

Human Services

PROGRAM AREA AGENCIES

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| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|------------------------|--------------------------------------|--------------------------------------|
| General Fund | \$2,387,403,503 | \$2,285,872,193 | \$2,508,773,958 |
| Lottery Funds | 5,875,507 | 5,600,000 | 7,804,844 |
| Other Funds | 1,228,564,773 | 1,145,636,235 | 1,242,626,821 |
| Federal Funds | 4,691,523,513 | 4,989,353,674 | 4,996,731,464 |
| Other Funds (Nonlimited) | 27,361,262 | 28,643,625 | 29,331,072 |
| Federal Funds (Nonlimited) | 727,645,640 | 900,682,627 | 957,102,894 |
| Total Funds | \$9,068,374,198 | \$9,355,788,354 | \$9,742,371,053 |
| Positions | 9,658 | 9,638 | 9,681 |
| Full-time Equivalent | 8,957.93 | 9,240.98 | 9,326.12 |

Overview

The Governor's recommended budget for Human Services is intended to help Oregonians be as self-sufficient as their abilities allow. The agencies within this program area provide for the health and safety of Oregon's vulnerable and low-income citizens. These services include public assistance, protecting children who have been abused, health care, mental health as well as providing for the health and safety of Oregon's seniors and people with disabilities.

The statewide revenue shortfall over the past several years has created an increased demand for the many valuable services provided by Human Service agencies. The recommended budget was crafted with an expectation to make the most efficient use of limited resources for our most vulnerable citizens. The recommended budget weighs competing budgetary pressures, and refocuses human services in the core mission of maintaining Oregon's safety net, and keeping our children safe.

Human Services

Recommended Budget

Overall, the recommended budget includes \$9.7 billion total funds for the Human Services Program Area. This is a 4.1 percent increase from the 2003-05 Legislatively Approved Budget (LAB). The recommended budget includes \$2.5 billion General Fund, which is 9.8 percent above the LAB.

Highlights of the recommended budget include:

- Services for Children. Protecting and caring for Oregon's children is one of the most fundamental services that can be provided by government. The recommended budget retains programs that will help keep children safe by protecting them from abuse and neglect. It also maintains programs that keep those children healthy and ready to learn. The recommended budget includes sufficient resources to maintain the Healthy Start program that provides voluntary home visitation and family supports for first-time parents. Oregon will screen about 45 percent of first births to identify families with high risk factors. If those families choose, the program will help connect the family to available services that will mitigate those risks.
- Health Care. The recommended budget maintains the basic framework of the Oregon Health Plan, but makes a number of changes to address the rapid growth in health care expenditures. In general, the reductions within the recommended budget fall into three main categories: managing costs within the delivery system, reducing client benefits, and finally, reducing covered populations. Taken together, these actions move toward a more sustainable Health Plan for the future.
- Seniors and People with Disabilities. The sustainability of Oregon's services to seniors and people with disabilities is also an issue being addressed in the recommended budget. With Oregon's aging population, and the approaching retirement of many baby boomers, the framework of services to seniors is critically important. The recommended budget takes several actions to slow the rate of growth for these programs, placing caps on the number of people who can be served. In general, services to existing clients are maintained, though reduced, but future growth of the program should lessen over time.

HUMAN SERVICES BENCHMARKS

Human services strive to meet the basic needs of the most vulnerable Oregonians. The following Oregon Benchmarks reflect how Oregon is doing.

Child abuse – Benchmark 50: the substantiated number of children, per 1,000, who are or are at substantial risk of being neglected or abused. Except for a slight increase in 2003, this has fallen steadily since 1992. At-risk children are being identified in greater numbers.

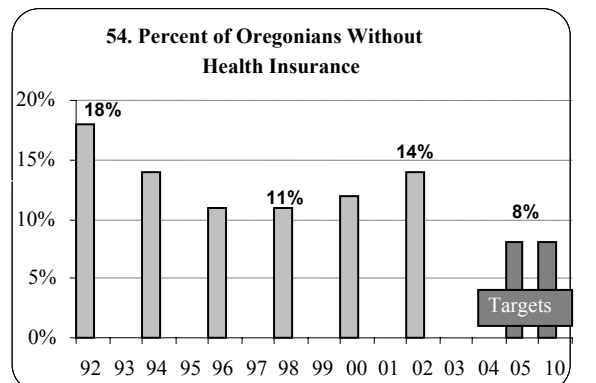
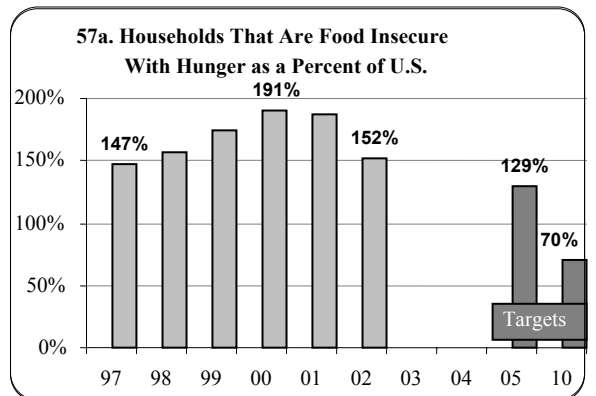
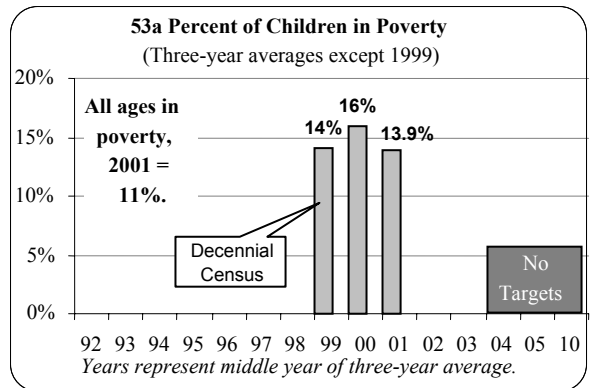
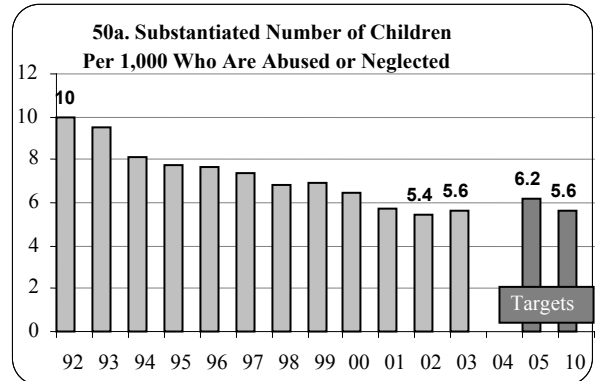
Poverty rate - Benchmark 53: percent of Oregonians with incomes below 100 percent of the federal poverty level, a. 0-17, b. 18-64, c. 65+. Proportionally, more children live in poverty than the general population. For the most recent three-year average, nearly 14 percent of children were in poverty versus 11 percent for all ages. (The Census Bureau recommends presenting this data in three-year averages.)

