



Meeting Notes

## **Briefing for Community Partners and External Stakeholders 2021-23 Agency Request Budget Release**

*September 1, 2020*

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**Liesl Wendt:** Good afternoon, and thanks for joining us this afternoon. My name is Liesl Wendt, and I am the Deputy Director for the Oregon Department of Human Services. What I'd like to do is give you a little bit of an overview of what we have planned for our quick time with you today, and then I will turn it over to our director to walk through some highlights of the agency-requested budget which was submitted today. So we're pleased that you were able to join us. We're also recording this session for those of you that weren't able to, so hopefully you'll get a chance to watch this sometime soon.

When we gathered with all, you all 2 weeks ago, we committed to notifying you when our agency budget was submitted known as the ARB, and that was posted on our website earlier today. So we'll take about 15 minutes to introduce you to the proposal, what you can expect over the next 10 months and necessary next steps.

So couple notes about how this briefing will work. This is the first time we've done this, so we'll be open to your feedback as well. This is a Skype broadcast, so participation is online. No phone call-in, and you won't have an opportunity to ask us questions today. It'll just be us talking to you, but

this is the first of many conversations, as I mentioned over the next 10 months as our budget and the process unfolds. So know this'll continue to be a dialogue with all of you.

Our goal today is to make sure that you're aware that our agency-request budget was submitted. We wanna share a little bit of the thinking that went into developing this proposal and then let you know what's happening next. So first of all, I wanna recognize that many of you are partners in social services are experiencing the same challenges that we are experiencing. During economic downturns, the demand for our services, your services grows significantly, and that's at a time often when state resources and other resources are at their tightest. So before I turn it over to Director Pakseresht to get into the nuts and bolts. I wanna share some of the priorities that went into our budget development.

First and foremost was equity and inclusion. Disparities shown in our data reflects systemic racism, hisno, historic injustices and inequitable distribution of power and resources in Oregon and in our own department. Many of the investments proposed for 21-23 focus on improving access to programs and services for historically underserved populations. One item that we actually talked to you about, last when we met is we're looking at renaming our organization to more accurately, both reflect the organization but also not to be confused with the Department of Homeland Security. So we've been shifting to using the acronym ODHS, Oregon Department of Han Services. We're also looking at exploring, rebranding the Oregon Trail card which is the card that people use for their SNAP benefits and other

benefits to again reflect the Oregon community in a more holistic and inclusive fashion.

Next is safety and prevention. While safety will always be a priority, providing upstream services for Oregonians, particularly children and families, can help reduce the need for intervention and produce additional stability.

Third, empowerment, enforcement and accountability. We will continue to support our providers and empower them to provide the highest quality of services to our children, families, consumers and service recipients. At the same time, we will make enhancements to the department's licensing and enforcement units to help us better protect the most vulnerable Oregonians.

Finally, efficiencies and alignment. We will continue implementing our management system, focusing on outcomes and results. We will continue to refine our focus on research, data and analytics to inform decisions, investments and technology and efforts to align standards and services make our department more efficient and easier to access for Oregonians.

With that, I'll turn it over to Fariborz.

**Fariborz Pakseresht:** Thank you, Liesl, and thank you all for joining us. I appreciate you being with us, and though this is not an interactive presentation, you do have the opportunity to provide questions that you

have, and we are posting docents on the web, and we'll answer every question that you ultimately have as a result of this presentation.

So, I want, I'd like to do a few things today. First, I want to cover the budget development process. I want to talk about the current environment, how we went about developing our budget and what it shows, and then finally, some closing thoughts, basically what lies ahead between now and 10 months from now when the final budget is issued by the legislature and signed by the governor. That's the process.

So, let me start by saying that the budget development process is a long process. It begins with the agency request budget, which is the process that is initiated today. Sometime before, by December 1st or so, the governor reviews the agency request budget, and then she looks at her own priorities, and she submits a docent to the legislature that's generally called the governor's budget or the governor's recommended budget.

The legislature takes that document, looks at the budgetary picture, consults with their own constituents, has the agency presentations, etcetera, and at the end of that process, they come up with a budget that then goes to the governor for signature.

So that's the process, the overall process. So how did DHS go about developing their budget? Liesl just identified some principles that we identified, based on developing the budget. So what goes in the budget is essentially the work that the agency's doing right now and if we want all of that work to continue, then we add to that what we call policy option

packages, or what's also known as POPs. Those are the investments that we think needs to happen in order to keep to, to our mission of serving the most vulnerable Oregonians in the best way possible.

As part of the agency request budget and this budget's, budget development process, there is a mandatory 10 percent reduction that occurs at every budget cycle. Again, it's a standard process that all agencies go through. Now, depending on the economic times, when the economic times are good, that's basically a hypothetical exercise. When the economic times are bad, it, it's pretty real, and when the economic times are uncertain, like today, it's kind of in between, and that's really where we are.

