Analysis

Item 14: Department of Human Services
Child Welfare

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on the agency’s workforce-related efforts in the child welfare program.

Analysis: The budget report for SB 5526, the primary 2017-19 budget bill for the Department of Human Services (DHS), included a budget note directing DHS to report, at each interim meeting, on specific information primarily related to the child welfare workforce. The budget note also provides an opportunity for DHS to update the interim budget committees on child welfare program issues and allow the Legislature to gauge agency progress in meeting expectations for the program. In this latest interim report, DHS provides updated information on several areas, including the following:

Caseworker Turnover – DHS continues to see high turnover; over the 12 months ending August 2018 the agency lost three-fifths as many caseworkers as were hired, with 387 new hires only resulting in a net increase of 154 caseworkers. However, retention numbers appear to be improving in more recent months.

The agency indicates the new case aide positions approved by the Legislature in the 2018 session are helping improve caseworker retention by easing workload as these employees assist caseworkers with paperwork and other case-related activities. The last group of these positions phase-in for hiring in January 2019. Child Welfare recently filled senior management and other central office positions that are expected to help stabilize the program. Some of these hires have been implemented as doublefills, which works against an effort to improve position management practices and contributes to a projected program budget deficit that is addressed in the DHS rebalance plan (Item 17).

Caseworker Training – The Department provided caseworker attendance counts for specific types of training from January through September 2018; more than 4,800 training slots across 11 classes or modules were filled over that nine-month period. The program is receiving positive feedback on the simulation training that has been embedded into several of the training courses. Simulations are structured activities that give new staff an opportunity to practice skills, particularly ones they may need in high-stress situations, while receiving immediate coaching and feedback.

Supervisor Training – Supervisors are receiving training on human resources topics targeted at supporting efforts to improve skills in hiring, performance management, and accountability. A workgroup is still researching curriculum to find a product that will address gaps in current offerings, along with supporting program improvement and redesign efforts. A final recommendation on enhanced supervisor curriculum is expected to be made in late January 2019.

Workforce Professional Development – The Department is working on an advanced training program to address caseworkers’ professional development needs after their first year on the job. The program will require 15 hours of training annually; practice models, emerging issues, and policy
changes have been identified as appropriate training topics. Regional in-service training days for all child welfare staff are also being implemented starting in 2019.

**Foster Parent Recruitment and Retention** – Earlier this fall, Child Welfare began a marketing campaign with Every Child (an initiative of the Portland Leadership Foundation) and other local partners to increase the numbers of people interested in and inquiring about becoming foster parents. Every Child’s mission is to help Oregon’s foster care system through marketing, education, one-on-one connections, and public/private initiatives. The organization is also implementing technology that will improve the tracking and management of inquiries to support better and sustained engagement with people interested in providing foster care. Inquiries about system participation and social media contacts have increased significantly since the partnership launched.

**Child Abuse Hotline** – Child Welfare has transitioned 11 counties to the new, centralized hotline, with the remainder scheduled to move by the end of March 2019. Challenges facing the hotline include ensuring adequate local coverage as districts transition; meeting an ambitious timeline; carrying out an aggressive training plan; and finding budget capacity for technology enhancements and building infrastructure. While the agency did not previously receive funding to explicitly support the hotline, it has used existing budget and staff to begin the transition. In addition, hotline expenditures are included as a need within the DHS budget rebalance (Item 17) and included as part of the agency’s request for an allocation from the Child Welfare special purpose appropriation (Item 18).

Other Updates – The program continues to work on and indicates progress in the following areas:

- Building capacity in Behavior Rehabilitation Services (BRS) care settings.
- Implementing a new abbreviated assessment tool to help balance workload with child safety.
- Using a mobile certification team to processing foster parent applications more quickly.
- Providing, to working foster parents, a stipend to help defray the cost of child care.
- Making respite care, mentorship, and flexible funding more available to foster parents.

**Legislative Fiscal Office Recommendation**: Acknowledge receipt of the report.
**Request:** Report on the progress of recruiting, hiring, retaining, and training Child Welfare caseworkers and an update on action taken by the agency related to the Mentoring, Assisting and Promoting Success (MAPS) positions allotted by the 2017 Legislature, as well as new positions added by the 2018 Legislature.

**Recommendation:** Acknowledge receipt of the report.

**Discussion:** The Department of Human Services (DHS) Child Welfare program is submitting a report as requested in a Senate Bill 5526 (2017) Budget Note, regarding the recruiting, hiring, training, and retention of caseworkers; the development and use of mentoring positions in the program; and other policy or workload changes or challenges faced by the Child Welfare program and potential solutions. In addition, the Department is reporting on its efforts to hire new positions received during the 2018 Legislative Session.

**Child Welfare Staff:**

**Staff Turnover**
Between September 2017 and August 2018, the Department had a net gain of 156 Social Services Specialist 1 (SSS1) staff. The Department continues to experience internal promotions but at a slower rate than seen earlier in the year. The Department notes its recruitment is up 60 percent and retention is up 120 percent from July 2017 to July 2018. Child Welfare continues its development of the Oregon Executive Leadership Team, which includes the 16 District Managers, the Hotline Manager, and the 14 Senior Program Managers in Central Office. One of the items leadership is focusing on is retention of staff and has put in place a requirement for supervisors to meet with new staff once a week in one-on-one confer and at least once a month with more experienced staff.

**Staff Hires**
The MAPS positions have been hired and trained and are working throughout the state, in many practice areas including supporting caseworkers, attending case staffings at critical junctures, mentoring, and training new or struggling caseworkers.

The Department notes several senior management positions have been hired. In addition, 158 of the 186 new positions received by Child Welfare in the February Legislative Session, have been posted for hiring or have been hired. The remaining 25 position recruitments will be posted in January 2019.

The Department continues to double fill positions in the Central office, in the Interstate Compact on the Placement of Children (ICPC); in Permanency, which handles Adoption and Guardianship Assistance; and in the Field Services section. DHS has been directed to address its position management practices including the use of double fills. As of October 31, 2018, the Program Delivery section had 323 vacant positions and the Program Design section had 16 vacant positions in the PICS system.
Training
The program reports which staff have completed each module of caseworker training. It also reports supervisors are continuing to meet quarterly to receive training on specific issues. The Child Welfare program is working with DHS Human Resources to develop webinars on supervisory responsibilities such as hiring and trial service.

The Supervisor Curriculum Workgroup has been slowed by internal transfers and the need to review a large volume of information on the curriculums used by other states. The program hopes to report progress on this item in its next report.

The Child Welfare program has put together a chartered workgroup to develop an advanced training program for workforce development for all child welfare staff. This focuses on training for staff who has completed their first year. The program will require 15 hours of training annually, to assure fidelity to the practice model, address emerging issues, and to assure appropriate and timely implementation of State and Federal policy changes. Regional trainings have been scheduled from September 2018 through June 2019. Starting in 2019, the program will implement a yearly in-service training day for all Child Welfare staff on a regional basis. This will allow staff to complete half of their required training hours in one day.

Oregon Child Abuse Hotline:
The centralized Oregon Child Abuse Hotline is in the middle of transitioning the 15 individual reporting hotlines to a centralized Hotline. Eleven counties have transitioned to the Hotline and the remaining counties will transition by district between November 2018 and March 2019. The Department expects the Hotline to be statewide by April 2019, operating 24 hours a day, seven days a week. The Department continues work on a new screening tool, which will be integral to the success of the centralized screening process.

Practice Change:
The Child Welfare program continues to use its new Abbreviated Assessment protocol in appropriate cases and is working to reduce the backlog of overdue assessments using both the Overdue Assessment tool and its traveling Child Safety team in districts in need of additional help. Finally, work on the new family plan form will combine several current forms and the statewide protocol for case transfers between workers, are both on track.

Foster Care and Behavioral Rehabilitation System Capacity Building:
DHS continues its efforts to increase capacity in both the Foster Care and Behavioral Rehabilitation Services (BRS) systems. BRS rates increased on July 1, 2017, and foster care rate increases became effective on January 1, 2018. Both have helped stabilize existing providers within the system. Child Welfare is negotiating with BRS providers for an additional 52 beds to increase capacity.

The 12-month trend for DHS certified foster homes is mixed. The availability of general foster care homes, which accept any child, is not improving. The availability of child specific foster care homes, which take only an identified child, is improving. It should be noted the improving statistics around child specific foster care indicates caseworkers are making efforts to place children with people known to them, which can be less traumatic for a child removed from his or her home. To speed up the certification of general foster homes the program continues to use its...
Mobile Certification Unit, which moves around the state to districts that need help processing foster home certifications timely.

One of the strategies the Child Welfare program is focusing on is to increase the number of foster parents in its partnership with Every Child Oregon. They have launched a new campaign called, “The Power of Showing up,” which increases inquiries about and participation in fostering or adoption, volunteering in child welfare, providing respite for foster children, or addressing the tangible needs of foster children. In the first month of the campaign, the inquiries doubled in every category. Every Child Oregon and Microsoft Philanthropies continues to implement a Customer Relationship Management tool to track, record and update the inquiries received.

Under the Child Care Stipend Program approved during the 2018 Legislative Session, a working foster parent will be given a $375 reimbursement for childcare expenses for children between the ages of zero and five. The program reports stipends totaling $394,115 have been disbursed to 329 providers since June 31, 2018. The providers were caring for 439 children.

The Child Welfare program reported on the $750,000 in funding released to support foster parents. The Department is using 60 percent of the funding to develop a respite care program for foster parents caring for high needs children. The Request for Proposal (RFP) issued to find a respite care provider was unsuccessful. The program intends to distribute the funding to District offices to develop and bolster local respite efforts providing foster parents with resources. Twenty-five percent of the funding will be used to develop a mentoring program for new foster parents. Responses to the RFP issued for this program are being reviewed and the Department believes the final award will be issued by the end of 2018. The final 15 percent of the funding will be used to meet the immediate supply needs of foster parents. The funding has been allocated to the Districts and is on track.

Organizational Challenges:
Child Welfare has made progress with the placement of high needs children, but still struggles to find appropriate placements for children and youth with high needs and is working with its partners, the Oregon Health Authority and the Office of Developmental Disability Services, to develop additional resources.

In a separate report to the Emergency Board, the Child Welfare program is requesting an increase of General Fund in the amount of $19 million for the 2017-19 biennium. In a third letter, the program is requesting the release of a $2.5 million Special Purpose Appropriation.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: 2018 Third Quarter Update on the 2017 session Child Welfare Budget Note

Dear Co-Chairpersons:

Nature of the Report

The DHS Office of Child Welfare Programs is presenting this written update to the Emergency Board to provide information as requested in the 2017 Budget Note on the recruiting, hiring, training, and retention of caseworkers; to report on action taken to-date related to the Mentoring, Assisting and Promoting Success (MAPS) positions – formerly known as Consultant Educator Trainers (CETs) – allocated by the Legislature in the 2017 Legislative session to improve safety for Oregon’s abused and neglected children; organizational challenges, and efforts are underway that will impact the Child Welfare program budget.

Budget Note Language

Child Welfare – This program has been struggling to meet legislative and stakeholder expectations around child safety, provider oversight, policy alignment, program performance, and system accountability. To help address this struggle, the recommended budget does contain funding and positions to help support the program, with a focus on foster parents, other providers, and agency caseworkers. However, for the latter group there continues to be legislative concern that more training and positions alone will not be sufficient to improve agency performance in recruiting, hiring, and retaining quality caseworkers. It is also likely that although the new Consultant Educator Trainer (CET) positions are intended to improve safety by providing the clinical consultation and training, the impacts will not be immediate as many of the agency’s most experienced casework staff will likely apply for these positions creating the need to backfill those positions with new casework staff that will need to be trained before being fully functioning. Interim reporting is directed to keep the Legislature aware and focused on agency progress in this area.

For the first interim report, the Department will provide information on data and metrics around recruiting, hiring, training, and retaining caseworkers, for legislative review and feedback toward developing a uniform reporting framework or dashboard for future meetings. This reporting should include information on staff turnover, such as separation rate and counts, length of service, separation reason, and agency strategies to address those reasons. Other related policy, workload, or organizational challenges and potential solutions should also be outlined. In addition, program
changes or progress updates coming out of the Unified Child and Youth Safety Implementation Plan process, particularly those associated with potential budget needs or adjustments, should also be covered in the report.

AGENCY ACTION – During Reporting Period

Staff Turnover
Caseworker (Social Service Specialist 1 – SSS1) July 2017 – August 2018

<table>
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<th>MEASURES</th>
<th>2017</th>
<th>2018</th>
<th>12-MO AVG</th>
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<tr>
<td></td>
<td>SEP</td>
<td>OCT</td>
<td>NOV</td>
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<tr>
<td>Total # of New SSS1 Caseworkers¹</td>
<td>28</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Total # of SSS1 Caseworker Separations</td>
<td>12</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Impact on Total Caseworkers</td>
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<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total # of SSS1 Caseworker Promotions²</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

¹ New SSS1 Caseworkers: Hired or promoted into SSS1 position from inside or outside of DHS
² Total # of SSS1 Caseworker Promotions: Promoted into a higher position within Child Welfare, a subset of Caseworker Separations.

The data above reflects the total number of caseworkers hired in the past twelve months as well as the total number of caseworkers who have left their positions. Both the number of hires and the number of separations increased in August resulting in a positive net impact of 26 positions, the highest number over the twelve-month period. Seven of those 21 separations were promotions. Although our numbers look small, from July 2017 to July 2018 we increased our recruitment by 60% and our retention by 120%.

The Oregon Executive Leadership Team, which consists of the 16 District Managers, Hotline Manager, and the 14 Senior Program Managers in Central Office has been working on leadership team building since March of 2018. The team met for two days of engaged skill building for each of the past eight months; it has been impressive to see the growth of the team. This team is developing a strong structure that allows us to work together in both policy and practice to better move the dial on our desired outcomes. One of the outcomes we are working on is retention of staff. We are implementing weekly confers with all new “SSS1” caseworker staff who have been with Child Welfare for less than two years. For workers who have been with us over two years supervisors will have confers with those staff at a minimum of once a month. These confers are one hour long in a private setting, so that their conversation can focus on excellent practice, difficult cases, and support for the new workers, so they do not become overwhelmed and leave the agency. All supervisors across the state are receiving clinical supervision training during their quarterly meetings which will ensure consistency of practice.

Mentoring, Assisting and Promoting Success (MAPS)
Formerly known as Consultant Educator Trainers (CETs), these positions were renamed Mentoring, Assisting and Promoting Success (MAPS) to convey the right message and the acronym itself depicts the way forward.

The 50 MAPS (Social Service Specialist 2 – SSS2) positions were approved by the Legislature in 2017. The MAPS attended 2.5 days of MAP orientation training providing them with the tools they need to support and guide new caseworkers through their first year. The MAPS participate in quarterly
meetings where they are provided advanced training on various topics that assist them in enhancing their knowledge and skills. They also are engaged in a statewide networking and practice sharing. These opportunities support their ability to provide well rounded mentoring and supports to new caseworkers.

The MAPS primary responsibilities are as follows:

- Supporting caseworkers through their first year on the job by going out with them on their first assessment(s), attending court, and provide coaching around meetings with parents, family and community partners.

- Assisting new caseworkers in conducting comprehensive child safety assessments, developing a case plan with the family, engagement with children and families and reviewing and evaluating child and parent progress.

- Attend case staffing with the caseworker and their supervisor at critical junctures in the case to assure decision making is sound.

- Provide mentoring and training to support struggling caseworkers who are beyond their first year of employment.

- Provide group supervision (working through individual cases with a team of caseworkers as a learning/teaching mechanism).

- Provide training to caseworkers on topics related to practice model fidelity.

- Review cases at the point of transfer to minimize any gaps in communication.

- Assist in the development and implementation of staff retention activities.

**Staffing**

Child Welfare continues to hire senior management positions to support the necessary work. Most recently, the Agency hired a Deputy Director, Foster Care Manager, Treatment Services Manager and D2 District Manager.

Of the 186 supplemental positions that were approved by the Legislature during the 2018 legislative session, three were transferred to Human Resources to assist with CW recruitment, and 158 have been rolled out for hiring. These positions are at varying stages, some have been filled, some are in recruitment or in the onboarding process. The remaining 25 positions will be rolled out for hiring in January 2019.

Due to the increase in SSS1 staff, we continue to partner with Portland State University Child Welfare Partnership to increase the capacity of Essential Elements training for new caseworkers to ensure training is provided timely to new caseworkers.

We continue to invest in workforce optimization by hiring positions in ICPC, Permanency and Field Services. These positions, although double fills, will continue to move us towards 100 % workload model which allows us to meet service delivery timelines. Child Welfare continues to work with The
Office of Research, Reporting, Analytics and Implementation to more accurately quantify the necessary staff needed to meet the workload requirements of Child Welfare.

**Caseworker Training**

The following table shows the number of caseworkers that attend training (that are still with the agency) from January 1st, 2018 to October 1st, 2018.

<table>
<thead>
<tr>
<th>Training</th>
<th>Number of Attendees</th>
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<tbody>
<tr>
<td>Pre-requisite online training for new workers</td>
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<tr>
<td>Essential Elements</td>
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<tr>
<td>Family Conditions</td>
<td>123</td>
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<tr>
<td>Well Being Needs of Children</td>
<td>112</td>
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<tr>
<td>Advocating for Educational Services NetLink</td>
<td>205</td>
</tr>
<tr>
<td>Trauma Informed Practice Strategies</td>
<td>127</td>
</tr>
<tr>
<td>Preparing and Presenting for Success in Court</td>
<td>93</td>
</tr>
<tr>
<td>Foundations Training of Regional Trainers</td>
<td>11</td>
</tr>
<tr>
<td>Adoption Committee Member Training NetLink</td>
<td>70</td>
</tr>
<tr>
<td>Certification and Adoption Worker Training</td>
<td>12</td>
</tr>
<tr>
<td>SAFE Home Study Training</td>
<td>41</td>
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</table>

Evaluations from caseworkers attending the new worker training continue to be very positive. New caseworkers find the simulation training to be extremely valuable, and pre/post testing is confirming this as an effective training technique.

**Quarterlies**

Fall quarterlies were held in 3 locations. 119 Supervisors attended, and we received 57 evaluations. Field presented updates from Central, and formal training was presented on Suicide Prevention and supervising to LGBTQ issues, and the beginning of a series that will utilize the Vision for Supervision cards.

Winter quarterlies will include training on enhancing supervision skills and supervision time with staff or Managing to Trauma. Suggestions welcome.

**Enhanced Training for Supervisors**

**Webinar Series on HR**

Five webinars are in development in partnership with HR to provide CW Supervisors with training on HR topics tailored specifically for them:

- What Can HR Do For You (July)  **24 supervisors attended**
- Assembling an Interview Panel (August)  **15 supervisors attended**
- Hiring Matrix/Veteran’s Preferences (Sept/Oct)  **19 Supervisors attended**
- Trial Service (Nov)
- Setting Expectations for Current Employees (December)

**Supervisor Curriculum workgroup**

Tracy Wilder had been working with us on this project as the assigned project manager and then this project as well as many others were transferred to OCWP. October’s meeting was canceled because of
this change. Multiple curriculums from other states were received and interviews were conducted by Casey in August to help with needed research. We are currently reviewing all the curriculum but there is a large volume! There is a great deal of work to do and we are anxious to get back on track with someone assigned to help us manage the supervisor curriculum redesign project.