Hunger – Benchmark 57: Oregon’s national rank for residents who are: a. food insecure with hunger, b. food insecure. Although it had eased some since 2001, Oregon’s 2002 hunger rate remained very high – 152 percent of the national average.

Health insurance – Benchmark 54: percent of Oregonians lacking health insurance. Health insurance is required to access most health services. Lack of access increases health risks and the costs of treating more serious problems. From 1998 to 2002, the percent of Oregonians without health insurance rose steadily.

Additional human resource benchmarks include:

- **Teen pregnancy** - Benchmark 39: pregnancy rate per 1,000 females ages 15-17.
- **Prenatal care** – Benchmark 40: percent of babies whose mothers received early prenatal care.
- **Child immunization** – Benchmark 42: percent of two-year-olds who are adequately immunized.
- **Adult non-smokers** – Benchmark 44: percent of Oregonians, 18 and older, who do not smoke cigarettes.
- **Affordable child care** – Benchmark 47: percent of



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families for whom child care is affordable.

- **Teen use of alcohol, tobacco, and drugs** – Benchmark 49: percent of 8th grade students who report using alcohol, illicit drugs, or cigarettes.
- **Elder abuse** – Benchmark 51: reported elder abuse rate per 1,000.
- **Substance use during pregnancy** – Benchmark 52: percent of pregnant women who used:
a. alcohol, b. tobacco.
- **Homelessness** – Benchmark 55: percent of Oregonians that are homeless on any given night.
- **Child support** – Benchmark 56: percent of current court ordered child support paid to families.
- **Disabled employment** – Benchmark 59: percent of adults with lasting, significant disabilities who are capable of working who are employed.
- **Housing affordability** – Benchmark 73 (old 74): percent of lower-income renters and owners spending more than 30 percent of their income on housing (including utilities).

Data and reports for all Oregon Benchmarks can be found at <http://www.oregon.gov/DAS/OPB/obm.shtml>.

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COMMISSION FOR THE BLIND

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$1,219,568 | \$1,170,546 | \$1,206,100 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 2,262,705 | 2,463,120 | 2,579,710 |
| Federal Funds | 8,449,139 | 9,087,419 | 9,657,702 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$11,931,412 | \$12,721,085 | \$13,443,512 |
| Positions | 55 | 44 | 47 |
| Full-time Equivalent | 52.10 | 41.33 | 44.60 |

Overview

The Commission for the Blind is the administering agency of programs for the blind in Oregon. The agency provides vocational rehabilitation services, blind vendor management training and assistance, and employment experience through its work activity center and the Industries for the Blind. The agency is broken into five program units:

- The Administrative Services program provides central oversight, accounting, and human resource services for the agency's other programs.
- The Rehabilitative Services program provides training, counseling and guidance, and technology services for eligible legally blind clients who want to go to work or maintain their job. In addition to basic vocational rehabilitation services, this unit includes the teaching of independent living skills and the provision of transitional programming for students before they leave school. The program unit also includes services for the Older Blind that are intended to maintain their independence.
- The Business Enterprises program provides opportunities for the blind to become self-employed and obtain management experience. The blind vending program involves training in vending management. Clients who successfully complete the training then apply to manage a vending site. After placement, the blind vendors continue to receive technical assistance from the agency and are required to pay a percentage of their income into a fund, which pays for training and improvements for vendors.
- The Industries for the Blind program unit provides work experience through sheltered workshops and work activity centers. Contracts with Multnomah County provide most of the funding for the

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program. Clients who use the centers are blind and often have another disability. Work Activity Center staff are not state employees.

- The Orientation Center for the Blind program provides skills training for newly blind adults so they may remain as independent as possible. It also operates a Summer Work Experience Program for students to gain work experience and to provide an opportunity for students to have an independent living experience.

