
Related Legislation: N/A
Program Funding Team: Improving Government

Summary Statement:
Understanding data and information from across state Agencies is a need that is being identified by many Agencies and multiple conversations are currently occurring. Analysis of integrated client/customer service information across state services would be a powerful tool to assist in identifying costs, risks, outcomes, and future need level at the state, community, family and individual level. It would also provide an understanding of our state services from client/customer perspective. Several efforts to do this are currently underway. Coordination and consolidation of these efforts, development of governance for data access and use, and resource for maintenance, expansion and analysis are needed for Oregon.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
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<tr>
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<td>$946,393</td>
<td>$1,889,626</td>
<td>$943,233</td>
<td>$3,779,252</td>
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</table>
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

Oregon state agencies continue to operate with fewer resources and diminished capacity while simultaneously planning, developing and implementing new ways of doing business. A key component of agency transformation is the ability to leverage advancements in technology and data analysis to support the organization’s business objectives towards achieving shared outcomes. Our main enterprise issue is the lack of sufficient data analytic, which involves the collection, synthesis, and analysis of data that can lead to improved decision-making as a result of understanding underlying patterns and trends.

State agencies collect a substantial amount of data about clients/customers and the services they receive. However, they generally do this in isolation from each other, many times using antiquated IT systems. A few states and cities have, or are in the process of, developed integrated systems or data warehouses to support analysis which inform internal and external decision-making. Examples of these include the state of Washington (see [http://www.dshs.wa.gov/rda/mission.shtm](http://www.dshs.wa.gov/rda/mission.shtm)) and the city of New York. This work is being accomplished through a sustained vision and long-term commitment. Oregon has several similar efforts underway including:

- the DHS/OHA Integrated Client Services (ICS) database and DHS Office of Business Intelligence and OHA Office of Health Analytics,
- the DOC data warehouse and the Office of Research and Projects, and
- the Education longitudinal data warehouse and research analysts

This work could be leveraged and expanded to provide a wider wealth of information needed for policy decision-making.

This POP would create and resource an Oregon Enterprise Data Analytics (OEDA) group for program research and evaluation purposes. Analysis would focus on costs, services and clients/customers receiving
social, health, educational, correctional and employment services. Social services would include welfare, food, cash assistance, housing, etc.

Data Analytic staff would be added to make broader use of the data that is being collected. The OEDA group would focus on enhancing analytic capabilities to support agency, system and legislative questions and build risk models and other tools for policy/practice decision-making. They would be able to analyze population-based outcome information and results across programs and systems.

From a data perspective, the current ICS database already brings together client and service information from DHS and OHA as well as information from Vital Statistics, Employment and DOC. The focus over the first biennium would be to expand this data to include Education/Early Learning and OYA. Certain service cost data and health risk/outcome data could also be added.

The OEDA group would be managed out of DHS/OHA shared services and would focus on the following foundational components:

- The creation of an inclusive enterprise governance structure over access and use of the data, to include representation from all areas whose data is included in the data warehouse. This governance would prioritize the analysis and model development performed by the OEDA staff.
- Research and data analytic staff to develop predictive/risk models and use advanced analytical capabilities to do program, policy and cost analysis. (see section 2 for more detail on the proposed focus of the analytic work).
- Completion of new data sharing agreements which adhere to agency, state and federal policies.
- Maintenance, expansion, and enhancement of data sets in the data warehouse, including:
  - development of matching and other business rules for new data,
  - collection/transmission of additional identified program data,
  - any incremental hardware and software costs,
This work would be done in collaboration with Agencies and programs and would not replace the need to have some agency specific data and analysis resources in support of their agency operations.

The vision for accomplishing this work would include having a researcher with expertise in specific services areas [such as health, economics, social services, etc.] that would be partnered with one or more “big data” analytic specialists. For example, WA currently has over 20 research/data analysts working on various projects. They also have 5 staff devoted to performance measurement. This does not include the staff that maintain their various databases or develop their online tools for workers.

As a starting point for this work in Oregon, an additional staff of at least 11 would be needed. This would be composed of:

- 1 manager [PEME]
- 8 research/data analysts [6 RA4, 2 Econ3] to perform data analysis/evaluation and developing risk models and other tools. In addition, they would provide guidance on how the data needs to be organized in the database to support efficient analysis
- 1 database administrator [ISS8],
- 1 database maintenance staff [ISS6],
- Part-time Information Architect (approx. 0.1 FTE)
- Part-time Information Security and Privacy analyst (approx. 0.1 FTE)
- Approximately 60 hours of AAG time to consult on the development of data sharing agreements

In addition to performing analysis and building models, analysts would work with each agency to understand their data and business requirements and to monitor for IT/data system changes that impact the data being pulled into the OEDA.

Also using the approach developed in Washington, opportunities would be actively sought to add staff over time through funding by agencies and/or grants for research.
2. WHY DOES (DHS/OHA) PROPOSE THIS POP?

This POP is being proposed in order to create enterprise analytics capacity to look more broadly and holistically at our clients/customers in order to more effectively serve them and improve their outcomes. For many years agencies and programs worked in silos, not recognizing that individuals and families were interacting and being affected by multiple programs and services at the same time and/or throughout their lives. The largest area of learning that is needed by policy makers today actually occurs outside of the silos. This POP would enhance the infrastructure for better decision-making around the effectiveness of interventions and help improve the efficient allocation of scarce resources. It also would provide better response to the real-time needs of citizens. It would help identify how to bring the right resources at the right time to the right families. It could also provide greater transparency and accountability – allowing for the creation of integrated, cross-system performance and outcome measurement.

Integrating data allows for longitudinal analysis of client/customer experience and needs which helps inform policy, practice and funding decisions. These analyses can help us identify ways to push resources earlier in client/customer’s lives to address issues found to put them at risk of escalation of needs, preventing the need for more costly interventions later.

Having large data sets of integrated information and dedicated data analytic staff make it possible to identify complex patterns in the data that may or may not be otherwise expected. This then allows for models and tools to be built to help identify risk levels and strategically target services. For example, complicated relationships such as those discovered in the Adverse Childhood Experiences (ACE) study could be uncovered by analysis of big longitudinal integrated data sets. The ACE Study found that as the number of adverse childhood experiences (such as abuse/neglect, DV, parental substance abuse, mental illness, divorce, or incarceration) increased, the risk for a number of health problems later in life also increased (health problems included alcoholism, smoking, heart disease to name a few).
In Washington, they have been able to leverage program evaluation and risk modeling work completed by their analytics group to create a Predictive Risk Intelligence System (PRISM) application which is now used to help triage high-risk Medicaid clients for eligibility to intensive, higher cost services. This has reduced inpatient and mortality risks for clients.

The initial focus of the OEDA work this biennium could include:

- Support of Early Learning and Education related questions- Having cross-agency integrated data will assist us with the need to understand early learning in the context of a complex ecosystem, including the system layers and actors that affect the five domains of whole child development. The following are examples of analysis that would be undertaken:
  - describing the relationship between social and behavioral risk factors and educational disabilities for K-12 students using linked DHS/OHA data and educational administrative data
  - determining Risk factors of late high school graduation or drop-out for children in 9th grade and receiving services from DHS/OHA – to focus additional intervention
  - developing child success risk calculations at various educational stages (i.e., kindergarten readiness, 3rd grade, 9th grade) using child and family service and risk factors

- Support of Additional “Feeder System” Analysis, similar to what has been started by DOC, which would provide a better understanding of the way and reasons that Oregonians move through the various state Agencies programs. This information is important in order to develop or target service interventions to where they can be most effective and can assist in better estimating future need for services. Better understanding factors that increase risk of entry to the child welfare system would be the first focus.

- Creation of de-identified data sets available for public research and analysis, as well as some aggregate data reporting for basic information.
3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

Better information is key to better decision-making. Bringing data together and analyzing it in meaningful ways leads to the expansion of information. Therefore this POP to build structure is an investment in growing the information we need today and in the future to innovate.

Governor Kitzhaber stated, "We can't move Oregon forward if we're operating in silos. We can only move Oregon forward if we can make connections and leverage opportunities." Bringing together and analyzing the vast amount of data we as a state have, is vital to making new kinds of connections.

It will help provide the information needed to address Oregon’s top priorities of:
- **Education:** Delivering better results for students, more resources for teachers and more accountability for taxpayers.
- **Health Care:** Working with local communities, health care providers, legislators, and federal partners to deliver better care and improved health at lower costs.
- **Jobs and Innovation:** Getting Oregonians back to work.

4. **IS THIS POP TIED TO A (DHS/OHA) PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS/OHA MEASURE THE SUCCESS OF THIS POP?**

The success of this POP will be measured by the analysis and models produced and by the availability of the de-identified data set.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

Several alternatives to this proposal were considered. One alternative was to partner with University researchers to develop the needed analysis. In speaking with staff in Washington, they emphasized that a direct connection to policy makers and implementers had been key to the success of their analytics office. Having that close connection, rather than a more theoretical or academic perspective, was necessary to having meaningful and directly applicable findings. Similarly, having the staff connected to a direct client service agency, rather than an administrative entity like DAS, is seen as preferable and a benefit because of the understanding of implementation and service delivery. The final alternative was to continue the multiple efforts underway and the relatively slow progress that agencies are making by trying to do this work on top of other data and analytic tasks for their programs. With the focus we have today on outcomes for our clients/customers and effectiveness of our services, especially in relation to the significant size of program budgets involved, this was not seen as a prudent alternative.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

Continued policy decision-making without all the relevant information.
8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Education, Early Learning and OYA would be affected. They would need to participate in the development of data sharing agreements and data transfer, understanding of their program data, and review and approval of analysis done using their data. They would also have the ability to access, with appropriate approval, additional analysis using other agencies’ data also. The governance structure, which would include representation from all participating agencies, would prioritize the analysis and models developed by the data analytics staff.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

In addition to DHS and OHA, the other agencies collaborating on this POP are Education, Early Learning, DOC and OYA.

10. WHAT IS YOUR EQUITY ANALYSIS?

This POP will allow for better analysis of service equity through the collection of demographic data for analysis around access, risks and outcomes.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): 10/1/2015

End Date (if applicable): N/A
a. **Will there be new responsibilities for (DHS/OHA)?** Specify which Program Area(s) and describe their new responsibilities.

None identified.

b. **Will there be new Shared Services impacts sufficient to require additional funding?** Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

Yes, a new unit would be created in Shared Services for the OEDA under the Office of Forecasting, Research and Analysis. Services which are required whenever incremental employees are hired will also be needed (e.g. HR, Payroll, Facilities, IT, etc.); OIS maintenance and potential expansion of the ICS database; Information Security & Privacy Office role in review of data sharing and security considerations.

c. **Will there be changes to client caseloads or services provided to population groups?** Specify how many in each relevant program.

No.

d. **Will it take new staff or will existing positions be modified?** For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Yes, see section 1. Staff would be for 21 months. It is assumed that development will be ongoing and never reach a true maintenance phase, due to the ever-changing dynamic of state, federal and local
policies around program domains and their data and data systems. As a result, the proposed staffing levels will likely need to be maintained in perpetuity.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Additional server space may be needed as well as potential modifications to the current ICS data base.

f. What are the ongoing costs?

Maintenance costs for the data warehouse, software license renewals, permanent staffing, Enterprise Technology Services (such as increased storage costs).

g. What are the potential savings?

None identified.

h. Based on these answers, is there a fiscal impact?

Yes.

<table>
<thead>
<tr>
<th>TOTAL FOR THIS PACKAGE</th>
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<tbody>
<tr>
<td>Category</td>
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<td>Services &amp; Supplies</td>
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2015-17 Agency Request Budget Department of Human Services POP 121
### DHS - Fiscal Impact Summary by Program Area:

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<th>Program</th>
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<tbody>
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<td>Other Fund</td>
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<td>FTE</td>
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**What are the sources of funding and the funding split for each one?**

This POP is funded with General Funds and matching Federal Funds. The Other Funds represents the limitation needed by DHS Shared Services to support the positions and Services & Supplies being requested.

### OBI - Revenue Impact:

<table>
<thead>
<tr>
<th>Description of Revenue</th>
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</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Shared Services
Program Name: Human Resource Center, Facilities Center, Office of Adult Abuse Prevention & Investigations and DHS Assessments
Policy Option Package Initiative: N/A
Policy Option Package Title: DHS Shared Services investments
Policy Option Package Number: 122
Related Legislation: N/A
Program Funding Team: Improving Government

Summary
Statement: Recommend one (1) payroll technician to reduce the ratio of payroll cases to technicians to 1/700 for DHS Office of Financial Services. Also, one (1) leasing agent to help with the extensive DHS leases that would work from DHS Facilities Services. One (1) Policy Analyst 2 for APD/APS unit to provide the necessary technical assistance and on-site support for legal/medically complex and sensitive investigations; regional support for the delivery system for DHS Office Of Adult Abuse Prevention & Investigation. Also, there are currently no regional coordinators for the APD System. Field services staff increased recently and TA/support services are unable to provide adequate support. In addition, the Operations & Support Unit needs two (2) additional Administrative Support Specialist 1 positions in order to support expanding office operations such as appeals panels, processing abuse reports, HB 4151 which will require processing of an additional 8,000 reports each year, report distribution, notification letters, public records requests, audit activities, data entry and expansion of duties as noted on page 18 of the Workforce Strategy Plan.
<table>
<thead>
<tr>
<th>Policy Option Package Pricing</th>
<th>General Fund</th>
<th>Other Funds</th>
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<td></td>
<td>$339,917</td>
<td>$529,519</td>
<td>$289,559</td>
<td>$1,158,995</td>
</tr>
</tbody>
</table>

1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

   See summary.

2. **WHY DOES DHS PROPOSE THIS POP?**

   To adequately fund significant infrastructure needs for these programs.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

   Helps keep Oregonians safe and independent.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

   No.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

   No.
6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

None.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

The APS system will be less able to serve the safety needs of Oregonians.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

None.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None.

10. WHAT IS YOUR EQUITY ANALYSIS?

None.
11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Position needs and timing of position start date of 1/1/16

**Implementation Date(s):** 1/1/2016

**End Date (if applicable):** N/A

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

- [x] DHS – Office of Financial Services
- [ ] DHS – OAAPI
- [ ] DHS – Facilities Services

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

New staff are being requested: (1) Acctg. Tech 2, (1) OPA 2 and (2) AS1s, (1) Leasing agent. These are being established as permanent full-time positions with start dates of 1/1/2016.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Start-up costs are the normal costs associated with onboarding of new positions.

f. What are the ongoing costs?

Ongoing costs are the normal personal service costs of new positions.

g. What are the potential savings?

None identified.

h. Based on these answers, is there a fiscal impact?

Yes.
TOTAL FOR THIS PACKAGE

<table>
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<tr>
<th>Category</th>
<th>GF</th>
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<th>Position</th>
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<td><strong>$289,559</strong></td>
<td><strong>$1,158,995</strong></td>
<td><strong>5</strong></td>
<td><strong>3.75</strong></td>
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DHS - Fiscal Impact Summary by Program Area:

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<th></th>
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<th>Other Fund</th>
<th>Federal Funds- Ltd</th>
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<th>Positions</th>
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<td>$289,559</td>
<td>$1,158,995</td>
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</table>

What are the sources of funding and the funding split for each one?

DHS Revenue Impact:

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<th>Description of Revenue</th>
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<td><strong>$289,559</strong></td>
<td><strong>$819,078</strong></td>
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</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Shared Services
Program Name: Office of Payment Accuracy and Recovery (OPAR) Fraud Investigation Unit (FIU)
Policy Option Package Initiative: N/A
Policy Option Package Title: TANF Investigator POP
Policy Option Package Number: 123
Related Legislation: N/A
Program Funding Team: Improving Government

Summary Statement:

Currently, OPAR’s client fraud investigators have caseloads in excess of 300 cases each. This is excessive and additional resources are needed to properly dispose of the backlogged workload. Further, an investigator’s work often happens in client homes and in adversarial situations where safety is a concern.

These new staff (7 FTE, Investigator 3 classification; 10 FTE, Investigator 2 classification; 2 FTE, Office Specialist 2; 2 FTE, Administrative Specialist 2; 1 FTE, Program Manager C) would provide the additional investigative horsepower needed to right-size the investigations unit, reduce existing safety concerns, as well as expand capacity for utilizing new data mining and GIS fraud identification techniques.
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This package would right-size the Fraud Investigation Unit for both the traditional number of fraud referrals needing investigation and to provide back-up and safety-oriented support for investigators as they go about their hazardous day-to-day activities. This staffing level would also allow the team to steadily reduce their backlog and provide the capability needed to work the new leads generated by the enhanced data analytics capabilities this package would also fund.

Data analytics is proving to be a valuable tool to many states. The capabilities afforded by even the ability to analyze a simple match of recipients to store locations provide many investigative opportunities that would go unnoticed without such capability. A recent pilot project undertaken in concert with the Oregon Audits Division, Food and Nutrition Service – Office of Inspector General (FNS OIG), FBI, DHS SNAP program staff, and our office highlights these capabilities. We are pursuing an FNS grant for specific data analytic capabilities funding, but the resources to work the leads and complete the investigations will need to come from our regular staffing. This package should allow us to ramp up this capability while we simultaneously reduce and eventually eliminate the backlog.

These additional investigative resources would also generate overpayments, cost avoidance, and recoveries. As a total funds investment, these new revenues and cost avoidance opportunities would cover the cost of adding the new staff and capabilities. The package return on investment (ROI) includes several positions that are not revenue / cost avoidance generating per se, which would be lower than an office and program level
ROI. If you consider just the expenses for investigators against recovery / cost avoidance, or with the entire package resources added at the office level, the ROI would be positive.

Program investments will allow FIU the opportunity to improve their effectiveness and efficiency through GIS, significantly improve investigator safety, and expand the deterrent effect that comes with more investigators. Further, these costs will be offset to a great extent by the new recovery and cost avoidance opportunities resulting from more investigators in the field and enhanced analytical capabilities.

2. **WHY DOES DHS PROPOSE THIS POP?**

   For the work referred to the Fraud Investigations Unit, and the type of work they do, increasing staffing to both handle the workload and to help mitigate the hazardous nature of the work is warranted. This POP would do these things as well as the benefits listed in response to question #1.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

   It clearly supports the integrity mission by providing resources for reducing fraud attacks.

4. **IS THIS POP TIED TO A DEPARTMENT OF HUMAN SERVICES PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DEPARTMENT OF HUMAN SERVICES MEASURE THE SUCCESS OF THIS POP?**

   It is tied to the OPAR performance measures and will be monitored accordingly.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

   It does not.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

   Alternatives are limited because of lack of personnel resources. The alternatives considered would only create service delivery gaps in other areas.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

   The long range effect would be fraud attacks would continue to increase to the point we would not be able to significantly impact and counter the trend. We would also be missing the opportunity to effectively utilize technology that could have a greater impact on fraud detection.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

   None.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

   DHS Self Sufficiency is collaborating on this POP.
10. WHAT IS YOUR EQUITY ANALYSIS?

None.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Positions would start at level 1 or 2 of the classification depending on work history.

Implementation Date(s): 1/1/2016 – 7/1/2016

End Date (if applicable): N/A

a. Will there be new responsibilities for Department of Human Service? Specify which Program Area(s) and describe their new responsibilities.

  None identified.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

  Computers, IPhones, space and cubicles, and leased vehicles.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

  No.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

New position as shown in the Budget spreadsheet (12-18 months)

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Graphic Information System software licenses (3).

f. What are the ongoing costs?

Biennial funding of new positions, facilities increases, vehicles, and GIS licensing.

g. What are the potential savings?

Historically, this number of investigators would generate approximately $5 million in additional Total Fund revenue and cost avoidance per biennium.

h. Based on these answers, is there a fiscal impact?

Yes.
**DHS TOTAL FOR THIS PACKAGE***

<table>
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<tr>
<th></th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
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<th>Position</th>
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**DHS Fiscal Impact Summary by Program Area:**

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<td>FTE</td>
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*Note: the original calculation for this package assumed some costs to OHA, but due to time constraints, the entire budget has been put into DHS at 2015-17 ARB. These budget tables reflect what the ARB pricing would be to DHS & OHA should the POP move forward into the next stage for POPs.*
### OHA TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$101,784</td>
<td>$0</td>
<td>$101,784</td>
<td>$203,568</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total**: $101,784 $0 $101,784 $203,568 0 0.00

### OHA Fiscal Impact Summary by Program Area:

<table>
<thead>
<tr>
<th>Program Area</th>
<th>SAEC</th>
<th>Total OHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$101,784</td>
<td>$101,784</td>
</tr>
<tr>
<td>Other Fund</td>
<td>$101,784</td>
<td>$101,784</td>
</tr>
<tr>
<td>Federal Funds- Ltd</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Funds</td>
<td>$101,784</td>
<td>$101,784</td>
</tr>
<tr>
<td>Positions</td>
<td>$203,568</td>
<td>$203,568</td>
</tr>
<tr>
<td>FTE</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
What are the sources of funding and the funding split for each one?

**Department of Human Services Revenue Impact:**

<table>
<thead>
<tr>
<th>Grant Funding that Support Shared Service</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNAP Grant funding (Comp Srce 0995)</td>
<td>$0</td>
<td>$674,319</td>
<td>1,348,637</td>
</tr>
<tr>
<td>TANF Grant funding (Comp Srce 0995)</td>
<td>$0</td>
<td>$0</td>
<td>788,826</td>
</tr>
<tr>
<td>ERDC Grant funding (Comp Srce 0995)</td>
<td>$0</td>
<td>$0</td>
<td>203,568</td>
</tr>
<tr>
<td>Other Shared Service limitation (CS 0975)</td>
<td>$2,127,485</td>
<td>$0</td>
<td>2,127,485</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,127,485</strong></td>
<td><strong>$674,319</strong></td>
<td><strong>$4,468,516</strong></td>
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**Oregon Health Authority Revenue Impact:**

<table>
<thead>
<tr>
<th>Grant Funding that Support Shared Service</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>OHA Medical Grant funding (Comp Srce 0995)</td>
<td>$0</td>
<td>$101,784</td>
<td>$203,568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0</strong></td>
<td><strong>$101,784</strong></td>
<td><strong>$203,568</strong></td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: DHS
Program Area Name: Central Services
Program Name: Budget, Policy and Analysis
Policy Option Package Initiative: N/A
Policy Option Package Title: Workforce Mgt Consulting Office positions
Policy Option Package Number: 124
Related Legislation: N/A
Program Funding Team: Improving Government

Summary Statement:
The Office of the CFO requests three positions in the Workforce Management and Consulting Office. Three positions dedicated to the creation and updating of DHS workload models; and the updating, tracking, analysis and position management of DHS workforce strategic plans. These strategic plans are necessary to align the DHS workforce to maximize programmatic outcomes and required position funding management. These positions would be 3 Operations and Policy Analyst 4s.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$293,574</td>
<td>$0</td>
<td>$293,574</td>
<td>$587,148</td>
</tr>
</tbody>
</table>
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

Central Services for the Department of Human Services will hire additional staff in the Budget to increase support for workload model development, maintenance and analysis as well as strategic organizational management functions including budget and financial management of positions.

2. **WHY DOES DHS PROPOSE THIS POP?**

This funding proposal will allow the departments to more effectively manage the resources available.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?**

Improving client outcomes furthers the agency’s goal of safety regarding clients we serve.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

No.

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.
6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

None.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Although Central Office would continue to support the agency programs, the amount of support would be diminished and would delay implementation of training, fiscal policy decisions and staffing related issues.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

None.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None.

10. WHAT IS YOUR EQUITY ANALYSIS?

N/A.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): 10/1/2015
End Date (if applicable):  N/A

a. Will there be new responsibilities for DHS? Specify which Program Area(s) and describe their new responsibilities.

☑ DHS-Office of Budget, Policy and Analysis

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

3 permanent full-time Operations & Policy Analyst 4s will be added within this POP.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Standard start-up costs associated with adding positions.
f. What are the ongoing costs?
   Position costs are ongoing.

g. What are the potential savings?
   None identified.

h. Based on these answers, is there a fiscal impact?
   Yes.
### TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
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<tr>
<td>Services &amp; Supplies</td>
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<td><strong>$0</strong></td>
<td><strong>$293,574</strong></td>
<td><strong>$587,148</strong></td>
<td><strong>3</strong></td>
<td><strong>2.25</strong></td>
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</table>

### DHS- Fiscal Impact Summary by Program Area:

<table>
<thead>
<tr>
<th>DHS-Central Services</th>
<th>Total DHS</th>
</tr>
</thead>
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<tr>
<td>General Fund</td>
<td>$293,574</td>
</tr>
<tr>
<td>Other Fund</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Funds- Ltd</td>
<td>$293,574</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td><strong>$587,148</strong></td>
</tr>
<tr>
<td>Positions</td>
<td>3</td>
</tr>
<tr>
<td>FTE</td>
<td>2.25</td>
</tr>
</tbody>
</table>

What are the sources of funding and the funding split for each one?

**DHS Central Revenue Impact:**

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
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</thead>
<tbody>
<tr>
<td>Medicaid (Comp Srce 0995)</td>
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<td>$293,574</td>
<td>$293,574</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0</strong></td>
<td><strong>$293,574</strong></td>
<td><strong>$293,574</strong></td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Aging and People with Physical Disabilities Programs and Intellectual and Developmental Disabilities Programs
Program Name: Home Care and Personal Care Workers
Policy Option Package Initiative: N/A
Policy Option Package Title: Cost per Case increase placeholder
Policy Option Package Number: 125
Related Legislation: N/A
Program Funding Team: Healthy People

Summary Statement:
This is a placeholder POP for likely increases to costs per case in DHS due to Federal statutory changes and other issues that may arise over the coming months. Because it is a placeholder no FF was calculated at this time and will need to be added at a later date when more details are in place.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$20,000,000</td>
<td>$0</td>
<td>$0</td>
<td>$20,000,000</td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Aging and People with Physical Disabilities Programs and Intellectual and Developmental Disabilities Programs
Program Name: Home Care and Personal Care Workers
Policy Option Package Initiative: N/A
Policy Option Package Title: Bargaining Pots
Policy Option Package Number: 126
Related Legislation: N/A
Program Funding Team: Healthy People

Summary
Statement: Bargaining pot placeholder to increase bargained rates of Adult Foster Care, Personal Support Workers and Home Care Workers.

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Option</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Package Pricing:</td>
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<td>$22,000,000</td>
<td>$31,500,000</td>
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</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Vocational Rehabilitation
Program Name: Vocational Rehabilitation
Policy Option Package Initiative: N/A
Policy Option Package Title: Shortfall for Federal Formula Grant
Policy Option Package Number: 127
Related Legislation: N/A
Program Funding Team: Economy and Jobs

Summary Statement:
The policy option package is requesting general fund backfill for current service level standard inflation that was calculated in package 010 Non-PICS Inflation, package 031 and 032 standard inflation. The Basic Rehabilitation Grant is a formula grant that works similar to a capped grant in that the federal dollars do not increase year to year. This request is to backfill the portion of the inflation that was calculated for the federal funds.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,340,503</td>
<td></td>
<td>($1,340,503)</td>
<td>$0</td>
</tr>
</tbody>
</table>
1. **WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?**

This would backfill the shortfall in federal funds created by calculating standard inflation on funds that are not available.

2. **WHY DOES DHS PROPOSE THIS POP?**

Backfilling the federal fund shortfall would keep the program at a consistent level of service, thereby being able to provide consistent assistance to Oregonians with disabilities.

3. **HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?**

This allows for a fully funded current service level for the Vocational Rehabilitation program, providing employment services to person with disabilities allowing them to live independently.

4. **IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?**

Yes the KPM is OVRS Closed – Employed. The reduction in dollars available to the program creates the potential that the Target of 66% will not be met.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

   No

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

   Reduction of the federal fund amount thereby lowering the total funds available for the continuing services. Reduction in services results in fewer clients receiving services which allow them to become employed.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

   Approximately 272 fewer clients would be served.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

   Potentially these clients could become Self Sufficiency clients.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

   None.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

    Vocational Rehabilitation serves all clients that are deemed eligible.
11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

The actual dollars calculated in packages 031 and 032 for federal funds as well as the Non-PIC personal services inflation calculated in package 10.

Implementation Date(s): 7/1/2015

End Date (if applicable): N/A

a. Will there be new responsibilities for Department of Human Services Vocational Rehabilitation? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

   No.
d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

No.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

None.

f. What are the ongoing costs?

Current cost of business.

g. What are the potential savings?

None.

h. Based on these answers, is there a fiscal impact?

There is no total fund impact.
## TOTAL FOR THIS PACKAGE

<table>
<thead>
<tr>
<th>Category</th>
<th>GF</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
<th>Position</th>
<th>FTE</th>
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<tbody>
<tr>
<td>Personal Services</td>
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<td>Services &amp; Supplies</td>
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<td>$0</td>
<td>($168,152)</td>
<td>$0</td>
<td>0</td>
<td>0.00</td>
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<tr>
<td>Special Payments</td>
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<td>0.00</td>
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<tr>
<td><strong>Total</strong></td>
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<td>$0</td>
<td>($1,304,503)</td>
<td>$0</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Department of Human Services - Fiscal Impact Summary by Program Area:

<table>
<thead>
<tr>
<th>Program Area</th>
<th>General Fund</th>
<th>Other Fund</th>
<th>Federal Funds- Ltd</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Rehabilitation</td>
<td>$1,304,503</td>
<td>$0</td>
<td>($1,340,503)</td>
<td>($1,340,503)</td>
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<tr>
<td>Total DHS</td>
<td>$1,304,503</td>
<td>$0</td>
<td>($1,340,503)</td>
<td>($1,340,503)</td>
</tr>
</tbody>
</table>

| Positions | 0        | 0        |
| FTE       | 0.00     | 0.00     |

What are the sources of funding and the funding split for each one?

**Vocational Rehabilitation Revenue Impact:**

<table>
<thead>
<tr>
<th>Description of Revenue</th>
<th>OF</th>
<th>FF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant 100110 (Comp Srce 0995)</td>
<td>0</td>
<td>($1,304,505)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$0</td>
<td>($1,304,505)</td>
<td>$0</td>
</tr>
</tbody>
</table>
2015-17 Policy Option Package

Agency Name: Department of Human Services
Program Area Name: Vocational Rehabilitation
Program Name: Vocational Rehabilitation
Policy Option Package Initiative: N/A
Policy Option Package Title: Employment of Persons w/ Dis by Fed Contracts
Policy Option Package Number: 128
Related Legislation: Federal Regulations
Program Funding Team: Economy and Jobs

Summary
Statement:
In 2012, Oregon business brought $29 billion in federal contracts to Oregon; in 2013, the amount was $19 billion. In order to continue to qualify for these contracts, Oregon businesses will need, as a consequence of a Presidential Executive Order, to insure that 7% of workforce is comprised of individuals with disabilities. VR is asking to Add 2.0 FTE Operations & Policy Analyst 2 positions to assist federal contractors (FCs) hire and retain persons with disabilities. They will assist Oregon business to recruit qualified persons with disabilities, develop pipelines for skilled workers and provide disability awareness training and technical assistance.

<table>
<thead>
<tr>
<th>Policy Option Package Pricing:</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$335,880</td>
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<td>$0</td>
<td>$335,880</td>
</tr>
</tbody>
</table>
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This last year the Office of Federal Contract Compliance Programs (OFCCP), part of Department of Labor, put out new guidance for federal contractors on fulfilling their Section 503 of the Rehabilitation Act obligations to hire individuals with disabilities. Part of those new requirements is a goal for contractors to have 7% of all levels of their workforce be individuals with disabilities.

Currently, VR has one staff member in charge of outreach and employer engagement. Part of that job is to engage with federal contractors. Given the number of federal contractors in the state who are beginning to reach out to VR for help in meeting their targets this is not enough. VR proposes an increase in the number of staff who do this work in order to meet the demand for federal contractor requested engagement. We would like to add two more staff, one in Portland MSA, and one in Central Oregon to compliment the one we currently have housed in Salem. These new positions will engage with contractors, educate them on the reality of working with people with accommodations needs, assist them with their hiring goals, and develop skill training pipelines for future employees.

2. WHY DOES DHS PROPOSE THIS POP?

By assisting federal contractors to meet their hiring targets DHS would expand the employment opportunities for individuals with disabilities. In order for VR to meet the employment goals of our clients, relationships with employers are very important. Quality services, appropriate training, and job preparation are not always enough for our clients to obtain employment. Often times relationships with employers are necessary to overcome employer held biases and misconceptions. These two positions would allow us to expand our relationships with employers across the state.
3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

VR’s primary responsibility is to help individuals with barriers to employment enter or reenter the workforce in jobs that create opportunities for growth. In addition to assisting our clients with the individual disability related barriers they face, we are also challenged with overcoming biases and misconceptions employers have about working with individuals with disabilities.

The OFCCP target for employers is an opportunity for VR. Because of these targets VR is being invited into contract’s businesses to engage with them, educate them on working with people with accommodations needs; assist them with their hiring goals; and develop skill training pipelines for future employees. This new dynamic allows VR to be a solution to a need the employers have. Additionally, this will aid in achieving the goals of the Governor’s Workforce Initiative and the Oregon Workforce Investment Board’s Strategic Plan.

4. IS THIS POP TIED TO DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

Our KPM for is VR: Closed –Employment is 66%. This a measure of the percentage of individuals who enter a plan who obtain an employment outcome. VR’s must report to its Federal funding agency on a number of Standards and Indicators including numbers of employment outcomes; hours worked per week and wages. In addition, VR’s state plan includes performance measures related to employer engagement and outreach, as well as the number of employers having access to VR training related to working with individuals who have accommodation needs. These two position’s impact on these performance measures will be tracked.
5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

In order to meet federal contractor’s requests for VR assistance with their hiring targets VR clearly needs to assign more staff to work with them. Consideration was given to moving counselor positions to work with the contractors. However, given increased demand on counselors to work with various populations including clients with Intellectual and Developmentally Disabled (I/DD) through Executive Order 13-04 and increased focus on youth transition, there are currently not enough staff to do that work. When VR is unable to serve clients in a timely manner under federal law we are forced into instituting an Order of Selection waitlist that limits our ability to serve clients with less significant disabilities. Pulling counselor staff to work with contractors is not feasible.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

Not reaching the hiring goals currently has no penalties for federal contractors at this point. However, there is a fear by some contractors that there may be penalties applied in the contracting process in the future. If that fear is realized federal contractor work in Oregon may be affected. Federal contractors brought into Oregon $29.2 billion in 2012 and $19 billion in 2013.
8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

According to the 2012 American Community Survey approximately 537,000 Oregonians, about 14% of Oregon’s population, have disabilities. Those Oregonians have an employment rate of just 22% compared to 63% of non-disabled Oregonians. VR only has a small portion of this population on its caseload. In order fill the federal contractor need VR will need to reach out beyond its caseload to the larger unemployed and underemployed disability community. These positions will reach out to the larger I/DD community, mental health partners, Tribal VR programs, TANF and SNAP partners, veteran partners, and the rest of the workforce system. Building on current relationships with these providers and systems to ensure we are getting qualified candidates with the skills and supports to meet the hiring needs of the contractors will be key the success of these positions.

