Oregon
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2013-15 Legislatively Approved Budget
Department of Human Services by Program Area

The following is a summary of the program investments approved by the Oregon Legislature and signed by the Governor to create budget for the Department of Human Services (DHS) that, as much as possible within current funding limitations, serves the needs of Oregon's most vulnerable populations. Detailed information -- that assumes the 2% General Fund hold back -- on the DHS Legislatively Approved Budget (LAB) is shown below.

Aging and People with Disabilities

The Aging and People with Disabilities program area (APD) provides services and supports to Oregon residents over the age of 65 and to adults with physical disabilities. Currently, more than 29,000 seniors and people with disabilities receive Medicaid long-term care services as a result of the work of APD and its partners. Oregon's senior population is projected to grow from 502,000 to 950,000 by 2030. Only about 4% of Oregon's senior population today uses Medicaid-funded long-term care services. In order to avoid a significant increase in demand on publicly funded long-term care supports and services as the eligible population grows, it is critical to begin implementing strategies now that support healthy aging, meet the needs of an increasingly diverse population and prevent or delay entry (as appropriate) into more costly long-term care services.

The APD budget is predicated on the agency's successful request for federal approval of the Community First Choice State Plan Option (K Plan). The budget fulfills the required maintenance of effort (MOE) expenditures. Along 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.

The LAB also assumes the continuation of the Nursing Facility Provider Tax and corresponding increases in Nursing Facility rates. The budget provides a net $57.8 GF decrease (7.67) and a $83.4 million TF increase (3.6) in APD programs. Specifically, the 2013-15 LAB includes:

- House Bill 2216 maintains the nursing facility reimbursement methodology 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 nursing facility assessment is reauthorized through June 2020 and eliminates all exemptions, with the exception of the Oregon Veteran's Home, effective January 2014.

- The budget includes funding to serve more seniors with severe mental health issues in the community instead at the more costly Oregon State Hospital, at a cost of $7.3 million GF ($10.7 million TF). Another $1.9 million GF ($5.3 million TF) will support community capacity need to serve hard to place clients requiring specialized care.

- Under the K Plan, the state would draw down an additional 6% in FMAP. The match on the MOE spend combined with the extra match in general, is expected to generate about $92.9 million Federal Funds (FF).

- $27.2 million GF ($81.4 million TF) to fund bargaining pots/increase home and community-based care rates that have been flat since July 2008.

- Adds $2.5 million GF ($8.1M TF) to partially restore in-home service reductions taken in 2011.

- $2.3 million GF is dedicated to a new innovation fund. The fund supports pilot projects designed to either increase quality or decrease costs of long term care services.

- A new design and restart for the Money Follows the Person program is supported, along with funding for care coordination between local APD and Area Agencies on Aging (AAA) offices and Coordinated Care Organizations (CCOs).

- The budget also invests in 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.

- $2 million GF ($4M TF) to replace APD's obsolete case management system.

Developmental Disability Programs

The Developmental Disabilities program area (DD) serves over 21,000 children and adults with intellectual and developmental disabilities (I/DD) throughout their life span, and the number of eligible individuals requesting services is increasing. The state, counties, brokerages, providers, families and self-advocates are all critical parts of Oregon's Developmental Disabilities service system that focuses on individuals with I/DD living in the community and having the best quality of life at any age.

The DD budget is built upon the agency's successful request for a federal waiver under the Community First Choice State Plan Option (K Plan). The budget builds in the required maintenance of effort (MOE) expenditures at $29.5 million GF, which are used primarily to restore 6% rate reductions taken by programs in previous biennia. These include group homes, specialized living, transportation, and adult foster care. About $13.5 million GF is set aside to fund a bargaining pot for health care insurance for Personal Support Workers.

To maintain the high level of customer satisfaction and to maximize the system's efficacy and financial sustainability into the future, the LAB makes several strategic investments that depend on the state's ability to leverage additional federal funding targeted to I/DD services through transition of some services into a State Plan K Amendment.

More specifically, the LAB delivers a net GF decrease of $1.8 million over current LAB (0.3%) with a TF investment of $217.7 million (15.0%) in DD Programs, including:

- Under the K Plan, the state would draw down an additional 6% in FMAP. The match on the MOE spend combined with the extra match in general, is expected to generate about $126.6 million Federal Funds (FF).

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

- An additional $4.8 million GF ($13 million TF) to cover roll-up costs associated a 1.25% wage increase for Personal Support Workers (PSW) effective April 1, 2013.
- The budget also includes $7.2 million GF ($19.9 million TF) as a placeholder for costs that will remain indeterminate until the conclusion of collective bargaining.

- At a total of $10.3 million GF ($25.7 million TF) and 40 positions, 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.

  The directive sets out a process for providing employment services to individuals with intellectual and developmental disabilities, including the targeted populations of those in sheltered work settings and those students transitioning out of the public school system. The investment is comprised of the following areas:
  - $1.7M for increased employment first and quality assurance staffing
  - $0.7M for increased VR services
  - $7.9M for service rate structures, training and technical assistance.

Child Welfare Programs

Child Welfare Programs serve children and families when children are subject to abuse and neglect in their home environment. Child protection workers respond to all reports of familial child abuse/neglect and, if a child cannot be determined to be safe at home, place children in foster care. In the last five years, Oregon has reduced its foster care population, concentrating on safety and moving toward a system that prevents out-of-home placement of more children, reduces disproportionality in foster care and increases timely and safe return to families. The cost of abuse and neglect – to children, to families, and to the state – is significant.