Recommended Budget

The Governor's recommended budget for the agency is \$13.4 million total funds. This is a 5.7 percent increase from the 2003-05 Legislatively Approved Budget. The recommended budget includes a 3.0 percent increase of General Fund and a 6.2 percent increase in matching Federal Funds. The higher rate of growth in Federal Funds is due to the continued use of the donations dollars as a match in order to maximize the amount of federal funding available to the agency and to comply with the maintenance of effort requirements. The Governor's recommended budget funds the existing program and restores three rehabilitation-related positions and one part-time clerical support position. These positions were eliminated during the 2003-05 biennium due to the General Fund constraints.

Revenue

A General Fund appropriation and part of the agency's Other Funds are used to match Federal Funds. The principal source of Federal Funds for the agency is the Section 110 grant under the Vocational Rehabilitation Act of 1973. These funds are matched at a 21.3 percent state funds to 78.7 percent federal funds rate. Funds for the Older Blind programs and in-service training grants are matched at a 10 percent state funds to 90 percent federal funds rate.

The agency receives Other Funds from a contract with Multnomah County for operation of the Industries for the Blind program, highway vending income, cooperative agreements with school districts, transfers from the Business Enterprise set-aside fund, donations, and interest gained from those donations. Other Funds resources from cooperative agreements, highway vending income, and the Business Enterprise set-aside fund are restricted in their use.

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STATE COMMISSION ON CHILDREN AND FAMILIES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$51,074,837 | \$43,807,497 | \$49,756,320 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 18,291,914 | 23,591,506 | 23,049,232 |
| Federal Funds | 288,658 | 377,404 | 3,825,865 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$69,655,409 | \$67,776,407 | \$76,631,417 |
| Positions | 36 | 25 | 32 |
| Full-time Equivalent | 33.90 | 23.50 | 29.50 |

Overview

The Commission on Children and Families provides a focal point for statewide partnerships to improve the quality of life for children and families in Oregon. They provide leadership and support the implementation of the local coordinated comprehensive plans for all children and family programs.

The Commission has taken a leadership role in the development of the Oregon Children's Plan, a system of services and supports for children and their families that emphasizes prevention and early intervention. All 36 counties have developed Comprehensive Plans that detail their programs and partnerships in providing local services. Counties have identified strategies to overcome gaps in their services, and are now in the process of implementing their plans.

The State Commission on Children and Families distributes state and federal funds to county commissions to support home visitation programs and community-based services. Other state partners include the Department of Education, Oregon Youth Authority, Criminal Justice Commission, and the Department of Human Services.

The Commission funds two administrative positions in each county. State staff provides program leadership, technical support, training, and coordination statewide. The Commission has a central role in implementing outcome measures and regular program evaluations, which increases accountability in the system.

The Commission will distribute the Juvenile Crime Prevention grants to all Oregon counties and Indian Tribes to support prevention services to high-risk youth. These grants had been administered by the Criminal Justice Commission in the past.

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Recommended Budget

The Governor's recommended budget for the Commission is \$76.6 million total funds. This is a 13.6 percent increase compared to the 2003-05 Legislatively Approved Budget. The increase is a result of moving the funding for the Juvenile Crime Prevention grants from the Criminal Justice Commission to the Commission for Children and Families. These grants will provide over \$9 million for prevention services to high-risk youth. These resources can be used more efficiently and effectively by combining them with other prevention services funded through the agency.

For the Commission's on-going programs, this budget maintains the state's long-run investment in prevention. It will continue to fund the basic infrastructure of the commission system. This will allow the implementation of the comprehensive plans and the leveraging of community resources to continue. The locally invested grant streams funded with General Fund have been reduced due to budget constraints. Funding has been maintained for the Healthy Start program. Overall, state funding has been reduced \$400,000 or less than one percent compared to the funding level in the 2003-05 biennium.

The following major funding areas will continue:

- Healthy Start – Provides voluntary home visitation/family support program services during the prenatal period or at the time of birth.
- Great Start – Provides grants to communities to ensure that children reach the first grade with good physical, social, intellectual, and emotional development.
- Children, Youth, and Families Grant – Provides grants to communities for research-based systems, programs or initiatives identified as priorities in the local coordinated, comprehensive plan.
- Family Preservation and Support – Provides federal grants to communities to promote family supports and maintain the family unit.
- Youth Investment – Provides federal community grants that target a population of at-risk youth with prevention and intervention services.

The budget provides \$23 million in state funds for Healthy Start to serve about 45 percent of first-birth families in all 36 counties. This program has been scaled back from a goal of serving 80 percent of first-birth families at the beginning of 2001-03, but will continue approximately the same level of service as the 2003-05 biennium.

State funding has been reduced for a number of other programs, including the locally invested grants, staffing and basic capacity for local commissions, Relief Nurseries, and agency staff.

Revenue

General Fund is the largest revenue source for the Commission. It supports most of the funding streams and staff. Most of the Commission's Other Funds are federal revenues transferred from other agencies. These include Title XX (Social Services Block Grant), Title IV-B(2) (Safe and Stable Families), and Title XIX Medicaid funds received from the Department of Human Services. The Employment Department transfers Child Care and Development Block Grants to the Commission.

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The Commission receives Federal Funds from U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, to support high-risk Juvenile Crime Prevention grants. The agency also receives a federal grant for Positive Youth Development, from the U.S. Department of Health and Human Services.