9. **WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?**

None at this time.

10. **WHAT IS YOUR EQUITY ANALYSIS?**

VR serves all eligible individuals who apply for our services. In order to be eligible for VR services an individual must have a disability that is a barrier to employment and be able to benefit from VR services.

11. **WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?**

The pricing is based on two new OPA2 positions being filled for 21 months of the BI 15-17.
Implementation Date(s): ___________ 10/1/2015 ________________

End Date (if applicable): ___________ N/A ________________

a. Will there be new responsibilities for Department of Human Services Vocational Rehabilitation? Specify which Program Area(s) and describe their new responsibilities.

   No.

b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

   Yes.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

   Unknown.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

   There is a need for 2 new OPA2’s working for 21 months in BI 15-17 and continuing into future Biennia as full time permanent positions.
e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

None.

f. What are the ongoing costs?

Cost of personnel to assist federal contractors in hiring and retaining employees with disabilities.

g. What are the potential savings?

None.

h. Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS PACKAGE

<table>
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<td>1.76</td>
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</table>

What are the sources of funding and the funding split for each one?

State General Fund only.
2015-17 Policy Option Package

Agency Name: DHS/OHA
Program Area Name: DHS Central Services
Program Name: Office of Equity and Multicultural Services (OEMS) and Office of Equity and Inclusion (OEI)
Policy Option Package Initiative: N/A
Policy Option Package Title: REaL-D
Policy Option Package Number: 201
Related Legislation: N/A
Program Funding Team: Improving Government

Summary Statement:
This Policy Option Package supports the establishment of uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status by the Oregon Health Authority (OHA) and Department of Human Services (DHS).

In the current OHA/DHS systems architecture, the agency would be required to modify all systems, duplicate information across multiple systems and will most likely ask the same demographic questions of clients multiple times across the various programs.

This POP supports designing, building and implementing a master client data service that supports the long-term strategy of a comprehensive view of the OHA/DHS client. Upon establishment of a re-useable master client service, the agency will have the capability to collect demographic information on the client that will serve multiple program and reporting needs. One key focus is aligning the data systems used for collection and reporting of race, ethnicity, language and disability data with the new standard to promote health and service
equity for all programs and activities within the Department of Human Services (DHS and Oregon Health Authority (OHA)).

DHS and OHA have developed administrative rules and policies for collecting, analyzing, and reporting meaningful race, ethnicity, language and disability data (REAL+D) across DHS and OHA based on the foundation of the U.S. Office of Management and Budget’s (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies.

This POP will help establish the base master client service. Programs and systems utilizing this service will need to be determined through the 2014-2015 business analysis and systems assessment for REAL+D. The master client service will be an ongoing resource that supports systems and business processes alignment with HB 2134.

For the remainder of the 13-15 biennium (July 1, 2014-June 30,2015); DHS and OHA have put in place a REAL-D Analysis and Assessment Project to inventory and analyze all business processes, systems and reports across DHS/OHA that capture, update or utilize REAL-D data. This project’s focus is on a detailed assessment and impact analysis of the changes that will be required across DHS & OHA in support of the implementation of HB 2134 and the related Oregon REAL-D data collection standards. The outcome of the in-depth analysis will include a detailed business case and recommended implementation strategies for REAL-D data standards compliance.
1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This policy option package would leverage recent technology investments that support master data management to support the establishment of a master client service. Funds would be used to architect, design and implement re-useable approaches for systems to utilize a master client service including application interfaces for current systems to leverage the master data repository.

For the remainder of the 13-15 biennium (July 1, 2014-June 30, 2015), DHS and OHA will implement a REAL+D Analysis and Assessment Project to inventory and analyze all business processes, systems and reports across DHS/OHA that capture, update or utilize REAL+D data. This project will focus on a detailed assessment and impact analysis of the changes that will be required across DHS & OHA to support implementation of HB 2134 and the related Oregon REAL+D data collection standards. The outcome of the in-depth analysis will include a detailed business case and recommended implementation strategies for REAL+D data standards compliance.

Funding of this POP would support implementation of a common approach for allowing workers and clients to view, update and maintain their own profile based upon the data collection requirements, including REAL+D. This approach would provide appropriate access to DHS and OHA analytics groups to collect,
analyze and report on services related to various demographics to help reduce health and human services disparities. Better data would support better business functions and policies by increasing understanding of the causes of disparities, supporting the design effective responses, and supporting the evaluation of improvements over time.

2. WHY DO DHS and OHA PROPOSE THIS POP?

The Department of Human Services and the Oregon Health Authority both established equity (service equity and health equity) as part of their core values. However, problems with data prevent both agencies from knowing the full extent of inequity and from measuring the impact of efforts to assure equity. Tremendous inconsistencies exist in the data that different government, health, and human service agencies, and programs within agencies collect. Even definition of the terms “race,” “ethnicity,” or “disability” vary across key government, health, and human service institutions (i.e. Census, Office of Management and Budget, Institute of Medicine, Oregon Health Care Quality Corporation, etc.). Agency and contractor staff often lack training in best practice methods for collecting race, ethnicity, language and disability demographic information in a respectful and non-intrusive manner.

The data collection standards used by state agencies are inconsistent and insufficient to adequately assess the status and needs of Oregon’s communities of color, and immigrant and refugee communities. The inadequate data collection standards make it difficult to analyze how race, ethnicity and language impact individual and community health, making services more expensive and less effective in addressing community needs. Improving data systems is a key component of continuous quality improvement efforts that lead to health and service equity.

DHS and OHA need to implement a more sustainable model to support the current and future needs. The agency needs to implement data standards, data architecture and data governance to address the current requirements and implement business practices to provide flexibility and ensure data quality.
3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Both DHS and OHA are focused on equity and inclusion in the service of the citizens of Oregon. Without a unified method of collecting this information, it is not possible for the agencies to effectively review the results of their services and identify ways to improve services to certain populations. The standardized methodology will allow DHS and OHA to demonstrate progress towards reductions in racial and ethnic disparities by increasing transparency in reporting indicators by race and ethnicity. In addition, it will allow DHS and OHA to be consistent with federal reporting expectations and facilitate comparison of Oregon’s progress to address racial and ethnic disparities with national trends.

4. IS THIS POP TIED TO A DHS AND OHA PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS AND OHA MEASURE THE SUCCESS OF THIS POP?

Having client data routinely and accurately collected by race, ethnicity, language and disability will assist DHS and OHA in better understanding disparities in need, access, quality, and outcomes of services. The data will assist both agencies in supporting and developing community partnerships to close gaps, implementing quality improvement and customer satisfaction improvement initiatives, as well as to know how to set diversity goals to achieve parity with the agencies’ client populations.

This POP is directly tied to several outcome measures for the Department of Human Services: 05: Service Equity; 06: Employee Engagement; 04: Customer Satisfaction and 07: Workforce Diversity. It is also directly tied to one of DHS’ Breakthroughs: Improving Service Equity; as well as process measure OP2.3: Ensuring equitable access and inclusivity.
Efforts to improve data collection across OHA directly address the key goals, core and sub-processes defined by the OHA Strategic Plan and operational fundamentals, including the following:

- Ensuring data integrity
- Ensuring equity in policy and program design
- Ensuring equity in program delivery
- Providing or ensuring culturally responsive interventions
- Establishing and implementing quality control mechanisms
- Ensuring health, safety and client rights in publicly-funded programs
- Ensuring civil rights for customers, members, clients and participants
- Assessing quality and return on investment
- Ensuring accountability for results

5. **DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.**

No.

6. **WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?**

After the REAL+D Policy came into effect, the Office of Information Services (OIS) within DHS and OHA estimated the cost impacts of modifying 17 of the 40 legacy systems which contain person information to address the data collection requirements. Those estimates did not include organizational change management, training, survey modification, forms modification or analysis of sensitive data systems miscellaneous operational and contractual constraints. The total cost of implementation across all systems, forms and surveys on an ongoing basis will continue to grow especially if there are changes in other client demographic reporting requirements and would still not help either organization in getting a comprehensive view of our clients. Neither agency has been able to prioritize this technical work as compared to the other
operational and high priority projects such as Modernization, Health Insurance Exchange, and Health System Transformation. Even with the technical modifications, there would still be an impact to workers in both agencies as each of their separate systems is modified.

7. **WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?**

Without funding for this project DHS and OHA would not have the ability to effectively collect timely and reliable data to assist in identifying racial, ethnic, language and disability disparities. The agency performed preliminary analysis for estimated staff time impacts to modifying over 40 different DHS and OHA legacy systems which are a blend of highly diverse technologies, extremely fragile DHS mainframe systems, on highly complex infrastructure, and involving many transactional interfaces. Even if the agency had the ability to do this work, the agency would still be faced with field operations impacted and the expectation that there would be a similar investment in the future when additional data collection is required.

8. **WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?**

Improvements in data collection will support the dissemination of accurate data to other state, tribal and local governments, as well as Coordinated Care Organizations and community based organizations. The implementation of this POP would make data reporting and analysis more consistent between DHS and OHA and its governmental partners. It would also provide better data to governmental partners who are also assuring equitable access to and outcomes of services.

9. **WHAT OTHER AGENCIES, PROGRAMS or STEAKHOLDERS ARE COLLABORATING ON THIS POP?**

This POP has been a collaboration between DHS/OHA. As a shared service OIS has also been collaborating with DHS/OHA providing guidance as OIS will be delivering the IT solution. The steering committee that
will implement this POP will include representatives of stakeholders and programs who will be impacted by the system changes.

10. WHAT IS YOUR EQUITY ANALYSIS?

DHA and OHA both established equity (service equity and health equity) as part of their core values. As the Office of Equity and Multicultural Services and the Office of Equity and Inclusion both focus on equity, the equity analysis of this situation is detailed throughout the POP. In short, problems with collecting and analyzing data by race, ethnicity, language and disability prevent both agencies from knowing the full extent of inequity and from measuring the impact of efforts to assure equity. The inadequate data collection standards make it difficult to analyze how race, ethnicity and language and disability impact individual and community health, making services more expensive and less effective in addressing community needs. Agency and contractor staff often lack training in best practice methods for collecting race, ethnicity, language and disability demographic information in a respectful and non-intrusive manner. Improving data systems is a key component of continuous quality improvement efforts that lead to health and service equity. The ability to present disaggregated data adds immeasurable value to quality assurance and quality improvement efforts, promotes stewardship of limited public funding, and promotes responsiveness and transparency in governmental processes.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

A core REAL+D analysis team will be performing in depth analysis to facilitate the development of a strategy and implementation plan for compliance and adherence to REAL+D standards. Preliminary estimates predict that there are over 40 systems that use client demographic data that could be impacted by REAL+D. In-depth analysis is required to confirm all systems, business processes, programs and stakeholders that would be impacted by REAL+D standards.
Additional assumptions include the need for redesigned forms on which demographic data are collected, staff training REAL+D data collection and communications to support client awareness of new policy and requests for demographic data.

Both agencies are currently assuming that existing technology investments made supporting master data management capabilities would still be available to be leveraged to support the creation of a master client service.

Current agency work effort surrounding the creation on enterprise definitions of “client” would support the development of a master client service.

**Implementation Date(s):** July 1, 2015

**End Date (if applicable):** ongoing – until current systems are modified as much as possible and until new systems build in the standard upon development

- **Will there be new responsibilities for DHS and OHA? Specify which Program Area(s) and describe their new responsibilities.**
  - All DHS program staff that collect person-level information.
  - DHS data analytics staff
  - All OHA program staff who collect person-level information
  - OHA data analytics staff
b. Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Shared Services LC/POP Impact Questionnaire (at the end of this document).

Yes, standard office equipment and supplies for new staff listed in the POP.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

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<thead>
<tr>
<th>Positions</th>
<th># of months</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- ISS8 Data Architect (OIS)</td>
<td>24 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>1- ISS8 Application Integration Architect (OIS)</td>
<td>24 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>2- OPA4 Business Architect (1 for DHS and 1 for OHA)</td>
<td>24 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>1- PM3 Project Manager (OIS)</td>
<td>22 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>4- OPA2 Business Transition Training Specialists (2 OHA, 2 DHS)</td>
<td>22 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>2- ISS7 Configuration Specialists (1 for DHS and 1 for OHA)</td>
<td>22 months</td>
<td>Permanent</td>
</tr>
<tr>
<td>1 - ISS6 Testing Specialist (OIS)</td>
<td>22 months</td>
<td>Permanent</td>
</tr>
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$2,870,700 – Personal Services
e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Expand DAS Enterprise Architecture Tool Capability to support effort</td>
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<tr>
<td>Technical Training</td>
<td>$15,000</td>
</tr>
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<td>Technical Consultant for Siebel MDM tool</td>
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</tr>
<tr>
<td>Technical Consultants/System Integrator MDM implementation and Oracle SOA implementation and Oracle SOA implementation (contracts)</td>
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<tr>
<td>QA (contract, as required)</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$1,075,000</strong></td>
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f. **What are the ongoing costs?**

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<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tr>
<td>Enterprise Architecture Tool</td>
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<td>Infrastructure for EA Tool</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$45,000</strong></td>
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g. **What are the potential savings?**

Improvements in the data collection systems will streamline data analysis because all systems will collect data in a consistent manner. We anticipate savings in time and staff resources in data analysis and reporting. Additionally, as we are able to unmask health disparities and inequities through the standardized collection of disaggregated data, we anticipate improvements in the way the state and its external partners provide services, resulting in reduced costs for OHA, DHS and external partners.
h. Based on these answers, is there a fiscal impact?

Yes.

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<th>TOTAL FOR THIS PACKAGE</th>
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<td></td>
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<td>3</td>
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<td>Services &amp; Supplies</td>
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<td><strong>$1,000,000</strong></td>
<td><strong>$0</strong></td>
<td><strong>$1,743,644</strong></td>
<td><strong>3</strong></td>
<td><strong>2.84</strong></td>
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DHS - Fiscal Impact Summary by Program Area:

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<tr>
<td>Other Fund</td>
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<tr>
<td>Positions</td>
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</tr>
<tr>
<td>FTE</td>
<td>2.84</td>
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What are the sources of funding and the funding split for each one?

The Other Funds is the limitation needed by Shared Services.

**Program Area 1) Revenue Impact:**

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<th>Description of Revenue</th>
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<td><strong>$0</strong></td>
<td><strong>$1,000,000</strong></td>
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</table>
Our vendor is currently updating this report; however, it is not final at this time. It will be included in the 2015-17 Governor's Balanced Budget Document.
Department of Human Services
AUDIT RESPONSE REPORT


   - We recommend department management develop controls to ensure all Supplemental Nutritional Assistance Program federal revenues are recorded and year-end financial statement adjustments to expenditures are appropriate.

   DHS uses a third-party service provider to administer the Supplemental Nutrition Assistance Program (SNAP). This service provider draws revenue directly from the federal government as benefits are issued to clients. Each month the Office of Financial Services (OFS) receives a report from the service provider and records the federal revenue drawn in the state accounting system. At the end of the year Statewide Financial Reporting unit adjusts expenditures to match the revenue drawn for financial reporting.

   The January 2011 revenue recording from the service provider in the amount of $94,357,598 was missed due to lack of cross training while an individual was on medical leave. At the end of the fiscal year, the expenditures were reduced by an equivalent amount. Since the discovery of this error, cross training has been provided to OFS staff and an additional review has been established by the OFS Reconciliation unit to ensure each month’s revenue transaction is posted. Additionally, the Statewide Financial Reporting unit reviews the SNAP program trial balances for reasonableness during the reporting year to identify anomalies and to implement needed corrections prior to year-end close.

   The implemented cross training has been followed since implemented and has provided results. The OFS Reconciliations unit identified an error with an entry made for June 2012 and immediately notified the appropriate staff allowing it to be corrected and properly recorded.
• We recommend department management develop procedures to ensure that balance transfers pertaining to prior fiscal years are properly recorded and do not misstate current year fund balances.

In January 2010 Medicaid and CHIP Federal rules changed related to client citizenship documentation requirements. This change allowed the department to reclassify expenditures from GAAP General Fund to GAAP Health & Social Services Fund for current and prior fiscal years.

These types of adjustments are often large and require complex analysis to determine the appropriate accounting in current and prior periods. OFS will continue to provide training opportunities to program and internal staff on the importance of thorough documentation and understanding correct period recognition of balance transfers that relate to prior periods. The Statewide Financial Reporting unit has updated the year-end task list to include a review of balance transfers that were entered during the accrual period that affect prior periods.

In order to establish criteria for properly recording balance transfers(BT’s) pertaining to prior periods, the State Financial Reporting(SFR) unit has researched guidance contained in Generally Accepted Accounting Principles, OAM, and has consulted with DAS. This criterion for properly reporting adjustments of prior period activity was documented, and presented to Shared Services management and Secretary of State Audits. Because prior period adjustment consideration often requires complex analysis, accounting staff were notified (through the LDMS process) to send BT’s relating to prior periods to SFR unit for prior period adjustment consideration. SFR unit reviews, discusses the BT’s with accounting staff, and educates staff on correct accounting treatment. If a BT is qualified for a prior period adjustment, SFR unit then enters the prior period adjustment to SFMA referencing the BT doc. To further educate staff; at each state fiscal year end, SFR unit sends a training document (with its year end transmittal) and instructions to staff to send their BT’s relating to prior periods to SFR unit for prior period adjustment consideration.
On June 27, 2013, the State Financial Reporting unit sent a year-end task list to all Shared Services staff that included a training section on prior period adjustments. Additional prior period adjustment training was sent on June 10, 2013, to all staff in the Office of Financial Services newsletter that included a training section on prior period adjustments. The State Financial Reporting unit provided prior period adjustment training on March 19, 2013, during a Receipting Unit continuous improvement meeting. The Grant Accounting manager now requires staff to submit balance transfer documents that affect prior periods to State Financial Reporting unit for prior period adjustment consideration.

- We recommend department management strengthen controls to ensure documentation is maintained in the case files sufficient to demonstrate compliance with federal requirements.

One of the missing applications was for an Adoption Assistance case that began in 2002. Due to prior audit findings for Title IV-E in late 2009, the department instituted a process where the Adoptions Assistance Unit reviews the applications to ensure all documentation which supports the eligibility determination (Title XIX or Title IV-E) is attached. Although this process was not administered retroactively due to the volume of cases and the lack of resources, cases moving forward should have appropriate documentation. The eligibility for this case was retroactively reviewed and found Title IV-E eligible, thus categorically eligible for Medicaid.

The second missing application was used to apply for Self-Sufficiency program benefits. The application was initially processed by a case worker who determined Supplemental Nutrition Assistance Program (SNAP) eligibility. The same application was used, by a different case worker, to determine Medicaid eligibility; however; the application did not get returned to be filed in the case record. The case record was subsequently transferred to a different branch office, and the application could not be located. It has since been located. The DHS Family Services Manual provides procedures and outlines the steps for transferring case files between branch offices. In addition, DHS Imaging and Records Management Services (IRMS) provides services including imaging of documents and “open archiving” of case records to reduce the volume of applications and case file documents retained in branch offices. DHS sent staff an Informational
Transmittal reminding staff of the case file transferring procedures and providing a link to IRMS services information. In addition, DHS published an article in the “On-Target” newsletter for Self-Sufficiency staff about ensuring case files are complete prior to transferring to a different case worker or branch. DHS also added information to the Family Services Manual and Business Procedures manual regarding case file transfer processes internally within a branch. DHS will also research the questioned costs for the Adoption Assistance case and reimburse the Centers for Medicare and Medicaid Services (CMS) the appropriate federal funds. The department hopes to complete this adjustment by June 30, 2012.

DHS will review the case with undocumented income verification and reimburse CMS any federal funds as appropriate based on this review. The department will also address documentation requirements at the next Area Agencies on Aging (AAA) / Seniors and People with Disabilities (SPD) Field Managers meeting and in the newsletter to field staff by June 30, 2012.

To reduce barriers to access and eligibility, the OHA Medical Programs (formerly DHS Medical Programs) have implemented policies that allow a medical program eligibility determination using a previously submitted application, whether or not the prior application was for medical benefits. During this time (the period under review), it was the case worker’s responsibility to remember and obtain any additional information, such as private health insurance, needed to determine medical program eligibility.

The department continues to proactively strengthen controls over the eligibility determination process. Within the past 17 months, updates have been made to the Legacy computer systems to revise a field in the Client Maintenance (CM) system. This is now a mandatory field, requiring data entry by the case worker when setting up the medical case. The purpose of this field is to identify whether or not an individual has third-party insurance. Training for this systems’ change, along with other medical policy changes, was delivered statewide to field staff beginning in the fall of 2010. In addition, the training material is posted on the Self-Sufficiency Program, Medical Program Staff Tools website.
Medical program eligibility worker training includes guidance on how to process eligibility decisions. In addition, instruction is given to participants on how to “interview” to ask questions to ascertain eligibility information not captured on the current application in the case file, including whether or not individuals have private health insurance. The new data field and purpose is also explained in detail during the trainings.

DHS also researched the questioned costs for both of the cases missing the private health care information and determined no reimbursement to CMS was necessary.

DHS reviewed the case with the private dental insurance and found that no reimbursement of CMS was required. The department also addressed reviewing applications for insurance policy disclosure and the requirement to send the information to HIG in a newsletter to field staff and addressed these issues at an AAA/APD Field Managers meeting in September 2012. All actions on this recommendation were completed in August 2013.

- We recommend department management use the standardized contract language and ensure contractors include the standardized contract language with subcontractors to ensure compliance with federal regulations.

Beginning in May 2011, the contract used in the renewal process for Child and Adult Foster Home providers was replaced by the Foster Home Medicaid Provider Enrollment Agreement (SDS0738). This agreement includes the federal and state disclosure requirements. These new agreements are now in place for all Foster Home Providers (child and adult).

The department’s contract and Intergovernmental Agreements (IGA) include standardized language with regard to compliance with federal regulations (exhibit G for the 2009-2011 contract period and exhibit F for the 2011-2013 contract period). The IGA or contract requires that exhibit F is attached to any sub-contract. The department will include review for this attachment with sub-contracts during field reviews with...
Community Developmental Disabilities Programs and Adult Support Services Brokerages. This updated process will begin with the field reviews scheduled in September 2013.

- We recommend department management ensure the review for suspension and debarment is documented in accordance with department policy.

The Office of Contracts and Procurement (OC&P) reviewed the internal procedure, “Federal Debarment and Suspension Confirmation” and the “OC&P File Checklist” to ensure they comply with the federal debarment requirements. The procedure is in compliance with these requirements. The importance of checking debarment was discussed at the OC&P Unit meeting February 22, 2012. An individual conference was held with staff that had a file without debarment documentation to discuss and document the issue. OC&P management staff enhanced the training regarding debarment for new OC&P staff. Debarment is listed on the OC&P File Checklist, included in the Contract Processing Standards and a link is included on the OC&P intranet site.

- We recommend department management ensure adequate review of the various calculations of the cost pool statistics is performed.

A portion of the cost allocation process has been performed in excel spreadsheets that required some manual entry of statistics each month. In September, the previous month’s data had not been removed prior to processing the new data. As a result, the statistics became a blended two month average and was not calculated in accordance with the cost allocation plan. The review process in place did not and would not have picked up this error. The Office of Financial Services has analyzed the impact of the error and made adjustments as appropriate.

The Office of Financial Services implemented a new cost allocation model in July 2011, which now only relies on one remaining spreadsheet that needs to be automated. The manual intervention of the remaining
spreadsheet is to be eliminated by September 2012. The current model in use has eliminated the possibility of this human error happening again.

The implementation of the portal for the "grant-phase look-up" (the last major excel spreadsheet) was implemented February 1, 2013. The cost allocation system no longer relies on any spreadsheet maintenance and is updated by a user interface.

- We recommend the Department remove conflicting access rights where it can. In those instances where the conflict remains, the Department should develop and implement a detective control to specifically address those instances.

DHS management believes that most of this recommendation has been resolved through the following actions:
  - Continued reinforcement by management of the importance of internal controls
  - Limiting system access to that required to perform the duties of the position
  - Monthly review of the RACF report by sub-administrators, managers or assigned personnel
  - Regular business reviews in each of the field offices, ensuring that appropriate internal controls are followed, and
  - Distribution of the conflicting access report; if there is an actual conflict on the report there is an expectation of immediate action/response.

The DHS Data Collection and Reporting Unit (DCRU) has been providing a quarterly report to APD and SSP Field Administration showing if staff have conflicting access to a case over a span of several months. If a staff person had conflicting access at any time during the period, even if not in the same month, a record is returned that conflicting access might exist.

However, during the last audit review a data timing issue was identified in our existing potential conflicting access report. When data was reprocessed for Calendar Year (CY) 2013, additional potential conflicting
issuances were identified. To resolve this issue the report has been changed to report data through the most recent month available, but notes that the final three months of any period is preliminary for three months past when the month is originally reported. Corrected data reporting the possible conflicts was shared with both APD and SSP Field Administration. Further, the frequency of this report was increased to be monthly instead of quarterly. The changes to this report will be in effect April 2014.

2. DHS and OHA: Strategies to Better Address Federal Level of Effort Requirements, audit # 2012-11, (dated April 2012)

- To maximize state resources, allocate General Funds strategically, and ensure continued compliance with Level of Effort requirements, we recommend management from Oregon agencies subject to federal Level of Effort requirements:
  - encourage program staff to work with their federal agency contact to understand possible financial sources available to meet Level of Effort requirements, including funds outside of those directly budgeted for that program;
  - work with the Legislative Fiscal Office to make information available to Oregon Legislative members explaining Level of Effort requirements and consequences for lack of compliance;
  - conduct regular communications among program, financial, and budget staff within each agency to discuss Level of Effort compliance and cross-program expenditure possibilities; and
  - strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.

While OHA and DHS generally agree that the recommendations are reasonable expectations, we are concerned that the report contains no specific analysis explaining if the additional efforts it recommends will generate benefits in excess of their anticipated additional costs. It is also unclear to OHA and DHS management how these recommendations should be prioritized amongst the other activities available to the agencies to improve efficiency and effectiveness. With that said, we do see opportunities to make
improvements to our communication and coordination processes within the two agencies and with our other state and federal partners.

As can be seen in the report, Level of Effort is a very complex subject due to all the different grants and specific rules each grant requires. As such it can be difficult to apply general statements and recommendations regarding Level of Effort (LOE) requirements to all of the grants listed in the audit. For some of the grants administered by OHA and DHS some of the specific details of the above recommendation do not apply. For the Medicaid and the Children’s Health Insurance Program, the LOE requirements are eligibility based and not expenditure level based. Another grant, the Senior Community Services Employment Program, only requires that placement of an enrollee not supplant normally budgeted positions or contract work at the host agency. There are also grants, such as the Block Grants for the Prevention and Treatment of Substance Abuse, that have historically only allowed expenditures from the recipient agency in determining compliance with the LOE requirement.

OHA and DHS agree that Oregon agency management (including program, fiscal and budget staff) need to understand their grant requirements. We also agree, and do, actively work with the Legislative Fiscal Office (LFO), and the Department of Administrative Services, Chief Financial Office (CFO) to communicate, maintain and ensure compliance with these grant requirements. While we also feel for many of the grants administered by OHA and DHS, we are currently engaged in these discussions at the level necessary, there may be some efforts that could be improved.

Both agencies will review our current communication and coordination efforts related to the individual grants identified in the report to determine if improvements are needed. This will include consideration of a more formalized internal and external meeting structure to discuss ongoing LOE issues and possible changes in other agency programs that may impact LOE (both opportunities and challenges when programs are reduced).
DHS and OHA are consistently looking for ways to increase MOE in some grants and ensure the legislature is aware of impacts to MOE on others. DHS and OHA strive to understand all grant Matching and MOE requirements and look for innovative ways to maximize both.

Management of LOE and Maintenance of Effort (MOE) is an ongoing focus within the agencies as part of successfully managing our federal grants. As MOE and Matching requirements do change with new grants this is never truly complete. In addition staff turnover requires “white” papers and other trainings, including self-directed training, on LOE requirements in both DHS and OHA. In addition at times other agency grants are needed to be researched. This is an ongoing part of what DHS and OHA do to manage grants.

For some grants, such as TANF, we spend significant time analyzing funding opportunities and have put in place a "certification process" as a way to both have routine communications with partner agencies and document other agency LOE related expenditures. We continue to partner with non-traditional MOE programs such as the food banks to explore possible additional opportunities. We also agree there may be additional funding opportunities available and will work with CFO and LFO as necessary to resolve cross-agency issues as they arise.

In fiscal year 2013, OHA leveraged an additional $230 million in federal funds as part of the five year Medicaid waiver with Center for Medicare and Medicaid Services (CMS) known as DSHP (Designated State Health Programs.) Investments by CMS in DSHP are a strong partnership between OHA and the federal government deemed necessary to implement the health system transformation.

We will continue to review our programs to determine if there is funding that is in excess of current grant requirements that could help other programs or grants meet their LOE needs. We will continue to work with LFO and CFO to help facilitate the communication of new opportunities as they arise, keeping in mind sufficient analysis is always necessary prior to using any new LOE source to meet specific grant expenditure level requirements.
Both agencies recently made changes to internal grant application processes which enhanced the communication between program and fiscal staff prior to the grant applications being submitted. Both agencies have also continued to actively work with the LFO, and DAS-CFO to communicate, maintain and ensure compliance with these grant requirements. This includes recent detailed history and estimates for the Governor’s Budget Process to allow BAM to account for MOE issues as much as possible in the 2013-15 budget process. The agencies have communicated to LFO and CFO any LOE/MOE requirements that are directly tied to all reduction options that might be considered to meet statewide revenue shortfalls. In addition, the agencies continue to work with other internal programs, agencies or private entities to maximize MOE.


- We recommend that Child Welfare district offices and branches share locally-developed practices or systems that support caseworkers, create efficiencies, and develop caseworker skills.

- We recommend the Department of Human Services Child Welfare Program:
  - Evaluate and set priorities among the expected caseworker duties contained in their Child Welfare procedures manual.
  - Routinely gather and share potential best practices among districts.
  - Consider assigning a program manager dedicated to returning children home at the central office to provide better direction and support to enhance caseworker practices. The manager’s responsibilities could also include working with other Child Welfare Managers to evaluate and set priorities among current return home practices and ensure best practices are distributed among districts.
  - Continue with efforts to implement a policy of annual employee performance evaluations to encourage professional development, improve working environments and better achieve the program’s mission.
• Evaluate whether support staff could help alleviate caseworkers’ workload burden by providing more assistance on administrative tasks. This should include determining if support staff need additional, but adequately controlled access to the program’s OR-Kids system.

• We recommend federal reconsideration of current funding practices to determine whether alignment with the federal goal of returning children to their families would produce better outcomes.

As stated in the draft audit report, there are a number of competing demands on child welfare caseworkers as they navigate their day-to-day work with families. Other groups and agencies are involved in the decision making process that must be coordinated, and there has been an increase in the expected activities of a caseworker without adequate increases in resources. Child welfare is staffed at approximately 67% of the need given the current workload and there are tasks that go undone every day.

As also stated in the draft audit report, child welfare work is complex. Each family is unique and requires the expertise of the caseworker and supervisory support to craft the plan that will afford the best chance of success and reunification of the family. Despite this, Oregon returns children to their parents at a rate higher than the national average.

While Oregon has a state administered system, there is a differentiation of roles and duties between the Central Office child welfare staff and the field child welfare staff. The promulgation of rules and procedures, and the consultation that helps maintain fidelity in application of those rules and procedures, is work done by staff in Central Office. The actual work with families occurs through state employees in 16 Districts around the state.

The department is in agreement with the recommendation that priorities need to be set among the expected duties contained in the Child Welfare procedures manual. Given the demands and expectations of the work and the current staffing levels, prioritization is critical. The decisions regarding which tasks will be left undone must occur close to where the work with families is being done in order to take into consideration
the uniqueness of the situations in each case. Caseworkers are required to have specific training to do their work, and their expertise combined with the clinical supervision of their direct supervisor are needed to provide the case management that is required for families to be successful. It is in this relationship between a caseworker and their supervisor that the prioritization of work is done. A static list of priorities issued from Central Office will not serve families well and could leave children in unsafe settings. Each month at the District and Program Managers meetings, workload is an agenda item and there are a number of suggested areas where some changes in rule and procedure could result in workload reduction. Some have already been implemented and some will take longer to evaluate and implement. These meetings also provide a forum for the discussion between field managers and Central Office managers on practice innovations, efficiencies and caseworker skills assessments.

The following is a list of some of the workload reduction efforts which have been implemented in the last couple of years, or are in the process of being implemented statewide:

- Changes to face-to-face requirements to come into alignment with Federal expectations.
- Elimination of certain redundant letters.
- Development of templates for certain legal notices and actions.
- Elimination of a six page report previously required for guardianship reviews.
- Changes to CRB operations, leading to a reduction in duplicate reviews on cases.
- Elimination of CRB reviews for children who are on Trial Reunification placement.
- Increased access to SpeakWrite for caseworkers to allow for dictation of notes.
- Increased investment in technology solutions (tablets, laptops, netbooks, GPS devices, Digital Voice Recorders etc.) to assist workers in being more efficient while in the field.

Potential best practices are also discussed at both the District and Program Manager meetings; however, there has not been a schedule for these conversations. In order to ensure a regular and timely discussion of innovations to practice, this topic has been added to the monthly meetings where District Managers and Child Welfare Program Managers meet jointly.
The Child Welfare Program managers have designated time in their monthly agenda to discuss best practices and hot topics. Child Welfare supervisors have also been discussing local best practices during their round table conversations at quarterlies. For caseworkers, we have re-initiated Child Protective Services quarterlies across the state, to allow for practice forums and case-specific dialogue in an effort to improve consistency and expertise. These quarterlies are also attended by Central Office staff responsible for working with branches and they are able to reinforce the sharing subsequent to the quarterly when they visit the branches.

The department recently implemented a change in the organizational structure of Central Office and focused all child welfare programs in one program area, the Office of Child Welfare Programs. This office realigned its resources to better match the flow of a case in the field, strengthening resources to support reunification practice.

These re-organization efforts also allowed for better focus on child safety with their family. The Permanency team moved from an adoption focus to a focus of permanency for children which includes the responsibility of reunification, adoption and guardianship. The reunification focus is reinforced though consultation to the field by safety consultants if the case is early on in the Child Protective Services (CPS) process, or the permanency consultants if the case has been open for services for an extended period of time.