This is a critical project that needs support to determine and define a course of action. **Decisions that need to be made:**

- Determine final recommendations for an enhanced supervisor curriculum to be implemented in 2019. Target date for final recommendations: 1/20/2019
- Determine “who” will help us design/adapt the selected curriculum.
- Determine if we are going to continue to contract with PSU for the 2019-2021 curriculum delivery through a WOC. If the decision is no, notify PSU of this decision.
- If the decision is no, determine resources needed to implement a redesigned curriculum.

In addition to defining these competencies, RMS questions have been outlined to survey both supervisors and Social Service Specialist 1’s about how training is benefiting the practice of supervision. We anticipate the surveys will go out the month of September 2018.

**Update:** In conjunction with ORRAI it was determined that an alternative methodology would produce more useful and comprehensive data. We look forward to our next report to update on the specifics.

**Workforce Professional Development**

Planning is underway with a chartered workgroup that has met several times to develop an advanced training program for workforce development for our child welfare staff. This plan will include ongoing professional development to caseworkers beyond their first year of employment. This program will require 15 hours of training to be completed annually to assure fidelity to the practice model, address emerging issues, and to assure appropriate and timely implementation of State and Federal policy changes. The advanced training program will help enhance practice, improve outcomes for children and families, and will result in improved support and retention of caseworkers. The costs associated with the advanced training will be claimed at the Title IV-E enhanced rate, offsetting the cost to the State; and maximizing the State’s financial investment. Multiple advanced trainings have been scheduled regionally from September 2018 to June 2019.

Starting in 2019, our DHS Child Welfare leadership team has approved a plan to implement a yearly in-service training day for all child welfare staff. This training will be provided regionally to minimize travel. The purpose of the Child Welfare Regional Training Days is to provide staff (SSS1s) with the opportunity to obtain up to 6.5 hours of advanced professional training per year. By offering regional training days throughout the state, SSS1s will be able to complete almost half of that requirement in one day. Each training day will include training on multiple areas of child welfare practice with one general workshop training topic that all attendees will be required to attend that will be focused on a Trauma related topic. The Child Welfare Training team is leading this effort and currently securing dates and venues for 2019.

A workgroup has been formed to design the advanced training capacity and many activities are now underway. This work group has monthly meetings scheduled to formalize the advanced workforce development training requirement.
Oregon Child Abuse Hotline

Centralizing Oregon’s fifteen Child Abuse Hotlines was initiated from the findings in the Public Knowledge Independent Review. Governor Brown commissioned that independent review in 2016 where it recommended a coordinated and timely response to reports of abuse and neglect. This work is a priority for DHS Director, Fariborz Pakseresht and Child Welfare Director, Marilyn Jones as well as our DHS staff, stakeholders and community partners. Three parts of the work is well under way: Centralized Hotline Project (in process for 1.5 years and set to end in summer of 2019); building the Oregon Child Abuse Hotline, a new infrastructure and operation from the ground up; and developing a unique screening program for the State.

To date, we have transitioned one-third of the State’s hotlines to the new location in the first phase of implementation: Linn, Benton and Lincoln Counties (District 4); Coos and Curry Counties (District 7); Morrow and Umatilla Counties (District 12), Harney, Grant and Malheur Counties (District 14) and Clackamas County (District 15). The remaining Districts will transition between November 2018 and March 2019 for statewide implementation. When fully operational in April 2019, the Oregon Child Abuse Hotline will operate 24/7/365 with fully trained staff and adequate technology resources.

On September 12th, Governor Kate Brown and Senator Sara Gelser visited the new facility of the Oregon Child Abuse Hotline accompanied by a mandatory reporter, Dr. Cathy Lang from The Children’s Center, and several media outlets. We discussed a renewed focus on safety, consistency and customer service for all Oregonians. We also shared our common vision of the Oregon Child Abuse Hotline to engage our communities, including mandatory reporters, by responding to reports of abuse, in a transparent way. Our vision, is to ensure that children and youth, are safe in their communities.

We are currently working on the best plan to strengthen our level of service to make sure children are safe and families thrive. We also shared challenges that our Hotline is currently facing: adequate statewide coverage of Hotlines across the state while Districts are transitioning, adequate budget to execute enhancements to technology and building infrastructure, an aggressive training plan and timeline.

Practice Change

Child protective services workers continue to utilize the new Abbreviated Assessment protocol that was developed earlier this year. Since February, 387 assessments have been closed using this new tool. In addition to the Abbreviated Assessment protocol, an Overdue Assessment tool was also developed in order to allow limited documentation on cases where contact has occurred, children are safe and the allegations are unfounded.

Districts with a high percentage of overdue CPS assessments are receiving extra assistance by the Child Safety Consultants and Coordinators. A team of 10-12 will be traveling District to District over the next 6 months to assist in completing the overdues. Currently the Child Safety team is working in Linn and Lane counties. Thus far, well over 650 assessments have been completed.

The family plan, a form that combines several current forms, is on track. Expected impact is to reduce caseworker workload, improve communication and provide concise information to all parties on the case. The work of the statewide protocol for case transfer between workers continues as well, and both changes should be implemented together by February of 2019.
Structured case staffing for children in care longer than two years who are not near permanency has begun. Analysis of systemic barriers to permanency, along with practice changes that need to occur, will be gleaned from the staffing.

**Expanding Residential Capacity**

Capacity building efforts continue in both Foster Care and the Behavioral Rehabilitation Services (BRS) systems. The rate increases approved by the Legislature for BRS providers effective July 1, 2017, and for Foster Care providers effective January 1, 2018, have helped stabilize these child caring systems. As of June 30, Child Welfare is negotiating with BRS providers for an additional 52 beds to existing capacity. These changes will increase Child Welfare BRS residential capacity by 10 percent.

Child Welfare continues to have difficulty accessing appropriate high-level mental and behavioral health services for children with high needs. Child Welfare continues to partner with the Oregon Health Authority and the Office of Developmental Disability Services to develop higher levels of care to safely meet the needs of these children/youth.

**Foster System Capacity**

*Having more foster homes available will help assure a proper first-time placement for each child.*

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<tr>
<th>MEASURES</th>
<th>DESIRED DIRECTION OF CHANGE</th>
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<th>8/2018</th>
<th>CHANGE FROM PRIOR MONTH</th>
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Child Welfare recently hired a new manager to oversee the Well-Being (Foster Care Retention and Recruitment) unit. We also hired another new manager to oversee the Treatment Services Unit. They will be working together to create a seamless system while we continue the recruitment for a manager who will oversee both programs at the strategic level. This team is excited about the new structure and looking forward to building a collaborative continuum of care statewide.

Last month we highlighted the launching of our partnership with Every Child and Child Welfare. The new campaign is called “The Power of Showing up”. Last month we were pleased to give you the following numbers:

- **49** Foster Parenting/Adoption
- **51** Volunteer
- **30** Tangible Needs
- **26** Respite

This month we’ve had 537 inquiries:

- **180** Foster Parenting/Adoption inquiries
- **170** Volunteer inquiries
- **101** expressed interest in learning more about providing Respite for foster parents
- **90** expressed interest in learning more about meeting Tangible Needs.
As a reference point, from January - August 2018, Every Child Oregon averaged 241 total inquiries (foster and volunteer) per month, so during our campaign we’re pacing at nearly 189% of the “norm” in total inquiries, 154% for Foster Parenting and Adoption inquiries, 142% for Volunteer inquiries, 134% for Respite and 113% for meeting Tangible Needs. We are currently working on next steps; how to develop tools to make applications easier and more available. Looking at our current processes and how to streamline without reducing the safety of the children we serve as well as to create one portal for our foster parents to enter and track resources through the process.

Expanding Foster Home Numbers and Capacity
Oregon prioritizes placing children who cannot remain safely at home, with family or someone known to them. We refer to these as ‘child specific certifications’. The number of child-specific certifications remains high which demonstrates efforts to place children with kith or kin. Generally, child specific foster homes do not continue to provide foster care once the child(ren) they applied to care for have been reunited with their family, placed with a guardian, or have been adopted. Certifying child-specific foster homes, while crucial to children maintaining their family connections and other relationships, may require significantly more time and staff resources, which is not currently accounted for in our staffing model. This may also cause delay in the certification process of general applications.

To help address the wait time for certification of general applicants, a Mobile Certification Unit was formed in the Spring of 2018. Based on data showing where the greatest need is for assistance with processing general foster care applications across the State, this team began by assisting the La Grande office in April, and the North Clackamas office in June. To date the mobile certification unit has served Deschutes, Wasco, Lake, Umatilla, Josephine, Linn/Benton and Clackamas Counties. They are scheduled to serve Union, Polk, Douglas, Yamhill and Clatsop by the end of December.

In addition, the Legislature’s recent approval of the Child Care Stipend Program will assist in the recruitment and retention of Foster Parents. The Child Care Stipend Program was implemented in May 2018 and provides a $375 reimbursement for child care expenses for working foster parents for children in their care ages 0 through 5. This stipend to date has served, 329 providers, 439 children at a cost of $394,115.00 as of September 30, 2018.

Child Welfare has contracted with Portland Leadership Foundation, founders of Embrace Oregon and now Every Child Oregon. One of the most important aspects of our working relationship with Every Child is how they build the community by-in. They built a community structure that is the backbone to our success. You’ve heard us say “We are only as strong as the community that walks beside us. As we roll-out our retention and recruitment strategy, Every Child is helping us build our relationships with local community organizations. Below are the steps we will be taking and the community members coming alongside:

A. In September, Every Child and DHS launched a marketing campaign, which is designed to dramatically boost inquiry figures.

Facebook Since 9/4/18:

- 572 new page likes / Average 15 per day
- 15,409 engagements (people who clicked on our page) / Average 421 engagements per day
- 458,553 people reached (# of people who had our content come across their screen) / Average 11,758 people reached per day
Historical Figures (Jan-Aug 2018)

- Average 143 page likes per month / Average 4.7 new page likes per day
- Average 5,225 engagements per month / Average 172 engagements per day
- Average 52,541 people reached per month / Average 1,730 people reached per day

Pace compared to first 8 months of 2018:

- Pacing @ 319% in average daily new page likes
- Pacing @ 245% in average daily engagements
- Pacing @ 680% in average daily reach

B. Every Child and Microsoft Philanthropies are implementing a world-class Customer Relationship Management (CRM), which will dramatically improve the ability to track, make changes to records, and essentially update the critical status of each inquiry.* Each individual inquiry will have a strategic engagement strategy designed to move him or her “down the funnel” toward deeper involvement with DHS.

*PLF is implementing Microsoft Dynamics 365 as the CRM for Every Child. Microsoft Philanthropies has committed to come alongside the Every Child/DHS partnership to demonstrate how Microsoft’s products (including Dynamics 365, Power BI, Azure, etc.) can transform the way we mobilize Oregonians to come alongside the agency. Microsoft is interested in both investing and telling the story to the world.

Update: This tracking tool is still under development.

C. Every Child and DHS are in discussion about a “targeted recruitment” effort to increase the number of African American, Native American, and LGBTQ foster family inquiries, with a focus on the Portland Metro area.

*Update: Discussions are still underway with the targeted groups.*

Every Child is currently present in 13 counties and is on track to be in 18 counties by the end of 2018 and 25 counties by the end of 2019.

The Power of Showing Up

Regarding foster care capacity, our partner, Every Child, launched a new campaign, The Power of Showing Up, on September 4th. The campaign aims to invite and inform Oregonians about the many ways they can make a difference for children and young adults in the foster care system. The goals of the campaign are to increase awareness, get community members and businesses showing up with their time and resources, and ultimately to increase the amount of certified foster families in Oregon. Every Child will be piloting new marketing strategies in seven Oregon counties to determine the strongest methods for ongoing marketing and recruitment of foster families.

Radio ads and social media advertising will reach across Oregon, but the counties for targeted focus include: Clackamas, Deschutes, Douglas, Josephine, Marion, Multnomah and Washington.

The campaign message to Oregonians is “Together, we can SHOW UP for every child in Oregon.” There is Power when:

- Foster parents SHOW UP by providing a safe, healthy home for a child to thrive.
- Welcome boxes SHOW UP at the DHS office.
Office Buddies get a text and SHOW UP.
Neighbors SHOW UP with a meal for a new foster family.

PHASE 1: The initial launch includes social media ads, radio ads, social media content, launch of Every Child ambassadors, and billboards. Inquiries since the September 4th launch of Phase 1 of the campaign total 195. Many of those responding expressed interest in getting involved in multiple ways (i.e. becoming a #ShowUpOregon ambassador, volunteer, etc.). Respondents identified their interest in the following:

- 32 Foster
- 17 Adoption (14 of those also selected Foster)
- 51 Volunteer
- 30 Tangible Needs
- 26 Respite

Phase 1 will continue through October 31, 2018.

**Listening to Youth Voice**
Oregon Foster Youth Connection (OFYC) empowers current and former foster youth to share their voice and to be heard in key decisions affecting children and young adults in foster care. Child Welfare continues to meet with the Oregon Foster Youth Connection to discuss policy recommendations for the 2019-2021 legislative session. These youth and young adults are uniquely experienced to identify ways we can improve the foster home experience of children and young adults in our care.

**Foster Care Support and Development**
The 2018 Legislature approved the Department’s request to release the $750,000 reserved to support Foster Parents in the following manner:

**Respite Care** (60% of the funding to be used to provide respite care/support)
A Request for Proposal was issued but no acceptable responses were received. In lieu of issuing an amended RFP - funding will be provided to District offices to develop and bolster local respite efforts providing foster parents with resources and financial relief.

**Trained Mentors for Foster Parents** (25% of the funding to be used to develop a mentoring program for new foster parents)
A Request for Proposals has been issued, the initial screening has been completed and the final award should be issued before the end of 2018.

**Flexible Funding** (15% of the funding to be used flexibly to meet the immediate needs of foster parents so they can more quickly care for a child or sibling group). Flexible funding program is currently on track.

**Action Requested**
Acknowledge receipt of report.

**Legislation Affected**
None.
If you have questions, please contact Marilyn Jones at 503-945-6627.

Sincerely,

[Signature]

Eric Luther Moore, DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office  
Laurie Byerly, Legislative Fiscal Office  
George Naughton, Department of Administrative Services  
Cathleen Connolly, Department of Administrative Services  
Tamara Brickman, Department of Administrative Services
Analysis

Item 15: Department of Human Services

Intellectual and Developmental Disabilities

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on agency efforts to curb costs and manage the Intellectual and Developmental Disabilities’ budget.

Analysis: The budget report for SB 5526, the primary 2017-19 budget bill for the Department of Human Services (DHS), included a budget note directing DHS to report, at each interim meeting, on efforts to curb costs in the Intellectual and Developmental Disabilities (IDD) program.

The program’s 2017-19 budget included a $12 million General Fund reduction that was initially expected to be met by implementing a new assessment tool and other actions. Because associated savings were taking longer than expected, in February 2018 the Legislature approved a revised plan to meet the target. The plan spends less on housing maintenance contracts and rent subsidies; reduces ability to respond to volatility in cost per case; and leverages enhanced federal match for system work. This last component required federal approval and has been delayed. However, IDD still expects to meet the reduction target through some caseload and cost per case savings.

The program continues to work on federal waiver changes, strategic planning, legal issues, and other efforts to help address budget sustainability. The Oregon Needs Assessment (ONA) was implemented in a limited capacity starting July 1, 2018. Under agreement arising from a lawsuit, current use of the ONA does not affect rates, or the number of service hours approved for individuals. Work on how to group people according to need levels and assign corresponding rates or service hours is ongoing; the program expects to have enough assessment data available by the end of 2019 to begin aligning in-home service hours with need.

DHS is working with stakeholders on these and other initiatives, including a strategic plan that was finalized in spring 2018. The plan includes five strategic goals, with program sustainability and person-centered services as key considerations.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report.
Request: Report on the implementation progress of the Office of Developmental Disabilities Services, Legislately directed budget reductions and other actions to ensure long-term sustainability of the Intellectual/Developmental Disabilities (I/DD) program, as required by a Senate Bill 5526 (2017) Budget Note.

Recommendation: Acknowledge receipt of the report.

Discussion: During the 2017 Legislative Session, the budget report for Senate Bill 5526 included the following Budget Note directed to the Department of Human Services (DHS):

“The recommended budget includes a generic program reduction of $12 million General Fund in lieu of more specific actions to curb program costs. While the Department has been working on sustainability options to offset program growth (primarily driven by the Community First Choice Option or ‘‘K Plan’’) over the past two years, the results of that work has been met with a lukewarm response by the Legislature. Recently, it appears there might be other, more tenable program modification alternatives that would, however, require additional time to develop with and receive approval from the federal Medicaid authority. DHS is directed to pursue these alternatives, take management actions to suppress program spending, and implement the new assessment/planning process currently under development, no later than June 1, 2018. At each interim meeting, the Department will provide a status update on both these efforts and the program’s budget.

The program is hoping to achieve budget savings without having to make changes to the parental income disregard” or other eligibility criteria. However, if the target cannot be met by other actions, the program should consider and bring forward eligibility changes for legislative review and approval during the 2017-19 biennium. In addition, prior to taking any action that would close state operated residential facilities, the Department will report on its plan for that closure at the appropriate interim meeting; along with budget impacts, the report will include a description of how the closure will affect residents, providers, and employees.”

This is the Department’s sixth interim report on these issues. The Department last presented a report to the Emergency Board in September 2018, which was added to the consent agenda. Prior to the 2017 Legislative Session, the Department was working under a Budget Note within their 2015-17 budget (House Bill 5026 (2015)) and a Budget Note in Senate Bill 5701 (2016) to address sustainability of this program, as well as in the Aging and People with Disabilities (APD) program, and to cap the growth of these programs at 10 percent. DHS contracted with The Lewin Group to produce an independent study for potential recommendations to make both the APD and the I/DD programs more sustainable.

During the 2015-17 biennium, changes were made to both programs to address sustainability. In September 2016, a reduction in the hours assessed for I/DD clients was implemented, for which a lawsuit was brought against the Department. In July 2017, the Department restored the reductions made and the judge in the case approved the stay on the case through June 2018, while DHS works with Disability Rights Oregon and other stakeholders to implement a new
As previously reported, plans to help address the sustainability of the program involves the development of one uniform assessment tool, the Oregon Needs Assessment (ONA) for potential I/DD clients, called the Compass project. The Department contracted with Mission Analytics for development of this tool and launched a pilot in 2016-17. Once completely implemented, the goal is for ONA to be used to establish service level groups within the I/DD client population, which will help the authorization of service amounts and rates.