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OREGON DISABILITIES COMMISSION

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$281,641 | \$0 | \$0 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 509,749 | 694,087 | 584,797 |
| Federal Funds | 895,792 | 477,947 | 248,058 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$1,687,182 | \$1,172,034 | \$832,855 |
| Positions | 6 | 5 | 4 |
| Full-time Equivalent | 5.20 | 4.00 | 3.00 |

Overview

The Oregon Disabilities Commission seeks to create an environment in the state of Oregon in which people with disabilities are active and equal participants by:

- Advocating for people with disabilities. This includes assisting in the location of appropriate services and resources, and acting as a clearinghouse and primary point of contact.
- Providing technical consultation to local and state building code officials, architects, and business owners on structural code and accessibility requirements.
- Coordinating sign language interpreters and captioners for state agencies.
- Assisting agencies in complying with the Americans with Disabilities Act by providing training and technical assistance.
- Overseeing the federal grant for the Client Assistance Program (CAP), which provides counseling and advocacy for clients who receive services from the Department of Human Services Vocational Rehabilitation Division, the Commission for the Blind, and independent living centers.
- Overseeing the federal grant for Technology and Access for Life Needs (TALN), which assesses individual needs, provides information, and helps people with disabilities find technology that will assist with their activities of daily living. These federal funds were not included in the Governor's Recommended Budget due to the scheduled sunset of the grant on March 31, 2005. However, the Commission recently learned that President Bush signed the Assistive Technology Act of 2004 reauthorizing the grant and removing the sunset provision.

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Recommended Budget

The Governor's recommended budget for the Disabilities Commission is \$832,855 total funds. This is a 28.9 percent decrease from the 2003-05 Legislatively Approved Budget. Approximately two-thirds of the decrease is due to the assumed sunset of the TALN grant. The remainder of the decrease is due to the elimination of one staff position. This action was taken to achieve a balanced budget. However, the Commission is directed to develop a long-term sustainability strategy.

Revenue

The Commission receives Other Funds from contracts with state agencies to coordinate interpreters and training for the Deaf and Hard of Hearing Access Program and to support the annual Youth Leadership Forum. Other Funds revenue supports 70.2 percent of the Governor's recommended budget.

The Commission also receives a federal grant from the U.S. Department of Education for CAP, which is anticipated to remain constant. Federal Funds in the CAP grant support 29.8 percent of the Commission's budget.

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DEPARTMENT OF HUMAN SERVICES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$2,333,137,095 | \$2,224,599,205 | \$2,429,486,799 |
| Lottery Funds | 5,875,507 | 5,600,000 | 7,804,844 |
| Other Funds | 1,185,207,091 | 1,084,634,476 | 1,160,374,908 |
| Federal Funds | 4,681,889,924 | 4,979,410,904 | 4,982,999,839 |
| Other Funds (Nonlimited) | 27,361,262 | 28,643,625 | 29,331,072 |
| Federal Funds (Nonlimited) | 727,645,640 | 900,682,627 | 957,102,894 |
| Total Funds | \$8,961,116,519 | \$9,223,570,837 | \$9,567,100,356 |
| Positions | 9,473 | 9,500 | 9,533 |
| Full-time Equivalent | 8,813.94 | 9,108.65 | 9,184.52 |

Overview

The Department of Human Service (DHS) serves tens of thousands of Oregonians with a broad array of social services through over 200 programs. These services are delivered through a network of state offices, county and local governments, private non-profit entities, and health plans. The Department is responsible for services to Oregon's low-income and vulnerable citizens. Those services include public assistance, protective services, public health, health care, mental health, vocational rehabilitation, long-term care for seniors and people with physical and/or other disabilities, and alcohol and other drug abuse treatment.

The mission of DHS is to assist people to become independent, healthy, and safe. The four agency goals are:

- People are living as independently as possible.
- People are healthy.
- People are safe.
- People are able to support themselves and their families.

DHS is comprised of four program clusters:

- Department Wide Support Services (DWSS): This area provides overall guidance and direction to DHS leading the agency to become more client-focused and driven to achieving better outcomes through strong and accountable management of resources. The DWSS cluster provides consistent and coordinated administrative services including information technology, human resources, forecasting and finance and policy analysis.
- Children, Adults, and Families (CAF): This cluster provides policy and program support for benefits and services to help low-income families become self-sufficient. It also includes all of the field

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offices which deliver services to the clients. These services focus on supporting people to prepare for, find, and keep jobs. This area also assists in protecting children from abuse and neglect, securing foster care for those who are abused or neglected, providing residential treatment for children with special needs, teaching parents how to care for and protect their children, and arranging adoptions for children.

- **Health Services (HS):** This area works through county health departments to protect, promote, and preserve all Oregonians' health. Core public-health functions include preventing epidemics and controlling disease, ensuring safe food and water, and promoting healthy behaviors. This area also manages the Medicaid component of the Oregon Health Plan. The Oregon Health Plan also included a variety of private health insurance reforms that are included within Oregon Revised Statutes, but not directly administered by DHS. HS is also the state's primary coordinator of services to help Oregonians with alcohol and other drug-abuse problems.
- **Seniors and People with Disabilities (SPD):** SPD serves seniors and people with disabilities to assure that the poorest adult Oregonians have the necessities of food, shelter, and medical care. They provide an array of long-term care resources and protective services to vulnerable adults. Assisting people with disabilities to achieve and maintain employment and independence is another priority of this area.