In addition, the department has been engaged in a number of efforts to safely and equitably reduce the number of children in the foster care system. The legislature provided an initial investment in the state’s plan to move toward a child welfare system of Differential Response. This initiative focuses on engaging families differently with a focus on maintaining children at home, decreasing the number of children that will experience foster care. In addition, legislation was passed in the 2011-13 session which created Strengthening, Preserving and Reunifying Families Programs. These programs are a collaboration of a broad array of services, which are the primary method of service delivery to families involved in the child welfare system. The combination of Differential Response and this new service array will significantly increase the number of families that are able to safely parent their children while addressing the issues that
brought them to the attention of the child welfare program. Implementation of the service array is scheduled to be completed in May, 2014. Staged implementation of Differential Response is scheduled to begin in three counties (Lane, Klamath, and Lake Counties) in May, 2014. Finally, in preparation for Differential Response, the department has conducted refresher training for all line supervisors in the elements of the Oregon Safety Model. Intensive coaching has been provided the supervisors to assist them when they return to their units and begin assisting line workers in the application of the model. This refresher has in part focused on how to safely maintain a child at home while working with the parents, as well as, how conditions would necessitate the removal of a child from the home.

The department is engaged in other initiatives as well, which are focused on returning and maintaining children at home. Specifically, we have invested in In-Home Safety and Reunification Services, and continue to work with a select number of counties in collaboration with Casey Family Programs, the courts, and the Early Learning Council and Youth Development Council to look innovatively at strategies to safely and equitably reduce the number of children in foster care. The number of counties involved in this collaboration has increased over time. We are in the process of expanding the collaboration statewide.

As stated in the draft audit report, the department has begun the implementation of the Performance Feedback Model. The implementation and evaluation of that model is an outcome measure on the department’s Fundamentals Map as well as the Child Welfare Fundamentals Map, and a topic of the department’s and program’s Quarterly Business Reviews. Since implementing this practice, Child Welfare has improved by 30% over the last quarter in the number of workers who have an Employee Development Plan. Work continues with the districts to increase this measure with a goal of 100% within the next year.

In the development of the technology system that supports child welfare, OR-Kids, the documentation of activities done by the various staff that work with families was required to be entered by the individual that did the work. This resulted in an increase in the documentation activities of the caseworker that in the prior system may have been entered by support staff. Because the OR-Kids system is a role based access system, support staff cannot enter material on behalf of the case worker. Since the implementation of OR-Kids, the
The department has been evaluating the design and actively looking for opportunities to improve on the design. One of these areas is the further evaluation of the role based assignments for entry of data. The department believes there are data entry activities that can be shifted back to support staff and is working to implement those changes.

As a pilot, District 3 Child Welfare (Marion County) has been working with Central Office and Lean Leaders to create a series of lean processes and branch protocols which will have statewide impact. Together, they have mapped out 42 business processes which were impacted by the implementation of the OR-Kids system, and designed the leanest business process flow for each of them in an effort to more closely align their work processes to the newly designed system, and create as much efficiency as possible in the processes. When combined, these individual processes comprise systems which identify positions responsible for specific parts of each process, and allow branches to make decisions about how to best maximize support staff, freeing caseworker time to work with families.

All District Managers and Program Managers have agreed to implement these business processes in their offices for all the work which takes place on a case in the first 30 days. Many of those processes (like Legal and Financial), once designed for the first 30 days, are also replicable for the entirety of the case. The exercise of deliberately going through this process will also produce branch protocol manuals, which can be used for local training. The plan for dissemination to the rest of the districts is in process. The six process areas which will be implemented for each office are:

- Legal,
- Person Management,
- Financial,
- Service Entry,
- Meetings, and
- Provider Management.
Finally, the department is in agreement with the recommendation that the federal government align the funding for child welfare with the national priorities of safely reducing the number of children in the foster care system. Oregon has been involved in providing feedback on several proposals for federal finance reform for the child welfare system. As opportunity arises, the department will continue to participate in this national conversation.

While progress has been made, efforts to fully implement the recommendations in this audit will continue with a goal of increasing the number of children who can safely return to their home and families.

4. DHS/OHA: Health and Human Service Caseload Forecasting: Ways to Increase Confidence, audit # 2013-03, (dated February 2013)

DHS and OHA agree that accurate caseload forecasts are critical for agency budgeting and legislative allocation of limited state funds. Since both agencies are required to report to the Emergency Board and would prefer to avoid unnecessary rebalances, both agencies have a strong incentive to support forecasts which are neither too high, nor too low.

As documented in the report, the DHS and OHA Office of Forecasting, Research and Analysis (OFRA) has knowledgeable staff, uses reasonable methodologies, and produces forecasts that are generally accurate, have improved over time, and have no indication of overall bias. It was also determined that OFRA’s forecasts are only marginally less accurate than those produced by Washington State’s independent Caseload Forecasting Council. OFRA performs an array of supplemental research, analysis, and consulting services for DHS and OHA that would still be needed if the unit was moved out of the agencies.

The report also notes that forecasts are inherently uncertain for a variety of reasons. However, DHS and OHA believe that federal and state policy and procedures have the largest impact, with economic and demographic impacts secondary. While the forecasting unit strives for accuracy, subsequent adjustments and corrections
are to be expected. The realistic expectation of inaccuracy is one of the primary reasons the forecast is updated twice each year and incorporated into the budget adjustment requests submitted to the Emergency Board.

The report describes how the forecasted 2011-13 caseload for Aid to the Blind and Disabled program (ABAD) varied over the course of seven forecast cycles. DHS and OHA generally agree with the basic facts as presented, but not with the view expressed in the report that the error was due to a lack of independence or that more than half of the error was not justified by the information available at that time. The majority of the caseload increase which ultimately proved to be wrong was discussed and approved in the fall 2010 forecast by the Medical Assistance Program Caseload Advisory Committee, which included staff from both the Department of Administrative Services (DAS), Budget and Management Division (BAM) and the Legislative Fiscal Office (LFO). While not noted in the Fall 2010 DHS and OHA Caseload Forecast report, one of the factors that contributed to the inaccuracy was the fact that Social Security had experienced a steep increase in disability applications since the Great Recession began. This had been widely reported in the national press, so forecasting unit staff considered it reasonable to anticipate some increase to the rate of growth for the ABAD caseload.

DAS Budget Policy Analysts and LFO staff have participated in the caseload forecasting process for many years. In addition, since DHS and OHA split into separate agencies in July 2011, formalized governance processes have been created to oversee all shared services units, including forecasting. As mentioned in the report, the forecast unit administrator reports to the DHS Chief Financial Officer and the OHA Budget Director, and the unit itself operates under authority of the DHS and OHA Joint Operations Steering Committee (JOSC). JOSC has authorized two governance documents that pertain to the forecasting unit: a Service Level Agreement which lays out the unit’s key responsibilities and deliverables, and a Caseload Forecast Advisory Committee Charter which specifies the authority, roles, and responsibilities of the committees, their members, and the forecast unit.
The forecasting unit has also documented key processes and established performance metrics. Documentation includes monthly forecast accuracy reports, methodology(s) used to create the forecast for each caseload area, key process flow charts, an annual calendar for scheduled work, and a unit performance scorecard.

DHS and OHA strive to be transparent. To that end, an internet website has been created that is expected to go live within the next two weeks. It will be easily accessible from both the DHS and OHA home sites. The new website will include work products (e.g. caseload forecasts and monthly variance reports), administrative documents (e.g. materials on governance and methodology, names of advisory committee members, etc.), and links to other forecasting units. DHS and OHA have been routinely posting forecasts online and the bi-annual forecasts going back to 2006 are currently available.

- To improve the independence, oversight, and transparency of the forecast unit, we recommend the Department of Human Services and the Oregon Health Authority:
  - Consider creating a policy oversight committee responsible for review and adoption of caseload forecast policies and procedures, and to help ensure forecaster independence.

    A technical oversight committee was created to:
    1) Review and make recommendations to the DHS|OHA Joint Operations Steering Committee (JOSC) concerning the forecast unit’s policies, procedures, governance, methodologies, etc.
    2) Serve as an independent channel for forecasters (or anyone else) to raise issues they perceive as jeopardizing or affecting forecast quality or forecaster independence.

    A charter for the committee was drafted and reviewed by DHS COO, OHA COO, DAS CFO and LFO. The charter was submitted to JOSC and received final approval on November 21, 2013. Committee members were recruited, with recommendations solicited from Senator Devlin, John Mullin (HSCO), DHS|OHA executive and program leadership, DAS and LFO.
o Continue using the eight caseload forecast advisory committees as the arena to debate forecast risks, assumptions and methodology, and to advise the forecasters on the caseload forecast numbers.

*The forecasting unit continues to use Caseload Forecast Advisory Committees to provide information on factors that impact program utilization, and to provide input on the proposed forecasts. Occasionally committees are added or discontinued when the forecasting need changes.*

o Consider adding additional external representation to the eight advisory committees from the public, academic, non-profit, and/or private sectors.

*Solicitations for volunteer committee members were sent to Senator Devlin, John Mullin (HSCO), DHS|OHA executive and program leadership, DAS and LFO. We identified one or two additional participants for most of the committees – in time to participate in our summer 2013 mid-cycle meetings. We will continue to seek external participants to bring into the process.*

*In addition, the forecasting unit will continue to periodically survey external stakeholders who are not on the committees to get their input on the factors driving caseload changes.*

o Record meeting minutes of the eight advisory committees that at a minimum include the key information or issues discussed and the advisory committee’s advice on the forecast numbers.

*In early 2013 templates were created to capture meeting notes during both forecast development and mid-cycle meetings. The forecast meeting template was used and refined in spring 2013 and will be used on a regular basis going forward. The mid-cycle meeting template will be used and refined during the summer of 2013.*
Regularly evaluate the forecasts and publish an annual accuracy tracking report. Include in the tracking report an analysis of both the accuracy and statistical bias of the forecasts. Use the results to identify improvements in assumptions and methodologies.

**DHS and OHA understand the importance of tracking and reporting forecast accuracy and using that information to identify possible improvements. The forecasting unit has tracked and reported forecast accuracy (by program area) for many years through Monthly Caseload Variance Reports which were shared routinely with all caseload forecast committee members. Starting in March 2013, these monthly reports have been posted to the new Forecasting website.**

**Starting in Fall 2013, the forecasting unit will produce a new annual report which will provide a more summarized, but comprehensive view on the accuracy of the caseload forecasts across program areas and over time.**

Continue efforts to create a public web page dedicated to the forecast unit, and post its methodologies, advisory committee membership, advisory committee meeting minutes, forecast accuracy tracking reports, and the semiannual caseload forecast reports.

**In February 2013, the forecasting unit launched a public web page:**
http://www.oregon.gov/dhs/ofra/Pages/index.aspx

**The forecasting page can be accessed directly (single click) from both the DHS and OHA home pages, and contains work products (e.g. caseload forecasts, client overlap charts, ad hoc research reports), accuracy reports, administrative documents (e.g. governance materials, committee membership, process flowcharts, forecasting methodology), etc.**

Include in the published semiannual caseload forecast reports additional detail on risks, assumptions, uncertainties, and how these factors could affect caseload estimates.
When the Spring 2013 forecast was published, the sections describing risks, assumptions and uncertainties were expanded. Going forward, the forecasting unit will strive to further expand this content.


- We recommend DHS and OHA management implement procedures for reviewing and evaluating program changes to identify any necessary revisions in financial reporting to ensure compliance with GAAP. We also recommend management consider the need to revise the billing process or prepare year-end adjustments to ensure transactions involving shared services are reported in conformity with generally accepted accounting principles.

The Department of Human Services and Oregon Health Authority became separate accounting entities in fiscal year 2012. In order to maximize operational efficiency, these agencies retained shared administrative service functions. In the short timeline that was provided, the agency developed a shared service model and a new cost allocation and billing process that ensured the appropriate costs were billed to each agency. The agency did not consider the impact this model would have on the consolidated financial statements and that the materiality threshold would necessitate setting up an Internal Service Fund. The agency had Department of Administrative Services, Statewide Accounting and Reporting Services, set up a new GAAP fund (5006-Health Service Fund) that will be used to report the 2013 fiscal year-end adjustments for shared services in both agencies. DHS and OHA are preparing for the 2013-2015 biennium by setting up a new D23 fund pointing to this new Internal Service fund to properly record the accounting transaction during the normal course of business, rather than as a continual year-end adjustment.

GAAP Fund (5006-Health Services Fund) was created by SARS on February 15, 2013, with a July 1, 2012, effective start date. For Fiscal Year 2013, SARS will make an adjusting entry at year-end supplied by the DHS/OHA State Financial Reporting unit to properly record the activity of the Internal Service Fund. The
new D23 fund (fund 3470) has been set up in DHS/OHA that points to GAAP Fund 5006 to properly record the daily operations of the shared services units for the AY2015 activities. All necessary structure has been updated using this new D23 fund beginning with July 1, 2013, activities.

- We recommend DHS management establish a process to better ensure all year-end adjustments are properly posted to the accounting records in order to facilitate accurate financial reporting.

During fiscal year 2012, the Department of Human Services implemented a new Child Welfare Case Management System (OR-KIDS). At the end of the fiscal year a balance of $5.3 million remained in unreconciled manual payment advances to providers that overstated accounts receivable and understated expenditures on the financial statements. We will add a review of the OR-Kids advance balance to our year-end task list to verify if there are outstanding balances and if a balance exists, make an adjusting entry on the financial statements.

During reporting year 2013, Shared Services added a review of the OR-Kids advance balance to its year-end reporting task list. As a result the advance was reclassified to the expenditure account by Fiscal Year 2013 end.

- We recommend department management fully capture all PEBB funds as part of the statewide cost allocation plan.

DHS and OHA Office of Financial Services Shared Services became responsible for the PEBB A-87 reporting in FY2012. During that reporting period, staff was trained on the correct method for reporting the PEBB operations fund, stabilization fund, and the insurance fund. DHS and OHA Office of Financial Services Shared Services has implemented this procedure and has continued it with the Fiscal Year 2013 reporting period.

The 2012 A-87 report was prepared by the Oregon Health Authority and included the PEBB Operations, PEBB Stabilization and PEBB Self Insurance Funds. Corrections for years 2010 and 2011 were calculated
by the Department of Administrative Services and resulted in remaining excess fund balances. This resulted in additional Federal payback calculation of $124,824.00 that was paid to the Department of Health and Human Services via Department of Administrative Services (SFMA DOC# VP051016, 05-2013). Detail on the 2010 and 2011 remaining excess fund balance calculations can be obtained from the Department of Administrative Services.

DHS and OHA Office of Financial Services Shared Services will work with DAS Shared Financial Services to determine if any additional corrections for calendar year 2010 and fiscal year 2011 are necessary.

- We recommend the department maintain sufficient accounting records and other documentation as appropriate to support the federal and nonfederal expenditures reported for each quarterly report. Further, we recommend department management consider whether increased staff training is necessary. Finally, department management should submit corrected quarterly reports and reimburse the federal agency for any amounts owed due to insufficient matching funds.

After department review, the match required by the federal agency, Administration for Children and Family (ACF), was met with State funds along with non-State funds. The non-State funds came from the Division of Child Support, Citizens Review Board, Tribes and/or Portland State University. Documentation to support matching funds from the Tribes is kept with the program. The other entities receiving Federal funds supplied match documentation with the invoices they sent in to be paid. We have met the federal standard of submitting quarterly reports that have sufficient supporting documentation. There is no requirement for this information to be kept with the quarterly report. There is no need to reimburse ACF for any amounts owed due to insufficient unmatched funds since adequate match was achieved.

Child support is reported to ACF by both the Department of Justice (DOJ) and DHS. DOJ sends an email to DHS to confirm the amount of child support reported that is in lieu of spending Title IV-E funds as both reports must match. DHS confirmed from DOJ in March 2013 the amount filed for both federal and state
funds to ensure both reports matched. The process to which DHS files the Title IV-E report for child support was then authorized by ACF. The report includes both Federal funds and State funds and then backs out the Federal funds leaving a balance for State funds. This balance is supported match by child support.

Prior period adjustments totaling $570,000 were inadvertently included with the report submitted on June 30, 2012. This overinflated the match requirement for the report. The report was re-created to determine the appropriate amounts to be reported for each line. The adjustments will be made to the report for quarter ending March 31, 2013.

Additional research is still being conducted to ensure the accuracy of the quarterly federal report. Some of the prior period increasing adjustments included in the total referenced in the finding may be offset with prior period decreasing adjustments, therefore reducing the amount needing to be returned to Administration for Children and Family (ACF). Any adjustment needed will be completed by December 31, 2014.

- We recommend department management continue to work toward developing a stable system that meets business needs, has accurate and complete reporting, and helps ensure compliance with the Foster Care Title IV-E state and federal regulations.

The State of Oregon did not accept OR-Kids; however, Oregon and the SACWIS vendor reached a Mutual Termination Agreement that ended vendor responsibility for the system on January 3, 2013. Oregon assumed responsibility for all operations and maintenance of OR-Kids. The department recognized the need to make substantial changes to OR-Kids, to address existing defects and identified design/functionality gaps. We initially organized and set goals to complete this work over the course of a 24 month period from the initial audit date. These changes will include increased system stability, remediation of inaccurately converted data, improved financial auditing, streamlined payment processing and ensured system compliance with State and Federal regulations.
As outlined above, since January 3, 2013, the State of Oregon has been responsible for the maintenance of our Statewide Automated Child Welfare Information System (SACWIS). Due to the size, complexity and instability of the system, the learning curve has proven to be a slow process. The department recognizes the original timelines given to remediate the Foster Care IV-E 2012 findings was ambitious and the fixes are progressing slower than originally anticipated.

The department has incorporated monthly system downtime to work on system stability. This has helped with unexpected system downtime. The department continues to perform manual clean-up of placement, financial data and ongoing user error data fixes. The OR-Kids technical staff implemented and continues to work on stage 2 fixes and change requests, required to be implemented into production by our Federal partners.

Data remediation, although progressing, may not be completed as originally anticipated, due to the scope of work, resources and system instability. The department is proceeding with a strategy that should result in completion of data remediation by December 2014.

• We recommend the department ensure all required documentation is completed, reviewed and maintained prior to certifying providers or determining children eligible for Foster Care IV-E reimbursement.

The Federal Compliance Unit trained IV-E specialists on the requirement of ensuring proper documentation for verifying child’s age and the need to have the documentation maintained in the electronic case file. The IV-E specialists were also reminded of the importance of not claiming Title IV-E on an Expedited Certificate. Training occurred March 20 - 21, 2013. This was a mandatory training approved by management. The Federal Compliance Unit has bi-weekly conference calls with the IV-E specialists where specific eligibility requirements are discussed. After each conference call meeting minutes are shared (in the form of Questions & Answers) with all IV-E specialists and their supervisors as a reference tool. This will be an on-going technical assistance.
In Child Welfare, completion of a home study is one of the elements of the provider certification process. In one of the cases identified as having a home study issue, the eligibility worker made an error by identifying a provisional certification as a final certification. While the provider was subsequently certified, the department will adjust our Title IV-E claiming to reflect the two months of costs claimed in error. The second case identified as having a home study issue involved a case that was certified through a Licensed Child Placing Agency. Licensed Child Placing Agencies are responsible for the certification of their own substitute care providers. We agree that the certification of one of these providers was not completed prior to child placement. We will further research this case and adjust our Title IV-E claiming accordingly. We will also review our licensing process for the Licensed Child Placing Agencies and make any necessary adjustments identified through this review.

An $824 adjustment for one of the identified providers was made on March 20, 2013. Based on further research, a home study was located that had been completed by June 14, 2011. The child was not placed into this home until September 7, 2011, therefore the child met all Title IV-E eligibility criteria and no adjustment is necessary.

The audit findings will be discussed at the Program Manager’s Meeting in September 2013.

The review of Licensed Child Placing Agencies and how they complete all required steps before licensing a foster home will be completed by December 2013.

• We recommend department management prioritize the completion of the development of a report to alert eligibility staff when a client is nearing or exceeding the $25,350 threshold, or when re-determinations are due. In addition, department management should determine the total amount of TANF funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.
Federal Compliance Unit, Office of Business Intelligence, Office of Information Support and the Office of Financial Services continue to work on developing reports that Federal Revenue Specialists and the Federal Compliance Unit can use to monitor workload and compliance with TANF-EA eligibility rules.

The Federal Revenue Specialists (FRS) uses two methods to monitor when initial TANF determinations are required.

1. For children placed in foster care, the Office Manager’s in every branch have developed an email communication process to notify when there is a new placement and a change in placement for every child in foster care. The FRS rely on these emails to complete the initial TANF determination and then use a combination of the OR-Kids Tickler system and review of the case when changes in placement occur. Unfortunately, the OR-Kids Tickler system is not reliable and the Eligibility Report which would allow the FRS to monitor their workload is not yet available.

2. A new “EL-3010-D FRS Determination Notification” report was created to provide consistency in identifying the in-home cases that need a TANF determination completed. OR-Kids currently creates a Tickler for the FRS to complete a TANF determination when a case is opened. A majority of the cases that are opened on OR-Kids are closed at referral, which means DHS did not find any safety threats and no services are provided to the family. It is not appropriate to complete a TANF determination on these cases; therefore we had to develop a different mechanism to notify the FRS. A TANF determination should be completed when the DHS caseworker makes the decision that DHS will provide services to the family to mitigate safety threats to the child. This is covered in the “Business Process Guide” that was provided to the FRS at training provided March 20 & 21, 2013.

The not-to-exceed $25,350 monitoring report is still being developed. The Federal Compliance Unit continues to work with the Office of Financial Services and OR-Kids Business Analysts and the Data Collection and Reporting Unit. Estimated completion date of the new monitoring report is August 31, 2014. Based on the work to date, DHS continues to find inconsistency in how the financial data is processed in OR-Kids and then reported to the Statewide Financial Management System.
Annual redetermination notification continues to be an issue. The “Ticklers” created in OR-Kids are difficult to manage. Without a monthly report for the FRS’s to be able to use, we may continue to miss annual redeterminations.

The Department is still trying to finalize the data remediation plan, which should correct most of the conversion issues identified. Based on the latest estimates, eligibility and financial data remediation is not going to be completed until late 2014. Office of Information System resources who are assigned to the data remediation efforts are the same employees who are assigned to developing reports and other system fixes.

The five cases identified in the audit have been corrected and adjustments made within the accounting system to adjust the federal funds. These adjustments were reflected in the TANF Federal Financial Reports for the quarter ending September 30, 2013.

A report that informs staff when a client is nearing or exceeding the $25,350 threshold has a goal of August 31, 2014, for completion. The planned report is called “EL-3008 TANF Expenditures During Eligibility Episode Report.” Successful development of this report had several dependencies that are now complete. This includes data remediation, and the extraction, transformation, validation and loading of eligibility data and expenditure data into a data warehouse. The Office of Business Intelligence remains on target for a completion date of August 31, 2014.

A second set of reports are being developed that will help staff determine when a redetermination is due. This set of reports is grouped by the population served and for that population (foster care, in home, adoption assistance and guardianship assistance) each eligibility type and status will be represented. The reports are:

- EL-3015 FC Eligibility Status Report by Eligibility Worker
- EL-3016 AA Eligibility Status Report by Eligibility Worker
- EL-3017 GA Eligibility Status Report by Eligibility Worker
- EL-3018 In Home Eligibility Status Report by Eligibility Worker
Successful development of these reports had several dependencies that are now complete. This includes data remediation and the extraction, transformation, validation and loading of eligibility and Child Welfare population data into a data warehouse. The Office of Business Intelligence remains on target for a completion date of August 31, 2014.

- We recommend department management complete their corrective action plan to ensure that verification of IEVS required screens is documented when determining client eligibility.

The TANF program, in partnership with the Office of Program Integrity Quality Control, and the Training unit has taken steps to improve the usage and appropriate narration of IEVS screens. The following actions have taken place with efforts continuing beyond June 2013.

In October 2012, the Quality Control (QC) unit began randomly reviewing a small sample of TANF cases each month state-wide. The purpose of these reviews is to ensure TANF eligibility was correctly determined. The QC reviewer verifies financial information using the same IEVS screens that workers use to determine eligibility. The cases determined in error by the QC reviewer are reviewed with Policy staff at bi-monthly Error Staffing meetings and discussed with field staff at Statewide Monthly QC Panel meetings by video conference. In addition, the TANF analyst sends electronic mail reminders to field staff and their lead workers on the importance of narrating how income and other information was verified. The analyst includes a link to the Family Service Manual Worker Program Guide on narration.

In April of 2013, the Office of Program Integrity and the TANF program issued a special edition in the “On-Target” newsletter. The newsletter included an article on the QC reviews most common findings as well as articles on appropriate narration of verified income and other information. The TANF program also contributed to the June 2013 “On-Target” article on narration and use of Social Security Numbers.
The TANF program and QC reviewer meet monthly to discuss means in which to improve accuracy and narration of financial information. The Training unit continues to train on use and narration of IEVS screens to verify income and eligibility.

Beginning in September 2013 the Office of Program Integrity Quality Assurance, in partnership with the TANF program, began to pilot a Quality Assurance (QA) review tool for TANF eligibility. QA reviews are continuing in 2014 on a limited basis. While the QA reviews are broader than the QC reviews, QA continues to review financial eligibility and use of IEVS screens.

In the summer of 2014 several districts began conducting case reviews for the purpose of engaging families in JOBS or other activities and to check that those families are still eligible for TANF. These case reviews include checking IEVS screens.

- We recommend department management ensure that hours of work are verified before being reported, as outlined in the state’s HHS-approved Work Verification Plan.

The department continues to perform annual quality control audits for the JOBS Work Verification Plan to ensure data being reported in calculating work participation rates is accurate. The threshold set forth in the State’s approved Work Verification Plan is 90% or above. As a state we have consistently scored above the 90% threshold.

Although the audit results shows an accuracy rate of 95%, which exceeds the approved target, the department is committed to correcting and avoiding any identified errors. The TANF program identified and created a list of JOBS Work Verification branch and district point staff in the Spring of 2013. The TANF unit has been relaying information through the point staff list whenever important updates need to be communicated. The TANF program continues to partner with the Office of Information Services and Self-Sufficiency business analysts to make improvements to the databases in order to ensure accuracy of information being transmitted to ACF.
The TANF program completed the 2013 Work Verification JOBS Audits and the performance was 90.3% accurate. The TANF program is currently performing the 2014 annual JOBS Audits. There will be approximately 2,000 participation cases selected for this year’s reviews. The site reviews this year continue to include staff, leadership, and partner meetings to debrief the review findings, as well as address other common questions and policy clarifications. The reviews and the debrief meetings are to be completed by December 31, 2014.

- We recommend that department management strengthen controls to ensure that all documentation to support a provider’s eligibility determination is retained and verify that providers with missing documentation are eligible to provide services.

  Department management will remind managers and staff of the policies and documentation required to support a provider’s eligibility and the forms that must be retained within the provider files. These reminders will occur at the Aging and People with Disabilities (APD) Program Managers meeting, the APD Supervisors Quarterly meeting and will be followed up with an "In the Loop" newsletter article. APD worked collaboratively with the Office of Payment Accuracy and Recovery (OPAR) to develop an informational/training module for the Regional meetings occurring in late summer and fall 2013. The module was built based on the recent audit findings. In addition, the department is in the process of researching the samples identified and will make any necessary adjustments to our federal claiming based on our review.

- We recommend that department management document the procedures for completing the annual reviews of nursing facilities and establish controls to ensure reviews are completed in accordance with these procedures.
Department management will update and create necessary procedures for completing nursing facility financial statement reviews. The procedures will apply to both a desk review and a full review of facilities. A full review includes statement reviews. A full review includes facilities with costs per resident-day within eight points of the 63rd percentile; these are the more rigorous reviews.

The department had initially planned on contracting with a CPA firm to complete future Nursing Facility Cost Reviews. The department has reconsidered this approach, and will complete these reviews internally. The position that will be completing these reviews was filled in January 2014.

- We recommend department management implement procedures to ensure the department uses the federal financial participation rate in effect at the time a transaction is recorded and reimburses the federal agency for the overdrawn ARRA funds.

In March 2013, the agency completed an in-depth review of all expenditures receiving ARRA funds that occurred July 1, 2011 and later to ensure the proper federal financial participation rate was used. An entry was completed in the Statewide Financial Management System (SFMA) to adjust the excess ARRA funds and the Centers for Medicare and Medicaid Services (CMS) will be refunded for the overdrawn funds. The adjustment was completed March 19, 2013. The PCA’s associated with current period activity have been disabled. All prior period activity is reviewed each quarter to ensure compliance.

- We recommend department management strengthen controls to ensure documentation is maintained in the case files sufficient to demonstrate compliance with federal requirements.

Upon subsequent review, the department found all of the four self-sufficiency cases referenced above as missing information on private health insurance were not in error. We believed that the applications used to determine medical eligibility were completed and included answers to the private health insurance information questions. In the four instances the applications we reviewed indicated that the individual did not have private health insurance. Unfortunately, this information was not communicated prior to the
issuance of the management letter. In an effort to provide continuing guidance on policies and procedures to eligibility staff, an article appeared in the self-sufficiency newsletter addressing the requirement to obtain private health insurance information at each eligibility determination.

Department management will remind managers and staff of the policies, appropriate documentation and applications needed to determine eligibility for our program, including the need to inquire regarding private health insurance, as well as what is required to be retained within the client's case file and for how long. These reminders will occur at the Aging and People with Disabilities (APD) Program Managers meeting, the APD Supervisors Quarterly meeting and have been addressed in newsletter articles. APD worked collaboratively with the Office of Payment Accuracy and Recovery (OPAR) to develop an informational/training module for the Regional meetings occurring in late summer and fall 2013. The module was built based on the recent audit findings. In addition, we have researched the samples identified and are making any necessary adjustments to our federal claiming based on our review. The actions on this recommendation were completed in October 2013.

- We recommend management implement and follow internal controls to ensure the review for suspension and debarment is performed and documented for all contracts, including price agreements.

The Office of Contracts and Procurement (OC&P) contacted the Oregon Department of Administrative Services (DAS) Procurement Services and requested contractor self-certification language relating to suspension and debarment be added to DAS statewide price agreements. DAS reports this amendment is being made to their statewide agreements as they come up for review.

The Office of Contracts and Procurement also added debarment and suspension vendor self-certification language to all DHS and OHA purchase orders processed effective March 18, 2013.

- We recommend the department update the cost allocation plans to reflect current practices and ensure future changes are communicated timely.
Historically the agency submitted biennial updates to the cost allocation plan, and submitted changes to the plan annually when significant changes were made. There were not significant modifications to the plan during the last audit year, so an update was not submitted to the Division of Cost Allocation.

The agency agrees that updates to the plan should be submitted annually, even if no changes are made. Further, the agency communicated with the Division of Cost Allocation seeking guidance on their process for the submission of amendments to the public assistance cost allocation plans regarding mid-year modifications.

Amendments to the DHS and OHA Cost Allocation Plans were submitted to the Division of Cost Allocation on June 6, 2013, for review. These amendments were to take effect with the start of Fiscal Year 2014.


This audit compared five data sets to records of people receiving benefits under three federal programs: Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).

These programs weave together to form Oregon’s safety net. During the recent recession and over the past several years, the Legislature and two governors have made strategic policy choices designed to strengthen that net and keep families stable until they can get back on their feet.

The periods covered in the audit varied but most were for the fiscal years 2011 and 2012. Over those two years, the combined benefits administered were $11.7 billion. The three programs served 1.4 million Oregonians for those two years. The audit initially questioned benefits totaling about $2.8 million, approximately 0.02 percent of the combined costs of the program over the two years.
For the purposes of this audit, the Secretary of State used five data sets to compare records of people receiving benefits under Medicaid, SNAP and TANF.

- Social Security death records;
- Oregon Lottery winners;
- State prisoners;
- PERS retirees; and
- DHS/OHA employees.

The audit found 5,018 record matches across the five categories. A matched record does not mean an incorrect benefit. DHS/OHA review determined that the information presented in the audit would not have changed the benefits for about 3,200 matches based on current law and policy. Another 600 of the death record matches found the person on the record and the actual benefit recipient were not the same person, and subsequent analysis would not have changed the benefits. Miscoding of the Social Security number (SSN) in the computer system was the most common reason for this occurrence.

In about 1,200 of the 5,018 matches, the people initially appeared ineligible and may have received a benefit they should not have received. This is about 0.09 percent of the combined enrollment of the three programs.

The agencies continue to strive for the greatest accuracy. This audit pointed out a few areas where changes in policy or practice could enhance accuracy even further.

The audit also looked at policies developed by the Legislature and Governor’s office to provide public services to Oregonians living in poverty and protect our most vulnerable citizens. Under statute and through policy, DHS and OHA have streamlined the eligibility processes and reduced unnecessary bureaucratic barriers that slow critical services to people in need and create waste and inefficiency in the system.
This has been a successful strategy as evidenced by how low-income Oregonians fared during the recent recession compared to other states. Since 2008, the number of people receiving SNAP has increased substantially. Despite the record-level caseloads, Oregon made process improvements that reduces the wait time for food benefits from more than one week to same day or next day service for most participants. Since 2008, the number of people receiving Medicaid has also increased substantially and overall accuracy rates have held steady or improved.

During the recession, the children’s uninsurance rate dropped from 12.3 percent to 7.2 percent, providing financial stability to the families of more than 100,000 children. From 2009-2011, Oregon was one of the top two states for reducing the number of children without coverage. Also during the recession, SNAP was a key factor in holding the state’s food insecurity rate steady. Now that these policies are in place and have proven to be effective, it is time to close the large lumpsum loopholes in a way that allows Oregon to continue providing services to our state’s most vulnerable people effectively and efficiently without letting people who can support themselves slip through.

The audit raised questions of both accuracy and policy. DHS and OHA continue to believe that there is an appropriate trade-off between these goals.

More complex eligibility criteria impose higher administrative costs, often result in more inaccurate eligibility determinations, and restrict access to the program -- even among those who are eligible under the more complex requirements. Since 2002, Oregon has made strategic choices to streamline policies and reduce unnecessary red tape – while keeping adequate oversight – to help our state’s people with very low incomes receive the services they need so they can get back on their feet. As a result, the hunger rate has stayed stable in our state as it has increased in others. And our rate of uninsured children has plummeted.

The key is to balance the need for benefits with policies that make sure only qualified people receive them. That is the course both agencies have pursued for more than a decade.
DHS and OHA have taken numerous actions related to the original audit recommendations. These actions, and those that are still in process, are outlined below. In summary, the two agencies have reviewed the 5,018 cases originally identified as having a match to one of the databases used by the Secretary of State auditors. DHS and OHA have, or are in the process of writing overpayments, further researching or recovering about $1.8 million in benefits identified during this review. In addition, hundreds of staff from both agencies have been trained on improved verification processes and tools. DHS has asked for approval of waivers that allow changes in SNAP client change reporting requirements. The new centralized EBT card replacement unit has been expanded and now provides card replacement services statewide. Analysis of the effectiveness of identified federal databases have been tested and others continue to be reviewed. Various other internal processes have been reviewed and improved.