Subsequent to November 2017, a group of stakeholders asked, and the Department agreed to contract with a university to review the reliability and validity of the analysis Mission Analytics completed for the ONA. This review was completed by the Oregon Health and Sciences University (OHSU). OHSU determined the approach used to develop the ONA and the testing methodology used by Mission Analytics Group, Inc. “were rooted in best practice and were appropriate.” OHSU noted concerns on reliability of the ONA for use with children, but recommends DHS address the gap through continuing quality assurance checks during the implementation. DHS implemented the ONA in a limited capacity beginning July 1, 2018. The ONA is being conducted for all individuals receiving Medicaid funding for I/DD services. The ONA does not impact the rates or the amount of in-home service hours individuals may receive. The Department continues to work with the Human Services Research Institute (HSRI) to develop the framework for developing the process of grouping people, through using the ONA, into service levels and allocating in-home hours.

The Department also submitted amendments to the Centers for Medicare and Medicaid Services (CMS) to streamline its Waiver programs into separate adult and children waivers, effective July 1, 2018. This will allow for a more simplified approach to developing services to children and adults in the future.

With respect to providing an update on actions the Department has taken to meet the legislatively directed generic $12 million General Fund reduction for this program, the Department has identified and implemented several actions to reach the target. Some of those actions are one-time in nature (i.e. cost per case savings) and will not necessarily extend into the 2019-21 biennium. The actions are:

- $1.3 million reduction in rent subsidies and Developmentally Disabled Community Housing contracts, based on the lack of need for these services;
- $10.7 million in combined cost per case and/or caseload savings and receiving better federal match on certain activities.

DHS worked with a facilitator to develop a “strategic vision” for the I/DD service delivery system. The plan became final during the Spring of 2018. The plan outlines the mission, values and goals for the next two to five years.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Update on 2017-19 Legislatively Adopted Budget (LAB) and 2017 Budget Note

Dear Co-Chairpersons:

Nature of the Report

The DHS Office of Developmental Disabilities Services (ODDS) is presenting this update to the Emergency Board on the progress to implement ODDS budget, legislatively directed budget reductions, and other actions to ensure long-term sustainability of the I/DD program.

Budget Note:

Intellectual and Developmental Disabilities - The recommended budget includes a generic program reduction of $12 million General Fund in lieu of more specific actions to curb program costs. While the Department has been working on sustainability options to offset program growth (primarily driven by the Community First Choice Option or “K Plan”) over the past two years, the results of that work have been met with a lukewarm response by the Legislature. Recently, it appears there might be other more tenable program modification alternatives that would, however, require additional time to develop with and receive approval from the federal Medicaid authority. DHS is directed to pursue these alternatives, take management actions to suppress program spending, and implement the new assessment/planning process currently under development, no later than June 1, 2018. At each interim meeting, the Department will provide a status update on both these efforts and the program’s budget.

The program is hoping to achieve budget savings without having to make changes to the “parental income disregard” or other eligibility criteria. However, if the target cannot be met by other actions, the program should consider and

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bring forward eligibility changes for legislative review and approval during the 2017-19 biennium. In addition, prior to taking any action that would close state operated residential facilities, the Department will report on its plan for that closure at the appropriate interim meeting; along with budget impacts, the report will include a description of how the closure will affect residents, providers, and employees.

Agency Actions

Over the past several years ODDS has been working with its stakeholders to develop and implement strategies to stabilize and improve the I/DD service delivery system. The strategies have been aimed at achieving a more objective, transparent, and equitable use of resources to meet the needs of individuals with I/DD while achieving long-term sustainability for the overall system. These actions also fulfill legislative directives to develop a single needs assessment, bend the cost curve for the I/DD program, as well as respond to the C.S. v Saiki Lawsuit filed by the Disability Rights Oregon (DRO).

In April 2017, Disability Rights Oregon and the Oregon Department of Human Services requested, and the court granted, a six-month stay of DRO’s lawsuit against DHS and ODDS. The parties also agreed to the terms of a preliminary injunction that prevents ODDS from using the Adult Needs Assessment (ANA) and Child Needs Assessment (CNA) to reduce authorized in-home service hours prior to levels authorized as of November 1, 2016. The stay has been continued since it was entered, and the parties have updated the court at six month intervals. The next status report is due December 10, 2018. The stay means the lawsuit is on hold while ODDS continues its work with stakeholders and DRO to develop and implement an improved functional needs assessment and service planning process.

Compass Project

ODDS continues work on the Compass project that includes implementation of the new Oregon Needs Assessment (ONA) and an improved service planning process.

ODDS implemented the Oregon Needs Assessment in limited capacity starting July 1, 2018. At the present time, the ONA does not impact the rates, or the amount of in-home service hours individuals receive. ODDS continues work with the Human Services Research Institute (HSRI) on developing the framework for the ONA to group people according to their level of need and to assign rates or service hours.
The ONA is now being conducted for all individuals receiving Medicaid funded services through ODDS. The initial assessments will be conducted through the end of fiscal year 2019. Once a sufficient amount of data is gathered, ODDS and its contractor will work with stakeholders to establish how the ONA will allocate in-home hours. A second record review, tentatively scheduled for early 2019, will look at how the ONA will identify in-home service hours by level of need. This work is slated to be completed in the second half of 2019.

**Waiver and K-Plan Amendments**

Early in 2018 ODDS submitted necessary amendments to the Centers for Medicare and Medicaid Services (CMS) to restructure the ODDS Waiver programs into adult and children waivers effective July 1, 2018. CMS has approved these changes. This new structure will simplify and streamline the federal authorities under which I/DD services are provided in Oregon and will allow ODDS to tailor services to children and adults in the future.

**Legislatively Directed Budget Actions**

The budget approved by the Subcommittee contained specific program reductions in Package 801. ODDS has implemented all the directed budget actions as reported previously.

**Additional Management Actions for the Generic Reduction of $12 Million GF**

The legislature directed ODDS to implement a budget reduction of $12.0 million General Fund through management actions, implementing a new assessment tool, and taking other steps to curb cost growth. ODDS identified the following management and additional actions to achieve the $12 million GF reduction target:

- $1.3 million in the Rent Subsidy and DD Community Housing contracts. This reduction does not impact the Fairview Trust or total funding available in the Trust. Increases in these contractual amounts were included in CSL for the 17-19 build. That additional funding is not expected to be needed in 17-19.
- $10.7 million in combined cost per case and/or caseload savings and better federal match on certain activities.

ODDS expected to receive approximately $6 million in enhanced federal match for eXPRS system work in 20017-2019 biennium. Following discussions with CMS, these savings are now expected to be achieved at a later date. Despite this delay, ODDS is still planning to achieve $12 million GF reduction target.
Strategic Plan

In the Fall of 2017, ODDS engaged a contracted strategic planning facilitator to work with stakeholders on developing and articulating a strategic vision for the I/DD service delivery system. The contractor held multiple facilitated discussions and worked with ODDS and stakeholders over the course of seven months. In Spring of 2018, ODDS finalized the strategic plan. The plan outlines the ODDS Mission, Vision, Values and Goals for next 2-5 years and supports additional steps to improve the overall service system for Oregonians with intellectual and developmental disabilities. ODDS Strategic Plan can be accessed here:


Action Requested

Acknowledge receipt of report.

Legislation Affected

None.

If you have any questions, please contact Lilia Teninty at 503-945-6918.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office
    Laurie Byerly, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Cathleen Connolly, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
Analysis

Item 16: Department of Human Services
Position Management

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on agency efforts to improve position management practices.

Analysis: The budget report for SB 5526, the primary 2017-19 budget bill for the Department of Human Services (DHS), included a budget note directing DHS to report, at each interim meeting, on its work to improve position management practices. This effort includes reducing the number of both double filled and vacant positions. The report includes double filled and vacant position counts by program for June 2017, December 2017, March 2018, August 2018, and October 2018.

While the double fill count has decreased by 47, or 9%, since the beginning of the biennium, between August 2018 and October 2018, the agencywide double fill count increased by 49. The agency is using 135 short-term double fills to meet Child Welfare needs as it continues to hire and deploy new staff; address staff transitions while decentralizing some Self Sufficiency positions; and manage hiring actions within the Aging and People with Disabilities program.

The other 315 double fills are long-term arrangements; to address some of these permanently, in its 2019-21 agency request budget, DHS asked for 135 new positions and 27 reclassifications, at a cost of $22.7 million General Fund ($41.2 million total funds) to true-up positions. While the agency’s letter indicates it is still working on some administrative solutions, it does not appear DHS will be able to resolve very many double fills without using field positions, so establishing new positions is DHS’ preferred option. If the Legislature wants real improvement in this area and is unable or unwilling to authorize new positions, it may want to consider repurposing some field positions or providing additional guidance to DHS regarding what is acceptable or expected regarding position management.

The number of vacant positions grew by 231 positions since June 2017, this is in part due to positions added in February that are not authorized until later in the biennium. Of the 1,042 vacant positions, which is about an 11% vacancy rate, 878 have been vacant for six months or less. Of the other 164 (long-term) vacant positions, 85 are being held vacant to cover double fills, pay for temps, or meet vacancy savings. Vacancy savings are also generated by short-term vacant positions and are needed to achieve the level of vacancy savings built into in the budget. If the agency were able to broadly repurpose (without regard to program or funding source) vacant positions to alleviate all long-term double fills, the vacancy rate would be at about 6%.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report.
Response: Report on the progress of position management activities as required by a Senate Bill 5526 (2017) Budget Note.

Recommendation: Acknowledge receipt of the report.

Discussion: During the 2017 Legislative Session, the budget report for Senate Bill 5526 included the following Budget Note directed to the Department of Human Services (DHS):

“DHS is directed to accelerate the agency’s current effort to improve position management practices; these have typically relied heavily on double filling positions and using funding from holding positions vacant to cover the double fill costs. While perhaps expedient from a program perspective, this approach makes it difficult to externally assess or validate how many positions should be approved in the budget, to calculate any gap between a position’s funding versus actual cost and to determine if a vacant position is no longer needed. It is also not consistent with truth in budgeting and makes it challenging to set baselines for cost containment strategies, budget growth metrics or program capacity analyses. At a minimum, at each interim meeting, the Department will report on progress, by program, in reducing the number of double filled and vacant positions, along with providing an update on its plan for resolving double fills and cleaning up vacant positions over the next two years. It is anticipated the agency will need to work through both the administrative position change (permanent finance plan) and legislative position change (rebalance or policy package action) processes to complete the project.

As of June 1, 2017, DHS had 494 double filled positions, 814 vacant positions and 7,767 employees.”

This is the agency’s sixth interim report on this issue. The agency last submitted a report for the September 2018 meeting of the Emergency Board, which was placed on the consent agenda. Double filling positions within DHS has been a long standing practice and should be reviewed, analyzed and rectified in order to properly reflect the types of positions needed by the agency to complete its work. It currently appears as if the agency has made little progress on eliminating double-fills or eliminating vacancies. Part of the problem with vacancies is the agency has to hold a certain amount of positions vacant to meet a vacancy savings rate set by the Legislature in 2017, but it also holds positions vacant in order to fund double-fills in other areas of the agency. Furthermore, there are concerns about how the workload model is applied to earn positions within the agency. The current model evaluates and determines only the positions needed in the field, while failing to account for back office program needs (such as work in the Background Check Unit) or for program development and administrative needs associated with that workload.

After reconciling positions included in the 2017-19 Legislately Approved Budget, the Department reported a total of 401 double-fills existed as of August 1, 2018. The Department gained 707 positions (448.10 FTE) during the 2018 Legislative Session, largely due to the transfer of the Oregon Health Plan (OHP) processing center. The new numbers associated with this report are based on October 1, 2018 data. The new number of 450 double-fills represents 47
less than June 1, 2017, but an increase of 49 from August 2018. Currently, the Child Welfare program has the most double-fills at 198, an increase of 67 since June 2017, and an increase of four since August 2018. Vocational Rehabilitation reports the lowest number of double-fills at 12, but this represents an increase of four double-fills since June 2017. The current double-fill amount of 12 positions represents a decrease of one since August 2018. The program with the most reductions of double-fills (in terms of positions) since June 2017 is the Shared Services program, which has reduced 71 double-fills.

In an attempt to deal with the double-fill issue, the Department submitted a policy package within its 2019-21 Agency Request Budget to address the issues surrounding a significant number of positions. The package requests 135 positions (135.50 FTE) for a total fund request of $41.2 million ($22.7 General Fund).

With respect to vacancies from June 2017 to October 2018, the Department reported an increase of 231 vacancies from 811 in June, 2017 to 1,042 as of October 1, 2018. Vacancies are largely due to the increase in the number of authorized positions the Department received during the 2017 and 2018 Legislative Sessions. According to the Department, many of the increases in vacancies are due to the ramp up of the IE/ME project and incorporating vacancies from the transfer of the OHP positions. In some cases, the Department only recently began to hire positions because they were authorized for only a year of the biennium (or 0.50 FTE). Currently, the Child Welfare program has the most vacancies at 364, an increase of 214 from June 2017, but a decrease of 53 from August 2018. The program with the least number of vacancies is Vocational Rehabilitation at 24, a decrease of three from June 2017, and a decrease of two from August 2018. The program with the most reductions of vacancies (in terms of positions) since June 2017, is the Shared Services program, which has eliminated 36 vacancies.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Budget Note Report regarding DHS position management

Dear Co-Chair Courtney and Co-Chair Kotek:

Nature of the Request

The Department of Human Services requests acknowledgement of receipt of this Sixth report on the progress of Position Management Activities related to a Budget Note in SB 5526 (2017). Specifically, this is in response to concerns about the agency’s use of double fills of positions and the high number of vacant positions within the agency.

Agency Action

Position Management
In the 2017 Legislative Session, the Department of Human Services had the following budget note related to position management in SB 5526(2017):

DHS is directed to accelerate the agency’s current effort to improve position management practices; these have typically relied heavily on double filling positions and using funding from holding positions vacant to cover the double-fill costs. While perhaps expedient from a program perspective, this approach makes it difficult to externally assess or validate how many positions should be approved in the budget, to calculate any gap between a positions’ funding versus actual cost, and to determine if a vacant position is no longer needed. It is also not consistent with truth in budgeting and makes it challenging to set baselines for cost containment strategies,

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budget growth metrics, or program capacity analyses.

At a minimum, at each interim meeting, the Department will report on progress, by program, in reducing the number of double filled and vacant positions, along with providing an update on its plan for resolving double fills and cleaning up vacant positions over the next two years. It is anticipated the agency will need to work through both the administrative position change (permanent finance plan) and legislative position change (rebalance or policy package action) processes to complete the project.

As of June 1, 2017, the agency had 494 double filled positions, 814 vacant positions and 7,767 total employees.

As of October 10, 2018, DHS had 8,676 working employees (not including board and commission members but including temporary staff to be consistent with prior reporting), an increase of 96 more bodies since the last report. The number of budgeted Positions is now 9,056 and 8612.17 FTE. This is up from 8,349 Positions and 8,164.07 FTE prior to the February 2018 session.

Double Fills
The last report was based on August 1, 2018 data. This report is based on October 1, 2018 data.

As of October 1, 2018, DHS has 450 double fills. This is down from June 1, 2017 by 47 but up from August by 49. The Child Welfare program increased double fill use due to a hiring strategy and maintaining safety as a top priority. At the same time, DHS and Child Welfare is analyzing position use, position need and where there is still room to clear double fills. Significant progress in resolving the double fill issues will be addressed by the agency within 2019 biennia.

DHS is in the process of decentralizing a Self Sufficiency Processing Center in the Portland area and moving the positions to other districts in order to create jobs in rural areas. In order to cover the work during the transition, there will temporarily be some increase in double fills. Use of double fills in APD continue to be related to hiring strategies that cause short term double fills.

The table below sets out the current double fills by program area compared to the June 2017 baseline numbers and the this report’s October numbers.
DHS Double Fill Status Report as of 10/10/18 reporting

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<td>3</td>
</tr>
<tr>
<td>Shared</td>
<td>98</td>
<td>83</td>
<td>68</td>
<td>35</td>
<td>27</td>
<td>(71)</td>
</tr>
<tr>
<td>Central</td>
<td>56</td>
<td>48</td>
<td>44</td>
<td>43</td>
<td>51</td>
<td>(5)</td>
</tr>
<tr>
<td>Total</td>
<td>497</td>
<td>432</td>
<td>445</td>
<td>401</td>
<td>450</td>
<td>(47)</td>
</tr>
</tbody>
</table>

**Vacancies**

Vacancies within the department have gone from 811 in June 2017 to 1,042 as of October 1, 2018 which is down 95 from August 2018. The main reason for the increase in vacant positions from June are the new positions authorized by the legislature during the last two legislative sessions. In addition, many of the new vacancies are related to the IE/ME project which is beginning to ramp up hiring (these positions show in central office). In addition, incorporating the OHP processing center transferred 78 vacancies to SSP (and no double fills). OHP is in the process of hiring on these 78 vacant positions to increase capacity in the OHP Processing Center. The table below sets out vacancies by program area compared to the June baseline numbers and the December report numbers:
Next Steps

As stated in previous letters, DHS has the following plan to clear double fills and true up positions. First, DHS plans to continue to place as many “double fills” on vacant positions as possible as described above. This has been completed for most of the agency. DHS continues to work on the larger strategic plan to manage positions especially in Child Welfare, Central and Shared offices. This will lead to a series of permanent finance plans done either through the normal permanent finance plan process or through the rebalance and POP process for larger packages required to better align the DHS positions to how the business is being completed.

As indicated in the last letter few letters, due to the complexity of this process it is estimated that it will need to take place over the next two years to be completely cleaned up. DHS is constantly evolving. Keeping up with changes in service delivery needs, funding sources, and position needs is an ongoing task and risk. DHS will not be able to clear all double fills without using field positions so there are position true up POPs proposed for 2019-21.

There are situations where double filling a position is appropriate in the short term. For example, an impending retirement where training from the current incumbent is necessary, backfilling behind an employee out on leave, or awaiting establishment of positions in the PICS system. This practice will most likely continue into the future, with close monitoring to resolve the double fill in the intended time period.
Over the next few months DHS will continue to look at its positions from an enterprise standpoint to identify positions that need to be “trued up” from both a classification and funding standpoint. Part of the complexity of DHS positions is having multiple funding sources for multiple programs that are not always identical in fund mixes. Not only does DHS need to review the actual classifications, but it also needs to ensure the proper funding types are used for the position. This becomes even more complicated with Shared Services positions that are “Other Funded” but then paid for by DHS and OHA through cost allocation.

**Background Check Unit**
During the 2018 Session the Background Check Unit (BCU) received funding and authority to hire 33 positions at (24.75 FTE). BCU is a shared service in DHS serving both DHS and OHA, for background check requirements. The goal of this investment is to reduce backlogs in BCU from up to 10 weeks and longer to lower than two weeks by December 2018.