Recommended Budget

The Governor's recommended budget for DHS is \$9,567.1 million total funds, which represents a 3.7 percent increase from the 2003-05 Legislatively Approved Budget. The recommended budget includes \$2,429.5 million General Fund, which is 9.2 percent above the Legislatively Approved Budget. A detailed description of the Governor's recommended budget for DHS is included in the four program cluster summaries that follow.

Revenue

The Department's recommended budget is 25.4 percent General Fund, 12.4 Other Funds, and 62.1 percent Federal Funds.

Details about the sources of these funds are included in each of the four program cluster summaries that follow.

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DEPARTMENT WIDE SUPPORT SERVICES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$67,438,740 | \$108,486,592 | \$118,595,450 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 54,081,700 | 39,845,084 | 60,807,132 |
| Federal Funds | 137,663,271 | 219,500,992 | 231,084,842 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$259,183,711 | \$367,832,668 | \$410,487,424 |
| Positions | 884 | 918 | 930 |
| Full-time Equivalent | 871.13 | 914.51 | 920.38 |

Overview

The Department of Human Services (DHS) Department Wide Support Services (DWSS) provides coordinated administrative services to all areas of the Department. Its core functions include Administrative Services, Finance and Policy Analysis, Office of Information Services, and Office of the Director. The services provided by all of these units support and benefit the entire department.

- Administrative Services brings a Department-wide approach to communications, contracts and procurement, facilities, financial services, human resources, and information technology services.
- Finance and Policy Analysis provides fiscal and policy analysis on issues related to DHS budget and operations. This includes caseload and cost-per-case forecasting, development and monitoring of the Department's budget, and the development and coordination of rates paid to providers.
- Office of the Director provides overall guidance and direction to DHS. Several other services also reside in the Office of the Director including the Governor's Advocacy Office, Audit and Consulting services, and tribal relations.

In addition, DWSS serves customers external to the Department including other state agencies, the Governor's Office, the Legislature, and local governments.

Recommended Budget

The Governor's recommended budget for DWSS is \$118.6 million General Fund and \$410.5 million total funds. The budget includes funding for the development, maintenance, and execution of a \$9.6 billion budget; preparation of forecasts for major caseload driven programs in adult and child welfare, health services, and seniors and people with disabilities; development and maintenance of information systems

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critical to the core business functions of client eligibility, benefits, and case management; research and evaluation; training of over 9,500 employees; and human resource services for over 9,500 employees in more than 160 locations statewide.

Two of the more significant information technology projects include the Medicaid Management Information System (MMIS) and the Statewide Automated Child Welfare Information System (SACWIS). The replacement of MMIS, which supports Medicaid administration and payments is a critical on-going multi-biennia effort. To comply with federal requirements, DHS must also replace SACWIS which supports the child welfare program.

Revenue

The cluster's recommended budget is 28.9 percent General Fund, 14.8 percent Other Funds, and 56.3 percent Federal Funds. Other Funds come from various Public Health grants. Federal Funds support the administrative costs related to Medicaid, Food Stamps, Temporary Assistance to Needy Families, Title IV-E Foster Care and Adoption Assistance, Basic 110 grant for Vocational Rehabilitation, and Title XX Social Services Block Grant.

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CHILDREN, ADULTS AND FAMILIES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|------------------------|--------------------------------------|--------------------------------------|
| General Fund | \$245,692,208 | \$182,279,231 | \$413,341,571 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 147,780,735 | 118,689,620 | 134,881,920 |
| Federal Funds | 789,579,409 | 484,997,574 | 755,470,030 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 648,585,091 | 819,892,538 | 874,373,843 |
| Total Funds | \$1,831,637,443 | \$1,605,858,963 | \$2,178,067,364 |
| Positions | 203 | 223 | 4,257 |
| Full-time Equivalent | 192.17 | 216.34 | 4,119.65 |

Overview

The Children, Adults, and Families (CAF) cluster of the Department of Human Services provides policy and program support for benefits and services to help low-income families become self-sufficient while creating a safe and permanent living environment for children. There are three major program areas in CAF:

- **Self-Sufficiency.** These services focus on supporting people to prepare for, find, and keep jobs. The array of services include monthly cash payments through the Temporary Assistance for Needy Families (TANF) federal grant, emergency assistance, employment related day care, employment and training through the JOBS program, and food stamps.
- **Child Safety.** Services are intended to support families and develop or provide appropriate care and nurturance to their children when a child safety threat is identified. These services include protecting children from abuse and neglect, securing foster care for those who are abused or neglected, providing residential treatment for children with special needs, arranging adoptions for children, and teaching parents how to care for and protect their children.
- **Vocational Rehabilitation.** These services are designed to assess, plan, develop, and provide vocational rehabilitation services to eligible individuals with disabilities to prepare them for and engage in gainful employment.

Recommended Budget

The Governor's recommended budget for Children, Adults, and Families is \$413.3 million General Fund and \$2,178.1 million total funds. Each month, this budget will provide about 420,000 individuals in roughly 220,000 Oregon households with food stamp benefits and 18,500 households with TANF cash assistance. In addition, about 10,000 families will receive assistance with Employment Related Day Care

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(ERDC) costs, roughly 13,000 TANF clients will receive training through the JOBS program each month and about 1,000 will become employed. The TANF caseload is roughly equivalent to 2003-05, but the food stamp caseload has increased dramatically since 2001. Both of the ERDC and JOBS caseloads are also roughly equivalent to 2003-05.