Below is a listing of the original recommendation and the specific actions that have been taken to address the findings in the report.

- Work with the Governor and the Legislature to consider changes to Oregon’s public assistance eligibility and reporting options, balancing the neediest with the most prudent use of public resources.

DHS and OHA continue to improve public assistance eligibility systems to ensure accuracy and reduce administrative costs. DHS and OHA continue to be committed to working with the Legislature, the federal government, and our partners to adjust policies to help the neediest Oregonians in ways that are productive, minimize administrative costs and avoid using resources where they are not needed. DHS and OHA have also continued to support Congressional efforts to end SNAP benefits for substantial lottery and gambling winners.

A waiver allowing DHS to act on returned mail was approved for implementation September 2013. An informational memorandum transmittal was provided to our field staff on August 15, 2013, to provide guidance on the new policy.
The SNAP program also reviewed policy options with partners regarding resource limits on the TANF funded resource information pamphlet, which qualifies many SNAP clients to be categorically eligible. The program adopted a state option to have an asset test on this program. DHS has developed policy and training for this change and began implementation in January 2014. The resource limit is $25,000 in liquid assets. SNAP also submitted a waiver request that would allow clients in the Simplified Reporting System (SRS) to report resource changes mid-certification period when this liquid asset resource limit is met. DHS submitted this request to the Food and Nutrition Service (FNS) on October 18, 2013, however, with the passage of the Farm Bill, states are allowed to end SNAP benefits for substantial lottery or gambling winners. In Oregon we have defined substantial as $25,000. The bill also encouraged data exchanges with state lottery and gaming departments. We are currently working on setting up such an agreement with the Oregon Lottery.

At the time of the audit, adults covered by the Oregon Health Plan (OHP) Standard benefit package and children on OHP Plus had 12-month continuous eligibility. In general, continuous eligibility means that once an individual is determined eligible for Medicaid, the state may provide up to 12 months of eligibility, without a redetermination, regardless of changes in income or most other circumstances which otherwise would render the individual ineligible for Medicaid. OHA had intended to submit a request for an amendment to the state’s 1115 Medicaid Demonstration, to become effective with implementation of the Affordable Care Act provisions in January 2014, that would have authorized expanding 12-month continuous eligibility for all adults on OHP. In response to the audit, DMAP was discussing including in its amendment request exceptions to the continuous eligibility policy that would require OHP recipients to report large lump sums, such as lottery winnings, and have them count for eligibility.

However, in May 2013, prior to the state’s submission of such a request, the federal Centers for Medicare and Medicaid Services (CMS) issued clarification about what a 12-month continuous eligibility waiver for all adults might involve in 2014, including a potential reduction to a state’s Medicaid match rate.
In February 2014, the federal Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) offered states the opportunity to apply for an opportunity to implement 12-month eligibility for adults, with an adjusted FMAP rate. The State has elected not to pursue this option at this time due to the reduction of available federal matching funds and the impact on the state budget of such an implementation. Oregon continues to implement 12-month continuous eligibility for children.

- Work with the Governor and the Legislature to reconsider the state’s Medicaid waiver provision that exempts new income and assets from review during a 12-month medical certification.

Under the regulations for the Affordable Care Act (ACA) at 42 CFR § 435.916, periodic redeterminations of Medicaid eligibility, the federal government requires that the agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months, must have procedures designed to ensure that recipients make timely and accurate reports of any change in circumstances that may affect their eligibility during the 12-month certification period and must promptly re-determine eligibility when it receives information about changes in a recipient's circumstances that may affect eligibility. Also, if the agency has information about anticipated changes in a recipient’s circumstances, it must re-determine eligibility at the appropriate time based on those changes.

Under OAR 410-200-0235, Oregon Administrative Rules drafted to comply with the ACA, OHP enrollees are required to report changes in circumstances affecting eligibility for beneficiaries within 30 calendar days of their occurrence. This includes:

(A) A change in source of income.
(B) A change in employment status.

1) For a new job, the change occurs the first day of the new job.
2) For a job separation, the change occurs on the last day of employment.

(C) A change in earned income more than $100. The change occurs upon the receipt by the beneficiary of the first paycheck from a new job or the first paycheck reflecting a new rate of pay.
(D) A change in unearned income more than $50. The change occurs the day the beneficiary receives the new or changed payment.

1) A change is considered reported on the date the beneficiary or authorized representative reports the information to the Agency.

2) A change reported by the beneficiary or authorized representative for one program is considered reported for all programs administered by the Agency in which the beneficiary participates.

This administrative rule became effective October 1, 2013.

- Take the necessary steps to gain access to the SSA’s real time, online verification system and implement its use statewide.

DHS and OHA have been certified by the Social Security Administration (SSA) to receive the real-time online verification system data. DHS and OHA made the new application available to field staff in the last week of August and sent a transmittal explaining the new screens to the field on September 4, 2013. DHS Central Office also reviews SSA-related error reports.

- Require initial verification and continual monitoring procedures for categorically eligible recipients. Promptly notify SSA of any information that may disqualify an individual from receiving SSI benefits.

The department contacted the SSA’s Regional Office in Seattle to confirm whether or not the local offices should be accepting information about potential additional income being received by SSI recipients. The SSA Regional Office has confirmed that their local offices should be accepting this information and looking into it. Aging and People with Disabilities (APD) is in the process of re-establishing procedures for all staff to follow, wherein they will report to SSA when they learn of additional income that was not previously known.
A note was added to the Aging and People with Disabilities (APD) Oregon Supplemental Income Program (OSIP) Manual in July 2013 instructing workers to complete and send SSA a SDS 538A form when assets are identified that would result in the ineligibility for Oregon Supplemental Income Program Medical (OSIPM) if an individual were not assumed eligible. This process is now reinforced in training provided to staff. APD is also providing guidance on eligibility information to the Self Sufficiency program on what changes need to be reported to SSA.

- Provide caseworkers with clear policies, procedures and guidance on eligibility verification processes that comply with federal regulations.

  Please see below.

- Provide caseworkers with regular training on verification processes and provide them with appropriate guidance.

  Please see below.

- Ensure program managers are provided adequate training on federal requirements for their programs.

  DHS and OHA continue efforts to improve training and guidance on eligibility policies and procedures. We are developing better analysis of error trends that allow us to target education around specific areas of eligibility and to monitor improvement. We will continue to incorporate information from this audit into the targeting process. In addition, we have developed new tools, including quick reference guides, regional training events and special newsletters to improve results.

  Some of the specific efforts include a policy transmittal sent to all Oregon Department of Human Services Self Sufficiency and Aging and People with Disabilities field staff on April 15, 2013, regarding the use of Social Security Numbers and T-numbers for the SNAP program and a special edition “On Target/In the
“In the Loop” newsletter that was sent to staff in June 2013 in response to the findings from the audit. This was in addition to the article that had already been included in the May 2013 “In the Loop” newsletter. A documentation matrix was also developed and distributed to staff as a quick reference guide.

In addition, the department has developed information for branches to place in their lobbies discussing the need for clients to secure their cards, and Communications has designed and distributed additional materials regarding clients securing their cards.

DHS has completed 27 meetings throughout the state where we shared information regarding the audit, with tips, tricks and tools (including the documentation matrix mentioned above) to avoid the types of errors that were found in the audit. In total, more than 400 field staff representing APD, Self Sufficiency and Child Welfare staff attended the trainings. Staff members attending the trainings take materials back to their offices to share with co-workers who were unable to attend. All training materials have been posted to the Regional Meetings website for reference: http://www.oregon.gov/oha/healthplan/Pages/regionals.aspx.

Affordable Care Act (ACA) trainings given to the OHA Statewide Processing Center in September and October 2013 incorporated some of the issues noted in the recommendations from the audit report. Items addressed in these trainings include identifying and addressing SSN mismatches and using information obtained from the federal hub to verify information provided by applicants. Additional training materials have been developed which focus entirely on issues identified through the audit.

Information regarding verifying SSN’s via the legacy system has been included in training material that began to be presented to staff in late May 2014. Also included in the training material is information about how the SSN is verified via the federal hub when the request for health coverage has been approved by the Siebel system. OHA Statewide Processing Center also has material available to staff outlining the procedure for verifying the SSN of individuals newly added to the legacy system.
• We recommend that DHS/OHA Office of Payment Accuracy and Recovery obtain access to and use the SSA Death Master File as the primary data source for matching to death records.

_This recommendation is partially implemented. The Office of Payment Accuracy and Recovery (OPAR) agreed to explore the use of the SSA Death Master File. OPAR currently uses Oregon’s Vital Records data as its primary data source. We do this because it is the most accurate source of date of death data for our client population. The SSA file would give us access to out-of-state deaths, and this could have value as a primary source for this specific information._

OPAR ordered the most recent quarterly SSA Death Master File. Upon receipt we evaluated the usefulness of the out-of-state information provided by SSA as a pilot project. The OPAR Data Match Unit (DMU) completed a cost benefit analysis of using the SSA Death Master File and found a potential savings in year one of $3,000. Subsequent years could potentially show a savings of approximately $7,000 a year. To realize this savings, DMU staff would have to be taken off other assignments such as the Incarceration project. This would result in a loss of cost avoidance of $27,000 in the first year and $23,000 in successive years.

As a result, OPAR will put this match concept on indefinite hold until full staffing of the Data Match Unit can be achieved at which point installation of this match would be reconsidered.

• We recommend that DHS/OHA Office of Payment Accuracy and Recovery use the SSA Prisoner Verification System the agency has access to as part of its information exchange agreement with SSA.

_This recommendation is partially implemented. OPAR is in the process of addressing the technical issues that accompany accessing the SSA Prisoner Verification System data. Once these issues are addressed and overcome, OPAR will include use of this data as a part of its Corrections Match process. We will implement this process as soon as possible._
• We recommend that DHS/OHA Office of Payment Accuracy and Recovery work with Oregon State Lottery and other state agencies to obtain access to client information that can affect eligibility, such as earned income through winnings and retirement payments.

This recommendation is partially implemented. DHS is currently working with Lottery on processes for both regular reporting of Lottery winners to DHS eligibility workers and using winnings as a source of repayment of a client / lottery winners DHS debt obligation. Two legislative concepts are also proposed for the 2015 session to include authorizing legislation to this effect and to request proper resourcing for this new process.

OPAR has been in discussions with the Oregon Lottery regarding access to lottery winner information. Initial discussions have pointed out significant Federal privacy concerns regarding the Oregon Lottery’s ability to share the SSN of the winner as a part of the data. This component of the winner information is a critical component when attempting to match winners with current clients. We continue to work with the Oregon Lottery on this issue as we attempt to determine the best way to accomplish effective information sharing as recommended by the audit. Work on regular access to PERS information is on hold until the work on Lottery data is completed, though the process established for ad hoc PERS access will continue as needed.

• Continue work to identify recipients with large numbers of reportedly lost or stolen cards and implement a process for follow-up and possible investigation.

DHS initially created a central unit to replace lost or stolen cards in 2012 and to take actions to reduce the number of replacement cards and prevent misuse. As noted in our original response, the new process has reduced the issuance of replacement cards.
Statewide rollout of the centralized electronic benefit transfer (EBT) card replacement unit process was implemented January 15, 2014. This unit is now the primary replacer of all lost or stolen cards, except for specific exceptions outlined in the Field Business Procedures Manual. DHS sends a letter to households with four or more cards replaced in the last twelve months to reinforce that clients need to secure their card. The process is statewide.

- We recommend that DHS/OHA Office of Payment Accuracy and Recovery review remaining matches and take necessary action to recover overpayment through collection efforts up to and including prosecution.

This recommendation has been implemented. As discussed in detail below, all of the potential overpayments identified and forwarded to OPAR are in various stages of investigation, overpayment writing, and recovery. Those warranting additional investigation for fraud have been forwarded by DHS and OHA to OPAR’s Fraud Investigation Unit as appropriate. In addition, DHS and OHA have followed up with health plans and providers to recover inappropriate Medicaid payments.

The audit report identified 5,018 case matches involving about $34.5 million in benefits. As we mentioned in our original response, most of these matches did not indicate inappropriate payments. In 3,183 cases (involving $24.2 million in benefits) the match information provided during the audit would not have changed the benefits these clients received under state policy and federal law. In addition, 609 matches (involving $7.5 million in benefits) were death match cases in which the deceased person in the SSA file was not the same as the person receiving benefits. The most common cause of these mismatches was an incorrect entry of the individuals’ Social Security Numbers in the program’s system.

This left 1,226 cases involving about $2.8 million in benefits as possibly issued in error. Since our original response we have further analyzed the 1,226 possible error cases.

- We have recovered about $500,000 in Medicaid capitation payments from managed care plans for 289 deceased persons and 159 persons who had some period of incarceration. These figures include some costs incurred outside of the original audit period. We are also pursuing an additional
approximately $483,000 in capitation payments for deceased or incarcerated Medicaid clients from terminated health plans. We may not recover some of these payments if the provider is no longer operating.

- We have recovered about $33,000 in fee-for-service Medicaid costs from providers who billed for services after the clients date of death. We are continuing our review of another approximately $7,000 in fee-for-service Medicaid payments.

- We cancelled approximately $54,000 in SNAP benefits remaining in 184 deceased client accounts.

- We forwarded 21 PERS Medicaid matches for deceased client cases involving about $406,000 in benefits to our Estates Administration Unit. In total, 15 of these cases (those without a living spouse) involving about $297,000 have been worked. This resulted in about $8,000 in collections from estates. While there were additional questionable SNAP cases involving deceased persons, we do not collect SNAP benefits from estates.

- We did not attempt to collect overpayments on 54 SNAP cases involving about $18,000 in benefits used after the client died, largely because identification of the user and collection is difficult for the amounts involved.

- Based on federal guidance and state policy, we did not pursue overpayments on 219 incarcerated SNAP cases involving about $101,000 in issued benefits.

- In 55 cases involving about $181,000, we did not pursue overpayments from providers for services provided clients due to our error.

- We have written 102 client overpayments involving about $558,000 in total benefits. Included in this total are 88 PERS recipient related overpayments involving over $514,000 in SNAP, Medicaid and TANF benefits. In many cases, the overpayment amounts were different than the amount of benefits originally questioned in the audit.

- After our review, we were able to clear about $613,000 in SNAP, Medicaid and TANF benefits provided to PERS recipients. We also cleared approximately $72,000 in Medicaid benefits provided to lottery winners.

- We are still reviewing three cases for possible SNAP and Medicaid overpayments involving about $1,000 in payments.
We determined that some of the remaining questioned payments were appropriate or partially appropriate, we lacked critical information, or the amount was too small to justify the cost of collection.


- We recommend department management improve controls in the Receipting Unit to ensure all checks are safeguarded, properly tracked and accounted for in the financial records.

  We disagree with the materiality of the finding, although we agree that operational controls can be improved.

  The agency appropriately segregates the duties of handling checks in its Salem facility. Under the current system, checks received by mail are sorted by category, recorded by count and delivered to the staff member that is responsible for that category. The item count can be reconciled from the online deposit system reports to an excel spreadsheet created by the unit.

  The count and amount of checks received through this process is a small portion of the total revenue recorded by the Receipting unit. No cases of lost or stolen checks have been identified. There is sufficient control in the process to ensure that there would not be a material misstatement of the financial statements.

  While we agree that internal controls can be strengthened, listing this finding as a material weakness is claiming “a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, detected or corrected in a timely basis”.
As such, we do not believe that the potential effect or risk posed by this issue rises to the level of a material weakness.

We have strengthened internal controls on the handoff of checks by including, in addition to a count of checks, the dollar amount, reconciliation, and a check redistribution log.

- We recommend department management align policies and procedures with governmental accounting standards to record expenditures in the proper period and we recommend management provide training to staff to ensure that prior period adjustments are utilized when appropriate.

We disagree with the finding since the agency followed Oregon Accounting Manual (OAM), Governmental Accounting Standards Board (GASB) standards, and Department of Administrative Services, Statewide Accounting and Reporting Services (SARS) advice that existed during the reporting period.

Each year the agency records regular, routine transactions to refinance revenue and expenditures related to lagged receipt of various revenue sources. As mentioned in the audit finding, these are normal transactions that occur as part of our regular business process.

In 2009, due to the large dollar amount of these transactions, the agency asked for advice from the Department of Administrative Services, Statewide Accounting and Reporting Services (SARS) on the proper use of prior period adjustments for these transactions. In response, SARS stated, “it’s not appropriate to incorporate a prior period adjustment into a routine practice. Prior period adjustments should be reserved for (those infrequent) corrections of errors.” This advice was consistent with both the Oregon Accounting Manual (OAM) 15.85.00.PO and related governmental accounting standards outlined in Governmental Accounting Standards Board (GASB) circulars.

Citations:
OAM 15.85.00.PO
.102 Prior period adjustments are made to reflect the correction of material errors in a prior financial statement. Examples of errors that could result in a prior period adjustment are:

a. Errors in mathematical calculations.
b. Errors in application of an accounting principle, e.g. not accruing revenue that was measurable and available in a governmental fund type.
c. Errors in the use of known facts.

GASB APB Opinion No. 9 Paragraph 24
Treatment as prior period adjustments should not be applied to the normal, recurring corrections and adjustments which are the natural results of the use of estimates inherent in the accounting process….the Board (APB) believes that prior period adjustment will be rare.

During 2010, the agency met with Secretary of State Auditors and shared both the SARS advice and its interpretation of GASB. Based on the advice and the meeting, the agency continued its practice of only recording prior period adjustments only to correct material errors in prior financial statements. During the statewide financial audit for fiscal years 2011 and 2012 auditors recommended multiple prior period adjustments for routine transactions involving refinancing of expenditures. Again, the agency challenged the use of prior period adjustments based on the OAM and GASB.

During the 2013 statewide financial audit, auditors again recommended prior period adjustments for routine transactions. On December 3, 2013, the agency, Secretary of State Auditors and SARS met again to discuss the issue. At the meeting, SARS leadership agreed with the auditors that these transactions could, most likely, require prior period adjustments. The agency stated their belief that use of prior period adjustments for routine transactions was contrary to the OAM and GASB.

To ensure that the agency was not in violation of OAM, the agency stated that it would change the practice of recording prior period adjustments (to include material routine transactions) if the OAM were updated to reflect the change.
On December 5, 2013, SARS updated OAM 15.85.00 to include new language on when to record a prior period adjustment for these types of transactions.

Because the SARS advice was reversed and the OAM language was changed after the end of the audit period and the agency followed the policy advice and the OAM language that existed during the period of the audit, the agency was in compliance and no finding is warranted. The agency has changed its procedures to comply with the revised OAM rule in the fiscal year 2014 reporting period.

- We recommend department management review and revise accrual methodologies for revenues and expenditures, as necessary, and perform periodic retrospective comparisons of accruals to actual amounts to ensure the accrual methodologies are reasonable.

Due to an error during year-end reporting the healthcare provider tax (HPT) revenue, drug rebate revenue and Medicaid Management Information Systems, expenditure accrual estimates were based on a 60-day rather than a 90-day availability period. This accounted for three of the four audit comments in this finding.

As a corrective action, beginning in fiscal year 2014, the Statewide Financial Reporting unit will modify its processes to ensure all governmental fund accrual calculations are based on the 90-day availability period. If actual HPT revenues are not known during month 13 financial adjustment periods, the agency will use estimates such as trends and projections that are based on Generally Accepted Accounting Principles (GAAP). The estimates will be compared to actuals for reasonableness.

Statewide financial reporting timelines require agencies to record accrual estimates within approximately 30 days after the end of the fiscal year even though the accrual period doesn’t end until 90 days after the end of the fiscal year. This timeframe produces variances between the estimates and actuals. The fiscal year 2013 variances were partially due to the inherent nature of using estimates. The $17.4 million and the $7.5 million variances seem high, but only make up 6.4% and 2.8% of the total accrual of $270 million. The
State has not established a range defining when the estimation error becomes material either in percentage variance or amount.

Although variances of actuals and estimates are expected, the agency agrees that accrual amounts should be compared to actuals, and future accrual modifications should be implemented as needed. Therefore, as a corrective action, beginning in 2014 the Statewide Financial Reporting unit will implement a yearly review of its operating statements to document variances and adjust accruals if needed.

- We recommend department management timely estimate and properly record liabilities in the department’s financial records. We also recommend department management implement adequate internal controls to ensure all liabilities are appropriately reported in the financial statements.

We disagree with the finding since the agency did not have an estimate of liability that met Generally Accepted Accounting Principles (GAAP) until after the close of the financial reporting period. However, we agree that the existing year-end review process for liabilities can be improved.

The estimate cited in the finding from August 2013 was from a rough range estimate by an IT project staff person and was not based on a clear, appropriate methodology and was not detailed enough to estimate the impact by fund. The complexity of the analysis resulted in an actual estimate that was provided to leadership and validated by financial staff in January 2014, after the close of the financial reporting period. It is not the normal practice of the agency to place estimates of liability on the financial statements that do not meet GAAP standards.

When the agency had an adequate remediation estimate, it followed the appropriate process and provided the Department of Administrative Services, Statewide Accounting and Reporting Services the following subsequent event disclosure:
The Department of Human Services has initiated a data remediation project to correct data conversion issues in ORKIDS related to eligibility and payment records. Subsequent to completion of the financial statements the agency developed a methodology to estimate the potential financial impact of the remediation. A rough estimate of the magnitude is $20 million refinancing from state general fund to various federal grants. The remediation methodology was approved on January 15th (2014). The estimate of specific state and federal grant level impact is expected in February 2014. It is expected that actual data remediation efforts will begin later in calendar year 2014.

We believe that since the estimate was generated after the close of the fiscal period and reported in the current fiscal year following the appropriate process under GAAP standards, there is no basis for a finding. However, as part of the year-end process, the Statewide Financial Reporting unit will strengthen its review of potential liabilities for financial reporting purposes.

- We recommend department management review user access to OR-Kids, ensure services are coded correctly in OR-Kids, review Adoption Assistance and Foster Care cases to verify eligibility is correct in OR-Kids, and ensure overpayment adjustments process correctly. We also recommend department management reimburse the federal agency for unallowable costs.

The Child Welfare Systems Innovations Manager is managing an effort to review and improve the partner access agreements, determine appropriate level of access, specific user roles and procedures to ensure compliance. The Federal Compliance Unit will continue to work with Office of Business Intelligence (OBI), Office of Financial Services OFS), Office of Information Services (OIS) and OR-Kids System Analysts to mitigate eligibility conversion issues whether through Data Remediation or manual clean-up. The Post Adoption Services Manager will work with OFS, OIS and OR-Kids System Analysts to correct the technical issues causing incorrect closure of Title IV-E eligibility on the Adoption Assistance cases, to identify all cases affected, and to correct the eligibility on the affected cases. The non-recurring services will be corrected and any inappropriate claims will be resubmitted to correct the claim on the CB-496 report.
The service coding corrections and reimbursement adjustments will be completed by June 1, 2014. A change request has been submitted to address the incorrect processing of overpayments that involved an Enhanced Supervision rate. The completion date of this request will be based on availability of programmers and the prioritization of work to be completed by OIS.

Office of Child Welfare, OFS and OIS will continue to analyze system conversion issues and determine the most appropriate actions needed to remediate the conversion issues. This will be completed by December 31, 2014.

- We recommend department management identify and correct data conversion issues and repay the federal government for the duplicate claims.

On January 30, 2014, the Office of Financial Services posted a remediation estimate in the accounting system in the amount of $23.3 million, thereby refunding the duplicate payment amounts to the federal government. The Office of Financial Services, Office of Information Systems, OR-Kids System Unit and the Federal Compliance Unit will continue to analyze the conversion issues and determine the most appropriate action to take to remediate the financial conversion issues. The department will complete this analysis and take the necessary action to mitigate any remaining financial claiming issues by December 31, 2014.

- We recommend department management make appropriate corrections and adjustments to the accounting records to prevent the department from requesting federal reimbursement for expenditures incurred outside the period of availability.

Prior to the implementation of OR-Kids, the agency would reconcile all federal draws at the end of the quarter to what was reported. Due to outstanding remediation issues, this process was discontinued. Now that the agency has a remediation estimate in the accounting system, we will again reconcile the draws to what is reported. For any unallowable expenditure, an entry will be done in the accounting system to reconcile it to the federal report and draws.
We recommend department management ensure CB-496 reports are complete, accurate, and adequately supported.

The Office of Financial Services (OFS) has modified its query process to ensure that all costs for the entire grant are reported on the correct line in the 496 report. OFS will also ensure all documentation used to support the federal report will be kept with the report.

We recommend department management ensure all required documentation is completed, reviewed and maintained, and that certification dates in OR-Kids are supported by corroborating documentation. We also recommend department management reimburse the federal agency for costs paid to providers who were not certified at the time of payment.

The department is issuing an Informational Memorandum providing clarification on the documentation of the certification dates to record for a Certificate of Approval issued. The Informational Memorandum covers the initial and any subsequent Certificate of Approval. The department has also updated the OR-Kids Business Process Guides to clarify the documentation of certification dates in OR-Kids and filing of the Certificate of Approval in the OR-Kids online file cabinet. The department will research the two cases referenced in the finding and make any adjustments necessary to our accounting record. The Informational Memorandum will be completed by April 1, 2014. Any inappropriate claiming will be corrected and adjustments made by June 30, 2014.

We recommend department management ensure CB-496 reports are complete, accurate, and adequately supported. We also recommend management implement processes to ensure the numbers reported for the average number of children assisted are accurate.
For line items on the report which have no expenditures, OFS will confirm with program this information is correct. Adjustments will be completed as necessary to ensure all expenditures are reported on the correct line.

The counts of children with non-recurring Adoption Assistance administrative expenses are calculated using OR-Kids expenditure data for those Adoption Assistance services with “non-recurring” in their title. An error was made when the service types were set up in OR-Kids, such that one service that should have been designated as “non-recurring” was not. On March 12, 2014, that service type title was corrected in OR-Kids. Counts for children receiving this service will be included in the Title IV-E Non-Recurring Administrative Cost Expenses line in future CB-496 reports.

- We recommend department management ensure verification of income with IEVS screens is clearly documented in client case files when determining client eligibility.

TANF program policy requires Self-Sufficiency workers to verify and document eligibility. Staff are also required to use the information from the IEVS screens, as well as other documentary evidence (oral or written), in determining and verifying financial and non-financial eligibility. This is consistent with federal guidance.

While the department agrees that verification of financial and non-financial requirements must be adequately documented when determining client eligibility, the department disagrees that the use of IEVS-related screens must be independently and specifically documented for every client. In fact, some partners such as the Social Security Administration that provide information used in screening applications, require in our state agreement with them that we do not document that we obtained specific information from their screens.

However, the department agrees with the need to reinforce the importance of narrating that relevant information on income was verified using the IEVS screens. The department will continue to reinforce the
importance of narrating when issues with narrating this factor are identified through the current Quality Assurance and Quality Control reviews.

Training materials will be reviewed and updated as appropriate, and a message will be sent to all staff determining TANF eligibility reinforcing the need to narrate that the appropriate IEVS screens were reviewed.

- We recommend department management strengthen controls to ensure projected hours of participation appropriately reflect the client’s employment status, reported activity participation reflects actual hours, and data entered into the automated data processing system is accurate and complete.

The department identified that one of the reasons for the work hour inaccuracies is due to how the weeks are programmed in the TRACS system. The department has already begun to make programming changes to correct the automated week calendar so that it aligns with the federal report.

With respect to the errors in projected hours and client employment status, the department plans to strengthen controls and build upon current efforts to maximize accuracy in the reporting of data. Work Verification Plan reviews are currently conducted annually. This internal control process reviews for compliance with the federal participation requirements for the TANF and SSP-MOE data reports, validating accuracy of data and documentation. In addition to statewide communication on best practices as well as error trends, the department has identified point persons in each district who will help communicate to staff the correct coding of participation related information.

Quality Assurance reviews have recently begun on TANF cases across the state as a means to strengthen controls for TANF case management accuracy in the Self Sufficiency programs. These reviews will continue as resources allow, providing a review of participation practices. The elements of acting on reported changes to update projected hours accurately, as well as ensuring documented hours are input into TRACS accurately, will be specifically called out and added to the review tool. In addition, case management
training materials will be reviewed to provide clear expectations for coding the employment status, projecting hours and accurately reporting the participation hours related to employment on Self Sufficiency TANF cases.

- We recommend department management prioritize the correction of OR-Kids coding errors and completion of monitoring reports to ensure the benefit threshold of $25,350 is not exceeded and re-determinations are completed timely.

The corrections to the seven clients who exceeded the $25,350 limit were corrected and adjustments completed to TANF in February 2014. A total of $465,040.50 was refinanced to another funding source from TANF.

Analysis determined the five clients where re-determinations were not completed timely had the re-determinations completed prior to when the sample was pulled. For these clients, their TANF eligibility ended because their re-determinations were not completed. However, the last of these client re-determinations was completed July 9, 2013. This resulted in the need to make funding adjustments in the quarters in which re-determinations were made. The current report workarounds are helping identify TANF clients that need a re-determination and they are being completed. The Federal Compliance Unit has been completing internal audits and providing findings to the Federal Revenue Specialist and Supervisor for corrective action. Information from audit findings and daily technical assistance is used to develop topics for bi-weekly conference calls between the Federal Compliance Unit and Federal Revenue Specialists. The Federal Compliance Unit also provides quarterly one-day trainings to the Federal Revenue Specialists and Supervisors to review policy and procedure.

The Federal Compliance Unit continues to work with the Office of Business Intelligence, Office of Information Services and OR-Kids to prioritize critical reports to ensure Federal Revenue Specialists have the tools they need to manage their workload and complete TANF re-determinations timely and accurately.
A report that informs staff when a client is nearing or exceeding the $25,350 threshold has a goal of August 31, 2014, for completion. The planned report is called “EL-3008 TANF Expenditures During Eligibility Episode Report.” Successful development of this report had several dependencies that are now complete. This includes data remediation, and the extraction, transformation, validation and loading of eligibility data and expenditure data into a data warehouse. The Office of Business Intelligence remains on target for a completion date of August 31, 2014.

- We recommend department management ensure complete and accurate client information is used to compile the quarterly data reports.

The department agrees that the data populating the ACF-199 and ACF-209 reports need to be as accurate and complete as possible. Currently, a team of Office of Information Services (OIS), Office of Business Intelligence (OBI), Self-Sufficiency Business Analysts, and Self-Sufficiency Program (SSP) staff meets weekly to address known or presenting data quality issues for these federal reports. Significant progress has been achieved over the past year to increase the data accuracy and completeness of these reports. This includes resolving several of the items listed in this audit findings report. DHS recognizes that a continued effort is still necessary in order to resolve known data quality and data completeness issues.

The inaccurate reporting of Maintenance of Effort (MOE) clients in the FTANF report was corrected in May 2013 with a change to the selection criteria for each federal report. In addition, an alert report process was implanted to notify financial staff of clients needing to have their funding source changed. Unfortunately, the updated data was not incorporated in time for the Federal Fiscal Year (FFY) 2012 file resubmissions. This data will be correctly reported for the FFY 2013 quarters.

The department started correctly reporting cases exempted from the federal time limit due to living in “Indian country” to the Administration for Children and Families (ACF) federal reports in FFY 2013. The department implemented these changes in April 2013. Unfortunately, the updated data was not incorporated in time for the FFY 2012 file resubmissions. For FFY 2013 and forward this data will be correctly reported.
The specifics for the reported hour inaccuracies issue was investigated in early 2014. The error that was identified was that the TRACS application had a week that started counting hours from Saturday through Friday, while the data extraction coding had an alternate start day, resulting in a mismatch of hours reported for a week. This system issue was corrected in February 2014. This fix will be reported in the rerun for the first quarter 2014 and in all subsequent files.

TANF-funded child welfare cases continue to be excluded from the ACF-199 report due to the child welfare system coding issues. A corrective action to this known issue is being actively worked. There is a team consisting of a Child Welfare Business Analyst, OBI, and Self-Sufficiency Business Analyst staff who are working to refine the requirements and data extraction coding for the data needed from the Child Welfare case management system. Progress has been made to correctly identify the population needed in the federal reports from the child welfare system, though complete data accuracy has not yet been achieved.

The TANF Policy Unit and other team members continue to work with the OBI, OIS, the Self-Sufficiency Business Analyst Team to prioritize critical data and coding changes needed to ensure accurate and complete reporting in the ACF-199 and ACF-209 federal reports.

Oregon is still working to include the Child Welfare data into the federal report. Further work on the program needs to be done to accurately reflect all TANF reimbursed services in the Child Welfare Case Management System, as the current extract is not capturing all the needed records. Testing on incorporating the Child Welfare data has been ongoing for the TANF federal report, so that once the data is correctly defined it can be included in the next TANF submission period. Work continues in this area. Due to continued data and coding issues the DHS anticipates completing the work of adding Child Welfare information to the TANF federal report by September 30, 2014.

- We recommend department management coordinate resources to better maintain and more readily provide sufficient application documentation.
The department has developed a business case for an electronic case document storage system. We believe that a coordinated and consistent process for electronic case document storage will provide more readily accessible application documentation. This effort will involve training, archiving and transfer agreements, business process development, communication plans, and technology installs. The anticipated completion date for all Self Sufficiency offices was originally expected to be December 31, 2014, however due to resource constraints associated with other statewide priorities, the new anticipated completion date for all Self Sufficiency offices to be fully functioning with electronic case document storage is predicted to be June 30, 2015.

- We recommend the department seek additional guidance from the federal government to ensure five-year time limit monthly exemptions are being appropriately applied in accordance with federal regulations.

The department is currently interpreting the “Indian Country” provisions of time limits according to the Bureau of Indian Affairs (BIA) designation of “service area”. The TANF policy unit, in coordination with the department’s Tribal Affairs Director, sent an inquiry to the U.S. Department of the Interior requesting which areas in Oregon constitute “Indian Country”. The department will subsequently apply the “Indian Country” exemptions to time limits according to any new guidance provided by the U.S. Department of the Interior for Federal Fiscal Year 2015, which begins in October 2014.

- We recommend department management strengthen controls to ensure all documentation supporting a provider’s eligibility determination is retained. For current providers with missing documentation, we recommend the department verify they are eligible to provide services.

Department management will educate managers and staff of the regulations, policies, applications and documentation required to enroll and maintain Medicaid providers and the retention process for the provider record. This will occur at the APD Program Managers meeting, the APD Supervisory Quarterly meeting and will be followed up with an “In the Loop” newsletter article. APD will partner with the OPAR
to train on this topic at the Regional meetings. Provider Relations Unit will also provide resources and education for the Developmental Disability program providers. These actions are much the same as last year’s audit response, but APD has not had sufficient time elapse to see the direct result of these corrective actions. For the specific problems noted, APD will research the samples identified, review available documentation, and make any necessary adjustments to our federal claiming based on our review.