Through October 1, 2018, BCU was able to both keep up with the incoming requests but also cleared over 3,800 backlogged cases (above the 2,750 backlogged cases cleared in the last reporting period) down from over 13,700 to just over 7,100 cases in the backlog queue as of October 1, 2018. While most of these were on the “easy” side of the spectrum the new staff is getting up to speed quickly and as they progress are now able to help clear some of the more complex checks. DHS is optimistic that further significant reductions in backlogs can be achieved by December.

There will still be outliers on more complex checks, usually a person from out of state, that may require other state agency records or FBI information that is out of the control of DHS as to timing. For example, there are presently some outliers back to August 17, 2018. However, most checks are currently being completed within 2-3 weeks.

**Action Requested**
Acknowledge receipt of report.
**Legislation Affected**
None at this time.

For further information or additional questions please contact Eric Moore at 503-884-4701.

Sincerely,

Eric Luther Moore  
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office  
    Laurie Byerly, Legislative Fiscal Office  
    George Naughton, Department of Administrative Services  
    Tamara Brickman, Department of Administrative Services  
    Cathy Connolly, Department of Administrative Services
2018 Emergency Board Human Services Subcommittee
DHS 2017-19 Second Rebalance

Fariborz Pakseresht, DHS Director
Eric Moore, DHS CFO

December 12, 2018
### DHS Net GF Rebalance Position

<table>
<thead>
<tr>
<th>Program General Fund in Millions</th>
<th>2017-19 LAB</th>
<th>Rebalance Request</th>
<th>Proposed LAB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging and People with Disabilities</td>
<td>$1,024.3</td>
<td>($5.6)</td>
<td>$1,018.7</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>$580.6</td>
<td>$19.0</td>
<td>$599.6</td>
</tr>
<tr>
<td>Individuals with Developmental Disabilities</td>
<td>$888.8</td>
<td>($8.3)</td>
<td>$880.5</td>
</tr>
<tr>
<td>Self Sufficiency</td>
<td>$391.2</td>
<td>$4.0</td>
<td>$395.2</td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>$29.5</td>
<td>0</td>
<td>$29.5</td>
</tr>
<tr>
<td>Other</td>
<td>$282.9</td>
<td>($1.7)</td>
<td>$281.2</td>
</tr>
<tr>
<td>Total DHS General Fund Need</td>
<td>$3,197.3</td>
<td>$7.4</td>
<td>$3,204.7</td>
</tr>
</tbody>
</table>
There is a net savings of ($5.6) million GF in APD:

**Savings:**

- Anticipated increase in Estates Recovery will bring in an additional $3.50 million in revenue to offset ($3.50) million GF.
- Higher than budgeted federal match rate related to medical eligibility, anticipated to save ($2.34) million GF.

**Needs:**

- Other and Federal Funds limitation changes for the actions below, netting to $3.5 million OF limitation increase and $177k FF limitation increase.

**Technical adjustments:**

- APD shares portions of multiple technical adjustments that move positions to APD from other areas of the department or realigning the budget. While these actions cost APD $234k GF they net to a $0 GF and Total Fund impact agency wide.
DHS Child Welfare

Net GF Need of $19.0 million in Child Welfare (CW) Needs:

- Delivery Budget shortfall of $12.4 million GF
  - Delivery Budget shortfall in Personal Services is $1.61 million GF
    - Overtime and Temporary Appointment costs ($1.61 million GF)
  - Delivery Budget shortfall in S&S of $10.79 million GF, primary driven by projected costs in:
    - ORCAH (Oregon Child Abuse Hotline) ($3 million GF)
    - SACWIS to CCWIS (CW Case management system) project to make ORKIDS system compliant with new federal government requirements ($1 million GF)
    - Travel costs, telecommunications, professional services and facilities make up most of the other costs ($6.79 million GF)
- Waiver block grant shortfall in Foster Care maintenance payments of $1.1 million, as well as in other services, totaling $1.51 million GF
DHS Child Welfare

• Design Personal Services Budget shortfall of $3.51 million of GF:
  – Double Fills due to increased field workload and increase in complexity of issues. For example, additional staff are needed to support central office adoptions and interstate compact (ICPC), who have increased workload and have federally required timelines. These positions are not earned with other staff via the workload model.

• Design Budget -Services and Supplies shortfall of $9.5 million of GF:
  – CW AAG line item. Over time fund splits in this category have gotten off course from actual expenditures which increases the GF need by $5.67 million.
  – Shortfall in Professional services of $3.77 million GF driven mainly by contracts hitting GF heavier than budgeted amount (management is bringing in a third party to review the contracts).
  – The remaining shortfall is spread across other S&S categories ($0.06 million)
Savings:
- Enhanced Foster Care expenditures have been coded to regular Foster Care, these enhanced service costs are currently being recognized in the regular Foster Care cost per case. Resulting in a savings of ($6.9) million GF.
- Permanency forecasting caseload is slightly down from the Spring 2018 forecast, resulting in a savings of ($1.16) million GF.

Technical Adjustments:
- A series of technical adjustments that will realign the budget that while costs CW $130k GF add to a net to $0 GF and Total Fund impact agency wide.
There is a net savings of ($8.3) million GF:

Needs:
• Satisfy the remainder of the $12 million GF reduction balance of $4.7 million GF with savings earned via improved participation rate stated below.
• Slight increase in Fall 2018 forecast projected to cost $896k GF.
• Other Funds, $50k and Federal Funds, $13.69 million limitation to meet the expenditure demands of a more favorable participation rate.

Savings:
• Concerted efforts by DHS management, CDDPs, and Brokerages to increase the participation rate of those eligible for Medicaid reimbursement. By being more diligent in assessing Medicaid eligibility there are anticipated savings of ($10.01) million GF between case management and program services.
• Slight reductions in cost per case anticipate savings of ($1.56) million GF.
• Higher than budgeted federal match rate related to SACU program activities is also expected to save ($2.28) million GF.

Technical adjustments:
• One adjustment that saves ($100k) GF in I/DD but net to $0 GF and Total Fund impact agency wide.
DHS Self Sufficiency

There is a net GF need for Self Sufficiency of $4.03 million

Needs:
• Increased TANF Basic and UN caseloads for Fall 2018 forecast $2.0 million GF
• Maintenance and operations of the ONE system, adjusting over estimate of 90/10 match and under estimate of 75/25 match. $2.3 million GF
• Limitation request of $1.6 million OF related to Cover All Kids in the OHP, one time transfer into DHS from OHA for outreach services

Technical Adjustments
• While adding to a net $0 agency wide impact these actions will save SSP ($274k) GF

TANF Savings budget note HB 5006 (2017) – because there is a need, requested as TANF FF, no reinvestment of savings need to be addressed in this rebalance.
DHS Vocational Rehabilitation
There are no issues for 2017-19 rebalance and believe order of selection in 2017-19 can be avoided at this point.

DHS Central
There is a net need of $246k GF due to a series of technical adjustments that add $0 GF and TF agency wide.

DHS Shared Services
There are no rebalance cost/savings issues in exception to a limitation challenge of $296k OF related to double booked other funds limitations needed for the transfer of a position from Self Sufficiency to the Office of Payment Accuracy and Recovery (OPAR).
DHS Statewide Assessments and Enterprise-wide Costs (SAEC)

There is a net savings of ($1.99) million GF:

Savings

• Net Saving of ($1.75) million GF mainly due to various savings and needs within the SAEC budget such as State Government Service Charges, Enterprise Technology Services, Information Technology Direct Services (computer replacements), Shared Services Funding, Facilities rent and projects, and other Statewide Assessments and Enterprise Wide costs

Technical Adjustments

• While Technical Adjustments net to $0 GF and TF agency wide, SAEC has a savings ($236k) GF
## DHS Expenditure Limitation Need

All dollars in millions

<table>
<thead>
<tr>
<th>Net Other Funds limitation by Program</th>
<th>2017-19</th>
<th>Rebalance Request</th>
<th>Proposed LAB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging and People with Disabilities</td>
<td>$261.99</td>
<td>$3.50</td>
<td>$265.49</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>$36.00</td>
<td>($2.17)</td>
<td>$33.82</td>
</tr>
<tr>
<td>Individuals with Developmental Disabilities</td>
<td>$28.06</td>
<td>$0.05</td>
<td>$28.11</td>
</tr>
<tr>
<td>Self Sufficiency</td>
<td>$100.24</td>
<td>$1.60</td>
<td>$101.84</td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>$2.34</td>
<td>0</td>
<td>$2.34</td>
</tr>
<tr>
<td>Other</td>
<td>$225.76</td>
<td>$2.00</td>
<td>$227.76</td>
</tr>
<tr>
<td><strong>Total DHS Other Funds Need</strong></td>
<td>$654.39</td>
<td>$4.97</td>
<td>$659.37</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Federal Funds limitation by Program</th>
<th>2017-19</th>
<th>Rebalance Request</th>
<th>Proposed LAB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging and People with Disabilities</td>
<td>$2,254.66</td>
<td>$0.18</td>
<td>$2,254.83</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>$534.85</td>
<td>$5.23</td>
<td>$540.08</td>
</tr>
<tr>
<td>Individuals with Developmental Disabilities</td>
<td>$1,796.71</td>
<td>$13.69</td>
<td>$1,810.40</td>
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<tr>
<td>Self Sufficiency</td>
<td>$2,747.31</td>
<td>$1.28</td>
<td>$2,748.58</td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>$85.66</td>
<td>$0.00</td>
<td>$85.66</td>
</tr>
<tr>
<td>Other</td>
<td>$369.31</td>
<td>($31.96)</td>
<td>$337.35</td>
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<tr>
<td><strong>Total DHS Federal Funds Need</strong></td>
<td>$7,788.50</td>
<td>($11.59)</td>
<td>$7,776.91</td>
</tr>
</tbody>
</table>
Department of Human Services

Thank you!

www.oregon.gov/dhs

Safety, Health and Independence
for all Oregonians
Analysis

Item 17: Department of Human Services

Rebalance

Analyst: Laurie Byerly

Request: Allocate $7,343,891 from the special purpose appropriation made to the Emergency Board for Oregon Health Authority or Department of Human Services budget challenges.

Analysis: For legal appropriation purposes, the Department of Human Services’ (DHS) 2017-19 budget consists of five budget or program groupings: 1) Self Sufficiency, Child Welfare, and Vocational Rehabilitation; 2) Aging and People with Disabilities and Intellectual and Developmental Disabilities; 3) Central Services and State Assessments and Enterprise-wide Costs; 4) Debt Service; and 5) Shared Services.

The DHS rebalance plan reflects program cost increases and savings, revenue changes, and technical adjustments needed to balance the budget. Rebalancing allows the agency, with legislative approval, to move General Fund between appropriations and adjust Other and Federal Funds expenditure limitation to carry out its legislatively approved programs.

Caseload adjustments tie to the fall 2018 caseload forecast; associated budget changes reflect differences between the fall 2017 forecast and that most recent forecast. While a spring 2018 caseload forecast was published, caseload budgets were last modified during the 2018 legislative session (HB 5201) and were based on the fall 2017 forecast.

DHS reports a net rebalance need of $7.3 million General Fund. To cover this shortfall, the agency is requesting an allocation from the $30 million special purpose appropriation created in February 2018 to address potential budget issues for either DHS or the Oregon Health Authority (OHA). The DHS rebalance plan also requests a net increase of $4,973,416 Other Funds expenditure limitation.

Current projections for federal resources indicate DHS will need an adjustment to reduce Federal Funds expenditure limitation by $11,590,763. This change and a net position decrease of 1 position (1.00 FTE) will need to be reconciled as part of DHS final 2017-19 budget actions during the 2019 legislative session, since the Emergency Board does not have the authority to reduce agency budgets or eliminate positions.

A portion of the DHS rebalance request is caseload-related, but budget challenges in the Child Welfare program are the major driver of cost increases. Costs are partially offset by various program savings, better match rates, and updated budget projections. The rebalance also requests several technical adjustments, primarily position movement between programs; these net to zero.

While many issues are covered in the DHS rebalance plan, budget risks do remain. These include changes to caseloads based on future forecasts, the agency’s ability to manage personal services expenditures including pay equity impacts, volatility in usage-based costs or charges for services, assessment of federal program penalties, federal law or funding changes, and legal costs.
The General Fund budget impact of the agency’s identified costs, savings, and technical adjustments for each program are summarized in the table below:

<table>
<thead>
<tr>
<th>General Fund $ in millions</th>
<th>Self Sufficiency</th>
<th>Child Welfare</th>
<th>Vocational Rehabilitation</th>
<th>Aging and People with Disabilities</th>
<th>Intellectual and Developmental Disabilities</th>
<th>Central Services</th>
<th>Shared Services*</th>
<th>State Assessments and Enterprise-wide Costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-19 Leg Approved Budget</td>
<td>391.2</td>
<td>580.6</td>
<td>29.5</td>
<td>1,024.3</td>
<td>888.8</td>
<td>35.5</td>
<td>-</td>
<td>247.4</td>
<td>3,197.4</td>
</tr>
<tr>
<td>Rebalance Issues</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>4.3</td>
<td>26.9</td>
<td>-</td>
<td>-</td>
<td>4.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35.9</td>
</tr>
<tr>
<td>Savings</td>
<td>-</td>
<td>(8.1)</td>
<td>-</td>
<td>(5.8)</td>
<td>(13.0)</td>
<td>-</td>
<td>(1.8)</td>
<td>(28.6)</td>
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<tr>
<td>Tech Adjust/Transfers</td>
<td>(0.3)</td>
<td>0.1</td>
<td>-</td>
<td>0.2</td>
<td>(0.1)</td>
<td>0.2</td>
<td>(0.2)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Net Chg from Leg Approved</td>
<td>4.0</td>
<td>19.0</td>
<td>-</td>
<td>(5.6)</td>
<td>(8.3)</td>
<td>0.2</td>
<td>-</td>
<td>(2.0)</td>
<td>7.3</td>
</tr>
</tbody>
</table>

While the focus of this analysis is on General Fund budget needs, corresponding Other Funds and Federal Funds expenditure limitations are also being requested by DHS to fully align the budget across fund types. The following program discussions are grouped by legal budget appropriations.

SELF SUFFICIENCY PROGRAM/CHILD WELFARE/VOCATIONAL REHABILITATION (SSP/CW/VR)

The rebalance request for SS/CW/VR reflects net increases of $23 million General Fund and $6.5 million Federal Funds, along with a net decrease of $0.6 million Other Funds.

For Self Sufficiency programs, Temporary Assistance to Needy Families (TANF) caseloads are not declining as quickly as expected back in fall 2018; the average biennial caseload increased by 281 families between forecasts. This 1.5% increase is driving a need of just under $2 million General Fund. The removal of $60 million General Fund from the program for 2017-19 to account for falling TANF caseloads has left the program with limited flexibility. The appropriate level of state investment in TANF, along with the agency’s struggle to manage administrative spending caps on TANF, will need to be addressed as part of the 2019-21 legislatively adopted budget.

DHS is requesting $2.3 million General Fund to support a corrected estimate, with a higher state match, for the program’s share of maintenance and operations cost for the ONE system. DHS’ overall responsibility for system costs also increased with the April 2018 transfer of Oregon Health Plan eligibility staff from OHA to DHS. An additional $1.6 million Other Funds expenditure limitation will allow SSP to conduct outreach, funded by OHA, to children potentially eligible for services under the Cover All Kids program. Technical budget adjustments for SSP include transferring four positions out to other programs to realign positions that were part of the Medicaid eligibility move.

Since the fall 2017 forecast, the overall number of children served by Child Welfare has decreased by 350 or 1.6%; the biennial average for all caseloads except guardian assistance decreased. The associated budget adjustment is a reduction of $1.2 million General Fund. This change, along with an
adjustment to correct the enhanced supervision budget that frees up $6.9 million General Fund, are the only General Fund savings for CW identified in the DHS rebalance plan to help offset costs.

The 2017-19 legislatively approved budget (as of September 2018) for CW is $111.2 million General Fund ($189.1 million total funds) higher than the 2015-17 legislatively approved budget. This 23.7% General Fund increase included 332 new positions (219.08 FTE), which the program has found challenging to hire for and keep filled, as described in the CW interim reporting budget note letter (Item 14). Despite stable caseloads and additional resources, the program is projecting a 2017-19 budget deficit of $26.9 million General Fund.

The deficit is related to a variety of issues, some of which are described below, that will likely need to be closely examined during development of the 2019-21 legislatively adopted budget.

- Expenditures are projected to exceed the capped Title IV-E waiver level by a total of $1.6 million General Fund. The waiver ends in 2019-21; that adjustment as well as other policy and funding changes driven by the federal government will need to be accounted for in the 2019-21 budget.
- An expected personal services shortfall of $1.6 million General Fund in CW delivery (field staff); salary (vacancy) savings are not able to offset other costs, mostly for overtime and temporaries.
- In CW design (central support, policy development, and federal compliance staff), the agency is projecting a net personal services deficit of $3.5 million General Fund. Unlike CW delivery, this portion of the budget is projected to overspend on salaries, primarily due to approximately 75 double filled positions. Historically, design positions have not been built into the workload model so have not kept pace as caseload and program complexity has increased.
- Services and supplies spending in CW delivery is driving a net need of $10.7 million General Fund, mostly for travel, training, and costs associated with the Oregon Child Abuse Hotline (ORCAH). Also included is about $1 million General Fund to begin planning for a Comprehensive Child Welfare Information System (CCWIS), which is an optional (and more flexible) case management system supported by guidance and funding from the federal government.
- In CW design, there is a projected services and supplies shortfall of $9.5 million total funds; $5.7 million of the total is due to aligning the budgeted General Fund share (39%) of Attorney General charges with the share (53%) need to cover actual expenditures. The remainder of costs are being driven by contracts and travel expenditures.

The Legislative Fiscal Office (LFO) is recommending approval of the requested allocation of and plan for the $2.5 million special purpose appropriation for CW (Item 18). To capture overtime savings from the caseworker relief pool portion of that plan, LFO is reducing the CW General Fund need in the rebalance by $500,000 General Fund. Another $500,000 in General Fund costs are pulled out to account for the additional funding provided out of the $2.5 million to cover hotline costs.

No rebalance adjustments are needed for the Vocational Rehabilitation program.

**AGING & PEOPLE WITH DISABILITIES/INTELLECTUAL & DEVELOPMENTAL DISABILITIES (APD/IDD)**

The rebalance request for APD/IDD reflects a net decrease of $13.9 million General Fund, along with net increases of $3.5 million Other Funds and $13.9 million Federal Funds.

For the Aging and People with Disabilities program, the change between fall 2017 and fall 2018 caseloads are not creating a need for corresponding budget adjustments. The overall change in the forecast is a decrease of 1,143 clients (3.17%) but decreases in the in-home caseload was assumed in
the adopted budget. Changes in client mix or acuity and the associated cost per case may also offset potential savings. APD is seeing General Fund savings due to an increase in estate recoveries ($3.5 million) and a higher than budgeted federal match ($2.4 million) related to medical eligibility work.