Major changes to these programs include the establishment of an income standard at 150 percent of the federal poverty level for TANF benefits to children living with caretaker relatives; elimination of the minimum copay in the first month of ERDC, and providing the assistance only to families leaving TANF; reduction to Vocational Rehabilitation benefits; and a reduction in the Domestic Violence program.

On an average daily basis, there will be about 7,000 children in foster care. This caseload has increased significantly since 2002. Approximately, half of these are special needs children who will receive financial assistance and Medicaid coverage. In addition, on an average daily basis, about 10,000 kids will be supported under the Adoption Assistance program. This caseload has been climbing steadily for several biennia. Comparatively minimal reductions were made to the child welfare programs. These include the reduction of System of Care flexible funds, and a 20 percent reduction to the Special Rates Foster Care.

Revenue

The cluster's recommended budget is 19.0 percent General Fund, 6.2 percent Other Funds, and 74.8 percent Federal Funds. The largest sources of Other Fund revenues are the Child Care Development Fund transfers from the Employment Department; recoveries of assistance payments such as cash, food stamps, Medicaid, etc.; fees and licensing for nursing facilities, marriage, adoption, etc.; trust and agency receipts; and criminal fines and assessments.

- Child Care Development Fund. The Employment Department receives federal Child Care Development Funds and transfers these funds to CAF. The ERDC programs utilize these funds to provide assistance to former TANF clients who need child care to maintain employment.
- Overpayment Recoveries. Overpayment recoveries are recovered program dollars incorrectly paid to clients through client error or fraud. There are three different areas of recoveries: Food Stamps, Public Assistance cash, and Public Assistance grant reductions. Under federal Food Stamp regulations, 35 percent of fraud overpayment collections, and 20 percent of non-fraud overpayment collections, may be retained by the state to offset administrative expenditures incurred by the Food Stamp program. Public Assistance recoveries are applied against program expenditures during the month of recovery.
- Trust Recoveries. Client funds are used to reimburse the state for the maintenance cost of children in care.

The primary sources of Federal Funds include Title IV-A TANF, Title IV-B Child Welfare Services, Title IV-E Child Welfare, Title XIX Medicaid, Title XX Social Services Block Grant, Title XXI Children's Health Insurance Program, and Food Stamps.

- Title IV-A Temporary Assistance for Needy Families. This annual block grant funds Cash Assistance for single and two parent families, Emergency Assistance, and Employment and Training services

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(JOBS program). Some childcare services and other support services, like transportation, are also funded with TANF.

- Title IV-B Child Welfare Services. Protects and promotes the welfare of children, family preservation services, reunification, and adoption services.
- Title IV-E Child Welfare. Provides for foster care and adoption assistance.
- Title XIX Medicaid. Provides reimbursement for medical care of low-income and other medically needy individuals.
- Title XX Social Services Block Grant. In addition to the Child Care Development Fund, Oregon also applies \$4.6 million per year in Social Services Block Grant to meet childcare costs, employment-related day care, Crisis Nurseries, and Pre-Delinquent/Level 7 Youth.
- Title XXI Children's Health Insurance Program. Provides reimbursement for medical care of children and teens through age 18 whose parents earn too much for traditional Medicaid, but do not have employer-based insurance. These services are covered through the Oregon Health Plan.
- Food Stamps. Food subsidy benefits determined by household size and income. The Food Stamp program also provides limited employment and training services for unemployed family members.

Human Services

HEALTH SERVICES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$1,192,720,644 | \$973,540,356 | \$1,167,701,891 |
| Lottery Funds | 5,875,507 | 5,600,000 | 7,804,844 |
| Other Funds | 520,811,645 | 749,718,439 | 811,981,868 |
| Federal Funds | 2,245,148,906 | 2,629,049,422 | 2,661,602,839 |
| Other Funds (Nonlimited) | 27,361,262 | 28,643,625 | 29,331,072 |
| Federal Funds (Nonlimited) | 79,060,549 | 80,790,089 | 82,729,051 |
| Total Funds | \$4,070,978,513 | \$4,467,341,931 | \$4,761,151,565 |
| Positions | 2,220 | 2,184 | 2,378 |
| Full-time Equivalent | 2,056.94 | 2,117.92 | 2,222.78 |

Overview

The Health Services (HS) cluster of the Department of Human Services provides policy and program support for benefits and services that help keep Oregonians healthy. The primary services within this cluster include:

- Medical Assistance Programs.
- Mental health services.
- Chemical dependency services.
- Broad based public health initiatives.

Most of the cluster's services are provided through contracts with county or private providers. The mission of Health Services is to improve the health of all Oregonians by promoting healthy communities and individual behaviors; preventing unnecessary death and disability; supporting the best possible treatment of mental illness and alcohol, tobacco, and other drug dependencies; and ensuring access to adequate health care.

Medical Assistance Programs administers Medicaid and the Children's Health Insurance Program within Oregon. With only a few exceptions, Oregonians who are eligible for Medicaid now receive their primary health care from the Oregon Health Plan. Eligibility, in part, is based on a family's or individual's income relative to the Federal Poverty Level. The table on the following page displays various 2004 eligibility levels.