- We recommend department management document procedures for completing annual reviews and strengthen the process for conducting desk reviews to include reviewing and making adjustments that could affect the annual payment rate. We also recommend department management ensure full reviews are completed and adequately documented and evidence of supervisory review and approval is retained.

Documentation was provided on which facilities were audited and how those facilities were selected for this audit cycle. APD shared the number of facilities reviewed and draft procedures that APD will use for performing future reviews. APD will finalize procedures by the beginning of the next annual review. In addition, APD will make all adjustments that could affect the annual payment rates. APD will also document supervisory review of the process.

- We recommend department management strengthen controls to ensure sufficient documentation is maintained to demonstrate compliance with federal requirements, and ensure the client liability is calculated accurately.

Department management will remind managers and staff of the policies, documentation and applications required to determine eligibility for our program and the forms that must be retained within the client files. These reminders will occur at the Aging and People with Disabilities (APD) Program Managers meeting, the APD Supervisory Quarterly meeting and will be followed up with an “In the Loop” newsletter article. APD will partner with the Office of Payment Accuracy and Recovery (OPAR) to train on this topic at the Regional meetings. These actions are much the same as last year’s audit response, but APD has not had sufficient time elapse to see the direct result of these corrective actions. For the specific problems noted,
APD will research the samples identified, review available documentation, and make any necessary adjustments to our federal claiming based on our review.

- We recommend department management correct the transactions processed with this incorrect coding. We also recommend department management ensure system coding is appropriately updated to allow only current FMAP rates to be used.

The department has implemented a process change related to Program Cost Account (PCA) structure. The Office of Financial Services (OFS) now enters an ‘effective end date’ on PCA’s to prevent a PCA from being used on a transaction after the grant period has closed.

The four identified transactions have been corrected in the accounting system with balance transfers. Additional research is being done to ensure there are no additional documents that need adjustment. The change in process was implemented March, 2014.

- We recommend management develop a plan based on current resources to ensure the timely completion of provider health and safety standard surveys for nursing facilities.

Oregon has a long history of meeting the Centers for Medicare and Medicaid Services (CMS) performance standards related to surveying facilities in fewer than 15.9 months. The Nursing Facility Licensing Unit is dedicated to bringing our CMS performance standard back into compliance and we are anticipating reaching compliance in early 2016. Over the past four years various staffing resource issues, such as the position freeze and mandatory furloughs, have significantly affected our ability to complete our work timely. In fact, our vacancy rate for surveyors reached 34% by the end of the freeze. Implementation of the Quality Indicator Survey (QIS) also contributed to our failure to meet the CMS performance standards. In addition to the general difficulties inherent of a new process and system, this new federally mandated survey process has increased our required survey team size (particularly for small facilities), increased training requirements, and lengthened total survey time.
Over the past four years we have implemented several continuous improvement activities that have resulted in efficiency gains to the survey process, in turn reducing the amount of time it takes to survey a provider. Those efficiencies have resulted in a 33% reduction in new surveyor training time. We have made efforts to minimize survey related travel and made a 10% reduction in report writing time. We have implemented an Electronic document workflow process, streamlined our report review process to facilitate a faster turnaround time between surveys, and provided provider training on how they can prepare for the new QIS process. Additionally, since July 2013 we have hired a total of 7 new surveyors, and had 7 surveyors leave (for various reasons).

Over the coming two years, we will take a number of steps to bring the department into compliance. By September 2014, we plan to make job offers on all current surveyor vacancies. By April 30, 2015, all new surveyors will be trained, Surveyor Minimum Qualifications Test (SMQT) certified and QIS registered. During this time we will also assess the survey and training teams to optimize production, optimize survey and surveyor turnaround time, evaluate utilization of CMS approved survey contractor to help us complete surveys and evaluate our surveyor recruitment process to enable us to reach better and more qualified applicants.

Our goal is to achieve compliance, and to have no facility with a survey interval over 12.9 months (which is well below the required 15.9 months). We estimate this will be achieved in early 2016.

- We recommend authority management develop a security plan that addresses all federally required components, develop and implement a formalized risk analysis program, and ensure system security reviews are conducted timely for all applicable systems involved in the administration of the Medicaid program.

We agree the Department of Human Services and Oregon Health Authority have not completed all the elements of a formal ADP risk analysis and security review of the Medicaid systems. However, as we have previously communicated, the agencies have traditionally relied on third-party assessments (such as the
SOC1 report from TKW), audits from Office of Inspector General, Secretary of State, and the Enterprise Security Office’s Annual Information Systems Business Risk Assessment report to provide this information. Security control assessment is included in these assessments. Vulnerability assessment scans of the MMIS system software are periodically performed at least every three years or whenever major changes are made to the system. The last assessment took place in August 2012. The next assessment is scheduled for later in 2014. We use these audits and reports, as well as leveraging reports from the Privacy and Incident Response section, to assist in that determination. While not strictly a formal risk assessment per se, it does provide an analysis of controls from both a system as well as program perspective. In addition, Information Security and Privacy Office (ISPO) staff have conducted security walk-throughs of the State Data Center on a number of occasions as required by the Internal Revenue Service (IRS). The agencies also have the Change Activity Board (CAB) and the Architectural Review Board which gives/requires the Information Security and Privacy Office (ISPO) the opportunity to review proposals for security issues and impact on the IT security environment.

We also agree that we need to develop a formal risk assessment and security review program based in industry standards and best practices that assesses risks for programs as a whole and not on a system-by-system basis. ISPO has hired a position for this activity and expects to have it in operation by June 30, 2014. It is envisioned that this program will be policy based. The program will use tools and techniques based on National Institute of Technology and Standards (NIST) principles and standards. The overarching goal is to ensure that security risk analysis is conducted when appropriate on a regularly scheduled basis. It is expected that the program will work closely with the Internal Audits and Consulting Unit to ensure that peer review of findings is included as an integral part of the ongoing risk assessment program.

ISPO is on track to perform vulnerability assessments on MMIS system in August 2014. We anticipate that a number of subsystems that “feed” into or use output from MMIS may be candidates for evaluation. This is dependent on ensuring that the evaluations will not disrupt the Cover Oregon Health Insurance Exchange contingency support efforts during the Magi/Medicaid and Qualified Health Plan Transition project. We anticipate that evaluation of those systems will occur in 1st or 2nd quarter 2015. ISPO’s Risk Assessment
program is in the operational pilot stage. Staff has undergone formal training by ISACA and two pilot assessments have been conducted (OPHP and Oregon State Hospital Avatar programs) to fine tune tool selection assessment processes. Current plans are to develop the overarching policy as part of a revised security policy set (scheduled activity for Fall 2014) and to begin assessment of DMAP programs and Medicaid systems at that time.

- We recommend department management ensure branch offices are aware of and follow the established procedures for securing EBT cards.

DHS is developing a Financial Desk Training for Aging and People with Disabilities (APD) and Self Sufficiency Program (SSP) staff, whose duties involve financial business process, and field managers. The Financial Desk Training will include a section on the established procedures for Electronic Benefit Transfer (EBT) card security. The Field Business Procedures Manual and the Business Review Tools are used as a basis for the training curriculum. SSP Office and Business Managers received the financial desk Electronic Benefit Transfer (EBT) Card Security section of the training prior to June 2014, along with expectations for complying with EBT card security and inventory procedures. The Financial Desk Training for all staff is being completed and will be available in August 2014. In addition, a communication was sent to office leadership in June 2014, regarding the importance of securing EBT cards and following the policy outlined in the Field Business Procedures Manual for monthly inventory.


- We recommend the Department of Human Services:
  Improve case management
  o Use additional case managers to increase the amount of client contact and set an expectation that each client will progress toward self-sufficiency;
o Prioritize additional work supports as funds become available, particularly subsidized child care that allows more parents to participate in work activities;
o Develop procedures for self-sufficiency offices to better assess new and returning clients and connect clients to needed medical care;
o Create detailed case plans that include strengths and interests, progress milestones, and meaningful activities;
o Track progress, build time limits into case planning, and conduct intensive reviews at key intervals, such as 24 and 48 months;
o Work with case managers and supervisors to address their concerns about the sanctions process and ensure they consistently hold clients accountable;
o Increase discussion of client progress during recertifications and routine client contacts;
o Improve services to clients with barriers by including work-related activities in case plans when appropriate, monitoring progress made in treatment, and following through on disability analyst recommendations;
o Require some level of participation before fully sanctioned clients are allowed to reinstate their TANF benefits;
o Develop a process to identify top performing TANF workers and share best practices among case managers and regional offices.

Expand partnerships
  o Build connections with Coordinated Care Organizations so clients can receive thorough assessments, referrals, and appropriate medical treatment;
  o Increase collaboration with other organizations that provide crucial services to TANF clients, including GED instruction, rehabilitation, apprenticeships, community support and employment services;
  o Work with university researchers to help assess program effectiveness, as other states have done.

Use data to drive improvements
  o Assess which client interventions work best and direct limited resources to proven programs;
o Continue developing data capabilities to track client progress, assist case management and improve agency wide operations.

Ensure compliance with federal requirements
  o Work with the federal government to determine if time-limit extensions for economic hardship were appropriate and if the Indian Country exemption is too broad.

We recommend that DHS management work with the Legislature and Governor to:
  o Consider revisiting budget and program decisions made during the recession that decreased client services and increased the number of TANF clients, using improved data on program performance and client needs;
  o Study the costs and benefits of raising the income limit for TANF clients who find work;
  o Consider allowing case managers more flexibility when re-engaging clients and administering sanctions;
  o Consider authorizing extended benefit holds as an initial step when clients fail to participate, reducing the use of the cumbersome and punitive disqualification process;
  o Explore alternatives to Oregon’s state clock policy that could be less administratively burdensome.
  o Consider adding small-scale participation incentives.

We recommend that Congress and the Department of Health and Human Services consider modifying federal regulations to:
  o Allow clients more time and credit for pursuing GED certificates and higher education while working or looking for work;
  o Allow clients with barriers to employment to receive more participation credit for documented progress in activities, such as health care, addiction treatment and vocational rehabilitation, that help them address their barriers;
- Give credit for partial participation in work-related activities, such as unpaid work experience and community service, particularly for clients with documented barriers.

We recommend that federal auditors further review federal TANF regulations that limit participation credit for clients who pursue education, health care, addiction treatment and other activities that help them address their barriers to work.

The Secretary of State’s Temporary Assistance for Needy Families (TANF) audit largely confirms weakness in program structure that the Department has been actively discussing with policy makers and stakeholders since the recession began in 2008. Third party validation by qualified auditors is always welcome and valuable.

We appreciate the accurate portrayal of the challenging economic circumstances in Oregon and the many consequences for the state TANF program as described in the audit report. Additionally, the agency agrees with the findings that improvements can and should be made in terms of employment outcomes and client engagement in the TANF program.

While the audit points out that Oregon’s TANF program does not lack for vision or ambition, it is regrettable that it largely ignores the dual purpose of the program: Safe and stable families, as well as employed parents.

In 2007, through House Bill 2469, the Oregon Legislature codified and funded a comprehensive TANF program designed to achieve the dual purposes of the TANF program. Data shows that in the first year of implementing the HB 2469 model, the program was starting to achieve the expected results. Unfortunately, the recession forced even more families out of work and into the TANF program. It also forced difficult decisions about resources for the TANF program. Because jobs were in short supply for even the most qualified job-seekers, the Legislature chose to prioritize TANF’s family stability side. It left the cash
assistance side of the program in place as part of a safety net for children and drastically reduced employment supports and services for adults in the program.

The report recognizes that the TANF program during the audit period the TANF program was not structured to prepare people for jobs that did not exist during the recession. Still, the audit spends considerable time on the issue of accountability, both with respect to DHS staff holding individuals accountable, and individuals on TANF taking responsibility to get back to work. That discussion perpetuates the traditional conversation about this program and the people it serves, rather than recognizing the structural challenge of the disincentives for work that are part of Oregon’s safety-net.

Compounding those structural issues -- specific to poverty and the TANF program itself during the audit period -- were the overarching challenges for all job seekers during the recession. Those challenges are underscored by the fact that the Unemployment Insurance program (which, like TANF is also intended to be temporary) has been extended multiple times since the recession began (and, at the time of this audit report release, six years later, the U.S. Congress is considering another extension).

That being understood, the agency agrees that best practice involves engaging clients fully in case planning, supporting those plans with the appropriate services, and holding clients accountable for full participation in plans and services. The TANF program already has begun seeing improvements in these areas as the result of the Legislature supporting the redeployment of staff and a small expansion of the JOBS program budget for employment services in the 2013-15 Legislatively Adopted Budget (LAB).

Next Steps:
The Department takes the results of the TANF audit seriously, particularly in the spirit of improving outcomes for Oregon’s children and families. Following is a summary of the audit recommendations DHS can implement under its current authority and within existing resources:

Improving Case Management
• Continue prioritizing additional work supports as funds become available, particularly subsidized childcare that allows more parents to participate in work activities. The prioritization process must take into account the need to balance employment training opportunities with the support services that enable clients to participate in them.

• Work with case managers and supervisors to improve the sanctions process and ensure they consistently hold clients accountable.

• Develop a process to identify top performing TANF workers and share best practices among case managers and regional offices.

**Expanding Partnerships**

• Continue building connections with Coordinated Care Organizations so clients can receive thorough assessments, referrals and appropriate medical treatment. Implementation planning must recognize that CCOs across the state are in different stages of development and that coordination with each CCO happens at the local level.

• Continue increasing collaboration with other organizations that provide crucial services to TANF clients, including GED instruction, rehabilitation, apprenticeships, community support and employment services.

• Continue partnerships with the Early Learning Council. Local leadership is participating in the hubs and will identify alignment opportunities.

**Using Data to Drive Improvements**

• Continue assessing which client interventions work best and direct limited resources to promising programs.

• Continue developing data capabilities to track client progress, assist case management, and improve agency-wide operations as capacity and funding allows. Major information technology system improvements would require additional funding.

Although the audit recognizes that the agency is operating the current TANF program within legislatively established policy and budget parameters, many of the recommendations will require the Legislature to make additional policy and budget decisions surrounding the program.
Currently, Oregon’s workforce redesign effort is one of the most promising policy initiatives for TANF client employment. The Governor’s re-chartering of workforce boards through Executive Order 13-08 and the Legislature’s adoption of SB 1566 (2014), are critical elements in addressing re-employment of TANF recipients. Without a stronger economy, including a workforce system focused on meeting businesses needs and moving people out of poverty and up the economic ladder, we cannot be successful in the long-term.

With those considerations in mind, and recognizing the need for policy and budget decisions at the state and/or federal levels in order to implement recommendations, the Department agrees to continue to engage in discussions with the appropriate organizations on all remaining recommendations, with the exception of the time limit exemption for economic hardship mentioned in the report. DHS believes it was in compliance based on the understanding of regulations at the time of implementation. In addition, the temporary exemptions for economic hardship are not current policy.

**Conclusion:**
DHS looks forward to partnering with the Governor and the Legislature to improve outcomes for children and families who are TANF recipients.

Ultimately, the best answer to the challenges identified in the audit is Oregon’s economic recovery. Oregon’s workforce redesign, along with the efforts of Governor Kitzhaber and the Legislature to comprehensively approach poverty through investments in education, health care, human services, economic development and job creation, are the best long-term opportunities to reduce the need for TANF.

Since our original response, DHS has convened two workgroups for the purpose of crafting a TANF re-design proposal for the 2015-17 legislative session. The current workgroup composed of DHS staff and stakeholders has focused work to:

- Include policy and investment recommendations, as well as recommendations for ways partners can help DHS achieve better outcomes for TANF participants.
• Include recommendations that streamline policy.
• Provide recommendations for further leveraging opportunities in state-level systems such as: education, health and workforce that do or should touch TANF.

In the fall, DHS plans to convene a series of work-stream groups to focus on further defining the proposal content.

In addition to the workgroups mentioned above DHS has accomplished the following:
• Improved outcome data available to field staff by finalizing a family case progression report that shows the percent of families with monthly progress towards family stability, work readiness, or employment. The report will soon include family case detail for staff to be able to do additional follow-up.
• Consulted with Center on Budget and Policy Priorities, other states and convened a workgroup to modify the up-front assessment form to better allow families and case managers to identify strengths and needs to assist in case planning. This form is currently being vetted with stakeholders before implementing.
• With regard to time limits:
  o Mailing notifications were implemented in May 2014 that inform individuals in the TANF program when they have reached 48 out of 60 months of TANF receipt. Case managers have been provided a tool to use at the 48 month accrual mark that helps them in conducting an assessment with the individual. The assessment includes resource referrals, long term financial planning and prioritization of JOBS services.
  o TANF approval notices were updated to inform individuals in the TANF program the number of months they have accrued while on TANF.
  o Multiple staff tools have been created to assist staff in better understanding the TANF time limit, identifying potential exemptions for families and coding.
  o A more robust statewide report is being created to assist field managers and staff in identifying families who are close to meeting the 60 month time limit by month.
• Best practices that increase engagement of participants and help meet federal participation requirements are being collected and shared state-wide.
• Case management positions have been increased in alignment with the legislative approval received in 2013.
• Re-distributed JOBS funding to DHS districts to ensure more funds are allocated to support services so that more families are able to participate in case plan activities and receive child care and transportation support.
| DIST. | STATUS | DESCRIPTION OF REQUEST | PROGRAM | CITY | BUILDING CLOSURES | ESTIMATED MOVE DATE | CURRENT SPACE OCCUPIED | NEW SPACE & CONTINUING SPACE REQUESTED | TOTAL ADDITIONAL SPACE | CURRENT # of People | ESTIMATED FUTURE # of People | # of Months BUDGETED | ONE TIME MOVING, INSTALL CASH, FURNITURE & PROFESSIONAL SERVICES & ONE TIME DUPLICATE RENTS | MONTHS BUDGETED FULL SERVICE BASE RENT | MONTHS PROPOSED FULL SERVICE ESTIMATED BASE RENT | MONTHS ADDITIONAL RENT OR SAVINGS | MONTHS ADDITIONAL DOLLARS (WITH CONTINGENCY) NEEDED | 15-17 BIENNIAL TOTAL | BIENNIAL TOTAL ADDITIONAL DOLLARS (WITH CONTINGENCY) NEEDED |
|-------|--------|------------------------|---------|------|-------------------|---------------------|-----------------------|------------------------------------------|------------------------|----------------|-------------------------------|---------------------|----------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------------------------|-------------------------------------------------|
| 06    | STATUS: | RFPs submitted and are | APD CW | Roseburg | Garden Valley Madrone Newcastle Harvard Main St, Canyonville | January 2016 | 49,403 | 67,620 | 18,227 | 100 | 238 | N/A | TBD | TBD | TBD | TBD | TBD | $0 | $2,193,286 |
| 2     | STATUS: | C & W proposing relocation from Powell | CW SSP | Portland | Powell Blvd | October 2016 | 31,214 | 41,362 | 10,168 | 172 | 178 | N/A | TBD | TBD | TBD | TBD | TBD | $0 | $826,292 |
| 08    | STATUS: | Final lease negotiations are in process. | CW SSP | Grants Pass | 725, 734 NE 7th St 2166 NW Vine St 725 NE 7th St (1,000 sf) | TBD 2015 | 35,846 | 61,722 | 23,866 | 199 | 199 | N/A | $349,385 | $1,785,552 | $3,318,688 | $1,553,166 | $0 | $2,070,606 |
| 03    | STATUS: | One of the two building owners has responded to the RFP. Waiting for the 2nd response. Currently in review and analysis. | CW SSP | Dallas | Oak and/ or Ellendale | December 2015 | 12,209 | 20,802 | 71,723 | 70 | 72 | N/A | TBD | TBD | TBD | TBD | TBD | $0 | $1,356,976 |
| 08    | STATUS: | The bank purchased 673 & 689 Market St. at the Sheriff's Sale 7/16/14. The site selection committee toured 11 properties submitted in response to the RFP. Two properties made the short list. RFPs have been sent to the two properties on the short list and a potential investor/purchaser of the two Market St. buildings. | CW SSP | Medford | 925 Town Centre 914 W Main 24 W 6th | TBD 2015 | 65,902 | 53,516 | -12,146 | 251 | N/A | N/A | TBD | TBD | TBD | TBD | TBD | $0 | $1,846,237 |
| 07    | STATUS: | RFPs for multi service center & separate buildings for APD and CWSSP concurrently have been distributed to Coos Bay area. | CW SSP | Coos Bay | North Bend | 2025 Sheridan 2075 Sheridan Broadway | November 2016 | 29,712 | TBD | TBD | TBD | TBD | N/A | TBD | TBD | TBD | TBD | TBD | $0 | $1,280,219 |
|       | Contingency | | | | | | | | | | | | | | | | | | |

Grand Totals: (Does not include all project costs - some costs are to be determined) $0 $19,093,060
The Department of Human Services (DHS) submits this report as required by ORS 417.270 (HB 3576 Equal Access to Appropriate Services for Girls and Boys) to report on our progress and plans in achieving equal access to appropriate services for males and females under age 18.

The Department of Human Services supports equal access to appropriate services for females and males under 18 years of age.

Budgetary information supporting this program is provided below:

<table>
<thead>
<tr>
<th>Gender Equity Report</th>
<th>2012 CW Databook</th>
<th>13-15 LAB Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-17 Child Welfare Budget Allocation</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Foster Care</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Adoptions Finalized</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Child Abuse/Neglect/Safety</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Child Welfare Average</strong></td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>15-17 LAB Budget is not available at this time.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Over the last biennium, Programs worked to implement the policy by taking the following steps:

- Including language in contracts and Requests for Proposals (RFP) around gender specific services for children and youth expectations. An example of that in a Family Based Services Contract is: “services shall be based on known effective interventions for changing child abuse and neglect behaviors. All services shall be culturally appropriate and services to a child and youth shall be gender-specific services that effectively meet their needs.”

- Office of Contracts and Procurement (OC&P) Gender equity within DHS Contracts (2013), including DHS requests for proposals:
  - Requests include services to children and youth, with specific guidance surrounding gender specific expectations. Program staff requests continue to include language regarding gender specific service expectations.
  - Proposers are asked to describe their strategies to implement culturally appropriate and gender specific services.
  - RFP template includes language, “Services provided under any Contract awarded as a result of this RFP shall consider equal access for both males and females under 18 years of age. ‘Equal access’ means access to appropriate facilities, services and treatment, to comply with ORS 417.270.”
  - DHS contracts include the condition that: Contractors must provide services to DHS clients without regard to race, religion, national origin, sex, age, marital status, sexual orientation or disability (as defined under the Americans with Disabilities Act). Contracted services must reasonably accommodate the cultural, language and other special needs of clients.

- Working with DOJ to clarify the scope of application and legal implications in the standard language under “Special Provisions” in our contract templates. The standard language in DHS personal services contracts has been updated to read: “Contractor shall provide equal access to covered services for both males and females under 18 years of age, including access to appropriate facilities, services, and treatment, to achieve the policy in ORS 417.270.” (OC&P)
• Providing training to new contracts’ staff and updating the rest of the staff on contracts and solicitations into which Gender Specific Services provisions were incorporated. Discussing the Gender-Specific Services policy at staff meetings. (OC&P)

• Child Welfare (CW) is requiring a description of diversity competency in how the organization program services will be sensitive, responsive and appropriate with gender specific services.

• Including language in RFP/Contract standards for new In-home Safety and Reunification Services. Examples of complete excerpts are:
  
  o “Specific cultural adaptation should be described in proposals for services. Proposers will be expected to describe a model for working with minority cultural groups disproportionally represented in the child welfare populations described in 5.4 District Requirements.”
  
  o “Cultural Competence: is the process by which individuals and systems respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, disabilities, religions, genders, sexual orientation and other characteristics in a manner that recognizes, affirms, and values the worth of individuals, families, and communities, and protects and preserves the dignity of each. Operationally defined, it is the integration and transformation of knowledge about individuals and groups of people into specific standards, policies, practices and attitudes used in appropriate cultural settings to increase the quality of services, thereby producing better outcomes. (Child Welfare Procedural Manual)”
  
  o “Gender Specific Services: Refers to treatments, interventions, educational programs and approaches that comprehensively address the unique needs, strengths and risk factors of each gender and fosters positive gender identity development.” (CW) Redesigning services and program standards with a Family Based Services Workgroup with the participation of child welfare staff, current contractors, Citizen Review Board representatives and other District participants. (CW)

• Continuing to review and provide feedback to contracted Behavioral Rehabilitation Services (BRS) shelter or residential treatment programs regarding their ability to provide services that are gender specific. (CW)
• Continuing to raise awareness with staff and providers through meetings to discuss and understand what gender specific services mean. (CW)

• Tracking current male/female ratios in all licensed child facilities and encouraging providers to participate in the Licensed Child Placing Agencies program review for assessment and monitoring. (CW)

• Program participation in the National Youth in Transition Database tracking program. (CW)

• Child Welfare continues to be engaged with the Coalition of Advocates for Equal Access for Girls by;
  o Having a DHS staff member attend the monthly Coalition meeting for education and information;
  o Refer staff, community programs and inquiries to explore the website for Coalition of Advocates for Equal Access for Girls http://equalaccessforgirls.org

**Child Permanency Program**

In compliance with ORS 417.270, the Child Permanency Program in the Office of Child Welfare Programs includes in all service contracts the requirement that the Contractor shall provide equal access to covered services for both males and females under 18 years of age, including access to appropriate facilities, services and treatment. In addition, all contracts include a nondiscrimination clause that states the Contractor must provide services to DHS clients without regard to race, religion, national origin, sex, age, marital status, sexual orientation, or disability. The Child Permanency Program has on occasion denied a contract based on the inability of the Contractor to agree to these terms.

In addition, program staff is committed to providing gender equal services and has especially concentrated of late on how to support LGBTQ youth in foster care or who are entering into adoption or guardianship by identifying and addressing their specific needs with a prospective family. Furthermore, the Child Permanency Program embraces placement of children with prospective adoptive parents regardless of sexual orientation.

A consultant within the Office of Child Welfare Programs presented training on LGBTQ children in care for certification and adoption workers around the state, and an additional consultant has received training by the Human Rights Campaign on systems working with LGBTQ children and adults as our clients.
Post Adoption Services

In compliance with ORS 417.270, the Post Adoption Services Program provides equal access to services and supports for both male and female children and youth. Monthly subsidies and medical coverage are provided on behalf of the children to their adoptive parents and guardians. The purpose is to promote the achievement of permanency for special needs children and the ongoing stability of the children in their adoptive and guardian homes.

The monthly subsidies are individualized and based on the unique needs and expenses of the child and family. Needs and expenses related to gender specific services and supports would be considered when determining the amount of monthly subsidy provided a family.

Additional support services are provided through a private contractor. The services include consultation, referral, and training provided by adoption and guardianship professionals. The current vendor is the Oregon Post Adoption Resource Center (ORPARC). ORPARC employs several individuals who are knowledgeable of the myriad of mental health, educational, therapeutic, and other support services throughout Oregon that could support the individualized needs of children adopted or in guardianships. ORPARC employees consult with families and professionals and make referrals to services in order to promote family functioning and prevent dissolution of the adoption and guardianships.

By contract, ORPARC is required to provide equal access to serve both males and females under age 18, including access to appropriate facilities, services, and treatment. ORPARC is also required to abide by a non-discrimination clause regarding race, religion, national origin, sex, age, marital status, sexual orientation, or disability, and must provide reasonable accommodations to meet the cultural, language, and other special needs of clients.

ORPARC also operates a lending library which offers a wealth of literature and resource packets, free of charge, to adoptive parents, guardians, and other professionals serving special needs adopted and guardian children. The materials cover a breadth of topics, and include books specific to gender specific development and identity formation of children and youth. The goal being to ensure children of all genders have informed adults parenting and providing them support to meet their unique needs.
In addition, ORPARC professionals both deliver training, and collaborate with other agencies to offer training opportunities to families and professionals to aid in the ongoing support and development of children and youth. The trainings they have offered regarding child development, attachment, collaborative problem solving, and transracial adoption are relevant to parents and professionals supporting children and youth of all genders.

**DHS LGBTQ Statewide Collaborative Team**

Over the past year, the following trainings were conducted by the DHS LGBTQ Statewide Collaborative team. The objectives from this training were:

- Gain a basic understanding of sexual orientation, gender identity and gender expression
- Gain an appreciation of the risk factors faced by sexual and gender minority youth
- Learn how to better support sexual and gender minority youth

Additional topics were covered and discussed based on the needs and requests from the specific audience.

<table>
<thead>
<tr>
<th>Date</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 5, 2013</td>
<td>DHS District and Program Managers</td>
</tr>
<tr>
<td>Nov 18, 2013; Jan 3 &amp; 18, 2014</td>
<td>DHS staff; Tillamook, Clatsop, Columbia counties</td>
</tr>
<tr>
<td>Feb 19, 26, 27, 2014</td>
<td>District 2 Family Services Team Quarterly (attended by ISRS and SPRF providers), CW caseworkers and supervisors</td>
</tr>
<tr>
<td>Feb 19, 26, 27, 2014</td>
<td>SSP, CWP, APD staff in The Dalles</td>
</tr>
<tr>
<td>May 6, 2014</td>
<td>CARES NW Diversity Conference (CW staff, medical professionals, staff from social services agencies)</td>
</tr>
<tr>
<td>May 21, 2014</td>
<td>Juvenile Justice Council (Juvenile Court judges, defense attorneys, Deputy District Attorneys, AAGs, admin staff, Juvenile Dept. staff, DHS management staff)</td>
</tr>
<tr>
<td>June 25 2014</td>
<td>Child Welfare Council (similar to Juvenile Justice Council)</td>
</tr>
</tbody>
</table>
Classroom Training: Positively Impacting Child and Youth Well-Being: Sexual Orientation, Gender Identity and Expression

This training has been provided by a DHS Foster Care Consultant. The various audiences were: Foster Care Certifiers, Certification Quarterlies - Metro region of Multnomah County, Oregon City for Western Region, Roseburg for Southern Region, Hood River for Eastern Region. This is 1.5 hour training.

Netlink Training: Working with Sexual and Gender Minority Youth in the Child Welfare System

In October 2013, this NetLink training was offered through our Child Welfare Partnership with Portland State University. Course Description: Invisibility of lesbian, gay, bisexual, transgender and questioning youth and homophobic environments are detrimental to the well-being of all community members. This class will help participants re-examine the harmful assumptions that we all grow up with so we can begin moving beyond hurtful stereotypes. Integrating statistics, best practices and powerful anecdotes, this gentle introductory training will provide you with the information and tools to engage in a culturally competent manner with sexual and gender minority youth as well as the adults who care for them. In addition to being better suited to support LGBTQ youth, the skills earned in this training can be easily adapted to creating safer work environments for all staff.

Child Well-Being Program

The services provided to children who are in Child Welfare programs remains fairly consistent over time in terms of gender equity. The United States census 2013 for Oregon children under the age of 18 represents 50.5% females. The population of children in out-of-home care during the federal fiscal year 2013:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boys</td>
<td>6,123</td>
<td>50.5%</td>
</tr>
<tr>
<td>Girls</td>
<td>5,990</td>
<td>49.5%</td>
</tr>
<tr>
<td>Total</td>
<td>12,113</td>
<td>100%</td>
</tr>
</tbody>
</table>
Of the children who entered foster care between April 1, 2013 through September 30, 2013, females represented 51% of the entries and also represent 51% of the children who exited foster care services during this same period of time.

DHS - Office of Child Welfare Program contracts with several Oregon Licensed Child Placing Agencies for Residential Treatment Services for children. The purposes of these programs are to serve children who have emotional and behavioral needs that cannot be met in their own homes or within the community in a relative or non-relative family foster home, but require a higher level of treatment oriented care and services. During the period of April 1, 2013 through September 30, 2013, there were 1,228 individual placements at this level of care and 45% of these placements occurred with females.

An area of concern is the recent closure of two different private child placing agencies that provided programs for girls to care for this higher level of need. One program closed in August 2013 and a second program has closed in August 2014. This accounts for approximately 25 contracted treatment placements for girls. There are other programs considering opening programs, but as of this writing they are not currently open.

The Child Welfare program also provides an array of services and supports to older youth in foster care to assist them in their successful transition to adulthood. Of the youth who exit after reaching 18 years of age, the ratio between male and females begins to change with 57% of the youth exiting over after age 18 are female. Interestingly these transition levels of services have a much higher participation rate of females then males.
<table>
<thead>
<tr>
<th>Independent Living Program</th>
<th>Independent Living Subsidy Program</th>
<th>Chafee Housing (former foster youth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male: 642 (43%)</td>
<td>Male: 47 (35%)</td>
<td>Male: 13 (25%)</td>
</tr>
<tr>
<td>Female: 854 (57%)</td>
<td>Female: 88 (65%)</td>
<td>Female: 39 (75%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Driver’s Education Courses</th>
<th>Other Financial Support/Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male: 17 (29%)</td>
<td>Male: 195 (42%)</td>
</tr>
<tr>
<td>Females: 41 (71%)</td>
<td>Female: 270 (58%)</td>
</tr>
</tbody>
</table>

Strategies in place to continue a focus on gender equity:

- DHS - Office of Child Welfare Program has and will continue to encourage the Residential Services Programs in Oregon to utilize the *Gender-Responsive Standards and Assessment Tool for Girls Programs and Services*. The G-SAT is a great resource for enhancing a program’s gender-responsive approach and by integrating these empirically-based standards; they should improve the outcomes for girls.

- During the fall 2014, the department, in collaboration with the *Coalition of Advocates for Equal Access for Girls*, will be providing educational materials and the G-SAT to agencies in which the department contracts with for services. This will, in part, coincide with the International Day of the Girl on October 11, 2014.

- The department anticipates having some staff attend the upcoming training conference in Oregon during October, which is sponsored by the Coalition of Advocates for Equal Access for Girls [http://equalaccessforgirls.org](http://equalaccessforgirls.org)

- The department will continue to recruit private agencies to develop programs for higher levels of care for girls in Oregon. (A full copy of the department’s policy and procedures for gender-specific services for youth is available at: [http://www.dhs.state.or.us/policy/admin/exec/010_004.htm](http://www.dhs.state.or.us/policy/admin/exec/010_004.htm))

The I-DD Community Housing Program assists persons with developmental disabilities to live successfully in community housing that is affordable and safe and contributes to their independence and quality of life. I-DD Community Housing supports services to persons with developmental disabilities in the following ways:

- Oversees the property management of homes developed for the former Fairview State Training Center residents.
- Develops and manages and funds eligible home modification projects for In-Home and Crisis Services for children and adults with developmental disabilities.
- Coordinates the operation of the Fairview Community Housing Trust that was established with revenue from the sale of Fairview. The Trust funds small grants for home modifications to Oregonians with developmental disabilities living in their own or family home.
- Provides technical assistance to individuals, families, brokerages, and counties regarding housing issues faced by persons with developmental disabilities and best practices to implement solutions.