Technical position adjustments in the APD plan include the transfer in of 7 positions from other programs and expenditure neutral budget changes between detail cross references within APD.

For the Intellectual and Developmental Disabilities program, case management enrollment decreased by 1.3% between forecasts, while service caseloads grew by 171 clients, or just under one percent. Cost per case has declined in some services and more than offsets the caseload growth, for net savings of $0.7 million General Fund.

The program projects meeting a generic $12 million General Fund reduction approved in the 2017-19 legislatively adopted budget, through previously identified savings and continuing to manage the budget closely. Additional savings of $10 million General Fund is projected due to a diligent effort made to increase participation rates (higher federal cost-share). A better federal match rate is also expected for the Stabilization and Crisis Unit (SACU), decreasing General Fund need by $2.8 million.

Technical adjustments and transfers decrease the IDD budget by $0.2 million total funds; the rebalance plan also includes an increase of $13.8 million Federal Funds expenditure limitation associated with the General Fund savings or shifts noted above.

**CENTRAL SERVICES/STATE ASSESSMENTS & ENTERPRISE-WIDE COSTS/DEBT SERVICE (CS/SAEC/DS)**

The General Fund change requested for these programs is a net decrease of $1.7 million General Fund ($31.4 million total funds); this is primarily driven by savings of $1.8 million General Fund in State Assessments and Enterprise-wide Costs.

The savings also has an associated Federal Funds expenditure limitation decrease of $32.3 million; the full amount of expenditure limitation cannot be removed from the budget due to limited Emergency Board authorities. As a result, LFO recommends restoring $11,590,763 Federal Funds expenditure limitation; the expenditure limitation adjustment will need to be made in a budget bill during the 2019 legislative session.

Technical adjustments result in the transfer-in of 8 positions to Central Services from other programs. No changes are made to Debt Service.

**SHARED SERVICES**

Rebalance actions for Shared Services result in a net decrease of $0.3 million Other Funds expenditure limitation; this includes an increase of $44,977 Other Funds to cover costs of a position transferred from SSP to Shared (fund type alignment), offset by the transfer out of three positions.

A position transferring out to OHA (DHS abolishment) will have to be reconciled in a budget bill during the 2019 legislative session; eliminating this adjustment from the rebalance adds $73,148 Other Funds expenditure limitation and 1 position (1.00 FTE) to the agency’s request.
Legislative Fiscal Office Recommendation: To implement DHS’ requested rebalance plan with the modifications recommended by the Legislative Fiscal Office in this analysis, LFO recommends the Emergency Board take the following actions on the agency’s budget:

1) Allocate $6,343,891 from the special purpose appropriation made to the Emergency Board for Oregon Health Authority or Department of Human Services budget challenges.

2) Approve the transfers between appropriations and expenditure limitations; the net increase to Other Funds expenditure limitation; and position and FTE changes as shown below:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total Funds</th>
<th>Pos</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Sufficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Welfare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>22,030,592</td>
<td>(577,409)</td>
<td>6,505,565</td>
<td>27,958,748</td>
<td>(12)</td>
<td>(12.00)</td>
</tr>
<tr>
<td>Aging &amp; People with Disabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual &amp; Developmental Disabilities</td>
<td>(13,946,216)</td>
<td>3,549,816</td>
<td>13,862,387</td>
<td>3,465,987</td>
<td>7</td>
<td>7.00</td>
</tr>
<tr>
<td>Central Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Assessments &amp; Enterprise-wide Costs</td>
<td>(1,740,485)</td>
<td>2,296,942</td>
<td>(20,367,952)</td>
<td>(19,811,495)</td>
<td>8</td>
<td>8.00</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shared Services</td>
<td>-</td>
<td>(222,785)</td>
<td>-</td>
<td>(222,785)</td>
<td>(3)</td>
<td>(3.00)</td>
</tr>
<tr>
<td>DHS AGENCY TOTALS</td>
<td>$ 6,343,891</td>
<td>$ 5,046,564</td>
<td>$</td>
<td>$ 11,390,455</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Department of Human Services  
Brickman/Connolly

**Request:** The Department of Human Service is requesting the following actions as part of its 2017-19 Rebalance Plan:

- Allocate $7,343,891 from the Special Purpose Appropriation made to the Emergency Board for the Department of Human Services (DHS) and Oregon Health Authority (OHA) for budgetary challenges.

- Transfer $1,740,485 General Fund from the Central Services and state assessments and enterprise-wide costs appropriation and $13,946,216 General Fund from the Aging and People with Disabilities and Intellectual/Developmental Disabilities programs appropriation to the Child Welfare, Self-Sufficiency and Vocational Rehabilitation Services appropriation.

- Increase Other Funds expenditure limitation in Central Services and state assessments and enterprise-wide costs appropriation by $2,296,942.

- Increase Other Funds expenditure limitation in the Aging and People with Disabilities and Intellectual/Developmental Disabilities programs appropriation by $3,549,816.

- Transfer $6,505,565 Federal Funds expenditure limitation from the Central Services and state assessments and enterprise-wide costs appropriation to the Child Welfare, Self-Sufficiency and Vocational Rehabilitation Services appropriation, and

- Transfer $13,862,387 from the Central services and state assessments and enterprise-wide costs appropriation to the Aging and People with Disabilities and Intellectual/Developmental Disabilities programs appropriation.

**Recommendation:** Approve the request with the following modifications: Allocate $5,393,891 General Fund from the Special Purpose Appropriation made to the Emergency Board for DHS and OHA for budgetary challenges. Increase Other Funds expenditure limitation for the Child Welfare, Self-Sufficiency and Vocational Rehabilitation Services appropriation by $487,850.

**Summary:** DHS is submitting its second rebalance report for the 2017-19 biennium. The report updates caseload and cost projections through the Fall of 2018 and includes a list of other outstanding issues and risks. After all actions, the Department requests a $7.3 million General Fund appropriation, a $5.0 million Other Fund expenditure limitation, and an $11.6 million savings in Federal Funds. Across the Department, the rebalance request is represented in the following table:

<table>
<thead>
<tr>
<th>Program</th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Federal Funds</th>
<th>Total</th>
<th>POS</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Sufficiency</td>
<td>4,034,609</td>
<td>1,597,012</td>
<td>1,277,454</td>
<td>6,909,075</td>
<td>(10)</td>
<td>(10.00)</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>18,995,983</td>
<td>(2,174,421)</td>
<td>5,228,111</td>
<td>22,049,673</td>
<td>(2)</td>
<td>(2.00)</td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Aging &amp; People with Disabilities</td>
<td>(5,603,400)</td>
<td>3,500,000</td>
<td>177,350</td>
<td>(1,926,050)</td>
<td>7</td>
<td>7.00</td>
</tr>
<tr>
<td>Intellectual &amp; Developmental Disabilities</td>
<td>(8,342,816)</td>
<td>49,816</td>
<td>13,685,037</td>
<td>5,392,037</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Central Services</td>
<td>246,462</td>
<td>333</td>
<td>134,011</td>
<td>380,806</td>
<td>8</td>
<td>8.00</td>
</tr>
<tr>
<td>Shared Services</td>
<td>-</td>
<td>(295,933)</td>
<td>-</td>
<td>(295,933)</td>
<td>(4)</td>
<td>(4.00)</td>
</tr>
<tr>
<td>Statewide Assessments &amp; Enterprise Wide Costs</td>
<td>(1,986,947)</td>
<td>2,296,609</td>
<td>(32,092,726)</td>
<td>(31,783,064)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,343,891</td>
<td>4,973,416</td>
<td>(11,590,763)</td>
<td>726,544</td>
<td>(1)</td>
<td>(1.00)</td>
</tr>
</tbody>
</table>
Discussion: The Department’s report includes major rebalance issues and discusses ongoing risks.

The most significant risks remaining to the DHS budget after this rebalance are:

- Caseloads and costs per case changes remain a risk to the DHS budget.
- The 15 percent administrative cap on Temporary Assistance for Needy Families (TANF) restricts the amount of TANF funds that can be used for staff and administrative costs in Central Services. The Department is requesting General Fund for the administrative costs above the TANF cap.
- The current proposed federal reauthorization of TANF prevents the Department from using Maintenance of Effort investments from third parties to meet the requirement and would prohibit the use of TANF for Child Welfare and childcare except in restricted transfer opportunities.
- The Department continues to dispute a TANF penalty imposed for the state’s failure to meet work participation rates in 2007. The possible penalty is $7 million.
- The Department is disputing a $10.5 million Administration on Children and Families (ACF) disallowance finding from the 2013 Secretary of State audit of Title IV-E Foster Care and Adoption Assistance. The disallowance is currently on administrative appeal.
- Federal Family First legislation, which changes Title IV-E, including how funding can be used is still pending detailed guidance from the federal government.
- The impact of pay equity remains unknown.

The most significant budget issues for this rebalance are:

- The continuing challenges with the Child Welfare budget, including very high overtime and temporary appointments and Attorney General costs.
- The need to address higher than anticipated costs associated with establishing the new centralized child abuse reporting hotline.

Self Sufficiency

The Self Sufficiency Program (SSP) is reporting a need for $4.0 million General Fund, $1.6 million Other Funds expenditure limitation and $1.3 Federal Funds expenditure limitation.

Based on the Fall 2018 forecast SSP experienced a small growth in caseload with the largest increase occurring in the TANF UN program which is funded solely with General Funds. Overall, the Department is reporting a need of $2 million General Fund and $1.5 million Federal Funds limitation to address the costs of the increased caseload during the 2017-19 biennium.

The program is requesting $2.3 million General Fund to address a miscalculation in the General Fund/Federal Funds split in the cost of maintenance and operations for the ONE system. The Department overestimated the amount of work that could be billed at the 90/10 split and underestimated the amount of work that needed to be billed at the 75/25 split. This resulted in the $2.3 million shortfall in General Fund. The program is also requesting a $1.6 million increase in
Other Funds expenditure limitation to cover expenditures associated with outreach activities for Cover All Kids. DHS and OHA have entered into an Interagency Agreement to cover this one-time funding.

Finally, there are a number of technical adjustments to move positions or budget within the agency where the work is occurring. The net result is a $0.3 million General Fund savings and additional Other Funds and Federal Funds savings.

**Child Welfare**
The Child Welfare Program is reporting a need for $19 million General Fund and $5.2 million Federal Funds expenditure limitation.

The Department is reporting a number of challenges in the Child Welfare Program budget. Both the Safety and Permanency programs have a shortfall in Title IV-E Waiver funding. The Department anticipated changes made under the Waiver would result in a reduction in foster and residential care caseloads. The reduction in caseloads has not occurred causing a shortfall of $1.5 million General Fund.

The program is reporting a shortfall in Personal Services costs in both Program Delivery and Program Design. In Program Delivery, the $1.6 million shortfall is caused primarily by overtime and an increase in temporary appointments of staff. The program projects overtime costs will increase 893 percent over the Legislatively Approved Budget (LAB) amount and temporary appointments will increase 301 percent over the LAB amount. The Department notes its projections include an assumed $6.3 million in staffing costs associated with Oregon Child Welfare Abuse Hotline (ORCAH), as screening staff around the state are consolidated into Portland by April 2019.

In Program Design, the $3.5 million shortfall is caused by double fills of 73 positions in the Central office. Included in the double filled positions are staff handling central office adoptions and Interstate Compact on the Placement of Children cases who are not included in the workload model even though they carry a caseload.

The program is reporting a $10.7 million shortfall in Services and Supplies in Program Delivery. Included in the projected shortfall is $3.1 million in expenditures for the Child Abuse hotline. It is recommended this shortfall be addressed in part by using $950,000 of the $2.5 million Special Purpose Appropriation (SPA) provided to DHS to address issues in the Child Welfare program. The balance of $2.1 million is recommended as part of this request. The department is also requesting $1 million for an information technology project to upgrade the OR-KIDS system to an optional federal alternative called CCWIS. The Department notes this is a multi-year project but provides no information on the estimated total cost of the project or estimated time of completion. It is recommended that no funding be provided for the CCWIS project until the department provides information to CFO, LFO and the OSCIO on the nature and projected costs of the project. Finally, this request is projecting employee training costs in Child Welfare Program Delivery. The total recommendation is to increase the Services and Supplies in Program Delivery by $8.8 million General Fund.

The program is requesting $9.5 million General Fund to address a shortfall in Services and Supplies in Program Design. The shortfall includes $5.7 million for Attorney General costs. This is due to actual expenditures being higher than the budget. The Department indicates it does not have federal funding to backfill the need in General Fund. The other major item in the request is a shortfall of $3.7 million in Professional Services.
Offsetting the need for General Fund, the program also experienced savings, including General Fund savings of $6.9 million in the enhanced supervision budget. Over time the expenditures of enhanced supervision have been coded to regular foster care, where increases are captured in the cost per case calculations. This adjustment recognizes that change. The Permanency caseload in the Fall 2018 Forecast is down slightly from the Spring 2018 Forecast creating a savings of $1.2 million General Fund.

Finally, there are a number of technical adjustments to move positions or budget authority within the Department where the work is occurring. The most significant shifts are occurring as a result of completing the spending plan for several federal block grants. The net result is a $0.1 million General Fund increase.

**Vocational Rehabilitation**
The Vocational Rehabilitation Program does not have any reports for this 2017-19 rebalance plan.

**Aging and People with Disabilities**
This Aging and People with Disabilities Division’s (APD) budget overall provides a savings of $5.6 million General Fund ($1.9 million total funds). The savings in this program are due in large part to anticipation for increased estate recoveries, which are expected to generate $3.5 million in savings. The second item accounting for savings is the program has achieved a higher federal match rate based on medical eligibility determinations. This is expected to generate $2.4 million in savings.

The rebalance plan also includes technical adjustments, which increases APD’s costs, but net to zero at the Department level. The technical adjustments include the movement of positions within APD between the Design and Delivery programs. These technical adjustments net across the program to a $0.9 million total funds savings ($0.4 million General Fund) in APD. The technical adjustments result in an additional seven positions within APD.

The total of all APD actions results in $5.6 million General Fund savings, an increase of $3.5 million Other Funds expenditure limitation, and a $0.2 million increase in Federal Funds expenditure limitation.

**Intellectual/Developmental Disability**
The Intellectual/Developmental Disabilities Division’s (I/DD) budget overall provides a savings of $8.3 million General Fund, but requires additional Other and Federal Funds expenditure limitation of $13.7 million combined. Generally speaking, I/DD has $5.6 million of increased General Fund need, offset by $13.9 million of General Fund savings.

Based on the Fall 2018 forecast, I/DD is experiencing an increased caseload need of $0.9 million General Fund, primarily for In-Home Supports (mostly adults). The remaining need of $4.7 million General Fund is tied to the generic $12 million General Fund savings the program was directed to find during the 2017-19 biennium. The Department, through management decisions and caseload related savings, was able to achieve $7.3 million in General Fund Savings, but does not anticipate achieving the additional $4.7 million needed to get to the total $12 million General Fund savings.

The $13.9 million in General Fund savings is due to reduced costs primarily for children’s In-Home Supports and Children’s Intensive In-Home Services. Also, I/DD is experiencing a
reduction in costs per case for Day Support Activities and in Workers’ Compensation costs from SAIF due to lower claim activity and an increased dividend. Further reductions ($8.6 million) are related to work I/DD has done to increase the Federal participation rate for In-Home Supports. An additional $1.4 million in savings is related to I/DD case management, which has led to higher federal participation rates for County Developmental Disability Programs (CDDPs) and Brokerages. Finally, I/DD has improved its leverage of Federal Funds within the Stabilization and Crisis Unit (SACU), resulting in an additional $2.3 million General Fund savings. Netting the increased costs against the decreased costs results in an overall savings of $8.3 million General Fund in I/DD.

The rebalance plan also includes technical adjustments, which decrease I/DD’s costs but net to zero at the agency level.

The total of all I/DD actions results in an $8.3 million General Fund decrease, an increase of $49,816 Other Funds expenditure limitation and a $13.7 million Federal Funds expenditure limitation increase.

Central Services
The only adjustments within Central Services are of a technical nature. While they result in an overall increase to Central Services funding ($0.4 million total funds), they net to zero at the agency level. The adjustments involve the movement of one position from Central Services to the Child Welfare program. The remaining adjustments are the movement of positions from other programs in the Department to Central Services for a net increase of eight positions.

The total of all Central Service actions results in a need of $246,462 million General Fund, a $333 increase in Other Funds expenditure limitation and a $134,011 million Federal Funds expenditure limitation increase.

Shared Services
All expenditures within the Shared Services program are Other Funds. Overall, the rebalance results in a $295,933 Other Funds savings. All of the actions within Shared Services relate to the transfer of positions into and out of Shared Services from and to other programs in the agency. The final result is a reduction of three positions within Shared Services.

State Assessments and Enterprise Wide Costs
The State Assessments and Enterprise Wide Costs Division’s (SAEC) budget overall provides a savings of $2.0 million General Fund ($31.8 million total funds). The savings within SAEC are a net result of increases and decreases in State Government Service Charges, Enterprise Technology Services, Information Technology direct services, Shared Services funding, rent and others.

The rebalance plan also includes technical adjustments, which decrease SAEC’s costs, but net to zero at the agency level.

The total of all SAEC actions results in a $2.0 million General Fund savings, a $2.3 million increase in Other Funds expenditure limitation and a saving of $32.1 million in Federal Funds.

Legal Reference:
Allocation of $5,393,891 from the Special Purpose Appropriation made to the Emergency Board for the Department of Human Services and Oregon Health Authority for budgetary challenges in Chapter 99, section 130(1), Oregon Laws 2018, to supplement and transfer the General Fund.
appropriation established by chapter 597 (1), Oregon Laws 2017, for the 2017-19 biennium as follows:

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Central Services, state assessments and Enterprise Wide Costs</td>
<td>$ -1,740,485</td>
</tr>
<tr>
<td>(2) Child welfare, self-sufficiency and vocational rehabilitation services</td>
<td>$ +21,080,592</td>
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<tr>
<td>(3) Aging and people with disabilities and developmental disabilities programs</td>
<td>$ -13,946,216</td>
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</table>

Increase or transfer the Other Funds expenditure limitation established by chapter 597 (2), Oregon Laws 2017, for the 2017-19 biennium, as follows:

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<thead>
<tr>
<th>Subsection</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Central Services, state assessments and Enterprise Wide Costs</td>
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<tr>
<td>(2) Child welfare, self-sufficiency and vocational rehabilitation services</td>
<td>$ +487,850</td>
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<tr>
<td>(3) Aging and people with disabilities and developmental disabilities programs</td>
<td>$ +3,549,816</td>
</tr>
<tr>
<td>(4) Shared Services</td>
<td>$ -295,933</td>
</tr>
</tbody>
</table>

Increase or transfer the Federal Funds expenditure limitation established by chapter 597(3), Oregon Laws 2017, for the 2017-19 biennium.