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| Number in family | Percent of Federal Poverty Level (annual income): | | | |
|---------------------|---|----------|----------|----------|
| | 73% | 100% | 133% | 185% |
| 1 | \$6,768 | \$9,310 | \$12,382 | \$17,224 |
| 2 | \$9,080 | \$12,490 | \$16,612 | \$23,107 |
| 3 | \$11,391 | \$15,670 | \$20,841 | \$28,990 |
| 4 | \$13,703 | \$18,850 | \$25,071 | \$34,873 |

The Oregon Health Plan (OHP) covers:

- People who receive cash assistance under the Temporary Assistance for Needy Families (TANF) program. The program has historically served both single- and two-parent families.
- Families that become employed and no longer need cash assistance. Currently, these families remain eligible for medical coverage up for 12 months after cash assistance ends.
- Children in foster care or for whom adoption assistance payments are made.
- Children up through five years of age with incomes up to 133 percent of the Federal Poverty Level (FPL). It also serves children 6 to 18 years old with incomes up to 100 percent of the FPL.
- Pregnant women and their newborns with incomes under 185 percent of the FPL. This is known as the Poverty Level Medical program.
- People who are 65 or over who have income under 73 percent of the FPL.
- Blind and disabled persons who have income under 73 percent of the FPL.

As part of the OHP, the state implemented the Children's Health Insurance Program (CHIP) for children up to the age of 19. The CHIP expansion is unique from the regular Medicaid program. For example, the program provides:

- Health insurance to children who are living between 100 percent and 185 percent of the FPL.
- Requires the child to have been uninsured for the six months before application.
- Allows the state to set an enrollment limit or eligibility cap.

CHIP began July 1, 1998. It uses the federal Title XXI program matching funds, which are matched at a more beneficial rate for Oregon. Eligibility for CHIP is determined by Children, Adults and Families (CAF). In contrast, eligibility for Medicaid is determined not only by CAF but also by Seniors and People with Disabilities, Area Agencies on Aging, and the Oregon Youth Authority.

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The Department also serves people who have a mental illness or a chemical dependency. These services are provided through a variety of settings that range from community-based residential and vocational centers to regional acute care hospitals and state institutions.

In recent years, services to people with mental illness have changed. In the past, people with severe and persistent mental illnesses would stay at large state hospitals for extended periods of time. Now they get intense short-term inpatient care at local hospitals. Depending on the outcome of these services, the patient may move up to the state hospital, or be discharged to community outpatient services. Mental health has also moved from a fee-for-service system to a managed care system.

Chemical dependency services include prevention, intervention, and treatment. The Department works with networks of community coalitions and treatment providers. The use and abuse of alcohol and other drugs is a major problem in our society. It affects the efforts of other agencies to help Oregonians gain self-sufficiency.

Recommended Budget

The Governor's balanced budget for Health Services is \$1,167.7 million General Fund and \$4,761.1 million total funds.

Oregon Health Plan – The Oregon Health Plan will provide access to health care for about 360,000 Oregonians each month. About 336,000 of these clients will receive the full benefit package offered by the Oregon Health Plan Plus program. The remaining 24,000 clients qualify for the Oregon Health Plan Standard program, receiving a smaller benefit package.

Major reductions to these programs fall into three main categories: managing costs within the fee-for-service system, reducing client benefits, and finally, reducing covered populations. The recommended budget includes reducing managed care cost growth, eliminating cost of living adjustments for fee-for-service providers, eliminating dental and vision coverage for adult clients, and eliminating coverage for General Assistance clients.

Mental Health and Public Health – Over the course of the biennium, over 200,000 children, adolescents and adults will receive community-based mental health treatment and crisis response services. Major reductions to these programs include closing three geriatric wards at the Oregon State Hospital and closing the Eastern Oregon Psychiatric Center. Clients in these facilities will be relocated to other community placements. Other reductions include delaying provider cost-of-living adjustments and reducing community mental health services. Within public health programs, General Fund support for family planning services will be reduced.

Revenue

About 24.5 percent of Health Services' budget is General Fund. The cluster also gets Federal Fund revenues from a variety of sources. The primary source of Federal Funds is the Medicaid program. Other smaller federal sources include the Children's Health Insurance Program, the Center for Mental Health Services Block Grant, and the Substance Abuse Prevention Treatment grant.

Human Services

- Medicaid. The Oregon Health Plan operates under a federal Medicaid demonstration waiver. This waiver grants Oregon greater flexibility than a traditional Medicaid program.
- Children's Health Insurance Program (CHIP). The CHIP program was enacted by Congress to increase the number of children covered by state sponsored health care. The CHIP program encourages states to cover more children by providing a heightened federal match for CHIP expenditures.
- Mental Health Services Block Grant. This federal block grant provides funding for adult community support services and for local services for emotionally disturbed children and adolescents.
- Substance Abuse Prevention Treatment Grant. This federal block grant for substance abuse treatment and prevention has a maintenance of effort requirement. This requires Oregon to spend state resources for alcohol and drug programs at a level that is at least equivalent to the preceding two-year period.

About 17.7 percent of this cluster's budget comes from Other Funds. These Other Fund revenues come from tobacco taxes, client contributions, drug rebates, third party recoveries, County matching funds, beer and wine taxes, and Women, Infant, and Children (WIC) food voucher rebates.