Funding for the program is maintained in three separate Treasury Fund accounts. Two of those accounts contain the proceeds from the sale of the Fairview State Training Center and the third is for the operating fund for maintenance, development, technical assistance, etc.

**Fairview Community Housing Trust Accounts**

The two accounts containing proceeds from the sale of the Fairview State Training Center are designated in statute as follows:

** Per ORS 427.340 "The Department of Human Services may expend, for the purposes of ORS 427.330 to 427.345, any earnings credited to the account, including any income from the lease of surplus property and any interest earned on monies deposited in the account, and up to five percent of any sale or transfer proceeds**
Initially credited to the account by the Oregon Department of Administrative Services. At least 95 percent of all sale or transfer proceeds shall remain in the account in perpetuity."

Historically the funding from the five percent of sale proceeds account as well as the accrued interest on both accounts has been used to provide grant funding to children and adults with developmental disabilities to allow for them to continue living in their own home or family home. There is a Fairview Trust Advisory Committee which oversees the grant awards and other policies governing the operation of the Trust. The committee membership includes former Fairview clients, family member of former Fairview clients, client advocates and others. Clients submit grant applications which are reviewed for eligibility and funding.

As part of the budget development process for 2011-2013 a reduction action was put forward to expend the balances out of the two Fairview Community Housing Trust Accounts. The action that was taken was to leave $6,000,000 in the corpus or 95% sale proceeds account and to use $5,970,375 from that account combined with the projected remaining balance in the 5% Fairview Grant account of $979,759 for a total of $6,950,134. This action was taken in year two of the biennium and the grant fund program suspended.

A Policy Option Package for 2013-15 would have restored the corpus account to pre 2011-2013 balance, adding back $6,950,134 GF; however, the Policy Option package was not selected as part of the Legislatively Adopted Budget. For 2015-17, a Policy Option Package was not proposed to restore the Fairview Trust account. As of July 1, 2014, the corpus account’s balance combined with the 5% account’s balance totals $5,926,051.
### Fairview Community Housing Trust Account (95% Restricted Account)

<table>
<thead>
<tr>
<th></th>
<th>GF</th>
<th>OF</th>
<th>TF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit</td>
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<td>Treasury Account</td>
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<td>$5,020,241</td>
</tr>
<tr>
<td>Total Expenditures</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Balance</td>
<td></td>
<td>$5,020,241</td>
<td>$5,020,241</td>
</tr>
</tbody>
</table>

### Fairview Community Housing Trust Account (5% Unrestricted Account)

<table>
<thead>
<tr>
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<th>OF</th>
<th>TF</th>
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<td>Deposit (expend against existing Treasury Account)</td>
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</tr>
<tr>
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<td>$0</td>
</tr>
<tr>
<td>Total Revenue</td>
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<td>$0</td>
<td>$905,810</td>
</tr>
<tr>
<td>Total Expenditures (grant application &amp; award process)</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Balance</td>
<td>$905,810</td>
<td>$0</td>
<td>$905,810</td>
</tr>
</tbody>
</table>
I-DD Community Housing Operating Account

When Fairview was downsized and eventually closed, the I-DD Community Housing Section in partnership with private non-profit housing developers constructed or remodeled 200 homes to provide housing for those residents and persons misplaced in nursing homes. It was called the Community Integration Project (CIP). The homes were funded by general obligation bonds sold by Oregon Housing and Community Service Department (OHCDSD) and incorporate many specialized features. Per an agreement with OHCDSD a reserve amount of $500,000 is required for this account to assure maintenance of an asset purchased with GO bonds.

The I-DD Community Housing Section allocates funds and provides oversight and technical assistance in order to develop, adapt and maintain safe and appropriate housing for children and adults with developmental disabilities that receive services funded and/or licensed by the Department of Human Services. The persons receiving services in Oregon live in a variety of settings. These include, among others, services to children living in family homes, adults and children in 24-hour licensed out of home services, foster care, and adults in apartments or private homes. Often, providing these services requires that housing be constructed, modified or adapted in order to meet the needs of persons and to assure that homes are safe and adapted to the unique needs of the persons who live there. In carrying out its responsibilities, the I-DD Community Housing Section:

- Manages the maintenance and repair program for 200 bond funded homes that provide housing for persons with developmental disabilities receiving 24 hour support;
- Provides technical assistance to families and support agencies regarding specialized home adaptations;
- Develops homes to meet critical client needs;
- Manages and allocates funding for housing adaptations for adults and children with developmental disabilities receiving funded services;
- Provides fiscal oversight of expenditures from the Housing Fund, and within the Fund, the Fairview Housing Trust Account.
<table>
<thead>
<tr>
<th>I-DD Community Housing Operating Fund</th>
<th>GF</th>
<th>OF</th>
<th>TF</th>
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<tr>
<td>Reserve</td>
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<td>Accrued Interest</td>
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<td>Total Revenue</td>
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<td>$4,148,765</td>
<td>$7,768,253</td>
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<tr>
<td>Total Expenditures</td>
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<td>$4,148,765</td>
<td>$7,768,253</td>
</tr>
<tr>
<td>Modernization</td>
<td>Estimated Start Date</td>
<td>Estimated End Date</td>
<td>Project cost to date</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------</td>
<td>-------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>The Program is structured to provide enterprise alignment for planning, governance and management, with implementation projects planned and executed in a coordinated way. The program has evolved over time from a primarily technology focused approach to a broader service delivery program approach for DHS, encompassing and leveraging technology innovation to achieve program and agency goals. This is a placeholder POP focusing on the next phase of work of integrated service delivery to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority’s work, compliance with the Federal and State Stage Gate processes utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition Services) will also continue to assure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in GF limitation for OHA limited duration positions in OIS. DHS and OHA are committed to providing a modern service delivery network in which customers are proactively engaged by the enterprise in identifying services to address the social determinants of health, generate healthy communities, improve customer outcomes, and reduce overall costs. To achieve this vision, the enterprise remains steadfast dedication to the development of an integrated system supporting shared eligibility determination services across all public benefit programs, as well as establishing comprehensive case management capabilities supporting the major programs within DHS. To complete the next phases of development and transformation efforts that will help achieve these goals, DHS and OHA are requesting support and funding authority for the Modernization Program for the 2015-17 biennium.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>07/07</td>
<td>06/17</td>
<td>$90,444,058</td>
<td>$80,253,244</td>
</tr>
<tr>
<td>OAAPI - APD</td>
<td>Project to develop a streamlined and integrated statewide Adult Abuse and Report Writing system. Phase I planning was approved by the Emergency Board in March 2014. This POP assumes the planning is completed and the Phase II development is ready to proceed based on the Phase I business case and solicitation documents. It is also planned to keep close connection between program, OIS, OAH and OLR on the gate review processes and progress of this project. The need for a stable, integrated Abuse Data and Report writing System is critical as Oregon faces an aging population, an annual increase of 5-8% in abuse referrals, and an increased need for services across all demographics. Given the nature of the services provided to vulnerable Oregonians by OAAPI and its partners, we cannot afford to place our trust in a disconnected assortment of legacy data systems that do not give us the information we need to protect victims of abuse effectively and develop prevention efforts proactively. Currently all funding is assumed as GF but DHS is pursuing other avenues of Federal funds that may or may not become available. Assumes $2 million of Q-bond available.</td>
<td></td>
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<tr>
<td>05/14</td>
<td>06/17</td>
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<td>$5,437,494</td>
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<tr>
<td>REAL-D</td>
<td>This Policy Option Package supports architecting and implementing a master client data collection solution to address the needs of the current and future client data collection requirements for united data collection to address health and service equity for all programs and activities within the Department of Human Services (DHS). DHS and OHA have developed policies for collecting, analyzing, and reporting meaningful race, ethnicity and language and disability data across DHS and OHA which was built on the foundation of the U.S. Office of Management and Budget’s (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies. Assumes 1 million in Q-Bond availability. Phase I planning is being done during the 2013-15 biennium.</td>
<td></td>
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<td>08/14</td>
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<td>Collective Bargaining and Federal Rule Change PlaceHolder</td>
<td>This is a placeholder for the system modifications that may be required to support the outcome of the 2015-17 Collective Bargaining Agreements and any decision coming out of the Session to account for Federal Department of Labor rule changes in CO, APD and AM.</td>
<td></td>
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<tr>
<td>TBD</td>
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<td>TBD</td>
<td>TBD</td>
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<tr>
<td>Project Description</td>
<td>Estimated Start Date</td>
<td>Estimated End Date</td>
<td>Project cost to date</td>
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<td>HIV-CAT (CareAssist)</td>
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<td>OHIT 1.5</td>
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<td>01/16</td>
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<tr>
<td>MMIS Hardware Refresh</td>
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<td>10/16</td>
<td>TBD</td>
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</table>

**Purpose:**

- I=Initiation
- P=Planning
- E=Execution
- C=Close-out

**Description:**

The purpose of the project is to modernize the MMIS infrastructure and sized for client usage plans and future growth. These updates will continue the viability of maintenance contracts and uphold SLAs relating to potential outages caused by end-of-life hardware. The current MMIS infrastructure has many components that were part of the original implementation and are past end-of-life. The expansion of Medicaid eligibility has increased the number of clients for beyond what the system was originally expected to handle. The future number of clients over the next five years is estimated based on forecasting and is expected to continue growth. The current Hewlett Packard Enterprise Services (HPES) Contract 1137737 for the Replacement Medicaid Management Information System (MMIS) is set to be extended to February 28, 2017 for the balance of the three year extension.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Estimated Start Date</th>
<th>Estimated End Date</th>
<th>Project cost to date</th>
<th>All biennia total project cost</th>
<th>Base or POP</th>
<th>Project Phase: I=Initiation, P=Planning, E=Execution, C=Close-out</th>
<th>If continuing project - Has it been rebaselined for either cost, scope or schedule? Y/N - If Y, how many times?</th>
<th>Purpose: L=Lifecycle Replacement; U=Upgrade existing system; N=New system</th>
<th>What Program or line of business does the project support?</th>
<th>Comments</th>
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<td>TBD</td>
<td>TBD</td>
<td>Pre-initiation</td>
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<td>U</td>
<td>OHA/PH</td>
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<td>TBD</td>
<td>Pre-initiation</td>
<td>N</td>
<td>N</td>
<td>OHA/PH</td>
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<td>Execution</td>
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<td>N</td>
<td>OHA/MAP</td>
</tr>
</tbody>
</table>
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# Table of Contents

1. EXECUTIVE SUMMARY.................................................................................................................. 5

2. PURPOSE........................................................................................................................................... 7

3. PROBLEM STATEMENT - PROBLEMS, CHALLENGES, AND OPPORTUNITIES................. 9

4. DESIRED BUSINESS GOALS & OBJECTIVES .............................................................................. 14

5. ALTERNATIVES............................................................................................................................... 16
   a) A. ASSUMPTIONS ......................................................................................................................... 16
   b) B. COSTS ..................................................................................................................................... 17
   c) C. BENEFITS ............................................................................................................................... 18
   d) D. RISKS ...................................................................................................................................... 19

6. FINANCIAL ANALYSIS..................................................................................................................... 20

7. IMPLEMENTATION APPROACH/TIMELINE................................................................................. 24

8. RECOMMENDATIONS..................................................................................................................... 25
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Executive Summary

In the 2007-2009 biennium, the DHS Children, Adult and Families division (CAF) initiated the Self Sufficiency Modernization project (SSM) to automate manual processes and modernize aging self sufficiency data systems. The goal was to establish new avenues for improving access for clients to apply for self sufficiency benefits including Supplemental Nutrition Assistance Program (SNAP), Medical, Temporary Aid to Needy Families (TANF) and Employment Related Daycare (ERDC).

Oregon’s self sufficiency eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily intended to generate payments. The eligibility process was, and still is, mostly done through manual and paper driven processes.

In 2011, SSM was expanded from a singular technology focus to include modernization of the approach DHS uses to perform work and deliver services. The DHS Modernization effort replaces the former SSM and recognizes the connection between transforming service delivery and technology. Technology re-engineering and replacement is one tool supporting a myriad of service delivery elements including access, eligibility, enrollment, notification, service/benefit utilization, from maintenance to closure.

Automation and modernization of Oregon’s self sufficiency system is critical to ensure uniform access for clients across the state. Current systems are largely branch office dependent. Client information required to determine eligibility (demographics, household and financial information) is captured today using a paper process. Information is then manually keyed by caseworkers into multiple systems. There is limited online access for clients to apply for services or estimate eligibility. Eligibility determination by caseworkers is manual and error prone.

Self sufficiency client service begins with client interest and then moves through the application process into client intake, client eligibility determination and provision of benefits. The intent of the DHS Modernization effort (renamed in the 09-11 biennium) is to provide virtual channels of access to clients to determine availability of programs and services, allow clients to apply for programs/services electronically without having to come to a field office and ultimately be able to track and manage their service accounts remotely.

The DHS Modernization project is using an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and inter-relationships that are defined to deliver incremental solutions supported under the construct of the overall Self Sufficiency Modernization Program using structured release management practices.

Total expenditures for the Modernization Program are projected at:

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>07 – 09</td>
<td>$3.20 million</td>
</tr>
<tr>
<td>09 – 11</td>
<td>$9.44 million</td>
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<td>11 – 13</td>
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<td>13 – 15</td>
<td>$49.90 million</td>
</tr>
<tr>
<td>15 – 17</td>
<td>$39.00 million</td>
</tr>
<tr>
<td>Total</td>
<td>$124.74 million</td>
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</table>

A preliminary model for direct and indirect cost savings has been created. Potential cost benefit value from all DHS Modernization efforts could exceed $49 million annually. Our
intention is to continue to refine and validate this model. A list of benchmark metrics is included that can be used throughout the Program lifecycle to help track our progress towards these savings goals.

The goal of Modernization is to automate complex activities such as eligibility determination which benefits clients and improves caseworker accuracy and efficiency. Long term, DHS envisions a more integrated solution environment serving client needs and supporting caseworker efforts more efficiently and effectively.
Purpose

Oregon’s self eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily meant to generate payments. The eligibility process is still mostly manual and paper-driven. DHS has incorporated the LEAN system to streamline and increase service delivery efficiencies. However the touch points and basic service delivery model remain unchanged. DHS is now assessing transformational ways to improve service delivery and increase the right level of client interaction and support without increasing staff levels.

Transformation of DHS services, initially focused on eligibility is critical to ensure uniform access for clients across the state; current access to data and management of case files are largely branch office dependent. Client information required to determine eligibility is heavy touch and paper based. Substantial manual effort including keying of data into systems and calculation of eligibility is manual. Case files and case management is paper-based and therefore not readily transferable between caseworkers.

Existing systems do not meet the needs of caseworkers or clients, and continue to put children and families in need at risk. There are two primary legacy systems -- SNAP (FSMIS) and the Client Maintenance System (CMS). There are over 35 additional subsystems used to provide, track and maintain caseworker/client interaction information for SNAP, TANF, ERDC and Medical benefits to clients. These systems have over 100 interfaces to other systems within DHS and OHA and with other external entities.

DHS Modernization will support technology needs and business transformation enabling future business strategies to align to a renewed business architecture. The result will be consistent service delivery and maximized economies of scale in social interfaces without geographical constraints that utilizes a full range of technology options including mobile computing, seamless data access and data sharing. This will lead to multiple positive outcomes, greater efficiency for caseworkers and the ability to send referrals based on need and outcomes.

Oracle software (called a “stack”) purchased by DHS and OHA in 2011 facilitates agency ability to establish a foundation based on business functions - comprehensive case management (intake, assessment, determination, authorization of services) including intelligent, informed referrals to community and provider services. DHS will be able to track service success and send enhanced referrals based on outcomes with a system that tracks provider services and quality and who we send. Instituting and leveraging data warehouse and master data management capabilities will enable DHS to establish performance metrics and share data in ways not currently possible because of the limitations of existing siloed systems. Technology solutions will enable expanded service access providing increased flexibility for clients through increased client touch points. Combined business service transformation and technology solutions will maximize client self service and improve client choices with respect to how much they need to engage in person.

Modernization includes re-engineering the client experience, the way case workers interact with clients, the interface between the client and DHS, delivery of benefits and replacement of aging technology systems far past their usability. Current manual, paper intensive processes are cumbersome and make information sharing extremely difficult will be automated and streamlined.

Automating eligibility determination will lead to increased accessibility, quality, accuracy, timeliness and improved accountability. Information will be stored and accessed through a
data warehouse that supports federal, state and local operational management and statistical reporting.

Strategically, technology solutions will enable unified case management, a data warehouse based on the principles of master data management, data strategy and data architecture, and a payments system that will replace multiple, disparate payments solutions. The solutions implemented will lay a technology foundation that will further leverage and extend support for other DHS services including intake and screening, case management, permanency, certification, case planning, licensing, provider systems, protective services and developmental disabilities.

More broadly though, our efforts include examining and transforming how we design our facilities, the facility needs, how we connect with our clients and how we expand choices for client engagement. Service delivery locations will utilize the new technology in concert with the need for face-to-face contact.

To achieve these goals and the expanded view of agency modernization, DHS has extended the end date for overall modernization from the initial estimate of 6 years to 10+ years. This will extend overall costs, but the end result will be a significant reduction in the total technology systems used to support DHS – from the current 80+ to a handful of enterprise solutions. This will result in far greater efficiency for case workers in all areas – the ability to view clients and cases in a holistic manner, and having just one version of the truth for data. Technology support will be dramatically improved, time spent implementing policy and other requests will improve significantly and total cost of technology ownership should decline over time.
Problem Statement - Problems, Challenges, and Opportunities

“We can’t solve problems by using the same kind of thinking we used when we created them.”
- Albert Einstein

Oregon’s self eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily meant to generate payments. The eligibility process is still mostly manual and paper-driven.

DHS has incorporated the LEAN system to streamline and increase service delivery efficiencies. However the touch points and basic service delivery model remain unchanged. DHS is now assessing transformational ways to improve service delivery and increase the right level of client interaction and support without increasing staff levels.

Transformation of DHS services, initially focused on eligibility is critical to ensure uniform access for clients across the state; current access to data and management of case files are largely branch office dependent. Client information required to determine eligibility is heavy touch and paper based. Substantial manual effort including keying of data into systems and calculation of eligibility is manual. Case files and case management is paper-based and therefore not readily transferable between caseworkers.

Existing systems do not meet the needs of caseworkers or clients, and continue to put children and families in need at risk. There are two primary legacy systems -- SNAP (FSMIS) and the Client Maintenance System (CMS). There are over 35 additional subsystems used to provide, track and maintain caseworker/client interaction information for SNAP, TANF, ERDC and Medical benefits to clients. These systems have over 100 interfaces to other systems within DHS and OHA and with other external entities.

Automation and modernization of these systems is critical to ensure uniform access for clients across the state; current systems are largely branch office dependent. Client information required to determine eligibility (demographics, household and financial information) is captured today using a paper process. Information is then manually keyed by caseworkers into multiple systems. Online access for clients to apply for services and online estimation of eligibility is limited. Eligibility determination by caseworkers is manual and error prone.

Caseworkers rely on more than 35 aging, disparate systems to provide services to clients. These systems utilize aging, difficult to sustain technology. In addition, it is becoming increasingly difficult to hire knowledgeable staff who have skill sets for understanding and maintaining these legacy systems because the development languages are obsolete in the industry.

DHS and OHA systems have myriad of custom-build, non-standard interfaces to other systems, resulting in a technical environment not conducive to making timely, efficient changes in response to federal or state mandates and to support caseworker needs.

Caseworkers must log the same data multiple times into different system; information is not readily shared between systems.

There are two primary legacy systems – SNAP (FSMIS) and the Client Maintenance System (CMS) – in addition to more than 35 additional subsystems used by Self Sufficiency to provide, track and maintain caseworker/client interaction information for SNAP, TANF, Employment Related Day Care and Medical benefits to clients. Self Sufficiency systems have over 100 interfaces to other systems within DHS, and with external entities.

Graphic showing the current primary state of the Food Stamp system and Client Maintenance System are shown on pages 9 and 10.
Problems/Challenges

- Caseworkers spend a disproportionate amount of time performing data entry and dealing with system inefficiencies, time that could be much better spent providing direct services to clients.
- Information systems were developed in the 1970s and early 1980s and are now 30-40 years old, have weak interoperability, and require manual and duplicate data entry.
- Significant effort is required to implement code changes in response to policy and legislative actions. These code changes are time consuming, repetitive, and expensive because of the complexity of the legacy systems and the utilization of outdated technologies not centered around service oriented architecture and reuse principles. The programming languages used for these systems are no longer readily supported by the general IT industry.
- Increase error rate probability due to manual decision processes and complexity of eligibility rules. These errors lead to both over- and under-payment of program benefits.
- Require staff with a unique talent-set to maintain. Because the legacy systems utilize outdated programming languages, it has become increasingly difficult to hire new staff that understands the legacy technology. Furthermore, the agency understands that significant numbers of currently employed technicians will qualify for retirement soon. Comprehensive succession planning is critical.
- A comprehensive view of a client’s service support is not available. All case data is not available to all caseworkers, limiting knowledge of what services a client is receiving and the ability to track other services essential to improving family wellbeing.
- System inefficiencies reduce case worker contact with families. Inefficient system and lack of automation of medical determination contribute to high medical eligibility error rates, excessive administrative and clerical workload for caseworkers, resulting in less time spent providing direct services to clients in need.
- Data duplication increases data security risks and reduces data integrity. This also impacts reporting accuracy and efficiency for client-based programs. SNAP, TANF, Day Care and Medical do not have use of a data warehouse for obtaining uniform data. Duplicate information is stored in multiple systems, with different data structures, security protocols, access and authentication processes.
- Time-consuming and burdensome mandatory reporting is made more difficult by the current manual processes. Mandated reports require pulling information from multiple, unconnected systems to produce program outcome information and provide data on accuracy, improvements and accountability. Report data are summary only, requiring staff to manually extrapolate detail for reporting purposes.
- With more than 35 systems used to support self sufficiency service delivery and over one hundred interfaces between these systems and other systems within and outside of the agency, there are significant potential points of technical failure.
- Many systems utilize obscure or outdated programming languages for which technical resources are in a limited supply and require unique staff skill sets.
- “Emergency” staff to make the mandatory code changes are impossible to acquire. This creates significant risk in the department’s ability to support and sustain these solutions.
Technical staff allocated to support these systems spends the majority of their time providing maintenance (break-fix). Any system modifications or changes, whether to repair an existing problem or respond to legislative mandates, require extensive testing due to system complexity and system interfaces. Changes to any system have a very high probability of impacting other systems. Resolving system problems are challenging, time consuming and expensive. Support is further complicated by the multitude of platforms and languages used in the various systems. This complexity requires staff to be well-versed in a broad array of computing disciplines. The risk profile for systems support is high, due to the high level of staff fragmentation, low ratio of staff to individual systems, and lack of system documentation.

New federal requirements: The Deficit Reduction Act (DRA) of 2005 added new work rules across virtually every major health and human service program, especially child support, TANF and Food Stamps.

Antiquated systems that are difficult to modify: Major self sufficiency systems are old, with varying levels of system documentation, adding substantially to the time and cost required to make changes.

Complicated eligibility determination process: Manual processes and highly complex rules with multiple decision points and large quantities of application information impact staff and clients.

Internal case management challenges: Case management challenges exist due to lack of effective integrated case management processes that track and report client information across multiple programs.

Opportunities

“Change is the law of life. And those who look only to the past or present are certain to miss the future.” - John F. Kennedy

- The Blind Commission will have access to more timely and accurate statistics of people with challenges. This supports better identification of needs and improves services to the vision-impaired.

- Children and Families Commission access to improved reporting supports better coordination, community mobilization and coordination among community groups, government agencies, private providers and other parties of programs and initiatives for children 0-18 and their families.

- The Economic and Community Development Department will have access to improved reporting. This supports improved investing in human capital and promotes innovation.

- Housing and Community Services access to better statistics will result in better forecasting.

- The Oregon Department of Justice will have easier access to data on services to children.
Desired Business Goals & Objectives

The primary focus of DHS Modernization in 2013-15 will be to continue the incremental, modular approach to transform the business service model and implement technology solutions. Planned efforts will focus on solution delivery case management, financial payments and data architecture, strategy and data warehouse functions.

This functional focus applies to business and technology transformation activities and lays the foundation for future DHS Modernization activities beyond eligibility.

Field staff and DHS clients will benefit through improved internal processes and external client experience. Benefits that Oregon expects from self sufficiency modernization include:

1. **Adding new channels of access for customers to improve the client experience:**
   - Streamlined decision cycles and improved service response time
   - Increased avenues of client access to DHS services
   - Increased client satisfaction through use of modern, interactive, accessible technology

2. **Improving caseworker capacity and retention due to ability to focus more time on direct client services:**
   - Increased productivity for caseworkers due to heightened ability to focus on case work
   - Increased ability for field supervisors to manage caseworker caseloads and monitor case work
   - Increased process efficiency due to workflow refinements

3. **Reducing training time for new staff due to automation of complex medical determination:**
   - Reduced case-worker learning curves
   - Reduced error rate due to automation of manual decision trees
   - Reduced errors due to reduction of repetitive and duplicative manual data entry

4. **Improving system and reporting information for management staff:**
   - Improved tracking of program outcome measures through improved data accuracy and access
   - More efficient interfaces with Child Welfare, Seniors and People with Disabilities and Public Health
   - Improved monitoring and tracking;
   - Ability to provide adequate and efficient documentation of services and referrals
   - Improved system response time and ease of use
   - Improved accuracy and completeness of client case forecasting using on-line session statistical data
   - Improved accuracy of federal and state reporting by capture of essential reporting criteria and data
• Improved data accuracy due to reduction of repetitive and duplicative data entry
• Reduced response time and risk of implementing new policies, legislative mandates, business rules and operational changes, and time and cost to implement federal guidelines through standardized development protocols
• Reduced technology response time to code policy changes and legislative mandates
• Improved security to bring DHS into compliance with state and federal requirements

5. Reducing internal process complexity for staff and managers:
• Increased accuracy of forecasting for DHS budget allowances
• Increased accuracy of benefit level determination resulting in reduced overpayments

6. Improving program information for DHS management:
• More efficient data and program support for service programs and federal grant programs
• Ability to provide information needed to improve performance, increase efficiency and deploy limited resources more effectively, supporting integrity, stewardship and responsibility
• Comprehensive service statistics including accuracy, timeliness and performance in meeting key outcome goals
• Information across program services assisting resource allocation, budgeting processes and legislative requests

7. Enabling and supporting strategic initiatives, and meeting DHS infrastructure needs:
• Aligned technology systems and support for CAF needs
• Aligned to the DHS technology roadmap
• Aligned to industry-standards and best-practices
• Aligned to the principles of code re-use and service oriented architecture principles
• Reduced system and procedure complexity
• Reduced number of technology platforms and interfaces, and reduced development and testing time for system changes
• Technologies with sustainable architecture
• Transition planning and training to transform the skills of current maintenance and development staff from obsolete technologies to current technology skill sets
• Improved ability to hire technical staff that have the skill sets needed to make system modifications

As underlying technology shifts to a modular architecture, changes to application systems in response to legislative rule changes will be easier to develop, test and implement. This change will lead to long-term improvements in technology support efficiency and effectiveness. These improvements will provide caseworkers more time to focus on improving the accuracy, timeliness and quality of the support they provide to Oregonians in need.
Alternatives

DHS procured enterprise-class Oracle software solution in 2011 which serves as the foundation for modernization and delivery of expanded technology capabilities. A brief summary of alternatives/options is listed below:

1. Expand and enhance current systems.
   *Neither feasible nor cost effective.*

2. Purchase or transfer a comprehensive self sufficiency system solution secure system integrator capabilities to support implementation.
   *This approach establishes an on-going dependency on a system integrator for long term system support which is very expensive over time.*

3. Purchase an enterprise solution set with the flexibility to configure to Oregon needs without the long-term support of a system integrator.
   *Oregon has chosen and is actively using this is the approach which is providing a high level of flexibility, relatively quick to market implementation and the benefits of a sustainable technology solution highly applicable for enterprise level use.*

4. Custom develop a comprehensive new self sufficiency system.
   *This alternative was used to deliver some interim capabilities while determining the best overall solution to support eligibility needs and serve as an enterprise level foundation for other technology and business transformation. Custom developed solutions are expensive to develop and costly to maintain over time. It is also virtually impossible to keep custom applications up with technology progress and is challenging to establish solutions robust enough to serve as enterprise class platforms.*

*The Assumptions, Costs, Benefits, and Risks (below) are identified holistically across the initiative.*

**a. Assumptions**

- All QA Vendor and QC Vendor costs are development costs, not maintenance costs.
- Development costs are projected costs for the 2013-15 biennium will be funded 50% FF and 50% OF. Resources with the necessary skills including project managers and developers will be readily available.
- Business partners will have adequate capacity to engage in requirements definition, design review and approval, solution selection and user acceptance testing.
- Staffing estimates include a mix of permanent, limited duration positions and consulting services.
- Annex facilities will be needed to house the project team
**b. Costs**

Oregon DHS has chosen an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and interrelationships that are defined to deliver incremental solutions supported under the construct of the overall DHS Modernization using structured release management practices.

This incremental approach enables delivery of functional solutions more rapidly than a single “big bang” project approach which requires multiple biennia before delivering a complete solution. Oregon’s new MMIS implementation is one example of a “big bang” project approach.

**Total estimated costs – 2007-2017 (in millions)**

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<td>Caseworker Portal</td>
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<tr>
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<td>$0.80</td>
<td>$3.20</td>
<td>$15.00</td>
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<td>$23.20</td>
<td>$49.90</td>
<td>$39.00</td>
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*2009-11 funding of $12.76 million was estimated as follows for projects:
  - Client online application - $2.5 million
  - Caseworker online application processing - $2.5 million
  - Eligibility automation - $5.0 million
  - Telephony - $0.5 million
  - Modernization planning - $1.5 million
c. Benefits

Adding new channels of access for customers to improve the client experience:
- Streamlined decision cycles and improved service response time
- Increased avenues of client access to DHS services
- Increased client satisfaction through use of modern, interactive, accessible technology

Improving caseworker capacity and retention due to ability to focus more time on direct client services:
- Increased productivity for caseworkers due to heightened ability to focus on case work
- Increased ability of field supervisors to manage caseworker caseloads and monitor case work
- Increased process efficiency due to workflow refinements

Reducing training time for new staff due to automation of complex medical determination:
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- Reduced error rate due to automation of manual decision trees
- Reduced errors due to reduction of repetitive and duplicative manual data entry

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- Improved tracking of program outcome measures through improved data accuracy and access
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- Improved monitoring and tracking
- Ability to provide adequate and efficient documentation of services and referrals
- Improved system response time and ease of use
- Improved accuracy and completeness of client case forecasting using online session statistical data
- Improved accuracy of federal and state reporting by capture of essential reporting criteria and data
- Improved data accuracy due to reduction of repetitive and duplicative data entry
- Reduced response time and risk of implementing new policies, legislative mandates, business rules and operational changes, and time and cost to implement federal guidelines through standardized development protocols
- Reduced technology response time to code policy changes and legislative mandates
- Improved security to bring DHS into compliance with state and federal requirements

Reducing internal process complexity for CAF staff and managers:
- Increased accuracy of forecasting for DHS budget allowances
- Increased accuracy of benefit level determination resulting in reduced overpayments
Improving program information for DHS management:
- More efficient data and program support for service programs and federal grant programs
- Ability to provide information needed to improve performance, increase efficiency and deploy limited resources more effectively, supporting integrity, stewardship and responsibility
- Comprehensive service statistics including accuracy, timeliness and performance in meeting key outcome goals
- Information across program services assisting resource allocation, budgeting processes and legislative requests

Enabling and supporting strategic initiatives, and meeting DHS infrastructure needs:
- Aligned technology systems and support for agency needs
- Aligned to the DHS modernization transformation efforts
- Aligned to industry-standards and best practices
- Aligned to the principles of code re-use and service oriented architecture principles
- Reduced system and procedure complexity
- Reduced number of technology platforms and interfaces, and reduced development and testing time for system changes
- Technologies with sustainable architecture
- Transition planning and training to transform the skills of current maintenance and development staff from obsolete technologies to current technology skill sets
- Improved ability to hire technical staff that have the skill sets needed to make system modifications

d. Risks
- Not funding this package would leave Oregon self sufficiency systems in a state of continually increasing risk for catastrophic failure. This would compromise clients’ safety and wellbeing along with caseworkers’ ability to serve them as the population at risk increases.

Oregon’s ability to adapt and respond to federal and state Health Care Reform requirements would be severely hampered by the existing systems which lack interoperability and do not lend themselves to extracting a complete view of the client. Investments made to date to bring online application capabilities to clients would not be fully leveraged without integration through automated eligibility determination and storage of client entered information into back-end systems. Opportunities to leverage telephony solutions to benefit clients and reduce caseworker workload would be lost and the risk of keeping legacy systems would increase as the systems age and the staff supporting them retire or leave.

- Significant benefits available through automation of a consistent workflow process will not be realized if the business is unable to streamline down to consistent processes.
- If legacy systems are not eventually replaced, there is a risk of not being able to adequately support and maintain these systems.
Financial Analysis

**Staffing model**

The costs and staffing is based upon a hybrid sourcing model:

- **Permanent Staff**: New staff for key roles and positions. Since this work will span multiple biennia, having permanent staff lead and manage this effort will be a key success factor.

- **Limited Duration**: Permanent staff will be supported with positions that support the ongoing project work as well as business analysis and business process change. Given the size and scope of the work effort, having long-term resources that are not subject to hourly limitations becomes critical.

- **Contract / Staff Augmentation**: This is considered to be a pool of contract resources to support project needs as they come up. It could include filling temporary resource gaps, finding specific points of expertise, or supplementing existing resources for a project need.

- **Outsourced Development**: The large amount of development work will require extensive resource time to recruit and manage the development work. Using an external development team will reduce the management overhead required to accomplish the project goals.

- **Vendor Solutions**: We anticipate utilizing vendor solutions and expertise from Human Service Modernization implementations in other states. These solutions may take the form of “base transfers” or project consultation in specific areas of expertise.

**Potential savings**

**Direct Cost Reduction**: Reduced Medicaid payments due to eligibility determination. Medicaid eligibility determination is complex, manual, and prone to errors in program assignment. Internal agency estimates reflect that 5 – 7% of the population receiving assistance is not eligible. An accurate automated solution will be able to reduce program assignment and eligibility errors.

**Total Self Sufficiency and SPD related Medicaid payments** represent approximately $1.67 billion annually. The field utilization rate for a new automated eligibility solution would start low and increase every year. It would not reach the full potential until most benefit applications could be processed electronically. Therefore, it should not be anticipated that all of the potential savings could be realized for several years after a solution is deployed.

However, for every 1% correction there would be a potential savings of $16.7 million annually.

