Oregon

John A. Kitzhaber, M.D., Governor

Department of Human Services
500 Summer Street NE
Salem, OR 97301-1067
503-945-5600
Fax 503-581-6198

Governor's Recommended Budget for 2013-15 by DHS Program Area

Every year, more than one million people rely on services offered by the Department of Human Services (DHS) and our partners to meet their most basic needs: to be safe, to live as independently as possible and to support their efforts to achieve economic independence. DHS's success in that effort depends upon nearly 7,500 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.

Even though the revenue available for next biennium is less than what would otherwise be required to continue current services across state government, the Governor's Recommended Budget for 2013-15 (GRB) proposes to take advantage opportunities to re-focus Oregon's human services delivery model away from a reactive and expensive crisis oriented model toward a model with increased investment in early intervention, prevention and in-home services.

The GRB for DHS is guided by the following principles:

- Focus on outcomes, rather than on individual programs;
- Focus on the needs of customers and communities, considering changing demographics and anticipating future needs;
- Invest upfront to prevent the need for higher-cost services. Where possible, target investments to supports that will promote independence and avoid, delay or reduce the need for services; and
- Support the transformation of 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.

The following is a summary of the program investments proposed by the Governor to balance the DHS budget in a long-term, sustainable manner that -- as much as possible within current funding limitations -- serves the needs of Oregon's most vulnerable citizens.

Aging and People with Disabilities

The Aging and People with Disabilities program area provides services and supports to Oregonians over the age of 65 and to adults with physical disabilities. In 2011, more than 27,800 seniors and people with disabilities received 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. Currently, only about 4% of Oregon's senior population 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 culturally diverse population and prevent or delay entry (as appropriate) into costly long-term care services.

The GRB provides a net $14.9 GF decrease (2.0%) and a $159.6 million TF increase (7.0%) in APD programs. The GRB assumes the continuation of the Nursing Facility Provider Tax and corresponding increases in Nursing Facility rates. In addition, the GRB assumes that Oregon receives additional Medicaid funding through transition of many services into a State Plan K Amendment. More specifically, the GRB includes:

- A $7.3 million GF investment ($13.7 million TF) to improve services to older Oregonians with mental illness, traumatic brain injury, and other dementia related diseases.

- An investment of $1.8 million GF ($6.8 million TF) in options counseling services to help Oregonians and their families make informed choices when long-term care services are needed.

- Investment of $3.0 million GF ($6.0 million TF) to implement a modern assessment, service planning and case management system to serve Oregonians.

- A $3.2 million GF investment to pilot innovative approaches to improving long-term services and supports and outcomes.

- A $675,000 GF investment ($2.0M TF) to improve the quality of nursing facility care by increasing staffing ratios for certified nurse assistants.

- A $2 million GF ($5.3 million TF) investment to support critical community capacity that can meet the needs of individuals with special needs.

- A $9.1 million GF ($29.2 million TF) investment in proposed rate increases for in-home and community-based providers to strengthen the Oregon home and community-based model.

- Investment of $2.5M GF ($5M TF) to increase access and quality of eligibility, case management and adult protective services through implementation of the workload model. This investment would result in APD staffing levels reaching approximately 95% of the workload model overall.

<u>Developmental Disability Programs</u>
The Developmental Disabilities program area 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.

To maintain the high level of customer satisfaction, and to maximize the system's efficacy and financial sustainability into the future, the GRB 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 GRB includes a net GF increase of $32.0 million over current LAB (6.1%) with a TF investment of $173.0 million (12.3%) in DD Programs, including:

- An investment of $1.2 million GF to expand family-to-family networks from 4 to 10.
- An investment of $9.4 million GF ($30.1 million TF) to increase integrated employment options and outcomes for transition age youth and for working-age adults with intellectual and developmental disabilities.
- Restore the Fairview Trust to pre-11-13 levels, adding $6.9 million GF.
- An investment of $2.4 million GF ($4.9 million TF) to implement a statewide electronic record keeping system that will improving the quality of care and increase the efficiency of the system.
- An investment of $7.4 million GF ($20.0 TF) to increase available funding for personal care workers and adult foster care providers, improving quality, stability and availability of services.

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 safe at home, place children in foster care. In the last five years, Oregon has reduced its foster care population, concentrating on safety and is moving toward a system that prevents out-of-home placement (even of abused children) 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 GRB 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 proposals 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 GRB recommends a GF increase of $68.3 million (17.5%) and a TF change of $109.7 million (13.9%) in Child Welfare programs, including:

- An investment of $23.6 million GF ($40.1 million TF) to transform the front-end of the Child Welfare system through the implementation of a Differential Response Model. This investment brings Child Welfare staffing levels to 80% of the workload model.

