

December 9, 2019

The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means on Human Services
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Joint request for General Fund and Federal Fund limitation for non-state employee bargaining from the non-state employee bargaining special purpose appropriation and from the General Fund.

Dear Co-Chairpersons:

Nature of the Request

The purpose of this letter is to both provide a report on non-state employee bargaining and to request funding from the Special Purpose Appropriation and from the General Fund to cover the estimated cost of bargaining.

Agency Action

During the 2019 Legislative Session, a Special Purpose Appropriation (SPA) of \$20 million General Fund was created for non-state employee bargaining including the Oregon Health Authority's (OHA) Health Systems Division (HSD) bargained rates for providers serving Mental Health (MH) clients in Adult Foster Homes (AFH) and rates for AFH providers serving Department of Human Services (DHS) clients in Intellectual or Developmental Disabilities (I/DD) and Aging and People with Disabilities (APD) programs. The initial stages of bargaining have concluded with the following agreements.

DHS and OHA Adult Foster Homes:

A 7.15% increase for the providers serving People with Intellectual or Developmental Disabilities (I/DD) and Mental Health (MH) Adult Foster homes

beginning July 1, 2020. APD Adult Foster homes were bargained separately from funds provided directly to the APD budget and are not included in this request.

For I/DD the estimated costs are \$2,964,872 GF and \$6,055,122 FF. The MH estimated costs are \$570,974 GF and \$880,298 FF.

Net request for Adult Foster Home bargaining for both agencies is \$3,535,846 GF and \$6,935,420 FF.

Combined, the requests for Adult Foster Home bargaining would reduce the Special Purpose Appropriation from \$20,000,000 to \$16,464,154, assuming the I/DD and MH distributions occur to the respective agencies.

DHS Home Care Workers and Personal Support Workers:

For both groups the following was bargained: An increase of \$0.35/hr starting 1/1/20 (1/5/20 for HCW), a \$0.03/hr increase for a computer system beginning 7/1/20 (7/5/20 for HCW) and finally a \$0.77/hr increase on 7/1/20 (7/5/20 for HCW), which is intended to get to a withholding of a full 5% for retirement benefits.

Pricing estimates are as follows:

DD/PSW I/DD Costing					
Increase Number	Effective Date	Increase Amount	Cost of Increase, Before OPE	Cost of Increase, After OPE @ 9.75%	GF cost @ 32.87% match
1	1/1/2020	\$ 0.35	\$ 10,212,972	\$ 11,208,737	\$ 3,684,312
2	7/1/2020	\$ 0.03	\$ 569,006	\$ -	\$ 284,503
3	7/1/2020	\$ 0.77	\$ 15,056,425	\$ 16,524,426	\$ 5,431,579
Total All Increases			\$ 25,838,403	\$ 27,733,163	\$ 9,400,394

HCW (APD) Costing						
Increase Number	Effective Date	Increase Amount	Cost of Increase, Before OPE	Cost of Increase, After OPE @ 9.75%	GF cost @ 32.87% match	
1	1/5/2020	\$ 0.35	\$ 11,125,112	\$ 12,209,810	\$ 4,013,365	
2	7/5/2020	\$ 0.03	\$ 575,907		\$ 287,953	
3	7/5/2020	\$ 0.77	\$ 16,338,696	\$ 17,931,719	\$ 5,894,156	
Total All Increases			\$ 28,039,715	\$ 30,141,529	\$ 10,195,474	

With a net total of:

PSW & HCW Costs Combined						
Increase Number	Effective Date PSW	Effective date HCW	Increase Amount	Cost of Increase, Before OPE	Cost of Increase, After OPE @ 9.75%	GF cost @ 32.87% match
1	1/1/2020	1/5/2020	\$ 0.35	\$ 21,338,084	\$ 23,418,547	\$ 7,697,676
2	7/5/2020	7/5/2020	\$ 0.03	\$ 1,144,912	\$ -	\$ 572,456
3	7/1/2020	7/5/2020	\$ 0.77	\$ 31,395,121	\$ 34,456,145	\$ 11,325,735
Total All Increases				\$ 53,878,117	\$ 57,874,692	\$ 19,595,867

The net General Fund need for Home Care Workers and Personal Support Workers is \$19,595,867.

The total increase is \$23,131,713 or \$3,131,713 over the Special Purpose Appropriation amount of \$20 million.

Included in the bargaining language is the following:

“The parties agree to work collaboratively to secure an additional general fund appropriation in the amount of \$3M [million] in the 2020 Legislative Session. The \$3M [million] is intended to help fund the 5% retirement contribution referenced in the Retirement Security Letter of Agreement.

If the 2020 Legislative Assembly appropriates the additional \$3M target for worker wages/retirement contributions, then the scheduled wage increases shall be as follows:

Increase #1 for DD PSWs: Effective 1/1/20: \$.35/hr

Increase #2 for DD PSWs: Effective 7/1/20: \$.77/hr

Increase #1 for HCWs/PCAs: Effective 1/5/20: \$.35/hr

Increase #2 for HCWs/PCAs: Effective 7/5/20: \$.77/hr

If the additional \$3M is not fully secured in the February 2020 special session, the Parties will meet and confer to adjust the July 2020 wage increase to fit within the adjusted bargaining pot.”

Action Requested: DHS and OHA request acknowledgement of receipt of this report. In addition, DHS requests \$19,429,026 General Fund from the Special Purpose Appropriation and an additional \$3,131,731 General Fund and \$44,333,947 of Federal Funds expenditure limitation. OHA requests \$570,974 General Fund from the Special Purpose Appropriation and \$880,298 in Federal Funds expenditure limitation.

Legislation Affected:

OHA, HSD	ch 695 1(1) General	\$570,974
	ch 695 4(1) Federal	\$880,298
DHS APD/IDD	ch 668 1(4) General	\$22,560,739
	ch 668 3(4) Federal	\$44,333,947

If you have questions, please contact Eric Moore at 503-884-4701.

Sincerely,



Eric Luther Moore
DHS Chief Financial Officer



Patrick M. Allen
OHA Director

cc: Ken Rocco, Legislative Fiscal Office
Laurie Byerly, Legislative Fiscal Office
Tom McDonald, Legislative Fiscal Office
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