**Indirect Savings: Field Service Improvements**

One impact of new technology solutions is to create efficiencies within existing processes. These can be measured in terms of the reduced time it takes to process client applications and benefits requests. This type of gain increases over time as process changes become standardized. Modernization also enables a broader process change, created by re-engineered workflows which allow for a re-direction of resources and new ways to manage case workload.
DHS field workload evaluations show that casework is substantially understaffed. Time savings from automation solutions will ease the caseload burden and reduce the gap between workload need and workforce availability. The purpose of quantifying efficiency in financial terms is merely to provide a means to compare financial investment with productivity gain.

These figures represent a preliminary model based upon the results of the McKinsey analysis as well as internal determinations. The % task reduction represents the estimated time savings to be gained within an individual process task. The % of total time reflects the time spent on each process task in the current workflow.

<table>
<thead>
<tr>
<th>Process task</th>
<th>Modernization solution</th>
<th>% task reduction</th>
<th>% TOTAL time</th>
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<tr>
<td>Reduce application pending rate</td>
<td>Online application, verification tools</td>
<td>25%</td>
<td>10%</td>
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<tr>
<td>Reduce total application review time</td>
<td>Electronic applications and workflow,</td>
<td>10%</td>
<td>10%</td>
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<tr>
<td></td>
<td>verification tools</td>
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<tr>
<td>Reduce eligibility determination time</td>
<td>Automated, integrated eligibility</td>
<td>40%</td>
<td>25%</td>
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<tr>
<td>Reduce narration time through system integration</td>
<td>Integrated solutions, replacement systems</td>
<td>35%</td>
<td>35%</td>
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<tr>
<td>Eliminate data duplication</td>
<td>Integrated solutions, replacement systems</td>
<td>15%</td>
<td>15%</td>
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<tr>
<td>Other processes not subject to</td>
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<td>5%</td>
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<td>improvement</td>
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Field Service Time Savings Value
(Note: Some of the figures are rough estimates. More accurate numbers will be incorporated as metrics evolve and refine.)

**Self Sufficiency Model**

Estimated total annual field costs allocated to casework = $29 million
Average total percent of caseworker time for application and eligibility = 50%
Potential time reductions from automation solutions = 36%

Annual savings value = $5.2 million ($29 million X 50% X 36%)

**SPD Model**

SPD field staff will also benefit from the Self Sufficiency solution set and will gain substantial time savings. The value model will be similar to Self Sufficiency with some important differences. For this preliminary business case an estimate of 50% of the Self Sufficiency savings value is used ($2.6 million).

The total savings value for Self Sufficiency and SPD field services is estimated at $7.8 million per year.
**Improvement metrics**

The following represent areas impacted by Modernization improvements. These will be tracked and used throughout the implementation cycles to build a process of continuous improvement.

1. Percentage of client applications that are submitted online.
2. Number of clients who utilize online eligibility estimation.
3. Reduced caseworker time on:
   a. *Client application review*
   b. *Client verification*
   c. *Narration*
   d. *Eligibility determination*
4. Improved accuracy rates for:
   a. *Benefits estimation*
   b. *Eligibility*
   c. *Medicaid program determination*
5. Reduced benefits overpayment rate (per program area).
6. Caseworker utilization rate for new automation tools.
7. Reduced total application and eligibility processing time:
   a. *Measured within a single branch or processing center.*
   b. *Measured within a district.*
8. Average time to make eligibility policy changes.
9. Improved system maintenance footprint.

Potential savings associated with implementation of a modernized self sufficiency system include:

- Reduced data storage costs due to consolidation of duplicate data from disparate systems.
- Reduced data security costs and risks due to data consolidation in the data warehouse.
- Reduced number of batch jobs due to integration of two major self sufficiency systems into one.
- Reduced number of distributed servers due to technology streamlining sunset of side-systems.
- Reduced number of reports needed to support the field, reduces SDC processing costs.
- Cost avoidance due to increased accuracy and reduced over payments.
Cost Assumptions

Estimated costs for DHS Modernization are based on known state costs and estimated contractor and vendor costs. It is expected that these figures will change over time due to internal and external environmental factors, i.e., cost-of-living adjustments, markets conditions, SDC services rates, etc.

Personal Services costs reflect current state salary rates for the identified positions through 2015. Services and Supplies reflect the fully burdened rates for the identified positions.
Implementation Approach/Timeline

DHS Modernization efforts began in 2007-09 to improve Oregonians’ access to DHS services, automate manual processes and modernize aging systems. Efforts are anticipated to continue through the 2015-17 biennium and represent an estimated investment of over $85 million to fully automate and modernize systems and services.

DHS has chosen an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and interrelationships that are defined to deliver incremental solutions supported under the construct of the overall DHS Modernization using structured release management practices.

This incremental approach enables delivery of functional solutions more rapidly than a single “big bang” project approach which requires multiple biennia before delivering a complete solution. Oregon’s new MMIS implementation is one example of a “big bang” project approach.

The primary focus of DHS Modernization in 2013-15 will be to continue the incremental, modular approach to transform the business service model and implement technology solutions.

Planned efforts will focus on solution delivery case management, financial payments and data architecture, strategy and data warehouse functions.

Modernization program activity is organized into successive overlapping cycles – a series of activities (including projects) with a defining focus and governing principles.

Cycle One: Accelerated Automation Focus
- Component deliverables will provide immediate field service benefit.
- An incremental release model is being used to maximize delivery of improvements to the field and allow for regular updates to features and program area coverage.

Cycle Two: Integrated Services Focus
- Development attention on complete solutions with integrated components.
- Continued automation of manual processes.

Cycle Three: Legacy data conversion

Cycle Four: Unified Case Management Solution

Cycle Five: Replace and sunset legacy systems

Methodologies:
- Program Management models
- Agile Development (where appropriate)
- Hybrid – Waterfall and Agile (where needed)
- PMI Project Management
- PMBOK
**Recommendations**

Recommend approval of this business case and continuation of funding for automation and modernization of DHS Modernization initiatives in 2013-15.
Appendix

Alternatives Analysis

DHS procured enterprise-class Oracle software solution in 2011 which serves as the foundation for modernization and delivery of expanded technology capabilities. A brief summary of options is listed below:

1. *Expand and enhance current systems*

   This approach would involve enhancing and consolidating two primary and over 50 secondary systems supporting the Oregon Self Sufficiency Program. Current systems are comprised of inter-related software programs, databases and manual interfaces with over 240 unique programmatic inter-relationships. Even if the systems could be modified to support CAF Self Sufficiency needs, the technical environment would not support DHS objectives, such as flexibility and policy support without fundamental redesign.

   *This alternative is neither feasible nor cost effective.*

2. *Purchase or transfer a comprehensive self sufficiency system solution and secure system integrator capabilities to support implementation*

   This approach establishes an on-going dependency on a system integrator for long term system support which is very expensive over time.

3. *Purchase an enterprise solution set with the flexibility to configure to Oregon needs without the long-term support of a system integrator*

   Oregon has chosen and is actively using this is the approach which is providing a high level of flexibility, relatively quick to market implementation and the benefits of a sustainable technology solution highly applicable for enterprise level use.

4. *Custom develop a comprehensive new self sufficiency system*

   This alternative was used to deliver some interim capabilities while determining the best overall solution to support eligibility needs and serve as an enterprise level foundation for other technology and business transformation. Custom developed solutions are expensive to develop and costly to maintain over time. It is also virtually impossible to keep custom applications up with technology progress and is challenging to establish solutions robust enough to serve as enterprise class platforms.
DHS/OHA – Office of Information Services

Project Management Lifecycle

BUSINESS NEEDS ASSESSMENT (BNA)

Master Client Service to Support REAL+D

July 8, 2014
## BUSINESS NEEDS ASSESSMENT

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**BUSINESS NEEDS ASSESSMENT**  
**SECTION A: EXECUTIVE SUMMARY**  

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3. Background

The Office of Equity and Inclusion has developed policies for collecting, analyzing, and reporting meaningful race, ethnicity and language data across DHS and OHA built on the foundation of the U.S. Office of Management and Budget's (OMB) Directive 15 (revised 1997) to add key elements that will improve the quality of the data gathered. In spring of 2013, Oregon passed House Bill 2134 requiring OHA and DHS to adopt rules for uniform standards for the collection and reporting of data on race, ethnicity, preferred languages and disability status (REAL+D). In April 2014, a new rule (943-070-0000) was established for uniform standards and practices for the collection of data on race, ethnicity, preferred spoken or signed and preferred written language, and disability status by the Oregon Health Authority (OHA) and Department of Human Services (DHS).

Both DHS and OHA are focused on equity and inclusion in the service of the citizens of Oregon. Without a unified method of collecting this information, it is not possible for the agencies to effectively review the results of their services and identify ways to improve services to certain populations. The standardized methodology will allow DHS and OHA to demonstrate progress towards reductions in racial and ethnic disparities by increasing transparency in reporting indicators by race and ethnicity. In addition, it will allow DHS and OHA to be consistent with federal reporting expectations and facilitate comparison of Oregon’s progress to address racial and ethnic disparities with national trends.

One of the strategies in the OHA/DHS Strategic Technology Plan is building a “Comprehensive View of the Client.” This effort ties in directly with that strategy.
BUSINESS NEEDS ASSESSMENT
SECTION A: EXECUTIVE SUMMARY

4. Business Problem

DHS and OHA have both established equity (service equity and health equity) as part of their core values. However, problems with data prevent both agencies from knowing the full extent of inequity and from measuring the impact of efforts to assure equity. Tremendous inconsistencies exist in the data that different government, health, and human service agencies, and programs within agencies collect. Even definition of the terms “race,” “ethnicity,” or “disability” vary across key government, health, and human service institutions (i.e., Census, Office of Management and Budget, Institute of Medicine, Oregon Health Care Quality Corporation, etc.). Agency and contractor staff often lack training in best practice methods for collecting race, ethnicity, language and disability demographic information in a respectful and non-intrusive manner.

The data collection standards used by state agencies are inconsistent and insufficient to adequately assess the status and needs of Oregon’s communities of color, and immigrant and refugee communities. The inadequate data collection standards make it difficult to analyze how race, ethnicity and language impact individual and community health, making services more expensive and less effective in addressing community needs. Improving data systems is a key component of continuous quality improvement efforts that lead to health and service equity.

Based upon the 2013, DHS/OHA MITA (Medicaid Information Technology Architecture) Self-Assessment of DHS and OHA business process and systems, the assessment identified over 40 disparate data systems which collect client demographic data. These systems don’t capture the data in a consistent manner making research and analysis of this data challenging and ineffective. Modifying current data systems which collect this information has posed the following challenges including but not limited to highly diverse technologies throughout OHA/DHS, extremely fragile DHS mainframe systems and highly complex infrastructure with many transactional interfaces.

Between June 2014 to June 2015, OHA and DHS will be doing a more thorough business and system analysis of the various business processes, forms, methodologies and systems that collect client demographic data. Through the assessment, the agency anticipates that there will be a much larger impact and total cost of ownership to implementing REAL+D across the multitude of systems and processes.
### BUSINESS NEEDS ASSESSMENT
**SECTION A: EXECUTIVE SUMMARY**

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<th>5. Opportunity</th>
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<td>The agencies need to implement a more sustainable model to support the current and future needs. The agency needs to implement data standards, data architecture and data governance to address the current requirements and implement business practices to provide flexibility and ensure data quality. The agency can leverage the opportunity and need to capture race, ethnicity, language, and disability information to focusing on more enterprise approaches to collecting this information and set a foundation to capturing, maintaining and accessing key client information that reduces data duplication, improves data integrity and ultimately helps DHS and OHA to build a comprehensive view of the clients.</td>
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Having client data routinely and accurately collected by race, ethnicity and language will assist OHA and DHS in better understanding disparities in need, access, quality, and outcomes of services. The data will assist both agencies in supporting and developing community partnerships to close gaps, implementing quality improvement and customer satisfaction improvement initiatives, as well as to know how to set diversity goals to achieve parity with the agencies’ client populations. |
6. **Business Objectives**

Overall business objectives pertaining to the concept of a Master Client Service are:
- Easy, Comprehensive, Quality Data Access & Analysis
- Integrated Services Across Programs and Partners
- Person Centered Systems
- Family / Case Centered Systems
- Eligibility Invisibility & Standardization
- Payment (and source) accuracy and Integration
- Client, Provider, Partner Data Access and Self Service

Data objectives pertaining to the concept of a Master Client Service are:
- More accurate and timely data sources
- Ability to capture data as a part of workflow, rather than as a separate data entry activity
- Ability to capture data once and re-use it, eliminating duplicate entry of similar data into multiple systems
- Better quality data through consistent collection and management processes for information
- Easier access to and sharing of data from disparate sources within and outside of the state agencies
- Workers, clients, and the public need access to information whenever they need it and in the environment they need it in
- Access to a 360° view of shared subjects such as people, staff, contracts, facilities, budgets, expenditures, assets, etc.
- Easier access to and the ability to link and analyze data sets from disparate source, including technology platforms for manipulating the data
- Ability to produce standard reports and metrics as well as to model specific risk assessments, program utilization analysis, etc.
- Robust security, including secure authentication, role-based access to all data an entity is entitled to, and confidentiality and privacy management.
7. Proposed Solution

Leverage the recent technology investments for master data management to support efforts surrounding a Master Client Service. Architect, design and implement appropriate application interfaces for current systems to leverage the master data repository. Implement a common approach for allowing clients to view, update and maintain their own profile based upon the data collection requirements. Provide appropriate access to DHS and OHA analytics groups to collect, analyze and report on services related to various demographics to help reduce health disparities by understanding the causes, design effective responses and evaluate progress.

8. Project Phasing* | Budget
---|---
Initiation Phase | $0
Planning Phase | $0
Delivery Phase | $0
Completion Phase | $0

TOTAL PROJECT BUDGET | $3,945,700

*Analysis & Assessment during the Concept Phase is not included
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<td>Executive Sponsor</td>
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<td>Lydia Muniz, DHS</td>
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Preliminary Business Case for Capital Investments:

Title:

Connecting Systems – Protecting People
The Business Case for an Integrated Statewide Adult Abuse Data and Report-writing System

Submitted: June 24, 2017
Revised version with corrections submitted: July 14, 2014
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Table of Contents

1. EXECUTIVE SUMMARY.....P.5-6

2. INTRODUCTION & BACKGROUND.....P.6-9
   2.1 Organizational Background
   2.2 Organizational Structure
      2.2A Multiple Populations Served
      2.2B Multiple Users and Locations

3. PROBLEM STATEMENT.....P.9-29
   3.1 Current State - Data Systems in Use
   3.2 Current State - Limitations Caused by Existing Data Systems
      3.2A Intake & Screening
      3.2B Protective Services
      3.2C Initiation of Investigation
      3.2D Report-writing
      3.2E Timeliness of Report Completion
      3.2F Quality Assurance
   3.3 External Verification of Problem
   3.4 Risks and Liabilities
   3.5 Costs and Inefficiencies

4. AVAILABLE OPTIONS.....P.29-33
   4.1 Continue with Current State
   4.2 Invest in Improving Current Systems
   4.3 Link with Other Ongoing Technology Projects
   4.4 Request Proposals for Development of New Abuse Data & Report-writing System

5. RECOMMENDATION.....P.33

6. STRATEGY & IMPLEMENTATION.....P.33-37
6.1 Communications and Data Sharing
6.2 Funding Forecasts
6.3 Possible Risks of Implementation

7. ESTIMATED TIMELINE.....P.37-39

APPENDIX A – HARDWARE REQUIREMENTS
1 EXECUTIVE SUMMARY

The Office of Adult Abuse Prevention and Investigations (OAAPI) was created in 2012 to centralize the oversight of investigations of reported abuse of vulnerable adults in Oregon, including adults over the age of 65; individuals with developmental disabilities, physical disabilities and mental illness; and children in certain licensed settings. In 2013, over 35,000 referrals of abuse of adults and children in licensed settings were received by the state and its representatives, and 16,505 of those resulted in an investigation conducted or overseen by OAAPI.

Prior to the creation of OAAPI, abuse referrals and investigations were overseen by different program areas, each with their own legacy data and report-writing system. OAAPI continues to rely on these outdated and disconnected data systems to store and retrieve abuse-related data and produce reports, even though these systems are unable to provide the critical information currently being asked for by internal and external partners. Without an integrated, real-time Abuse Data and Report-writing System:

- OAAPI is unable to monitor abuse referrals in real-time, or oversee the screening decisions made in the local offices,
- Data and reports to critical internal and external partners are incomplete, unreliable and inconsistent,
- Perpetrators and victims cannot be linked across systems, potentially jeopardizing the safety of vulnerable Oregonians, and
- OAAPI is subject to multiple inefficiencies and “blind spots” that make it nearly impossible to monitor and understand the level and types of abuse occurring in the Oregon, much less respond proactively to prevent future abuse.

The limitations of the current assortment of data and report-writing systems introduce an unacceptable level of risk, which will only increase as Oregon’s population grows and ages in coming years.

OAAPI, through this preliminary business case, recommends the implementation of an integrated, statewide Abuse Data and Report-writing System to address these concerns. Preliminary estimated cost to implement such a system is $2.2
million with estimated ongoing annual costs totaling approximately 10% of the expected implementation costs.

If approved, OAAPI will secure a vendor to provide consulting services to:
- help produce a final business case;
- refine, enhance and validate documented functional and technical requirements;
- identify alternatives and estimated costs, benefits and risks to meet business needs;
- write an assessment and recommendation report for submission as requested to the Legislature by January 2015;
- if approved to move forward by the Legislature, develop an RFP to procure the recommended solution and a system integrator to proceed with implementation.

2 INTRODUCTION & BACKGROUND

2.1 Organizational Background

Created in 2012, the Office of Adult Abuse Prevention and Investigations (OAAPI) either conducts or oversees the investigations of reported abuse of vulnerable adults in Oregon, including adults over the age of 65; individuals with developmental disabilities, physical disabilities and mental illness; and children in certain licensed settings. In 2013, over 35,000 referrals of abuse of adults and children in licensed settings were received by the state and its representatives, and nearly 16,505 of these resulted in an investigation conducted or overseen by OAAPI.

Prior to the creation of OAAPI, abuse referrals and investigations for adults and children in licensed settings were overseen by different program areas or the Office of Investigations & Training (OIT). Each had their own legacy abuse data and report-writing system, which had developed over time and with varying levels of investment.
At this time, OAAPI continues to rely on these disconnected data systems to store abuse-related data and produce reports, even though these legacy systems are often unable to provide the critical information currently being asked for by internal and external partners, including accurate metrics for Quarterly Business Reviews, requests for statewide abuse data from media, and sufficiently granulated data reports for the Legislature.

The absence of an integrated, real-time abuse data and report-writing system also makes it impossible for OAAPI to monitor and prevent abuse effectively by seeing and understanding patterns and histories of abuse, as victims – and perpetrators – move from program to program and region to region. This leads to the very real possibility of substantiated perpetrators in one program, for example, working in another. It also makes OAAPI unable to gain a holistic view of abuse victims, who are often consumers of services from different programs and whose experiences of abuse may never be tied together.

As Oregon’s population ages – and lives longer – OAAPI is seeing an increased interweaving of clients in community and facility settings, with clients of one program often placed in facilities licensed by other programs, or clients transitioning from one system to another as their age, health conditions or behavioral needs change. Because of the lack of integration of abuse data across programs, all too often valuable information in one system is left behind, requiring the new program to re-establish baselines and interventions to help keep clients safe without access to a client’s history of abuse.

Finally, the current patchwork of data and report-writing systems lead to multiple inefficiencies and “blind spots,” which confounds quality assurance efforts and leads to timely and expensive re-work. Abuse referrals have “fallen through the cracks” as a result of the current fragmented group of data systems, introducing an unacceptable level of risk.

### 2.2 Organizational Structure

#### 2.2A Multiple Populations Served

OAAPI is responsible for conducting or overseeing investigations of abuse involving the following groups of Oregonians:
• Adults enrolled in Mental Health (MH) services with a Community Mental Health Program (CMHP) or Coordinated Care Organization (CCO). In 2013, there were a total of 55,127 adults enrolled in MH Services;
• Adults enrolled in Developmental Disability (DD) services with a Community Developmental Disability Program (CDDP). In 2013, there were a total of 16,382 adults enrolled in DD Services;
• Older adults and people with physical disabilities receiving services in licensed APD settings such as nursing homes, residential care facilities, assisted living facilities and adult foster homes. In 2013 nearly 17,000 adults were served in those settings;
• Older adults and people with physical disabilities who may be vulnerable to abuse and neglect in independent community Settings. 500,000 Oregonians are over the age of 65, a number expected to exceed 780,000 by 2020;
• Children with developmental disabilities receiving residential services, and children receiving therapeutic treatment services. In 2013, over 3,500 children were served by these program areas.

2.2B Multiple Users and Locations

Abuse referrals are received, screened and investigated by a variety of state and local offices across Oregon, under the general oversight of OAAPI. Providers of abuse screening, investigation and reports include the following:

Community Developmental Disability Programs (CDDPs) are required by Oregon Administrative Rule (OAR) to have at least one dedicated staff person in each of the 36 counties for the investigation of abuse allegations involving individuals enrolled in their services. Some metropolitan offices, such as Multnomah County, have multiple staff members dedicated to this task. These programs are primarily operated by county governments under contract with DHS.

Community Mental Health Programs (CMHPs) are also required to have dedicated staff members in each of the 36 counties to investigate allegations of abuse against individuals enrolled in their programs. These
programs are also primarily operated by the county governments under contract with OHA.

**Adult Protective Services** programs investigating abuse against individuals over the age of 65 or adults with physical disabilities exist in each of 16 APD Districts throughout Oregon. Some Districts have multiple offices. Currently there are approximately **150** protective service and investigative specialists spread throughout these offices. Eleven of the sixteen Districts are operated directly by DHS, while the remaining five Districts are run by Area Agencies on Aging, Local Councils of Government, or by counties themselves under contract with DHS.

OAAPI also has investigators on staff, housed at the OAAPI office in Salem and two satellite locations, to complete a variety of investigations at locations including (but not limited to) the Oregon State Hospital and licensed DD facilities, as well as those involving abuse against children in licensed settings. There are currently **17** such investigators.

Unfortunately, there is currently no single abuse data and report-writing system in place that can be used by OAAPI to monitor the activities of all of these investigators (approximately **240**) and ensure an acceptable level of assistance and oversight to those investigators.

### 3 PROBLEM STATEMENT

In only one year, Oregon has seen an increase of 11% in investigations of abuse and neglect of vulnerable adults – from 14,638 in 2012 to 16,292 in 2013. This growth in the number of abuse referrals and investigations, typical of previous years, is one of the reasons OAAPI was formed, to ensure a coordinated and consistent response to an increasing number of abuse referrals across all vulnerable populations. Abuse is not something that can be undone, and carries with it lifelong impacts to a person’s life in regard to health, emotional well-being, and their ability to benefit from available services.

The need for a stable, integrated Abuse Data and Report-writing System becomes ever more critical as Oregon faces an aging population, a significant annual increase in abuse referrals, and an increased need for services across all
demographics. In addition, the Department’s recent emphasis on process and outcome measures to ensure customer service and service equity has highlighted the difficulty of gathering accurate data related to Protection and Intervention from existing data systems.

Given the nature of the services provided to vulnerable Oregonians by OAAPI and its partners, we cannot afford to place our trust in a disconnected assortment of legacy data systems that do not give us the information we need to protect victims of abuse effectively and develop prevention efforts proactively.

The following sections provide a higher level of detail and highlight the extensive level of risk the lack of an integrated Abuse Data and Report-writing System creates for OAAPI and the Department.

3.1 Current State – Data Systems in Use

There are nine (9) distinct data systems used today to collect data and generate investigation reports and data reports related to protective services and abuse investigations. These systems, often the result of great creativity and initiative by field and central office staff to improve data collection, run on different hardware and software, collect different data points, and are generally not able to share data. The nine systems currently in use are:

1. **Oregon ACCESS**: (Report-writing, Database)

   State, County and AAA workers investigating allegations of abuse of *older adults or adults with physical disabilities living in the community* use Oregon ACCESS to record information about abuse victims and perpetrators, and to write a report summarizing their investigations. Developed in 2000, the Adult Protect Services module of Oregon ACCESS was always an add-on to the larger case management system and did not fully meet the needs of abuse investigators. It has also not been updated to reflect critical data needs identified since then, such as current abuse definitions. Used for report-writing, it does not include an intake or screening component.
2. **Online 723 Complaint Reporting System**: (Report-writing, Database)

Local state, county and AAA staff investigating allegations of abuse of residents of APD-licensed care facilities use this system to record information about abuse victims and perpetrators, and to write a report summarizing their investigations. Developed in 2005 to replace a WordPerfect report-writing template, this system was meant to be temporary until something more robust and better able to meet the program and user needs was developed, but has remained in use ever since. It does not include an intake or screening component.

After an APD investigator inputs their information into the online 723 Complaint Reporting System in the field, the data is exported to another data system housed within the DHS Office of Licensing and Regulatory Oversight (OLRO) for the purposes of Corrective Action.

As a result of this transfer, the data is not housed at, or “owned” by, OAAPI, and can be difficult for OAAPI staff to access. In addition, the codes used by the system to categorize substantiated abuse do not correlate with the statutory abuse definitions; as a result, extensive manual searches of the data are necessary to answer simple questions such as “How much sexual abuse is occurring in APD’s licensed facilities.” Limitations such as these have caused OAAPI to focus its quality assurance and other data-related projects on Community-based investigations, leaving the patterns of statutory abuse in APD’s licensed facilities largely un-researched.

3. **OAAPI Database**: (Database)

County DD, County MH, and OAAPI investigators use a Microsoft Word template to write their investigation reports. Although there is a format recommended by OAAPI, reports vary somewhat from county to county. CDDP and CMHP investigators send their reports to OAAPI via e-mail, where they are reviewed, approved and “data mined” manually by OAAPI staff to populate OAAPI’s Abuse Database. OAAPI investigations are also data-mined manually and entered into this database. The OAAPI database is a Microsoft Access database developed internally in 2001.
Since the local offices only send in written reports for those cases screened in for investigation, there is no centralized repository for information about referrals that were screened out or referred elsewhere.

4. **Combined On Call and Intake (COIN):** (Screening Tool)

OAAPI staff use the COIN system to document screening and intake decisions for abuse referrals at state institutions and any licensed or community settings where an OAAPI investigation occurs. COIN was developed in 2010 to document screening determinations and better manage OAAPI’s internal screening process.

Although COIN, a simple Microsoft Access database, meets the needs for documentation of intake and screening for OAAPI cases, it is only used for a very small segment of the populations served by OAAPI, cannot be used for report writing, and is not capable of being scaled up for statewide use.

5. **Client Tracking System (CTS):** (Screening Tool, Report-writing, Data Base)

By special arrangement with APD, Lane Council of Governments (LCOG) protective services and investigation specialists use this local system to document their abuse referral screenings and investigations. The system does not interface directly with Oregon ACCESS and has limited interface with the Online 723 Complaint Reporting System. Data is exported approximately daily to state-owned systems, but very few of the data fields match up and most usable data is therefore not available to OAAPI staff. Information has also been lost using this process.

Community APD reports written in this system are completely unavailable to OAAPI staff for viewing and must be obtained from Lane County staff via e-mail, fax or mail. Facility-based investigations are visible, but very difficult to read since all formatting is lost during the transmission process. Designed by LCOG staff for their specific business practices, LCOG’s Client Tracking System is not a suitable candidate for scaling up to statewide use.

6. **Serious Event Reporting Team (SERT):** (Referral Tracking Tool)
County DD staff use this system to notify OAAPI when an allegation is assigned for investigation. At this time, SERT is primarily a notification tool. Data from this system, which was developed in 2003, is manually re-entered into the DD/MH Abuse Database by OAAPI staff. Counties are inconsistent in entering “screened out” allegations in SERT.

7. **Serious Event Reporting Form (SERF):** (Referral Tracking Tool)

County MH programs use this system to notify OAAPI of recent reports of abuse. This is a paper system – i.e., the CMHP faxes a form to OAAPI with the initial referral and the information is entered manually into the DD/MH Abuse Database for tracking. When the final written investigation report is mailed to OAAPI, the data record in SERF is updated and closed.

8. **ASPEN (Data Base)**

ASPEN is a suite of applications used by OLRO for their surveys and investigations in Nursing Facilities (NF), Residential Care Facilities, (RCF) and Assisted Living Facilities (ALF). Complaint Investigations conducted by Client Care Monitoring Unit (CCMU) staff are uploaded to ASPEN, along with survey and licensing data. Currently, ASPEN data only available to OAAPI staff on a very limited basis, and is a licensing/regulatory based system rather than an abuse-based system, limiting its usefulness for reporting out on abuse in facilities.

9. **OR KIDS (Screening Tool, Data Base)**

OR KIDS is used by Child Welfare for screening and assessment of child abuse referrals. When OAAPI investigators conduct child abuse investigations in licensed settings, per agreement with Child Welfare, OAAPI enters the outcome of the investigation into OR KIDS. Relevant data is also gathered from the written report (Word template) and entered
manually into OAAPI’s DD/MH Abuse Database for use by OAAPI.

OR KIDS is not currently considered a good candidate for the type of modifications that would be needed to accommodate the full range of adult abuse investigation data and reports, in both community and licensed settings.

Due to the lack of utility of these systems, each local office generally develops and maintains additional local databases for internal data tracking. These local databases, developed in a variety of software programs, are unable to share data easily with OAAPI. This includes information of abuse referrals that were screened out by the local office. Without access to a centralized screening database, OAAPI relies on manual data transfer from the local offices to monitor screening practices.

This assortment of limited and disconnected data systems in the current state:

- Prevents OAAPI from following and understanding the abuse of individual clients (and populations) across the lifespan,
- Limits the ability to record and correlate critical information concerning alleged and substantiated perpetrators, for reference across regions and programs,
- Limits the availability and accuracy of metrics, and the efficiency of information-sharing with internal and external partners,
- Limits the ability to analyze and report outcomes and develop preventive strategies,
- Impacts the ability of program to comply with statutory requirements and legislative expectations, and
- Requires extensive ongoing support and maintenance by staff from many different program areas.

These realities have left OAAPI and the Department unable to see the full picture of abuse, in real time, thereby placing more vulnerable adults at risk.
As OAAPI moves forward, it needs a more integrated system for abuse data collection, from the time of screening through report-writing, case closure and referral, in order to better protect the public and to more accurately and efficiently provide meaningful abuse data and outcomes to the Legislature, DHS leadership and the public. To produce this information, the integrated system must be focused on abuse across programs, not simply added on to the various existing, disconnected program databases.

3.2 Current State – Limitations Caused by Existing Data Systems

While the above section illustrates the fragmented nature of the current system, this section summarizes the impact this has on the ability of OAAPI – and the local offices – to perform the functions and duties for which they are responsible.

3.2A INTAKE & SCREENING

Calls, e-mails, letters, faxes and walk-in visits regarding the possible abuse of a vulnerable Oregonian are received daily at field offices around the state. In 2013, over 35,000 such referrals of possible abuse were received. Upon receipt, it is the responsibility of the local office to determine if the referral falls within the jurisdiction of their office, and, if it does, if the reported activity rises to the statutory definition of abuse for the population in which the victim identifies with. (Abuse definitions vary somewhat by population type.)

In 2013, 16,505 referrals were found to meet the definition of abuse and were assigned for investigation. If a concern does not meet the definition of abuse, it is the responsibility of the individual receiving the concern to determine what resources or cross-referrals can be offered to address the concern.

There is currently no standardized or centralized means of documenting the intake process and screening decisions made at local offices. Similarly, protective services offered and/or referrals made are not captured centrally in screened-out cases.

Without an integrated abuse data system for intake and screening data:
• There is no real-time data regarding the number of cases being screened out. Local APD offices are asked to keep this data manually and submit it to OAAPI quarterly, where it is manually compiled and analyzed. Because all offices collect and submit the data somewhat differently, assumptions often need to be made that may compromise the integrity of the data. Without an integrated data system, OAAPI is not able to monitor this data in real-time, or even receive it consistently from CDDP or CMHP offices.

• There is limited ability for OAAPI to perform screening quality assurance or spot checks, to assure the quality of screening decisions that are being made in the field. To do so again requires a request for data from the local office (via Action Request Transmittal); person-hours at the local level to pull, copy and mail the requested screening documents; paper copies of confidential screening materials being sent through the mail and then housed at the OAAPI office; and the assumption that the local offices are fully complying with the request for information.

• There is inconsistency in the screening form used throughout the state. Many do not contain all the data and information that a centralized process would capture, e.g. the assigned triage time for response. Many do not contain enough information about the reported situation, or the rationale for the screening decision, to assess the appropriateness of the decision and follow-up.

• It is difficult if not impossible to consistently connect episodes of abuse and neglect, and identify vulnerable individuals who may be “falling through the cracks.” Likewise, perpetrators can work across regions without detection.

• It is challenging to perform accurate forecasting regarding workload and budgetary needs, since only the referrals assigned for investigation are tracked centrally for workload purposes.

• Local managers lack access to the data needed to monitor and manage their programs.
The ability to monitor referrals and screening decisions in real-time is, therefore, critical to ensuring an adequate protective response to allegations of abuse. In her presentation to the DHS Adult Safety & Protection Team (ASPT) in 2011, national expert Nancy Ray recommended that DHS Central Office (now represented by OAAPI) play a much stronger role in the abuse screening decisions made daily in the local offices, actually recommending that the screening function be transferred completely to a centralized Call Center operated by DHS.

While moving to statewide centralized screening has not been a viable option to date, Dr. Ray also recommended that Central Office “…regularly use its data base to develop mechanisms so it has a better understanding of filed allegations,” due to the critical nature of those screening decisions.” The development of a centralized abuse database would clearly be one tangible step that the Department could take toward the recommended goal of greater monitoring of reported allegations of abuse to ensure that appropriate screening decisions are made, and to provide the data and support to our partners to help them better manage and perform their work at the local level.

3.2B PROTECTIVE SERVICES

When an abuse referral is received, the safety and protection of the reported victim is paramount. Protective services are pursued and put in place immediately (and on an ongoing basis, as needed) by local staff, and documented in the investigative report.

*There is currently no standardized format for documenting the protective services provided to victims in investigation reports across populations, or a centralized, electronic means for OAAPI to access all of the written reports and verify the provision of critical protective services.*

3.2C INITIATION OF INVESTIGATION
When a report is assigned for investigation, there are differing timelines among programs for the initial response to the alleged victim and/or perpetrator. The response times range from 2 hours to 5 days depending on statute or rule that applies to the individual program. This metric is reported out at DHS Quarterly Business Reviews (QBR) because of its value as an indicator of a robust protective response to the victim and a prompt investigation of the alleged abuse.