<table>
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<th>Subsection</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Central Services, state assessments and Enterprise Wide Costs</td>
<td>$ -20,367,952</td>
</tr>
<tr>
<td>(2) Child welfare, self-sufficiency and vocational rehabilitation services</td>
<td>$ +6,505,565</td>
</tr>
<tr>
<td>(3) Aging and people with disabilities and developmental disabilities programs</td>
<td>$ +13,862,387</td>
</tr>
</tbody>
</table>
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Department of Human Services (DHS) second rebalance report and request.

Dear Co-Chairpersons:

Nature of the Request: The purpose of this letter is to provide the second DHS Rebalance report and request (attached) of the 2017-19 Biennium to the Emergency Board.

Action Requested: DHS requests acknowledgement of receipt of this second Rebalance report of the 2017-19 Biennium. DHS also requests the committee approve the requested changes including a request of $7,343,891 General Fund from the Special Purpose Appropriation set aside for OHA and DHS.

Legislation Affected: See Report Attachment A.

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

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer
Enclosure

cc: Ken Rocco, Legislative Fiscal Office
    Laurie Byerly, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
    Cathy Connolly, Department of Administrative Services

“Assisting People to Become Independent, Healthy and Safe”
Executive Summary and Nature of Request:
The Oregon Department of Human Services (DHS) is submitting its second rebalance report for the 2017-19 biennium to the Emergency Board. This report reflects a number of issues affecting the DHS budget. DHS expects to continue to work with the Legislature, Legislative Fiscal Office and Chief Financial Office to identify any actions management can take to balance the DHS 2017-19 budget.

Budget Issues for 2017-19
At this second rebalance DHS is respectfully requesting $7,343,891 of additional General Fund (GF) from the $30 million Special Purpose Appropriation (SPA) set aside for DHS and the Oregon Health Authority (OHA) budgetary challenges. This request does not address the $2.5 million GF Child Welfare SPA which is being requested separately.

The sections below set out the main GF issues for the department.

The table below summarizes the DHS GF rebalance position by major program area. See attachment A for the appropriation changes that will be discussed throughout this document. Together the issues DHS has at this time are a projected need of $7.34 million GF.

<table>
<thead>
<tr>
<th>Program General fund in Millions</th>
<th>December 2018 Rebalance Request</th>
<th>Proposed LAB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging and People with Disabilities</td>
<td>1,024,318,555</td>
<td>(5,603,400)</td>
</tr>
<tr>
<td>Child Welfare</td>
<td>580,625,162</td>
<td>18,995,983</td>
</tr>
<tr>
<td>Individuals with Developmental Disabilities</td>
<td>888,816,503</td>
<td>(8,342,816)</td>
</tr>
<tr>
<td>Self Sufficiency</td>
<td>391,161,147</td>
<td>4,034,609</td>
</tr>
<tr>
<td>Vocational Rehabilitation</td>
<td>29,533,924</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>282,932,108</td>
<td>(1,740,485)</td>
</tr>
<tr>
<td>Total GF</td>
<td>3,197,387,399</td>
<td>7,343,891</td>
</tr>
</tbody>
</table>

Program Rebalance Details
This section contains details on the Department's updated budget position by program area (see attachment B for caseload change details from Spring 2018 to Fall 2018).
Aging and People with Disabilities (APD)
APD has a net savings of ($5.6) million in GF based on the following issues.

- An anticipated increase in Estates Recovery will bring in an additional $3.50 million in revenue to offset ($3.50) million GF.
- Over the biennium APD has achieved a higher than budgeted federal match rate related to doing medical eligibility. This is anticipated to save ($2.37) million GF.

APD also requests corresponding Other and Federal Funds limitation changes for the actions above, netting to $3.5 million in other funds limitation and an increase in Federal Funds limitation of $177k.

APD also has portions of several technical adjustments that move positions to APD from other areas of the department or realigning the budget in actions that while are a “cost” to APD of $234k GF and net to $0 GF and Total Fund (TF) impact agency wide.

Intellectual and Developmental Disabilities (I/DD)
While a budget of great concern early in the biennium due to the unspecified $12 million-dollar reduction, this budget has hopefully turned a corner. Management actions have led to the final reduction of $4.7 million of the original $12 million and a bit more. Current projections and updates based on the new forecast now show a savings in I/DD of a net ($8.34) million GF based on the following issues:

I/DD had a net remaining challenge of $4.7 million GF due to the miscellaneous reduction. In addition, there is a moderate need of $0.90 million due to changes in the caseload forecast.

These are offset by the following:
The main driver of savings has been the result of a concerted effort on the part of DHS Management, CDDPs and Brokerages to increase the participation rate of those eligible for Medicaid reimbursement. By being more diligent in assessing Medicaid eligibility there are anticipated savings of a net ($10.01) million between program and case management activities. Reductions in cost per case are projected to save ($1.56) million GF. Finally, it is projected that SACU will achieve ($2.80) million in savings due to getting a better match rate on certain activities.

I/DD has one technical adjustment that while “saves” I/DD ($100k) GF is net $0 GF and TF agency wide.

I/DD is also requesting $50k in other funds limitation as well as an increase of federal fund limitation by $13.69 million. The increase in federal fund limitation is primarily tied to the participation rate savings.

Child Welfare (CW)
Child Welfare has been the most challenging budget to manage in 2017-19. Due to needs and unbudgeted requests for changes in service delivery models CW has a net GF need of $19.00 million based on the following issues.

- Anticipated shortfall in the Title IV-E Waiver capped allocation of $1.55 million TF. The assumption at the establishment of the Waiver was that the foster and residential care caseloads would go down, freeing up IV-E funds to pay for Waiver projection interventions (SPRF and the LIFE intervention). However, IV-E eligible foster and residential care caseloads have not gone down, and we anticipate a small shortfall in 2017-19.
- Budget shortfall in personal services in child welfare delivery of $1.61 million GF primarily driven by overtime costs. Management is actively pursuing ways to limit overtime while still providing safe child placements. This includes an assumption of $6.43GF in Personal Services
for the projected needs of the Oregon Child Abuse Hotline (ORCAH) due to anticipated increases in calls with implementation of the central hotline based on the experience of other states.

- **Budget shortfall in service and supplies in Child Welfare Delivery of $10.75 million GF.** This is primarily driven by projected costs for the CW ORCAH of approximately $3 million GF. In addition, there is one million GF anticipated for the beginning of the SACWIS to CCWIS project to make the current ORKIDS system compliant with new requirements of the federal government. This is the beginning of a multiyear project required by the federal government. DHS has also seen a spike in in-state travel costs due to increased transportation and training travel costs. DHS is working on better ways to E-meet and E-Train to reduce in-state travel costs.

- **Budget shortfall in CW Design Personal Services of $3.51 million GF.** The overage in personal services in CW Design is due primarily to Double Fills (DFs). CW Design currently has about 75 DFs (this number fluctuates a bit at any point in time). These DFs are necessary to support field staff due to increased field workload and increase in complexity of issues within that workload. Additional staff were also necessary to support central office adoptions and interstate compact (ICPC), who have increased workload and have federally required timelines. These positions are not earned with other staff in the workload model.

- **Budget shortfall in CW Design S&S of $9.5 million GF.** This is primarily due to a shortfall in GF on the CW AAG line item. Over time fund splits in this category have gotten off course from actual expenditures. This is not an issue of DOJ overcharging DHS. It is that the GF in the budget is lower than actual expenditures. Therefore, this budget shows a savings in FF and a problem in GF. The FF does not exist to offset the GF problem. This is a structural problem with the DHS CW AAG budget line that will continue to be an issue if not corrected. The current issue is $5.67 million GF. There is also a projected shortfall in professional services of $3.7 million GF. These represent the vast majority of the Design issue. This was identified as a risk in the December 2017 rebalance letter.

These are partially offset by the following:

- **Savings in the enhanced supervision budget.** Over time the expenditures for enhanced supervision have been coded to regular foster care. They are therefore captured in the Cost per Case calculations for regular foster care. However, this budget has not been adjusted accordingly in the past. This leads to GF savings of ($6.90) million.

- **Permanency caseload is slightly down from Spring forecast causing a slight savings of ($1.16) million.

CW also has a series of Technical adjustments that add to a net $0 GF and TF agency wide. The impact of these technical adjustments is a “cost” to CW of $130k GF.

**Self Sufficiency (SSP)**

Self Sufficiency has a net need of $4.03 million GF. There are three challenges, one of which is other funds only. The first is a request for $1.98 million GF for increased TANF Basic and TANF UN caseloads based on the most recent forecast. While remaining at low levels we are beginning to see a flattening or slowing decline in these caseloads. The second is related to the maintenance and operations of the ONE system. After further analysis based on actual expenditure history it was identified that there was an overestimation of the 90/10 match available and an underestimation of the 75/25 match. This leads to a need of $2.32 million GF. The third “challenge” to the DHS budget is a request for other funds limitation related to cover all kids in the Oregon Health Plan. This is a onetime other funds only request of $1.6 million as a transfer into DHS from OHA for these outreach services in 2017-19.
The remaining items in SSP are technical adjustments that add to $0 GF and TF for the agency. Again, here mostly due to positions being moved to better align with business need. These actions “save” SSP an additional ($274k).

As there are no savings in TANF the requirements of the budget note in HB 5006 (2017) are not at issue during this rebalance.

**Vocational Rehabilitation (VR)**
VR has no issues for the 2017-19 rebalance and believes that it can avoid an order of selection in 2017-19 at this point. The Order of selection must be planned for about 6 months in advance and is dependent on three factors. First, funding, second, staffing and finally, service availability. At this point DHS does not anticipate entering an order of selection in 2017-19. However, as caseloads rise and staffing levels remain stagnant there may be issues in the near future that VR will need to consider.

**Central Services**
Central services have a series of technical adjustments that add to $0 GF and TF agency wide. This creates a “cost” to Central services of $246k. These are all related to movement of positions from other programs to central services to better align budget with how the work is being done.

**Statewide Assessments and Enterprise-wide Costs (SAEC)**
SAEC is anticipating to save a net ($1.99) million GF.

SAEC has a net savings of ($1.75) million GF between the various puts and takes within the SAEC Budget. This budget includes items such as State Government Service Charges, Enterprise Technology Services (ETS), Information Technology Direct Services (Computer replacements), Shared Services Funding, facilities rent and projects and other statewide assessments and enterprise wide charges to DHS.

SAEC also has a portion of the technical adjustments that net to $0 GF and TF agency wide relating to the SAEC portion of the position movements described in other sections. This leads to a net “savings” to SAEC of ($240k) GF.

**Shared Services**
Shared Services has one other fund “challenge” of $45.0k in OF limitation related to double booked other funds limitations needed for the transfer of a position from Self Sufficiency to the Office of Payment Accuracy and Recovery (OPAR) which is a shared service. This is offset by “savings” related to transfer of positions from shared services to program to better align budget to services being provided.

**Risks**
Outside the normal risks of normal increases in costs per case or caseloads, in DHS programs there are several other significant risks to the DHS budget in 17-19:

- I/DD caseloads and cost per case continue to be somewhat volatile but appear to be more in line with forecast. While it appears this starting to plateau, the risk remains that the caseload forecast is low and/or cost per case rises during the biennium.
- Other caseloads and costs per case are also a risk to the DHS budget.
- The risk that the Secretary of State allowable costs to the federal government is lowered compared to what is assumed at LAB. DHS has received billings that do not align with the budgeted amounts assumed to be federal funds. More performance audits are being performed than compliance audits. Performance audits are not federally match able. The Secretary of State
has provided through the price list an estimated split between federally reimbursable audits and non-federally reimbursable audits. The GF only audits have so far been the majority of audits being performed by the SOS. This rebalance assumes the higher GF split based on actuals so far this biennium.

- The 15% admin cap in TANF is a significant risk to the DHS budget. As spending on TANF programs drop, so does the 15% cap. This means that any spending above the cap must be moved to the General Fund. DHS is monitoring this issue closely.
- Possible changes to TANF regulations that would prevent any TANF being spent in CW and would eliminate third party Maintenance of Effort (MOE). This could impact this biennium in a negative way. TANF is under the current federal continuing resolution that expires on December 7th. Proposed changes to TANF may have significant impacts on this biennium and into the future.
- The impact of “pay equity” has not been determined for DHS yet. DHS has assumed an impact of $5 million GF in anticipation of pay equity. DHS will not know the true impact of pay equity until later this year. This may be more or less than the actual impact.
- SAEC has outstanding issues in most usage-based areas of the state government service charge and ETS services. DHS has accounted for some higher than budgeted costs in this rebalance. However, if additional increases in usage-based fees continues there may still be an issue for DHS in closing it’s 17-19 budget.
- TANF penalty for 2007. This penalty has been levied by the Federal Government for not meeting work requirements in the TANF program in 2007. DHS recently received another letter providing appeal rights before reducing the FFY 2020 grant and requiring GF backfill of that amount. It is unlikely that this will occur in 17-19 based on the most recent letter. DHS is filing another appeal to this penalty of over $7.0 million.
- $10,500,000 Administration on Children and Families (AFS) disallowance finding from the 2013 Secretary of State Audit of Title IV-E Foster Care and Adoptions Assistance. The disallowance is currently with the Department of Appeal Board. DHS Child Welfare has provided significant documentation to ACF that demonstrates that all the federal funds were refunded in FFY 2014 but the issue is still ongoing with the federal government. DHS believes it has provided sufficient documentation to avoid this disallowance, but the federal government has not yet come to the same conclusion. DHS is still in process of appealing this disallowance. If unsuccessful DHS may have to repay the Federal Government this biennium. This is not assumed in the current rebalance numbers.
- Family First legislation, DHS is still waiting on federal guidance as to what can and can’t be charged to 4-E under the new regulations. It is uncertain at this time as to the impact in this or future biennium until further guidance is received.

**Conclusion**

DHS looks forward to working with the Legislature to address the budget issues outlined in this report and will continue to work with the Legislative Fiscal Office on the budget and outstanding issues to ensure that the Legislature has the information it needs to make decisions about this rebalance report and request. As will be set out in a separate letter, DHS will also be making two other requests. First is for the $2.5 million SPA for Child Welfare. Second will be for some other funds limitation to allow hospitals to collocate, at the hospitals expense, caseworkers directly in the hospital with the goal of reducing the length of stay of the person in the hospital and expedite the transition to a more appropriate and presumably less costly placement.
<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>PROPOSED LEGISLATION / SECTION</th>
<th>Appr #</th>
<th>FUND TYPE</th>
<th>REBALANCE ADJUSTMENTS</th>
<th>NET ADJUSTMENTS</th>
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<th>FTE</th>
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<td>87401</td>
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<td></td>
<td>ch 702 sec105</td>
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<td></td>
<td>ch 597 3(1)</td>
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<td>Federal</td>
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<td>Shared Services</td>
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<td>28,958,748</td>
<td>28,958,748</td>
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<td>APD/IDD</td>
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<td>General</td>
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<td>Federal Non-Limited</td>
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<td>726,544</td>
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### Attachment B

#### Total Department of Human Services Biennial Average Forecast Comparison

<table>
<thead>
<tr>
<th></th>
<th>2017-19 Biennium</th>
<th>% Change Between Forecasts</th>
<th>Fall 2018 Forecast</th>
<th>% Change Between Biennia</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Spring 18 Forecast</td>
<td>Fall 18 Forecast</td>
<td>2017-19</td>
<td>2019-21</td>
</tr>
<tr>
<td><strong>Aging &amp; People with Disabilities</strong></td>
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<tr>
<td>Long-Term Care: In Home</td>
<td>19,172</td>
<td>18,754</td>
<td>-2.2%</td>
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<tr>
<td>Long-Term Care: Community Based</td>
<td>11,887</td>
<td>11,803</td>
<td>-0.7%</td>
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<tr>
<td>Long-Term Care: Nursing Facilities</td>
<td>4,348</td>
<td>4,347</td>
<td>0.0%</td>
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<tr>
<td><strong>Child Welfare (children served)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Adoption Assistance</td>
<td>10,676</td>
<td>10,671</td>
<td>0.0%</td>
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<tr>
<td>Guardianship Assistance</td>
<td>1,918</td>
<td>1,945</td>
<td>1.4%</td>
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<td>Out of Home Care¹</td>
<td>7,717</td>
<td>7,697</td>
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<td>Child In-Home</td>
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<td>1,658</td>
<td>1.1%</td>
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<td><strong>Intellectual and Developmental</strong></td>
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<tr>
<td>Total Case Management Enrollment²</td>
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<td>27,780</td>
<td>-0.6%</td>
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<td>Total IDD Services³</td>
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<td>18,919</td>
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<td><strong>Self Sufficiency</strong></td>
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<tr>
<td>Supplemental Nutrition Assistance Program (Households)</td>
<td>364,346</td>
<td>365,997</td>
<td>0.5%</td>
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<td>Temporary Assistance for Needy Families (Families: Cash/Grants)</td>
<td>18,520</td>
<td>18,840</td>
<td>1.7%</td>
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<tr>
<td><strong>Vocational Rehabilitation</strong></td>
<td>10,357</td>
<td>10,536</td>
<td>1.7%</td>
<td>10,536</td>
</tr>
</tbody>
</table>

1. Includes residential and foster care.
2. Some clients enrolled in Case Management do not receive any additional IDD services.
3. Total IDD services will not include Brokerage Enrollment. Brokerage Enrollment caseload forecast was discontinued beginning Fall 2017.
Analysis

Item 18: Department of Human Services
Child Welfare

Analyst: Laurie Byerly

Request: Allocate $2,500,000 from the special purpose appropriation made to the Emergency Board for the Department of Human Services’ child welfare program.

Analysis: HB 5201 (2018), the omnibus 2017-19 budget reconciliation bill passed during the 2018 legislative session, set aside $2.5 million General Fund in a special purpose appropriation to the Emergency Board for Child Welfare (CW). Budget report language stated the program could access the funding for developing and implementing its action plan to improve child safety, stabilize the workforce, and help foster families. The Department of Human Services (DHS) is now requesting the funding; the agency’s plan has two components:

Retiree Caseworker Relief Pool – Spend approximately $1.5 million on a pilot project, running from January through June 2019, that would tap retired caseworkers to fill in behind caseworkers that are out on leave or fill other staffing gaps. The intent is to keep vital casework moving, reduce overtime costs, and hopefully alleviate some of the workload stressors that contribute to turnover.

The program has identified a potential pool of 96 caseworker retirees, along with another 47 retired managers and case aides that could also provide relief; the $1.5 million would cover costs for 37,178 relief hours (about 6,200 hours per month), travel, and administrative costs. On average, the CW program has just under 17,000 hours of leave (various types) being used each month, which is equivalent to 98 full-time positions.

The agency plans to hire a 6-month limited duration employee to coordinate the program and track data around impacts on recruitment, onboarding, retention, and training to help evaluate the pilot program. DHS indicates it should have data on pilot status and expenditures after the first quarter of 2019; these should be provided to budget and policy committees during the 2019 legislative session.