- An investment of $11.5 million GF ($29.5 million TF) in support of outcome-based, locally prioritized child welfare services that support statewide implementation of programs to strengthen, preserve and reunify families (SB 964 (2011).

- Two additional investments totaling $2.3 million GF ($3.7 million TF) to improve Indian Child Welfare Act compliance and enhance outcomes for Tribal children and their families.

- Continuation of the post-adoption program to 11-13 levels by backfilling one time funds of $108,000 GF.

- An investment of $750,000 GF to increase services available to runaway and homeless youth.

- An investment of $0.1 mil GF ($0.2 mil TF) in the DHS Oregon Licensing and Regulatory Oversight program 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. The GRB provides a net GF increase of $89.7 million (29.4%) and a TF change of $116.4 (8.8% with non-limited FF SNAP funds, or a 13.3% increase without non-limited FF SNAP funding).

TANF: Oregon has recognized TANF as a prevention program that can support self sufficiency and family stability. To qualify, families with children must be living below 40% of the federal poverty level (FPL) ($616 per month for a family of 3). TANF has experienced unprecedented caseload growth since the downturn of the economy in 2008, and federal funding for the program has remained unchanged since 1996, making it increasingly difficult to adequately resource the program. The GRB makes the following recommendations regarding the TANF program:

- $1.1 million GF investment to support the increase in caseload costs.

- Investment of $46 million to maintain 2011-13 program eligibility levels (this represents a backfill of one-time revenues).

- Program elements are funded to reflect 2011-13 reductions (in pre- and post-TANF, etc.), and the HB 2049 (2011) sunset is extended for another two years.

- JOBS funding remains unchanged from 2011-13 levels of just under $60 million GF.

- Implementation of a 36 month, full family time-limit starting October 1, 2013 (with some exceptions). This would impact approximately 1,100 families per month.

- Continues funding the Modernization of DHS technology systems with investment of $7.1 million GF ($56.1 million TF).

- 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%.

ERDC: The Employment Related Day Care program (ERDC) provides child care subsidies to approximately 8500 employed parents with incomes up to 185% ($2,823 per month for a family of 3), helping them to stay employed.

As part of his investments to enhance school readiness and improve services and supports to young children through the Early Learning Council, the GRB:

- Invested $11.2 million to backfill one time funds used in 11-13.

- Increases ERDC to over 9,000 cases on average for the 13-15 biennium (investing $1.5 million GF, $1.5 TF).

- In partnership with ELC, improve the quality of care through the training and other supports available to child care providers.

- Continues 2011-13 co-pay levels for parents.

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 GRB proposal for OVRS:

- Invests $0.74 million GF ($2.7 million TF), strategically focusing on enhancing OVRS's ability to support the employment of individuals with Developmental Disabilities. This will allow OVRS to serve an additional 318 individuals.

Agency Administration

The Governor included an across the board reduction for all state agency administrative budgets, including DHS. DAS will be leading a process with state agencies which ultimately will result in a proposal to the Legislature recommending how best to meet the overall administrative reduction target.

Conclusion

In his budget message, Governor Kitzhaber says:

“My recommended budget for 2013-15 is guided by one simple premise: that all Oregonians deserve their shot at the American dream… There is no quick fix to the economic challenges Oregonians have faced over the last four years. Central to our success will be having the courage and discipline to look beyond the next two years to where we want Oregon to be in a decade and beyond. We share a vision that includes a strong middle class and expanding economic opportunity for every Oregonian in every community in the state. We share an expectation to raise our families in safe, vibrant neighborhoods with excellent, well-funded schools. And we are committed to the future generations of Oregonians whose prosperity depends on the decisions we are making today to wisely deploy the natural, human and financial capital of this great State. Let’s take the next steps together.”

At the Oregon Department of Human Services, we support the Governor’s vision for Oregon’s future. The release of the GRB this week is the first step in a long process. Between January and the end of June 2013, there will be opportunity to provide input into the final Legislatively Approved Budget for the Department.

As discussions continue about what services Oregon can afford, DHS will maintain its commitment to innovation and transparency, and to prioritizing improvements that will use scarce resources efficiently and effectively.

If you have questions about the GRB budget proposal for the Department, please send them to communications.dhs@state.or.us and we will do our best to promptly get you the information you need.

~Erinn Kelley-Siel, DHS Director