*There is currently no standard, centralized, electronic means of documenting or collecting response time data.*

### 3.2D REPORT-WRITING

Reports must be completed in a range of 45-120 days depending on the statute that applies to each program. Reports must be completed in a thorough manner that allows them to be used for the purposes of documenting actions taken and holding perpetrators responsible. The investigations themselves must be fair and impartial and reach an accurate and supportable conclusion, as documented in a readable report.

Depending on context, investigative reports are read by state agencies (OLRO, BCU, etc.), law enforcement, the Long Term Care Ombudsman office, service providers, media, the public and others.

*The current report-writing system is fragmented, varies by program and does not result in reports that are consistent in appearance, format, or information contained.*

The absence of a standardized Abuse Data and Report-writing System leads to the following problems and inefficiencies:

- APD staff (or contractors) investigating allegations of abuse against older adults, people with physical disabilities and residents of APD-licensed facilities must currently write their reports in two different systems and two different formats. In addition, there are some reports, although limited, that are written in neither system. All
these formats, in turn, differ from the formats used by OAAPI staff, CDDP investigators and CMHP investigators.

- OAAPI trainers must develop different training curricula for each different report-writing system, and new field staff must be trained on more than one system.
- Outside parties reviewing abuse investigation reports become confused by the differences between the report styles, and question the integrity of the process.
- APD investigators frequently report technical difficulties with the On-Line 723 (Facility) Complaint Reporting system, including losing information that has been entered and having to re-enter it; being unable to access a draft report after it has been started and having to restart it; being unable to locate a provider or facility in the database; or the system being “down,” adversely affecting workload and timeliness of report completion (a QBR measure).
- The APD report-writing system for Community investigations (Oregon ACCESS) does not have a spell-check or grammar function, requiring additional reviewing and editing time and affecting timeliness of report completion.
- Oregon ACCESS also lacks useful search capabilities, making it impossible, for example, to search the abuse records by Perpetrator Name, clearly limiting the system’s usefulness in monitoring abuse patterns.
- The existing report-writing systems do not have fields for critical pieces of information and data needed for analysis, trending, etc. These include but are not limited to: triage time, race and ethnicity, sub-categories of abuse, level/severity of harm, monetary amount of loss (for Financial Exploitation cases), whether the client is on Medicaid or not, etc. All CDDP, CMHP and OAAPI reports are written in Microsoft Word, and for any data to be tracked it must be manually extracted from the reports and re-entered manually into the OAAPI Abuse Database.
Abuse investigation reports are not readily accessible to the Background Check Unit for their review and use in Fitness Determinations.

3.2E TIMELINESS OF REPORT COMPLETION

Reports must be completed within timeframes for them to be useful in documenting the response to abuse allegations, and for regulatory and law enforcement agencies to be able to hold substantiated perpetrators accountable. This metric is reported out at DHS Quarterly Business Reviews (QBR) because of its value as an indicator of a prompt and effective investigation of, and response to, the abuse.

There is currently no standard, centralized, electronic means of documenting or collecting report completion time data across programs, so it must be collected from individual systems by different program staff, and manually aggregated by OAAPI staff.

3.2F QUALITY ASSURANCE

Given the vulnerable populations OAAPI serves, the serious harm and negative outcomes that result from abuse, and the liability to the Department inherent in the work we perform, regular and proactive quality assurance (QA) activities are a must.

Unfortunately, the current array of incompatible data systems is not useful for proactive quality assurance, either centrally or at the local level, because of its inability to serve effectively as an “early warning system.”

Instead, because of the current arrangement’s structural and functional limitations, QA is largely an after-the-fact affair, with significant problems going unnoticed and unseen for years, because the data is inaccessible and not tracked effectively on any kind of centralized dashboard.

Some examples of this problem:
• OAAPI has recently identified, through a dedicated and time-consuming data-mining process, that over 3,000 uncompleted APD Community abuse investigations have been buried in Oregon ACCESS, some for over three years, with no final report completed. Without the access to data that a centralized abuse database would provide, such problems often remain invisible until there is some reason for a manual audit of cases at the local level.

• Local managers are not able to access the system routinely to track cases, monitor investigator performance, or otherwise oversee the screenings and investigations taking place in their own office. They are reliant upon OAAPI to mine and provide data that often highlights concerning trends or actually expose very high risk situations. (Some additional examples are included in the Risk and Liabilities section below.)

• QA activities take hours and days of staff time that could be accomplished in a fraction of that time, perhaps as little as 10% to 20% of the current time spent, with an integrated database. This would allow for more thorough analysis, more QA activities, and more actual follow-through on findings.

Because of the aforementioned “ownership” and structure of the APD Facility investigation data, it is just as difficult for OAAAPI to monitor the field’s activities and compliance in completing APD Facility abuse investigations, leading to many of the same monitoring and “early-detection” problems.

3.3 External Verification of Problem

The problems with the “current state” of Oregon’s abuse data management and report writing methods have been known for an extended period of time – at least as far back as 2005, when a report by DHS consultant Public Knowledge observed that “The computer systems used by APS workers were not designed to
support the APS business processes,” and recommended that DHS “...initiate planning for a case management system useful to both workers and to the state central office for case monitoring.”

These issues, and the risks associated with them, have also been identified by individuals and agencies other than Public Knowledge. In 2004, a DHS Information Systems Management (ISM) workgroup developed a proposal to address APD Reporting System needs for abuse but, due to fiscal shortages, the proposal did not result in any enhancement of the existing system or the creation of a new system.

In 2008, the McKinsey Study recommended the Department invest in IT capacity and support access across all APD programs to reduce cycle time, error rates, and employee frustration. While other program areas received much needed technical updates as a result, the existing abuse data systems did not.

An excerpt from an Oregonian article dated March 26, 2011 stated, “DHS administrators say their record-keeping system makes it almost impossible to pull every case of sexual abuse against long term care residents. And so state officials would have great difficulty doing a comprehensive study of sexual abuse against the elderly and disabled in state-monitored facilities – if DHS had the resources and direction to do so.”

An excerpt from the Adult Safety and Protection Team Report dated August 4, 2011, stated “DHS shall be responsible for periodically evaluating the appropriateness of ‘screened out’ and ‘referred out’ cases and preparing a public report (at least annually) of its findings, with recommendations as applicable” and “DHS should regularly use its database to develop mechanisms so it has a better understanding of filed allegations and substantiated abuse reports in an effort to keep vulnerable Oregonians safer.”

An excerpt from the Resident Safety Review Council Report to Legislature dated February 2013 stated, “…the data collection process for the case review presented challenges related to manually collecting data from paper documentation. First, the process was time-intensive, taking approximately 100 person-hours to complete (this does not include employee time to sort and de-identify the documents necessary to prepare for the review). Second, the lack of a standardized information collection system (e.g., no standard selection options for
investigators) and the paper process contributed to inconsistencies between the investigation records. The opportunity for documentation error was high, which limited the level of analysis possible.”

The recently-completed **DHS Elder Abuse Prevention Audit (12-13)** found the following:

*The annual risk assessment conducted in September 2013, revealed concern that the Department is unable to respond to abuse requests adequately, translate abuse information to persons and unable to adequately track and report abuse data in real time. The overall prognosis was that the current system is limited, time consuming and inefficient.*

We found that the current method used by OAAPI to obtain data for the Quarterly Review (QR) or DHS Fundamental Scorecard is not efficient and expedient to both APS field offices and OAAPI Central office for monitoring and quality check to improve performance.

A more efficient and effective management system to collect data for quality review process than the current one could be developed. We believe an automated, centralized computer system would be useful to APS field offices, OAAPI, and APD Central office for monitoring and quality check and could significantly improve these processes. The study conducted by Public Knowledge Inc. in 2005 identified the lack of a simple computer system usable by APS staff as one of the efficiency constraints in the APS services delivery system.

### 3.4 Risks and Liabilities

All of the problems and inefficiencies discussed above add to the risks and liabilities associated with continued reliance on the current patchwork of databases and report-writing methods used by staff across programs. As stated previously, significant and avoidable risks are introduced by the current array of abuse data systems because:

- There is no integrated way to track a particular individual’s history of abuse. Records for a single victim may exist in several different data systems, with no single entity able to connect episodes of abuse, neglect or violence in a person’s life. This inability to see the larger picture results in less effective – or even inappropriate – interventions;
• There is no integrated way to document substantiated perpetrators and search by perpetrator name, allowing for abuse in one system to go undetected in another;
• Current systems are not accessible from the field causing delays in reporting and potentially placing vulnerable individuals at risk due to delay;
• The existing systems do not alert local or OAAPI staff to cases that “fall through the cracks.” OAAPI’s Quality Assurance staff has identified up to 2,000 such cases that exist in the current system, and is working to resolve them.

Example 1:

E-mail from local office in response to request from OAAPI for case status update on long overdue case: I’m not sure what to do. When I looked back at the log for that case, it says (worker) went with a case aide, that (client) believes people are taking things from her, is paranoid. (Worker) has retired and isn’t here to do the report. Can it just be deleted?

OAAPI response: I’ve poked around in ACCESS a bit more. As I’m reading it, something generated a SN case in August, 2011. (Worker) went out with a case aide but we don’t know what the outcome of that visit was and definitely services were not initiated. Four months later, in December, 2011 she fell in her home, broke her hip and was hospitalized, rehabbed, and placed in a ALF. Is there any hard file in the office that would indicate what transpired in those four months?

Example 2:

From local office: I believe it was you I was talking about regarding cleaning up some old cases from an investigator who was behind. I have one who has some open cases as far back as 2007. That investigator is on extended leave and one of my very efficient staff members volunteered to help clean up their old case files. In doing so we are finding some files that have had very little done on them and in one case opened in 2007 we found it is a referral for non-payment at a facility and the RV is deceased.
• The success of recent class action suits such as those noted below should also not be ignored, as examples of expensive and far-reaching litigation that may result from the failure to catch and respond to systemic problems early.

Example 1:

In 2012, a class action lawsuit was filed in New York that challenged the City’s Adult Protective Services (APS)’s systemic failure to provide mandated services to mentally and physically disabled adults. The New York Legal Assistance Group (NYLAG) and other attorneys representing claimed that agency inadequately administered the APS program, violating the Americans with Disabilities Act, New York Social Services Law and the federal and state constitutions. The Court approved a settlement in January 2012, requiring APS to make changes and to provide information to the plaintiffs to allow them to monitor the agency’s compliance on an ongoing basis.

Example 2:

In 2013, after a year and a half year of litigation, Vermont Legal Aid and Disability Rights Vermont reached a settlement to a lawsuit brought against the State of Vermont regarding the substantial backlog in investigations by the State’s APS program. The settlement agreement will result in major changes to APS, and provides for significant oversight and monitoring by the public, the plaintiffs, and if necessary, the Court. As part of the settlement agreement, Vermont APS agreed to adopt changes to its policies and practices, including providing quarterly file reviews to determine if APS is meeting performance benchmarks.

3.5 Costs and Inefficiencies

The costs and inefficiencies associated with the current system have been alluded to above. The following section provides a higher level of detail and specific examples.
• OAAPI frequently encounters the need for manual data mining and collection to respond to public or media inquiries, to perform effective oversight of local offices and investigators and to provide even routine quality assurance or monitor statutory compliance.

**Example 1:**

When CDDP, CMHP and OAAPI investigative reports are completed, they are hand mined for data and the information entered into the OAAPI DD/MH Abuse Data base. An integrated data and report-writing system would eliminate the need for this process, freeing up Research Analysts to focus on trending abuse, detecting patterns and monitoring compliance with performance standards in the field.

**Estimated Inefficiency Cost:**

Research Analyst 1 @ 20 hours/week ongoing = $59,535/yr x 0.5 = $18,462  
Research Analyst 2 @ 30 hours/week ongoing = $69,619/yr x 0.75 = $52,214  
Research Analyst 3 @ 10 hours/week = $101,848/yr x 0.25 = $25,462  

Annual savings if manual re-work eliminated = **$96,138**

**Example 2:**

OAAPI is required by the legislature to report the names of the most serious substantiated perpetrators to the Background Check Unit. Due to the volume of reports generated and current database deficiencies, it has been both costly and difficult to meet this important requirement. OAAPI was in fact cited for this during the recent internal DHS audit.

**Estimated Inefficiency Cost:**

Investigator 3 @ 15 hours/week ongoing = $80,140/yr x 0.375 = $30,053
Annual savings if manual re-work eliminated = $30,053

Example 3:

The quarterly QBR data measure timeliness of response. Because the current systems do not include information for triage time assigned or time of investigation initiation, a 1% sample is pulled. This is such a small sample that its value in truly measuring the performance in this critical area is questionable, a fact which was noted by internal DHS auditors. However, even this very small data collection effort takes 4 – 6 hours of staff time, at the following estimated cost:

Estimated Inefficiency Cost:

Operations & Policy Analyst 3 @ 6 hrs/year =
$116,051/yr = $57/hr x 6 hrs x 4 quarters/yr = $1,368

Annual cost of pulling 1% data sample manually = $1,368

However, that estimate does not reflect the true cost in accuracy we incur by settling for such a small sample size. The cost of improving the accuracy of our QBR data by pulling a larger, more statistically meaningful sample using the current manual method would be:

Estimated Inefficiency Cost:

Operations & Policy Analyst 3 @ 60 hrs/year =
$116,051/yr = $57/hr x 60 hrs x 4 quarters/yr = $13,680

Annual cost of pulling statistically significant sample manually = $13,680

An effective data system could provide this information for 100% of the cases completed, in a matter of minutes, providing accurate QBR metrics
and allowing QA efforts to be focused on responding to problems, rather than pulling data.

**Example 4:**

CDDP, CMHP, and OAAPI investigators currently generate their reports using a word processing application. However, many of the portions of these reports are consistent from investigation to investigation. With the proposed system, many fields would auto-fill the correct and necessary information.

Estimated Inefficiency Cost:

Investigator 3 @ 0.5 hours/report x 450 reports = 225 hrs
$80,140/yr = $39/hr x 225 hrs = $8,775

Annual savings if manual re-work eliminated = $8,775

**Example 5:**

When the decision is made to perform a statistically significant and reliable study, hundreds of reports must be read to extract data, and all data must be hand-entered into a spreadsheet for analysis. As an example, the recent OAAPI Financial Exploitation study in 2012 required the reading of 400 reports, taking well over 90 hours, just to collect the required data (no analysis is included in this number). With an adequate data system, this same work could likely have been completed in 8 hours, at a savings of 82 person-hours. With six QA projects per year needed to assess and monitor field activities, the cost due to inefficiencies is significant:

Estimated Inefficiency Cost:

Operations & Policy Analyst 3 @ 82 hrs/project =
$116,051/yr = $57/hr x 82 hr/project s x 6 projects/yr = $28,044
Annual cost of pulling data for QA analysis manually = $28,044

The reduction in cost and staff time provided by a searchable database would allow quality assurance staff to spend their time identifying abuse trends and developing targeted prevention efforts, instead of reading hundreds of reports just to extract data.

The use of an integrated Abuse Data and Report-writing System in these five examples alone would lead to the potential annual savings of **4,337 person-hours per year**, representing an estimated **$176,690 per year**.

These savings would multiply as efficiencies were realized for investigators and their managers in the field, as well as for OAAPI and other Department staff. In the current state, the Department loses productivity when workers run semi-automated processes to link data between different databases in order to produce metrics. Many hours are lost during the process of exchanging, checking and interpreting data from the various systems. Unfortunately, this is valuable staff time that could be better put to use performing QA and data analysis in order to identify the causes of abuse (in community and facility settings) and work to mitigate them.

4 OVERVIEW of AVAILABLE OPTIONS

4.1 Continue with Current State

The first option available is to continue using the current assortment of abuse data systems and report-writing methods. Obviously, our current state has led to the serious problems and risks described in Section 3, so we would not expect this option to lead to the desired improvements. In addition, due to the age, decreasing functionality and planned obsolescence of the data systems currently in use, this option will result in a need for ongoing investment by program staff in the future for maintenance, repair and replacement. Furthermore, steps are already being taken to replace at least one of the existing data systems, i.e. Oregon ACCESS, which serves as the report-writing system for over 60% of all APD/APS investigations – over 10,000 reports in 2013.

4.2 Invest in Improving Current Systems
The second option is to invest funds and agency resources in improving the current assortment of abuse data systems and report-writing methods. Like the first option, this option assumes the continued availability and functionality of all existing systems, which is not likely. Choosing this option would require a significant dedication of program staff and resources to evaluate the feasibility of updating all of the existing systems and then reconfiguring them to provide the accessibility and information currently needed by OAAPI and its partners. And even if the utility of each individual system could be maximized, the issue of disconnected systems unable to share information would remain unaddressed.

4.3 Link with Other Ongoing Technology Projects

A third option is to join together with another agency which has an ongoing IT development project. In one such example, OAAPI and APD have explored combining the development of a new abuse data system with other ongoing APD IT development projects. For example, a Case Management data system that APD is planning to develop for APD and DD clients appeared to present opportunities. Adding the abuse data collection, screening and report-writing components to a new APD Case Management system, however, would add significantly to the scope of the project. In addition, since the proposed new Case Management system will be designed primarily for Medicaid clients, it is questionable whether this new system would be able to address the needs of victims of abuse who are not eligible for Medicaid, or the specific needs of other populations such as adults with mental illness receiving services through OHA/AMH or children receiving services in licensed settings.

In another example, OAAPI researched a possible partnership with Oregon State Police (OSP) and their new Records Management System, developed by Niche RMS of Canada. Although the OSP work flow is similar to APD/DD/MH investigations, their system was designed specifically to support dispatch and patrol functions, and under the terms of the OSP contract was not able to be modified to meet OAAPI’s needs. As a result, partnering with OSP would require OAAPI to change nomenclature and alter workflow to match the OSP model, and the system would not be allowed to integrate or interface with other systems utilized by DHS. Due to security concerns, even though OAAPI could potentially make the OSP Records Management System functional, it would require many
workarounds and would not be able to consolidate all information necessary within DHS systems.

As discussed in Section 3, other systems, such as OLRO’s ASPEN database and Lane County’s Client-Tracking System, have been explored for possible statewide expansion across all investigation types but found unworkable either due to limitations of the systems themselves or of their support and maintenance structures. Furthermore, creating interfaces between existing DHS and OHA systems to an older system transferred into the IT architecture will be much more difficult and expensive.

4.4 Request Proposals for Development of New Abuse Data & Report-writing System

Finally, OAAPI has the option of requesting proposals from vendors interested in developing a new Abuse Data & Report-writing System.

OAAPI has conducted some initial research and learned that there are vendors currently developing and implementing highly configurable software that is customizable to meet the needs of abuse investigation programs, both in terms of data management and report-writing. These systems have multiple switches that can be turned on or off based upon workflow and needs. Fields can be labeled to match DHS language, which is critical to data importation and report functionality. Almost every field within the database is searchable, allowing different users of the system to search for, link, and research whatever data they need (based on predetermined permissions). This functionality alone would save OAAPI and the Department a tremendous amount of time and person-hours.

This option would require an investment in the development and implementation of a new software system. Based on preliminary market research, OAAPI believes a new Abuse Data & Report-writing System could be developed and implemented for under $2.5 million including services of a systems integrator.

This estimate assumes a relatively simple, stand-alone abuse database with role-based access for data-sharing with partners. A system that is integrated with other existing systems would be expected to cost considerably more; e.g. a new
integrated abuse data system being developed in Washington is budgeted at $5.4M.

**Estimated Agency Costs**

An agency faces many risks and challenges when designing and building a new data system, especially when the new system is intended to replace multiple existing systems and be accessed by many different users with different business needs. Planning, coordination and ongoing evaluation are critical to an IT project’s success, from the earliest stages of developing a plan and governance structure, through procurement and thoughtful system design, integration, testing and implementation. Successful completion of these steps depends on strong project management and governance, along with objective and knowledgeable technical oversight.

Under the current proposal, an initial $500,000 investment of funds from the Special Allocation for Seniors funds set aside under HB 5201 would be used to contract an independent Consultant to complete the Legislative request due January 2015.

The cost of the Consultant contract is estimated at $400,000. DHS intends to also secure QA/QC services to provide independent assessment of the quality of the initial consulting deliverables and will utilize a State project manager to coordinate the overall Phase 1 efforts including tracking status against a schedule. Core project artifacts in alignment with the OSCIO Stage Gate’s will be developed and maintained.

The cost of a Quality Assurance/Quality Control services contract is estimated at $25,000, based on industry standards for a project of this size.

This is expected to be sufficient to address questions around the extent, feasibility and cost of data integration with OAAP1’s multiple partners, including the development of integration options, configuration of possible internal and external interfaces and data conversion/migration issues.
Taken together, these two contracts add up to $425,000, with the remaining $75,000 allocated for the state project manager, internal contracting resources and potential charges from DOJ for contract reviews.

The work performed by the Consultant and state assigned PM through the SPA fund investment will allow for development of a recommended approach and plan for implementation of a technology solution to support OAAPI for presentation to Legislative Committee in January 2015, as required by HB 4151.

**Based on these assumptions, the initial cost is estimated at $500,000** for the first phase of this project.

Once the initial assessment and options are presented to the Legislature and the plan for implementation is approved, an RFP will be issued to procure the recommended solution and Systems Integrator services to implement the solution.

**5 RECOMMENDATION**

There is a compelling business case to move forward with a review and validation of requirements and completing alternative analysis for the best solution. To that end, OAPPI requests approval of this preliminary business case to support securing the services of a consultant to meet the Phase 1 deliverables: requirements validation; development of a final Business Case, recommendation for a solution and approach for meet the OAAPI defined problem; development of an RFP to issue for Phase 2 procurement of a solution and systems integrator.

**6 STRATEGY & IMPLEMENTATION**

Upon approval of this Preliminary Business Case, procurement efforts to secure consultant services will commence immediately, with a targeted start date of 8/1/14. Once onboard, the Consultant will begin the evaluation process and project planning, working as needed with the state team to validate and complete functional and technical requirements, identify alternatives, costs and benefits to meet the business needs defined by the requirements, update the Preliminary Business Case and develop a recommendation report and presentation for the Legislature in January, 2015. The requirements will serve as the foundation for
development of an RFP for issuance upon Legislative approval and defined funding.

Meanwhile, OAAPI and partners will seek funding for the larger project of building a new data system. Following legislative review and approval of the design and scope of the project – and assuming the securing of funding via federal match, a Policy Option Package, or a combination thereof – an RFP will be issued for a Systems Integrator and software product for development of the new system with a target start date for this Phase 2 effort of mid-2015. A State Project Manager will continue to be involved throughout the Implementation effort to managing the procurement process, establishing the project governance documents and structure and ensure continued alignment with state best practices and Stage Gate processes.

6.1 Communications and Data Sharing

Understanding and planning for, the sharing and/or integrating of abuse data with OAAPI’s partners in order for them to do their work and meet their responsibilities will be an essential part of the requirements definition efforts. This preliminary business case and preliminary cost estimates is built on the assumption that the needs of OAAPI’s partners can be met through data sharing, without requiring extensive integration.

Ultimately, the decision of how to share and/or integrate data with each partner will be dependent on the role and responsibility that the partner agency has in the overall DHS/OHA enterprise.

**OAAPI’s primary partners who have a need for abuse data include:**

*Background Check Unit (BCU):* Read-Only, real-time access is needed, so BCU staff can query the database for certain types of substantiated abuse and read the full investigation report.
**DHS Case Management**: A new case management system is planned for clients receiving DHS services, and a certain amount of integration of abuse data with the new system has been requested by DHS leadership. Prior to an RFP, OAAPI and DHS staff will 1) outline the data elements needed by case management, 2) develop a plan for how to share and/or integrate the data, and 3) identify data sharing conditions (timelines and contingencies). The requirements generated from this discussion will then be included in the RFP, to ensure systems are capable of communicating with each other; that there is place in the partner system to store data; and that a sound, reliable process for sharing and integrating data is implemented.

**Child Welfare (CW)**: OAAPI investigates allegations of abuse for approximately 150 children per year who receive services through Child Welfare. Currently data generated from these investigations is manually entered into the OR KIDs database by OAAPI investigators. Similar to the adult case management data sharing issue, OAAPI and CW staff will need to explore data sharing requirements during the development of the RFP.

**The Office of Licensing and Regulatory Oversight (OLRO)**: OLRO has regulatory oversight for facility APS investigations as well as investigations for DD licensed settings. In most cases abuse data is currently transmitted electronically to OLRO, using a variety of processes, although in other cases the hardcopy investigation report and related exhibits are sent so that OLRO can manually extract data elements. Discussions about data sharing have been ongoing with OLRO, and the RFP for a new data base would detail the requirements for sharing and/or integrating information with OLRO. Possible solutions include downloading/extracting abuse data into a system of OLRO’s choosing, or developing a licensing module to the abuse database.

**OHA/AMH Licensing Unit**: AMH has licensing oversight for investigations in MH licensed settings. Currently the investigation report is sent to the licensing office. With approval to move forward, further discussion will occur with AMH regarding data sharing and/or integration needs.

Data sharing can be accomplished in a variety of ways depending on the needs of the partner, the required timeliness of obtaining the information, and the
confidentiality requirements of the program in question. Development of an RFP to acquire a solution and services for implementing that solution will include detailed information around data sharing; identify hardware/software requirements and security requirements so an IT specific plan for how information will move from the abuse database to the partner agency systems; and address any confidentiality issues can be developed.

6.2 Funding Forecasts

Preliminary market research including discussions with other states indicates that the estimated cost for implementing a system to meet OAAPI needs will be under $2.5 million. More detailed financial analysis will be developed through the Phase 1 efforts.

As noted above, the Campaign for Oregon’s Seniors & People with Disabilities (a broad coalition of advocacy groups) recommended in January 2014 that $1 million of the $26 million set aside under HB 5101 for future distribution to programs benefiting seniors and people with disabilities be used for an Adult Protective Services Technology Investment. The May 2014 Emergency Board in May 2014, approved $500,000 of those funds be put to use immediately in conducting an independent evaluation of the existing data systems and recommendation of a solution. Contracted services will be deliverables based and will be carefully reviewed to ensure that payments are linked to completion of deliverables worked. Independent Quality Assurance/Quality Control will also be used to review the work products developed.

6.3 Possible Risks of Implementation

The development of a new IT project always has inherent risks, especially in the areas of cost and time to develop it. OAAPI is managing risk by phasing work efforts. If the Legislature subsequently approves OAAPI to proceed with Implementation, a dedicated Project Manager and Systems Integrator will be secured to oversee the design and development of the project and develop a realistic implementation plan to help mitigate these risks, by phasing the roll-out of the system and spreading out the testing, data migration and training activities over time, which will also serve to limit the impact of any problems or issues with the roll-out. Independent Quality Assurance and Independent Verification and Validation will be used through any approved Implementation effort to ensure
appropriately rigorous project practices are followed and products perform to the state’s functional and technical requirements.

### 7 ESTIMATED TIMELINE

The new Abuse Data & Report-writing System could be fully implemented by June 2017, dependent on funding, RFP timing, and decisions re: OIS support needed, etc.

Estimated Phased Approach/Timeline:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>06-20-14</td>
<td>Preliminary Business Case Review and Approval.</td>
</tr>
<tr>
<td>08-15-14</td>
<td>Acquire outside consulting support for Phase 1.</td>
</tr>
</tbody>
</table>
| 08-15-14 – 12-31-14 | Phase 1 activities:  
  • Finalize requirements (refine, enhance, validate).  
  • Identify alternatives including cost/benefit analysis against requirements.  
  • Develop a written report with recommendations for a solution approach and plan for presentation to Legislature in January 2015 as required by HB 4151.  
  • Develop a Final Business Case and recommendations for a solution approach and plan for presentation to Legislature in January 2015, as required by HB 4151. |
<p>| 01-15-15   | Present technology assessment and plan to Legislature, along with funding alternatives, including federal funds and |</p>
<table>
<thead>
<tr>
<th>Task</th>
<th>Description</th>
<th>Estimated Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBD</td>
<td>Finalize and Post RFPs for Systems Integrator and software product. Receive and evaluate proposals. Select Vendors, draft and finalize contract.</td>
<td>Estimated 5 months from developing RFP to finalized contract.</td>
</tr>
<tr>
<td>TBD</td>
<td>Vendor, Project Manager review workflow and rules to configure the system.</td>
<td>Several days of training the agency on the system configuration and functionality of the system is included in cost analysis. DHS will set up the operating parameters to configure the workflow rules and employee access rights.</td>
</tr>
<tr>
<td>TBD</td>
<td>Installation of Server Software.</td>
<td>Each installation has Microsoft SQL Server, an Application Server on the backend. Users will access the system through a desktop or web server/remote desktop. Database and services are installed on the server.</td>
</tr>
<tr>
<td>TBD</td>
<td>Second layer of software.</td>
<td></td>
</tr>
<tr>
<td>TBD</td>
<td>Data will be imported and stored on a SQL server hosted initially by Vendor.</td>
<td>Timeframe will vary depending on the complexity and amount of data to be configured in the system.</td>
</tr>
<tr>
<td>TBD</td>
<td>Interfaces.</td>
<td>Development and installation of required interfaces to external systems.</td>
</tr>
<tr>
<td>TBD</td>
<td>Building Operating Lists and System Admin Training.</td>
<td>Training of three key personnel on how to set-up and maintain the system. This process will incorporate meetings with other key staff members.</td>
</tr>
<tr>
<td>TBD</td>
<td>Software Installation and Configuration.</td>
<td>Install software for end users. For desktop and mobile users,</td>
</tr>
</tbody>
</table>
this will involve installing programs, support tool and patches/software from Microsoft. Adjustment of firewalls and VPN’s.

<table>
<thead>
<tr>
<th>TBD</th>
<th>User Training.</th>
<th>On-site classroom training in a maximum of four (4) hour training blocks. Note: Classroom training includes workplace coaching to ensure that staff masters the capabilities of the respective subsystem.</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBD</td>
<td>Initial Operation of System.</td>
<td>Upon completion of training, system will be placed into a live environment.</td>
</tr>
<tr>
<td>TBD</td>
<td>Quality Assurance conducted.</td>
<td>Ensure integrity of data was maintained. Ensure system is operating as designed through vigorous testing. Ensure connectivity throughout the state.</td>
</tr>
<tr>
<td>TBD</td>
<td>Final System Completion.</td>
<td>All terms and conditions of agreement with vendor have been successfully completed.</td>
</tr>
</tbody>
</table>

**Ideal Implementation Date:** 06/01/17
# APPENDIX A – HARDWARE REQUIREMENTS

**Typical Minimum Specifications (Existing Hardware)**

<table>
<thead>
<tr>
<th>PC Workstations</th>
<th>Database Server</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intel 2 GHZ +</td>
<td>Intel 2 GHZ +</td>
</tr>
<tr>
<td>Windows XP Pro, 7 or 8</td>
<td>Windows 2003/2008/2012 Server</td>
</tr>
<tr>
<td>3 GB Memory</td>
<td>8GB Memory</td>
</tr>
<tr>
<td>100 GB Disk Space</td>
<td>500 GB Disk Space</td>
</tr>
<tr>
<td></td>
<td>SQL Server 2008 or later</td>
</tr>
</tbody>
</table>

**Recommended Specifications (New PCs)**

<table>
<thead>
<tr>
<th>PC Workstations</th>
<th>Database Server</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intel 2 GHZ +</td>
<td>Intel 2 GHZ +</td>
</tr>
<tr>
<td>Windows 7 or 8</td>
<td>Windows 2008 Server or later</td>
</tr>
<tr>
<td>4 GB Memory</td>
<td>16-64GB Memory</td>
</tr>
<tr>
<td>100 GB Disk Space</td>
<td>1 TB Disk Space</td>
</tr>
<tr>
<td></td>
<td>SQL Server 2008 or later</td>
</tr>
<tr>
<td></td>
<td>Database Backup System</td>
</tr>
</tbody>
</table>

Virtual Servers: The agency can use virtual servers that meet the above listed CPU, Memory and Disk space physical requirements. Users can use vendor software with a single monitor or with multiple monitors.
DHS started the 2011-13 biennium with a budgeted ratio of 1:9 (6689/738) based on information provided by DAS and confirmed by DHS staff.

DHS approached the ratio work from an enterprise perspective with a goal of exceeding the ratio, if possible, and not limiting the review to only those areas under the target ratio. Through targeted actions including abolishment of positions and restructuring of supervisory duties, DHS received the required plus-one certification in June 2012 from the Department of Administrative Services, Human Resources Service Division for moving the ratio from 1:9 to 1:10.

In October 2013, DHS was approved for an exception to the 1:11 ratio for Child Welfare supervisors due to the clinical supervision nature of these positions as allowed in HB 4131 (2012) section 1 (4). During the 2007 Legislative Session the legislature made a $3.2 million TF investment to increase the number Child Welfare caseworkers and supervisors. The intended result was to bring Oregon’s child welfare supervisor to caseworker ratio to 1:7 which is considered the national best practice standard by the National Resource Center for Organizational Improvement. Before this action the Oregon ratio was 1:9.5. Best practices continue to recommend 1:7 or lower due to the clinical supervision provided by the supervisors. Child Welfare supervisors take years to gain the clinical experience necessary to assist and ensure caseworkers make appropriate safety and case planning decisions for Oregon’s children. DHS requested all child welfare caseworkers and direct caseworker supervisors be excluded from the supervisor to non-supervisor ratio calculation. The result moved 199 supervisors and 1,385 non-supervisors from the equation moving DHS to 1:11.40.
DHS continues to examine all units, especially those with smaller supervisory ratios, to determine if there are natural ways to combine supervisory functions. This requires shifting how supervisory, as opposed to “management” functions are performed. This diligent management of the supervisory ratio will ensure DHS continues to maintain the 1:11 minimum.

### NET IMPACT OF 2015-17 CSL PACKAGES IMPACTING RATIO

<table>
<thead>
<tr>
<th>IMPACTING ACTIONS</th>
<th>POSITION COUNTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NON-SUPervisory</td>
</tr>
<tr>
<td>13-15 LAB position authority</td>
<td>6,958</td>
</tr>
<tr>
<td>13-15 Position authority post-E-board*</td>
<td>6,960</td>
</tr>
<tr>
<td>13-15 Child Welfare Exception**</td>
<td>(1,385)</td>
</tr>
<tr>
<td>13-15 Package 21</td>
<td>12</td>
</tr>
<tr>
<td>13-15 Package 40 (CW)</td>
<td>83</td>
</tr>
<tr>
<td>Reduction for new positions subject to CW Safety</td>
<td>(54)</td>
</tr>
<tr>
<td>Exception</td>
<td></td>
</tr>
<tr>
<td>13-15 Package 40 (APD)</td>
<td>9</td>
</tr>
<tr>
<td>RESULTING COUNT FOR CALCULATION</td>
<td>5,625</td>
</tr>
</tbody>
</table>

---

* Includes all actions as of 07/2014

** Positions removed from count only, not removing position authority.

RATIO = 11.50