Oregon Child Abuse Hotline (ORCAH) – Spend the remainder of the funding, approximately $1 million, on costs associated with implementing a new, centralized hotline for receiving and screening reports of child abuse. Challenges facing the hotline include ensuring adequate local coverage as districts transition; meeting an ambitious timeline; carrying out an aggressive training plan; and finding budget capacity for technology enhancements and building infrastructure. While the agency did not previously receive funding to explicitly support the hotline, it has used existing budget and staff to begin the transition. Hotline costs and staffing are also expected to be discussed during development of the agency’s 2019-21 legislatively adopted budget.

Legislative Fiscal Office Recommendation: Allocate $2,500,000 from the special purpose appropriation made to the Emergency Board for the Department of Human Services’ child welfare program.
Request: Allocate $2.5 million from the Special Purpose Appropriation (SPA) made to the Emergency Board for the Department of Human Services (DHS) Child Welfare Program to create a floating pool of retired caseworkers in good standing, to be a relief pool for current staff; and to use to address cost overruns in the Oregon Child Abuse Hotline.

Recommendation: Approve the request, however allocate $1,550,000 for a child welfare relief pool for current staff, and allocate $950,000 to address the cost overruns in the Oregon Child Abuse Hotline.

Discussion: During the 2018 Legislative Session a SPA of $2.5 million was established in the Emergency Fund for the Child Welfare program to use to develop and implement its action plan to improve child safety, stabilize the workforce and help foster families.

The Department proposes to use $1,550,000 of the SPA to establish a pilot floating pool of retired caseworkers in good standing to be a relief pool for current staff. District managers would be able to request relief workers when staff is absent for two to six weeks due to FMLA/OFLA or vacation or other specific situations. The relief pool workers would have appropriate background check clearance, an Oregon employee number and security access so that they could work immediately when assigned to a location. Relief workers would agree to a geographic area in which they are willing to accept assignments. DHS also indicates the pilot will have protocols in place to prevent relief pool workers from exceeding the 1,039 hours limit on public employment.

Given the program is under significant pressures in the current biennium, the $1,550,000 is recommended for approval as one-time funding. The Governor's Recommended Budget for 2019-21 supports current staffing and adds positions based on caseload needs. If the Department is unable to fill the available positions and this program provides anticipated relief, the Department should use funding from continued vacancies to support this program.

The Department is requesting one limited duration Operations and Policy Analyst 2 position to manage the pilot. It also estimates that it could use relief workers for 37,178 hours by June 30, 2018 for a total cost of $1,550,030. The average wage would be around $40 per hour. If staff was assigned in six-week increments, the Department would need 103 relief workers. If each relief worker maxed out at 1039 hours, that would be 36 workers. The Department has identified 96 potential relief workers.

The Department is requesting the balance of the SPA, $950,000 to be used to address cost overruns during the 2017-19 biennium associated with the Oregon Child Abuse Hotline. DHS has submitted a Rebalance report to the December meeting of the Emergency Board identifying a total need for this project of $3 million General Fund. The rebalance plan identifies $2,050,000 with the remaining $950,000 being requested from the SPA.

The new 24/7 Oregon Child Abuse Hotline is a significant change in how the program does business and is driven by the need to improve child safety, and to use child welfare staff in the most efficient and effective manner. It is important that this large project have the resources it
needs to be fully functioning statewide by April 2019. That includes hotline staff, phone and information technology infrastructure and facility capacity. The budget shortfall should be addressed with the remainder of the SPA and with $2,050,000 million additional General Fund in the rebalance request. A successful Oregon Child Abuse Hotline will improve child safety across Oregon as directed in the SPA.

**Legal Reference:** Allocation of $2,500,000 from the special purpose appropriation made to the Emergency Board by Chapter 99, section 179, (Oregon Laws 2018, to supplement the appropriation made by chapter 597, section 1(2), Oregon Laws 2017, for the Department of Human Services, Child Welfare Program for the 2017-19 biennium.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Request for funding from Special Purpose Appropriation of $2,500,000 GF designated for the Child Welfare program

Dear Co-Chairpersons:

Nature of the Report
HB 5201(2018) established a new $2.5 million Special Purpose Appropriation (SPA) for the Department of Human Services to access for the Child Welfare program as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce, and help foster families.

Over the past year Child Welfare has engaged in several initiatives to improve safety, stabilize the workforce, and help foster families through modification of existing practices, enhancement of accountability and investments with our current budget capacity. This SPA now gives us the opportunity to request funds to expand our ability to look at the Child Welfare system from a different perspective and to implement ideas that are not only out of the box, but also have not been carried out in our system before.

Agency Action
Retiree Caseworker Relief Pool
Child Welfare is requesting to utilize this SPA to create a pilot floating pool of retired caseworkers in good standing, to be a relief pool for current staff. It is no surprise that Child Welfare caseworkers are over worked, carrying cases more than double what the workload model would suggest is manageable and dealing with cases that are physically and emotionally demanding. Our workforce is also made up of some of the most dedicated staff, who feel that they can’t take vacations, can’t have a work-life balance, can’t let their co-

"Assisting People to Become Independent, Healthy and Safe"
workers down and need to be there for the kids on their caseloads. These are the individuals we want in these jobs, but we need to not only help with workload relief but also to move the agency to shift the culture around work-life balance. Using retirees to fill staffing gaps will keep vital casework moving, reduce overtime costs, and alleviate the workload stressors that lead to costly staff turnover.

This workforce pool will be comprised of retirees, with a cap on hours, as a contractual agreement that at a minimum, these individuals will agree to work at non-standard locations (with an agreement as to where individuals are willing to work and how far they are willing to travel) and train on current processes. The work assigned will be caseload assistance due to caseworker absences for FMLA/OFLA, vacation leave and other types of leave, on boarding new employees, and other situations that a district can identify as needing coverage. To avoid having any retiree exceed the statutory 1,039 work-hour limitation on public employment, the agreements will be structured as 6 weeks on and 6 weeks off or “on call” according to the preference of each individual.

This pool will give Child Welfare a list of individuals willing to work, the vicinity in which they are willing and able to work, training elements that they may need and information on how many hours they can work. When a current case worker in a district submits a request for vacation/FMLA/OFLA etc., we can then retrieve the list of available coverage and call in an individual from the pool to preplan and account for needed coverage. This pool of relief workers will have CJIS clearance, an OR number and security access so that they can hit the ground running. This idea is similar to how the school system uses substitute teachers.

Utilizing this Special Purpose Appropriation to its full extent would allow us to cover an estimated 60,724 hours of work. We have conservatively estimated our ability to organize and assign relief workers at 37,178 hours, but we will strive to exceed this estimate. We believe this will be a great relief to our staff, and without requiring additional expenditures for computers, phones, larger facilities, or other accoutrements. For more details see Attachment A.

Oregon Child Abuse Hotline (ORCAH)
Given that the retiree workload relief pool is estimated to provide 37,178 hours of relief at a cost of $1,550,029.56 GF, the additional $949,970.44 GF
from the SPA, or a lesser amount if more is used for relief workers, would be used to support implementing the new 24/7 statewide Oregon Child Abuse Hotline.

**Action Requested**
Acknowledge receipt of report and approve the request of the $2,500,000 Special Purpose Appropriation for the Child Welfare program.

**Legislation Affected**
Chapter 597, section 1, subsection 2
If you have any questions, please contact Marilyn Jones at 503-945-6627.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office
    Laurie Byerly, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Cathleen Connolly, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
Attachment A
Additional Information Regarding $2.5 million Special Purpose Appropriation

1. The number of people that might be in the Pool and how many of those are in each district.
   96 potential relief pool workers, shown below by district:

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<th>District</th>
<th>Counties</th>
<th>Number of potential pool members</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Clatsop/Columbia/Tillamook</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Multnomah</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>Marion/Polk/Yamhill</td>
<td>18</td>
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<tr>
<td>4</td>
<td>Benton/Linn</td>
<td>9</td>
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<tr>
<td>5</td>
<td>Lane</td>
<td>10</td>
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<tr>
<td>6</td>
<td>Douglas</td>
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</tr>
<tr>
<td>7</td>
<td>Coos/Curry</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Jackson/Josephine</td>
<td>11</td>
</tr>
<tr>
<td>9</td>
<td>Gilliam/Hood River/Sherman/Wasco/Wheeler</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Crook/Deschutes/Jefferson</td>
<td>2</td>
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<tr>
<td>11</td>
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<tr>
<td>12</td>
<td>Morrow/Umatilla</td>
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</tr>
<tr>
<td>13</td>
<td>Baker/Union/Wallowa</td>
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<tr>
<td>14</td>
<td>Grant/Harney/Malheur</td>
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<tr>
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<td>Clackamas</td>
<td>6</td>
</tr>
<tr>
<td>16</td>
<td>Washington</td>
<td>2</td>
</tr>
<tr>
<td>ICPC</td>
<td>Central Office/Salem</td>
<td>3</td>
</tr>
</tbody>
</table>

2. What a rough protocol would look like and number of hours we think we will use before June 30, 2019.

Description of Program and Rough Protocol
A full-time OPA2 LD Coordinator will be hired to recruit, coordinate and track data related to the use of the relief worker pool. This position will be maintained through June 30, 2019.

To facilitate assignment of Relief workers, the Coordinator will establish and maintain a data system to track the Relief pool’s availability, and the
deployment of Relief workers (location, duration, role) when they are active. Other data to be tracked will include recruitment, onboarding, training, retention and impact. Final data analysis and reporting will be transitioned to a permanent employee before the Relief worker position terminates.

The Coordinator will be responsible for contacting the potential pool and recruiting for the Relief work. Recruitment will be informed by input from local managers from the districts of retirement regarding the advisability of rehire for this effort (this has been completed). The Coordinator will be primarily responsible for the onboarding of those identified for rehire. Directly or in partnership with field office managers, this position will ensure that they are supported to expeditiously complete:

- Paperwork necessary for rehire
- Forms related to CJIS clearance
- Required training, if needed
- Local onboarding processes to achieve computer, OR-Kids and other necessary access, clearance and access will stay with the relief workers for the duration of the project.

When a field office is in need of Relief worker support, the Program Manager will contact the Coordinator who will serve in a dispatcher role, seeking Relief work resources who are available, assigning them, notifying the requester and providing support related to travel as needed.

Field managers and the members of the Relief pool may contact the Coordinator should they have concerns about the work of the Relief worker that are not resolved directly in the field office. The Coordinator will document concerns for tracking purposes and involve the designated central office manager responsible to seek resolution. After seeking resolution, the designated manager will notify the Coordinator of the outcomes to inform the ongoing use of that individual relief worker.

It is anticipated that the Coordinator will assign Relief workers for periods of 2-6 weeks, although local managers may request other durations, which will be handled case by case.
For most candidates, CJIS clearance is now being accomplished within about 10 days. CJIS clearance, reassignment of OR#s and etc. may take a longer with the influx of these Relief worker positions, since the intent is to bring them all on board as quickly as possible, so they are prepared to be assigned in the field as needed.

Estimated number of hours to be used: 37,178.
Analysis

Item 18: Department of Human Services

Child Welfare

Analyst: Laurie Byerly

Request: Allocate $2,500,000 from the special purpose appropriation made to the Emergency Board for the Department of Human Services’ child welfare program.

Analysis: HB 5201 (2018), the omnibus 2017-19 budget reconciliation bill passed during the 2018 legislative session, set aside $2.5 million General Fund in a special purpose appropriation to the Emergency Board for Child Welfare (CW). Budget report language stated the program could access the funding for developing and implementing its action plan to improve child safety, stabilize the workforce, and help foster families. The Department of Human Services (DHS) is now requesting the funding; the agency’s plan has two components:

Retiree Caseworker Relief Pool – Spend approximately $1.5 million on a pilot project, running from January through June 2019, that would tap retired caseworkers to fill in behind caseworkers that are out on leave or fill other staffing gaps. The intent is to keep vital casework moving, reduce overtime costs, and hopefully alleviate some of the workload stressors that contribute to turnover.

The program has identified a potential pool of 96 caseworker retirees, along with another 47 retired managers and case aides that could also provide relief; the $1.5 million would cover costs for 37,178 relief hours (about 6,200 hours per month), travel, and administrative costs. On average, the CW program has just under 17,000 hours of leave (various types) being used each month, which is equivalent to 98 full-time positions.

The agency plans to hire a 6-month limited duration employee to coordinate the program and track data around impacts on recruitment, onboarding, retention, and training to help evaluate the pilot program. DHS indicates it should have data on pilot status and expenditures after the first quarter of 2019; these should be provided to budget and policy committees during the 2019 legislative session.

Oregon Child Abuse Hotline (ORCAH) – Spend the remainder of the funding, approximately $1 million, on costs associated with implementing a new, centralized hotline for receiving and screening reports of child abuse. Challenges facing the hotline include ensuring adequate local coverage as districts transition; meeting an ambitious timeline; carrying out an aggressive training plan; and finding budget capacity for technology enhancements and building infrastructure. While the agency did not previously receive funding to explicitly support the hotline, it has used existing budget and staff to begin the transition. Hotline costs and staffing are also expected to be discussed during development of the agency’s 2019-21 legislatively adopted budget.

Legislative Fiscal Office Recommendation: Allocate $2,500,000 from the special purpose appropriation made to the Emergency Board for the Department of Human Services’ child welfare program.
Request: Allocate $2.5 million from the Special Purpose Appropriation (SPA) made to the Emergency Board for the Department of Human Services (DHS) Child Welfare Program to create a floating pool of retired caseworkers in good standing, to be a relief pool for current staff; and to use to address cost overruns in the Oregon Child Abuse Hotline.

Recommendation: Approve the request, however allocate $1,550,000 for a child welfare relief pool for current staff, and allocate $950,000 to address the cost overruns in the Oregon Child Abuse Hotline.

Discussion: During the 2018 Legislative Session a SPA of $2.5 million was established in the Emergency Fund for the Child Welfare program to use to develop and implement its action plan to improve child safety, stabilize the workforce and help foster families.

The Department proposes to use $1,550,000 of the SPA to establish a pilot floating pool of retired caseworkers in good standing to be a relief pool for current staff. District managers would be able to request relief workers when staff is absent for two to six weeks due to FMLA/OFLA or vacation or other specific situations. The relief pool workers would have appropriate background check clearance, an Oregon employee number and security access so that they could work immediately when assigned to a location. Relief workers would agree to a geographic area in which they are willing to accept assignments. DHS also indicates the pilot will have protocols in place to prevent relief pool workers from exceeding the 1,039 hours limit on public employment.

Given the program is under significant pressures in the current biennium, the $1,550,000 is recommended for approval as one-time funding. The Governor's Recommended Budget for 2019-21 supports current staffing and adds positions based on caseload needs. If the Department is unable to fill the available positions and this program provides anticipated relief, the Department should use funding from continued vacancies to support this program.

The Department is requesting one limited duration Operations and Policy Analyst 2 position to manage the pilot. It also estimates that it could use relief workers for 37,178 hours by June 30, 2018 for a total cost of $1,550,030. The average wage would be around $40 per hour. If staff was assigned in six-week increments, the Department would need 103 relief workers. If each relief worker maxed out at 1039 hours, that would be 36 workers. The Department has identified 96 potential relief workers.

The Department is requesting the balance of the SPA, $950,000 to be used to address cost overruns during the 2017-19 biennium associated with the Oregon Child Abuse Hotline. DHS has submitted a Rebalance report to the December meeting of the Emergency Board identifying a total need for this project of $3 million General Fund. The rebalance plan identifies $2,050,000 with the remaining $950,000 being requested from the SPA.

The new 24/7 Oregon Child Abuse Hotline is a significant change in how the program does business and is driven by the need to improve child safety, and to use child welfare staff in the most efficient and effective manner. It is important that this large project have the resources it
needs to be fully functioning statewide by April 2019. That includes hotline staff, phone and information technology infrastructure and facility capacity. The budget shortfall should be addressed with the remainder of the SPA and with $2,050,000 million additional General Fund in the rebalance request. A successful Oregon Child Abuse Hotline will improve child safety across Oregon as directed in the SPA.

**Legal Reference:** Allocation of $2,500,000 from the special purpose appropriation made to the Emergency Board by Chapter 99, section 179, (Oregon Laws 2018, to supplement the appropriation made by chapter 597, section 1(2), Oregon Laws 2017, for the Department of Human Services, Child Welfare Program for the 2017-19 biennium.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Request for funding from Special Purpose Appropriation of $2,500,000 GF designated for the Child Welfare program

Dear Co-Chairpersons:

**Nature of the Report**

HB 5201(2018) established a new $2.5 million Special Purpose Appropriation (SPA) for the Department of Human Services to access for the Child Welfare program as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce, and help foster families.

Over the past year Child Welfare has engaged in several initiatives to improve safety, stabilize the workforce, and help foster families through modification of existing practices, enhancement of accountability and investments with our current budget capacity. This SPA now gives us the opportunity to request funds to expand our ability to look at the Child Welfare system from a different perspective and to implement ideas that are not only out of the box, but also have not been carried out in our system before.

**Agency Action**

Retiree Caseworker Relief Pool

Child Welfare is requesting to utilize this SPA to create a pilot floating pool of retired caseworkers in good standing, to be a relief pool for current staff. It is no surprise that Child Welfare caseworkers are over worked, carrying cases more than double what the workload model would suggest is manageable and dealing with cases that are physically and emotionally demanding. Our workforce is also made up of some of the most dedicated staff, who feel that they can’t take vacations, can’t have a work-life balance, can’t let their co-
workers down and need to be there for the kids on their caseloads. These are the individuals we want in these jobs, but we need to not only help with workload relief but also to move the agency to shift the culture around work-life balance. Using retirees to fill staffing gaps will keep vital casework moving, reduce overtime costs, and alleviate the workload stressors that lead to costly staff turnover.

This workforce pool will be comprised of retirees, with a cap on hours, as a contractual agreement that at a minimum, these individuals will agree to work at non-standard locations (with an agreement as to where individuals are willing to work and how far they are willing to travel) and train on current processes. The work assigned will be caseload assistance due to caseworker absences for FMLA/OFLA, vacation leave and other types of leave, on boarding new employees, and other situations that a district can identify as needing coverage. To avoid having any retiree exceed the statutory 1,039 work-hour limitation on public employment, the agreements will be structured as 6 weeks on and 6 weeks off or “on call” according to the preference of each individual.

This pool will give Child Welfare a list of individuals willing to work, the vicinity in which they are willing and able to work, training elements that they may need and information on how many hours they can work. When a current case worker in a district submits a request for vacation/FMLA/OFLA etc., we can then retrieve the list of available coverage and call in an individual from the pool to preplan and account for needed coverage. This pool of relief workers will have CJIS clearance, an OR number and security access so that they can hit the ground running. This idea is similar to how the school system uses substitute teachers.

Utilizing this Special Purpose Appropriation to its full extent would allow us to cover an estimated 60,724 hours of work. We have conservatively estimated our ability to organize and assign relief workers at 37,178 hours, but we will strive to exceed this estimate. We believe this will be a great relief to our staff, and without requiring additional expenditures for computers, phones, larger facilities, or other accoutrements. For more details see Attachment A.