If you go back to the beginning of this year, and I shared this with you last time we talked, we had a very different picture during the February session. We had a very robust economic environment, , and even though there were some concerns about the next biennium, when the February, when the December and the, the February economic forecast were studied, we saw that more than a billion dollars were, were coming into the state coffers, and that picture changed in March when the pandemic began, and we found ourselves rather than being over a billion dollars on the plus side without about \$2.7 billion in the hole for this biennium and over \$4 billion short for the next biennium.

We had some pretty gloomy conversations back in April. We were talking about 8-1/2 percent reduction for this agency, and because we only had half the biennium left, that actually translated into twice as much. And here

we are, just a month ago, last month actually, in August, the legislature had a second special session, and as we shared the news with you, the net impact of DHS was under 1 percent. How that happened was because of the federal stimulus money that came into Oregon, the corona relief fund, the funds that were available to FEMA, Federal Emergency Management Agency, there were other funds that came in from the federal government, and that allowed us to actually prevent those significant cuts for the rest of this biennium.

When we look at the agency request budget, now I wanna come kind of talk about the currently where we are and where we're going with this. We look at the agency's general fund budget which, when we take the base budget from the beginning of this biennium and then add the inflation to it and basically look at the base budget for the next biennium, it's about \$4-1/2 billion, roughly. And if you take 10 percent of that, then you're talking somewhere in the neighborhood of \$450 million. And, in fact, the 10 percent reduction for DHS translates into \$447 million.

Now, I should also say that because the agency gets federal match, and a good healthy percentage of federal match, when we put \$447 million in general fund on the table, we also need about \$652 million federal fund on the table, and then when we add the other funds to that, the total reduction of the 10 percent for DHS ends up being about \$987 million.

Now, again, I want to kind of remind us about the conversation that we had in April and the conversation that we had today. And these reductions need to be put in perspective, and I'll talk about that in a moment, but along

with the – I talked about policy option packages. DHS also supplemented policy option packages to the tune of \$285 million. And, you know, this may sound strange, and many might ask how is it that you are asking for investments and at the same time, you are submitting your reductions. And that's really, all of that is part of the process. We need to hold true to our mission and vision in this agency and make sure that our funders, the legislature and our boss, the governor knows what it would take if we wanted to be true to, in the best environments, you know, to deliver the best services to most vulnerable Oregonians and, again, those policy option packages was also put in place with mindfulness about the current environment.

And when I talk about the current environment, here is what stands between us and the time that the legislature actually comes out with their with their budget and send it to the governor. We have four revenue forecasts between now and that time, 10 months from now. Generally, there are quarterly revenue forecasts and scheduled for September, December, March and June. Those revenue forecasts determine the trajectory of the state and actions that need to be taken, whether to take additional actions for the remainder of this biennium or begin to prepare for next biennium. So that's a big unknown.

The other big unknown is what will happen to federal aid that was anticipated and is still anticipated but we have not seen any action. Some economists have said that, you know, if you have another two or three stimulus packages from the federal government, we may be able to ride this pandemic without major pain. None of us know if those things are

actually going to materialize. What will happen in fall, just next month when, the cold season begins and the influenza season begins. Are we going to see a rise in COVID cases? Are we going to see a close-down of the economy again? I hope not. But all of those factors kind of come into this environment that stands between us and when this budget is developed.

So for that, I want to say that we need to be hopeful, we need to be realistic, we are going to do everything that we can to serve as many Oregonians that we can within whatever budget that we are ultimately allotted. We are also looking at some, as Liesl shared with you, some agency efficiencies, we are looking at redundancies that might be present within the organization, we are looking at some of our partners, and in the midst of this, we'll do everything that we can to work with our providers because they are the conduit between us and many people who receive our services.

So that's the process between now and when the budget finally is finalized. There are whole lot of different variables and unknown between now and then so in that context, we'll work together, we'll support one another, and we'll make sure to keep you apprised of everything that happens and, with every step we'll provide additional information when they become available.

If we receive additional funding from the federal government, we'll let you know. And if the economic picture changes, we'll also let you know. Whether through this type of media, communication or through emails,



press releases, etcetera. With that, again, thank you for joining us, and I'll turn it back to Liesl.

**Liesl Wendt:** Okay, thanks, Fariborz. As, as Fariborz said, we, we share a, a commitment to vulnerable Oregonians with you. We are in this together, and we will do our best to share information as we receive it. As you'll see on the slide, there are a number of ways that you can stay connected to us. First, you can go to our website to view the agency request budget online. Just search for the 2021-2023 budget.

Secondly, as we mentioned, last time we were with you, we have a new community newsletter that you can subscribe to, and we'll be definitely using that tool to keep you apprised during the budget process.

And then finally, you can definitely submit your questions to us via email, and we'll collect those, respond to you, but also collect those into a frequently asked questions that we'll share through the newsletter and our website.

So want to thank you for your time today, and this is the beginning of a journey, and we'll be with you as we take the next steps. Thank you for joining us.