The LAB targets resources across programs designed to strengthen families, reduce the incidence of abuse and neglect, and transform the state's ability to respond to families in distress and at risk of entering the child welfare system. For vulnerable children and their families, these resources will also strengthen health and education outcomes as the system innovations depend in part on local communities partnering in new ways with Child Welfare and on locally driven decisions about filling service gaps that are specific to the needs of abused/neglected children and families.

The LAB recommends a GF increase of $43.0 million (10.9%) and a TF increase of $92.7 million (11.5%) in Child Welfare programs, including several targeted program investments:

- $11.2 million GF ($23.7 TF) for statewide implementation of Strengthening, Preserving and Reunifying Families (SB 964, 2011); the program focuses on providing services to allow children to remain safely with their families and avoid foster care.

- $10.7 million GF for 113 positions to improve workload model staffing to 75%; investment will also increase agency's ability to continue implementation of differential response practices.

- $750,000 GF for the Homeless and Runaway Youth program, which doubles the funding for the program and supports local programs providing services such as street outreach, day drop-in, and overnight shelter.

- Just under $1 million General Fund for nine positions to improve state compliance with the federal Indian Child Welfare Act in order to better protect the interests of Indian children and to promote the stability and security of Indian tribes and families.

- $2.8 million GF to restore 48 residential beds; lower utilization due to budget reductions artificially suppressed projected need within the forecast model.

- A total of $198,000 General Fund and $614,000 TF for funding to support post adoption services (crisis response, consultation) and licensing survey visits for children in residential care facilities to improve the safety of licensed child caring agencies.

Self Sufficiency Programs

Self Sufficiency programs are designed to help families achieve economic security with temporary supports for their most basic needs, such as food, health insurance coverage and child care, while working to meet their employment goals. Oregon has recognized TANF as a prevention program that can support self sufficiency and family stability.

Oregon's economy was severely affected by the global recession of 2008, and it has yet to fully recover. The sudden and significant loss of jobs resulted in sudden and dramatic increases in the SSP caseload. Post-recession job gains have been steady but slow, and some employment-sensitive caseloads have started to level-off or decline. Oregon's Office of Economic Analysis (OEA) predicts a gradual employment recovery, but some clients face additional barriers to employment such as limited education and work experience. They are likely to work in the retail trade or leisure and hospitality sectors, and these sectors depend on discretionary spending and tend to hire part-time workers. These factors combine to cause the most economically sensitive DHS caseloads to decline slowly during economic recovery.

TANF has experienced unprecedented caseload growth since the downturn of the economy in 2008, and federal funding has remained unchanged since 1996, making it increasingly difficult to adequately resource the program.

The LAB provides a net GF increase of $68.3 million (22.5%) and a TF change of $95.7 (2.8% with non-limited FF SNAP funds, or a 10.7% increase without non-limited FF SNAP funding), including the following:

- $10 million General Fund to reverse a policy change in the Governor's budget, which would have implemented a 36 month, full family time-limit for the TANF program starting October 1, 2013. The current 60 month time-limit is retained.

- The LAB provides an increase for the Employment Related Day Care program (ERDC), which provides child care subsidies to employed parents up to 9,000 average cases over the biennium. This number may change after negotiation of provider rates -- the 2011-13 average caseload was 8,500.

- Continuation of several 2011-13 modifications made to the TANF program to reduce program spending. These include up-front eligibility process changes, denying aid based on a "job quit" period, eliminating enhanced payments for clients applying for federal Supplemental Security Income benefits, and setting an income eligibility limit equal to 185% of federal poverty guidelines for non-parent caretaker relatives of dependent children. Supporting statutory adjustments were included in the program change bill.

- Funding for Self Sufficiency staffing levels at 71% of the workload model overall, including an increase in TANF case management staffing levels from about 35% to about 65%. This includes a realignment of positions and classifications.

- Continuation of the Self Sufficiency Modernization project with an investment of $7.1 million GF ($56.1 million TF). DHS is transitioning from program-oriented process 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 with clients. Along with General and Federal Funds, the funding package relies on $14.4 million in XI-Q bond proceeds.

- An add-back of $5 million GF to the Job Opportunity and Basic Skills (JOBS) program, which was continued at 2011-13 levels in the Governor's budget. The add-back will allow the agency to serve more clients but the program will still be limiting services to those that are most "job ready" and "near job ready." This will allow up to a 5% increase in services.

Vocational Rehabilitation

The Office of Vocational Rehabilitation Service (OVRS) assesses, develops service plans and provides vocational rehabilitation services to youth and adults whose disabilities present impediments to employment. A total of 383,381 working-age adults experience a disability, but only 36% are employed. The budget is 5.3% more GF more and 13.6% more TF than the 2011-13 LAB and includes the following:

- Addition of $1,000,000 General Fund for distribution to Centers for Independent Living (CIL). Increase expected to bring budgets for Eastern Oregon Center for Independent Living (EOCIL) and Lane Independent Living Alliance (LILA) up to minimal operating level. Also covers a portion of requested increase in overall base funding for all CILs.