Oregon Child Abuse Hotline (ORCAH)
Given that the retiree workload relief pool is estimated to provide 37,178 hours of relief at a cost of $1,550,029.56 GF, the additional $949,970.44 GF
from the SPA, or a lesser amount if more is used for relief workers, would be used to support implementing the new 24/7 statewide Oregon Child Abuse Hotline.

**Action Requested**
Acknowledge receipt of report and approve the request of the $2,500,000 Special Purpose Appropriation for the Child Welfare program.

**Legislation Affected**
Chapter 597, section 1, subsection 2
If you have any questions, please contact Marilyn Jones at 503-945-6627.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office
    Laurie Byerly, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Cathleen Connolly, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
Attachment A
Additional Information Regarding $2.5 million Special Purpose Appropriation

1. The number of people that might be in the Pool and how many of those are in each district.
   96 potential relief pool workers, shown below by district:

<table>
<thead>
<tr>
<th>District</th>
<th>Counties</th>
<th>Number of potential pool members</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Clatsop/Columbia/Tillamook</td>
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<tr>
<td>2</td>
<td>Multnomah</td>
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<tr>
<td>3</td>
<td>Marion/Polk/Yamhill</td>
<td>18</td>
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<td>4</td>
<td>Benton/Linn</td>
<td>9</td>
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<td>5</td>
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<td>6</td>
<td>Douglas</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Coos/ Curry</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Jackson/Josephine</td>
<td>11</td>
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<tr>
<td>9</td>
<td>Gilliam/Hood River/Sherman/Wasco/Wheeler</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Crook/Deschutes/Jefferson</td>
<td>2</td>
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<tr>
<td>11</td>
<td>Klamath/Lake</td>
<td>2</td>
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<tr>
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- Paperwork necessary for rehire
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Estimated number of hours to be used: 37,178.
Analysis

**Item 19: Department of Human Services**

**Nursing Facility Complaint Investigations**

**Analyst:** Laurie Byerly

**Request:** Allocate $255,882 from the Emergency Fund, increase the Federal Funds expenditure limitation by $969,092, and establish fifteen new full-time permanent positions (3.75 FTE) for the Department of Human Services to address a federal mandate.

**Analysis:** On November 15, 2017, the federal Centers for Medicare and Medicaid Services (CMS) informed the Department of Human Services (DHS) that the agency’s long-standing practice of splitting nursing facility complaint investigations between the Nursing Facility Survey Unit (NFSU) and local Adult Protective Services (APS) was unacceptable. That process divided the workload based on the types of allegations, with NFSU investigating only certain allegations (falls, fractures, pressure ulcers, hospitalizations, deaths, and restraints) and APS investigating abuse allegations. Per CMS directive, NFSU must handle screening, triage, and investigation of all nursing facility complaints.

Over the last year DHS worked with CMS on a plan that would gradually transition all investigations to NFSU. Initially, CMS seemed to support that plan, but in mid-October CMS reversed course and told DHS to make the full transition as of October 29, 2018. The agency complied with that directive and local APS offices began sending all nursing facility complaints to NFSU on that date. To manage the complaint workload in the short-term, NFSU is prioritizing complaints and abuse investigations over annual recertification surveys. This is expected to increase survey intervals beyond maximum thresholds, which puts the program at risk for federal penalties.

The agency’s funding request supports, effective January 1, 2019, 12 surveyor positions, a manager, a policy analyst, and an administrative support position. Moving staff or positions from APS to NFSU to follow the complaint work is not feasible because NFSU surveyors are classified differently from APS staff and have other training or certification requirements; for example, some positions must be filled by registered nurses. The NFSU investigation process has more elements and shorter timelines than the APS system. Funding for the work is split between state (25%) and federal (75%) funding.

DHS will also need a budget adjustment during the upcoming legislative session to address 2019-21 costs; the biennial estimate for these positions is $993,087 General Fund ($5,026,892 total funds). A portion of the General Fund cost could potentially be covered by savings in APS due to the shift of work away from those offices if complaint and workload data support that premise.

**Legislative Fiscal Office Recommendation:** Allocate $255,882 from the special purpose appropriation made to the Emergency Board for Oregon Health Authority or Department of Human Services budget challenges, increase the Federal Funds expenditure limitation by $969,092, and authorize establishment of 15 permanent full-time positions (3.75 FTE), for the Department of Human Services to comply with a federal directive on nursing facility complaint investigations.
Request: Allocate $255,882 from the State Emergency Fund and increase Federal Funds expenditure limitation by $969,092 to establish 15 positions (3.75 FTE) within the Adults and People with Disabilities program in the Department of Human Services, to comply with a Centers for Medicare and Medicaid Services (CMS) directive regarding screening, triage and investigation of all nursing facility complaints.

Recommendation: Approve the request, with the following modification: Allocate the $255,882 General Fund from the Special Purpose Appropriation made to the Emergency Board for the Department of Human Services and Oregon Health Authority for budgetary challenges.

Discussion: For years, the Department of Human Services (DHS) Nursing Facility Survey Unit (NFSU) has shared the Nursing Facility complaint process with the local Adults and People with Disabilities and Area Agencies on Aging Adult Protective Service investigators. The Centers for Medicare and Medicaid Services (CMS) has been aware of this practice for many years. While DHS divided the workload for the types of allegations, having the Nursing Facility Survey Unit investigate certain types of allegations (falls, fractures, pressure ulcers, hospitalizations, restraints, and death), the remaining types abuse allegations (financial, verbal/mental, sexual, and involuntary seclusion) were investigated by Adult Protective Service investigators.

On November 15, 2017, the Centers for Medicare and Medicaid Services informed the Adults and People with Disabilities that the division of labor was no longer acceptable. In response, the Adults and People with Disabilities submitted a short-term plan to the Centers for Medicare and Medicaid Services on December 19, 2017. The plan allowed for a gradual transition, to provide the Nursing Facility Survey Unit with time to increase staffing and capacity. After negotiating terms of the plan, the Centers for Medicare and Medicaid Services indicated acceptance on March 3, 2018. Then in June 2018, the Adults and People with Disabilities staff contacted CMS to request a change to the plan due to the implementation of the Centralized Abuse Management System. According to DHS, the Centers for Medicare and Medicaid Services accepted this change with an email confirmation. In October 2018, in a call between the Centers for Medicare and Medicaid Services and the Adults and People with Disabilities, the Centers for Medicare and Medicaid Services requested that all calls related to screening for abuse allegations at Nursing Facilities be handled directly by the Nursing Facility Survey Unit. As DHS was educating the Adult Protective Service investigators to comply with this request, the Centers for Medicare and Medicaid Services called the Adults and People with Disabilities on October 17, 2018 and explained that they had not fully understood “key elements” of the short-term plan, even though they had approved the plan, and Adult Protective Service investigators in the field were no longer able to investigate claims of abuse at Nursing Facilities. In that call, the Centers for Medicare and Medicaid Services instructed the Adults and People with Disabilities to request, as of October 29, 2018, all complaints related to screening for abuse allegations at Nursing Facilities be conducted by the Nursing Facility Survey Unit. Finally, the Adults and People with Disabilities must provide the Centers for Medicare and Medicaid Services with an update on a long-term plan by December 3, 2018.

For staffing, the short-term plan required the development, recruitment, hiring and training for intake purposes. Under the direction of the Centers for Medicare and Medicaid Services, the Nursing Facility Survey Unit has to be completely responsible for all complaints of abuse occurring at Nursing Facilities. This requires additional staff and capacity within the unit to
accomplish what the Centers for Medicare and Medicaid Services expects of the program. The request is for twelve Surveyor positions (six of which must be Registered Nurses to meet federal requirements), one Administrative Support position, one Operations and Policy Analyst 3 position, and one Principal Executive Manager D position. The Governor’s Budget includes funding for the roll up of the FTE related costs in the 2019-21 biennium.

**Legal Reference:** Allocate $255,882 General Fund from the Special Purpose Appropriation made to the Emergency Board for the Department of Human Services and Oregon Health Authority for budgetary challenges in Chapter 99, section 130(1), Oregon Laws 2018, to supplement General Fund appropriation established by chapter 597(1)(3), Oregon Laws 2017, and increase the Federal Funds expenditure limitation established by chapter 597(3)(3), Oregon Laws 2017, by $969,092 for the 2017-19 biennium.
October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Staffing Request for Nursing Facility Investigators/Surveyors

Dear Co-Chairpersons:

Nature of the Request
The Department of Human Services, Aging and People with Disabilities (APD) program, requests the Legislature authorize fifteen positions to address a federal mandate imposed by Centers for Medicare and Medicaid Services (CMS) in recent weeks. This would increase the Department of Human Services’ General Fund by $255,882 and Federal Funds by $969,092.

Background
Per CMS directive, the Nursing Facility Survey Unit (NFSU) must take over screening, triage and investigation of all nursing facility complaints beginning October 29, 2018 and use federal protocol and response standards. The addition of these functions to NFSU’s current volume of work will necessitate additional staff and a reasonable timeframe for hiring and training staff to meet Federal (SMQT - Surveyor Minimum Qualifications Test) standards. CMS has already approved the majority of the funding needed for these critical positions.

NFSU has had a long-standing practice of sharing the Nursing Facility complaint process with local APD and AAA local Adult Protective Service (APS) investigators. CMS has been aware of Oregon’s practice for many years. The current process divides the workload based on the types of allegations, with NFSU investigating only certain allegations (falls, fractures, pressure ulcers, hospitalizations, deaths and restraints) and APS investigating abuse allegations. On November 15, 2017, CMS informed APD that this division of labor was no longer...
acceptable. In response, APD submitted a short-term plan on December 19, 2017, which involved a gradual transition, allowing NFSU time to increase staffing and capacity. After a number of detailed conversations and revisions to the plan, it was initially accepted by CMS on March 3, 2018. In June, APD staff connected with CMS to request a change to the plan due to the roll out of the Centralized Abuse Management system, CMS accepted this request and confirmed in email. On October 2, 2018 on a call with CMS requested that all calls taken by field offices for screening about nursing facilities come directly to the NFSU instead of what the short-term plan detailed. APD was working toward this requirement by educating the field.

However, on October 17, 2018, during another phone call, CMS apologized and relayed that they didn’t understand key elements of the short-term plan, even though it had been approved, and that we may no longer have any APS allegations investigated by field APS workers. They stated that full transition of both the screening and investigating of any complaint related to nursing facilities must be immediate and occur as of October 29, 2018.

NFSU will concentrate its resources on complaints and issues immediately impacting the safety of residents. These staff will attempt to meet state timeframes for abuse, for response and investigation, however, the emphasis will be on the Federal requirements which are different than the state timeframes.

This focus will create a gap in annual recertification survey/inspection work as we work toward recruiting, hiring and training enough staff to handle the additional workload. Over the next two years, survey intervals will increase beyond the CMS maximum thresholds of 12.9 State average and 15.9 months for any individual facility and likely result in federal penalties.

APD must provide CMS with an update on a long-term plan no later than December 3, 2018.

**Rationale**

Nursing facility practices and procedures are governed by both State and Federal law. The CMS process of investigating abuse allegations and other complaints is more systems-based and goes well beyond an inquiry regarding one individual victim. The CMS process entails looking at the facility’s systems, a sample of residents, and addresses the abuse that may have occurred through the larger lens of licensing.
Proposed Process
With legislative approval, the Department will hire the following positions to meet the need.

- 12 Surveyor positions (6 of these need to be RNs to meet federal requirements)
- 1 Administrative support staff
- 1 OPA 3 policy analyst
- 1 PEM-D level manager

Conclusion
The Department must comply with the CMS directive to cease the practice of having APS workers screen and investigate certain abuse allegations and other complaints in Nursing Facilities.

Action Requested
The Department requests position authority for 15 positions and 3.75 FTE in the NFSU and $255,882 General Fund and $969,092 in Federal Funds limitation.

Legislation Affected
Chapter 597, section 1, subsection 3
Chapter 597, section 3, subsection 3

If there are questions regarding this request, please contact Ashley Carson Cottingham at 503-947-1100 or via email at ashley.b.carson-cottingham@state.or.us.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office
    Laurie Byerly, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
    Cathy Connolly, Department of Administrative Services
Analysis

Item 20: Department of Human Services

Hospital Case Managers

Analyst: Laurie Byerly

Request: Increase the Other Funds expenditure limitation by $246,504 and authorize the establishment of four full-time permanent positions (1.00 FTE) for the Department of Human Services to embed dedicated case managers in four hospitals.

Analysis: Prior to patient discharge, Department of Human Services (DHS) and Area Agency on Aging (AAA) case managers assess and place hospitalized individuals that are potentially eligible for, and in need of, long term care Medicaid services. Primarily due to workload, case managers are often not able to transition these people as quickly as the patient, the hospital, or DHS would like. Individuals often want to leave the hospital as soon as possible, the hospital wants to avoid unnecessary costs, and DHS wants to place clients in the most appropriate setting.

Under a recent and ongoing pilot in Multnomah County, Providence St. Vincent Hospital pays the local AAA for a case manager stationed onsite at the hospital. The case manager is dedicated to the hospital’s patients; determining program eligibility for them, along with planning, authorizing, arranging, coordinating, and monitoring services. The model has been well received and four more hospitals or medical centers each want to pay the full cost of a dedicated case manager: Rogue Regency (Medford), Providence (Medford), Kaiser Permanente Westside (Hillsboro), and Kaiser Permanente Sunnyside (Clackamas).

The agency’s request supports, effective January 1, 2019, 4 case manager positions (1.00 FTE) at a cost of $246,504 Other Funds; the expenditure limitation will be supported via revenue paid by each hospital under its contract with the agency. Contracts will be negotiated once positions are approved and dollar amounts may vary based on a case manager’s actual salary or other variables.

DHS anticipates the initial agreements will run from January 2019 through June 2021, so the agency will also need a budget adjustment during the upcoming legislative session to address 2019-21 costs; the biennial estimate for these positions is $1.2 million Other Funds. Success measures for the program will be developed as part of the contracts but are expected to include metrics on the timeliness and number of intakes per month.

Legislative Fiscal Office Recommendation: Increase the Other Funds expenditure limitation by $246,504 and authorize the establishment of four full-time permanent positions (1.00 FTE) for the Department of Human Services to embed dedicated case managers in four hospitals.
Request: Increase Other Funds expenditure limitation by $246,504 to establish four positions (1.00 FTE) to be placed directly in hospitals for the Department of Human Services (DHS) Adults and People with Disabilities (APD) program.

Recommendation: Approve the request.

Discussion: Multnomah County’s Area Agency on Aging (AAA) created an agreement with two hospitals in their service area to place dedicated case management services for long-term care Medicaid recipients within those hospitals. Case managers help move patients out of the hospital in a more efficient manner and make the most appropriate placements following the hospital stay. The case managers within the hospitals are able to move patients more quickly and safely because they do not have a larger caseload to manage. Currently, many patients remain in other hospitals longer than necessary due to backlogs with DHS or other AAA Case Managers.

Subsequently, four hospitals have approached APD leadership to request dedicated case managers for their hospitals. Those hospitals are: Rogue Regency Hospital (Medford); Providence Medford Medical Center (Medford); Kaiser Permanente Westside Medical Center (Hillsboro); and Kaiser Sunnyside Medical Center (Clackamas). The hospitals have agreed to pay the costs associated with the new case managers to be placed within their facilities. The hospitals have identified a need for dedicated case managers to help discharge and transition Medicaid patients in a timely fashion. This model demonstrates good business practices for the hospitals and is a service for which they are willing to pay.

If approved, the Department will:

- Negotiate the statement of work and expectations with the hospitals.
- Calculate the “fully loaded” monthly cost of a case manager.
- Establish the not-to-exceed contract amount as the fully loaded cost.
- Execute agreement between APD and hospitals.
- Assign an existing case manager or recruit a new case manager for the contracted hospital.
- Bill the hospital on a regular basis.
- Apply revenue against incurred costs.

October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR  97301-4048

Re: Request for Other Fund limitation and four positions for case managers to be imbedded into hospitals at the hospital’s expense

Dear Co-Chairpersons:

**Nature of the Request**
The Department of Human Services, Aging and People with Disabilities (APD) program, requests the Legislature authorize four permanent human services case manager positions and increase the Department of Human Services’ Other Funds Appropriation Chapter 597, section 2, subsection 3 by $246,504 and increase position authority by 4 positions and 1.00 FTE.

**Background**
Four hospitals have approached local Aging and People with Disabilities (APD) Leadership to request dedicated case managers for their hospitals. Those hospitals include:

- Rogue Regency Hospital (Medford)
- Providence Medford Medical Center (Medford)
- Kaiser Permanente Westside Medical Center (Hillsboro)
- Kaiser Sunnyside Medical Center (Clackamas)

The hospitals have offered to pay in full the total costs incurred for the case managers as is the case with the current pilot.

“Assisting People to Become Independent, Healthy and Safe”
Rationale
Hospitals have identified a need for a dedicated case manager to transition/discharge individuals in a timelier fashion. When individuals reside longer than necessary in hospitals, additional costs are incurred by hospitals. Having a dedicated case manager to assist with Medicaid long term care service eligibility makes good business sense for the hospitals and represents a service for which they are willing to pay.

APD also benefits from this arrangement as it provides relief from current staffing challenges and facilitates placing individuals in the most appropriate setting.

Proposed Process
With legislative approval, the Department anticipates the process will work as follows:

- Negotiate the statement of work and expectations with the hospitals.
- Calculate the “fully loaded” monthly cost of a case manager.
- Establish the not-to-exceed contract amount as the fully loaded cost * number of months in contract.
- Execute agreement between APD and hospitals.
- Assign an existing case manager or recruit a new case manager for the contracted hospital.
- Bill hospital on a regular basis (e.g. quarterly).
- Apply revenue against incurred costs.

Conclusion
The Department of Human Services believes this situation results in a win-win situation for all entities involved and represents an excellent public/private partnership opportunity. A similar agreement is already in place between Multnomah County Area Agency on Aging (AAA) and two hospitals in their service area. Multnomah County reports success and satisfaction with the agreement. If this proposed agreement is as successful as anticipated, the Department may pursue additional agreements with hospitals seeking this service.
Action Requested

The Department requests position authority for four permanent human services case managers at 1.00 FTE and additional Other Funds limitation of $246,504 in 2017-19.

Legislation Affected

Chapter 597, section 2, subsection 3.

If there are questions regarding this request, please contact Mike McCormick at 503-945-6229 or via email at mike.r.mccormick@dhsoha.state.or.us.

Sincerely,

Eric Luther Moore
DHS Chief Financial Officer

cc: Laurie Byerly, Legislative Fiscal Office
    Ken Rocco, Legislative Fiscal Office
    George Naughton, Department of Administrative Services
    Tamara Brickman, Department of Administrative Services
    Cathy Connolly, Department of Administrative Services