- Tobacco Taxes. The balanced budget for HS includes almost \$400 million of Tobacco Tax revenue for the Oregon Health Plan and the Tobacco Use Reduction Account.
- Client Contributions. Clients are required to pay a variety of co-payments and premiums that help finance the costs of providing their health care.
- Drug Rebates. Current drug pricing practices include rebates from pharmaceutical companies. The level of these rebates is negotiated with the individual supplier.
- Third Party Recoveries. Some Oregon Health Plan clients have other groups that are liable to pay some of their health care costs. The Oregon Health Plan recoups some of its costs from these third-party payers.
- County Matching Funds. HS is able to collect matching funds for a variety of county-based programs. In these situations, HS acts as a pass-through organization.
- Beer and Wine Taxes. Some beer and wine tax revenues are passed to HS to finance substance abuse prevention programs.
- WIC Food Vouchers. Similar to drug rebates, the WIC program is given rebates from grocery outlets. The client is charged retail price for the food purchases, and then the supplier issues a rebate to the WIC program.

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SENIORS AND PEOPLE WITH DISABILITIES

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$704,411,406 | \$757,383,558 | \$728,684,569 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 357,719,389 | 156,783,595 | 152,703,988 |
| Federal Funds | 1,265,262,167 | 1,355,313,877 | 1,334,842,128 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$2,327,392,962 | \$2,269,481,030 | \$2,216,230,685 |
| Positions | 1,580 | 2,098 | 1,968 |
| Full-time Equivalent | 1,531.06 | 2,007.85 | 1,921.71 |

Overview

The Department of Human Services (DHS) Seniors and People with Disabilities (SPD) has three main programs. First, it assists clients with the costs of long-term care. Second, it administers the federal Older Americans Act. Third, it provides cash assistance to people with long-term disabilities. Long-term care services are provided to the elderly and people with both physical and developmental disabilities. These long-term care services are also provided in a variety of settings that include the client's home, private residential facilities, state operated group homes, and one state operated institution.

Case management is provided by a combination of state staff, county governments, local Area Agencies on Aging (AAA), and private sector brokerages. The programs within SPD are among the fastest growing in the state budget. This growth has been driven by the increasing number of elderly and disabled citizens who are federally entitled to long-term care.

Recommended Budget

The Governor's balanced budget for Seniors and People with Disabilities is \$728.7 million General Fund and \$2,216.2 million total funds.

Aged and Physically Disabled Services – Each month, over 22,500 seniors and people with disabilities will receive Long Term Care services from the Department of Human Services. This caseload is about equivalent to 2003-05. These clients will be able to choose between receiving their services in their own home or from a variety of residential service providers.

Major reductions to these programs include eliminating relative foster care payments for approximately 1,950 clients, delaying cost of living adjustments for all long-term care providers by six months, capping the number of clients that can be served under home and community based care waivers, containing cost growth

Human Services

within the in-home services program, reducing provider reimbursement rates for assisted living facilities, reducing Oregon Project Independence and eliminating the General Assistance Program.

Developmental Disabilities – Each month, over 7,000 people with developmental disabilities will receive services from the state. These services include medical assistance, in-home supports, residential group homes, and institutional care. The budget maintains services for clients under the *Staley* settlement agreement, but reduces the program through delayed enrollment and elimination of cost of living adjustments for client benefits and brokerages.

Revenue

About 32.9 percent of SPD's budget is General Fund. The cluster also gets Federal Fund revenues from a variety of sources. These sources include:

- Medicare. The cluster receives Medicare funding to survey and certify nursing homes.
- Medicaid. Medicaid is the primary source for funding SPD long-term care programs. Under a federal waiver, Oregon may use Medicaid funds to provide either institutional or community-based care. These expenditures require state matching funds. This matching rate is based on the strength of the state's economy compared to the national average.
- Older Americans Act. The Older Americans Act provides support services for clients who are 60 years of age or older. These funds pass through SPDS on their way to AAAs. The AAAs provide the required non-federal match, which ranges between 10 and 25 percent.
- Food Stamps. SPDS completes food stamp eligibility for elderly and disabled clients who qualify for these services. These eligibility determinations require a 50 percent state match. The actual food stamp benefits are included within the budget for Children, Adults and Families Services.

Only 6.9 percent of this cluster's budget comes from Other Funds. These Other Fund revenues come from estate collections, Supplemental Security Income reimbursements, licensing fees, and fees for service.

Human Services

INSURANCE POOL GOVERNING BOARD

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$423,222 | \$14,979,067 | \$26,906,352 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 21,067,016 | 32,818,293 | 54,560,858 |
| Federal Funds | 0 | 0 | 0 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$21,490,238 | \$47,797,360 | \$81,467,210 |
| Positions | 76 | 52 | 52 |
| Full-time Equivalent | 40.79 | 51.50 | 51.50 |

Overview

The Insurance Pool Governing Board (IPGB) administers the Family Health Insurance Assistance Program (FHIAP). This program was approved by the 1997 Legislature and started in July 1998. It provides direct subsidies to working people below 185 percent of the Federal Poverty Level. These subsidies allow working people and their families to purchase private health insurance. The Board also provides technical assistance to small businesses that want to set up health insurance programs for their employees.

During the 2001-03 biennium, the Legislature approved an expansion of the FHIAP program. This expansion was part of larger federal waivers related to the Oregon Health Plan. The waivers allow Oregon to claim federal Medicaid funds to help finance FHIAP, but come with a requirement that the State of Oregon maintain its financial commitment to the FHIAP program for five years. In essence, this maintenance of effort requirement mandates that Oregon continue its current expansion of the FHIAP program through the first several months of the 2007-09 biennium.

Recommended Budget

The Governor's recommended budget for this agency is \$81.5 million total funds. This is a 70.4 percent increase over the 2003-05 Legislatively Approved Budget. The recommended budget continues all services of the IPGB. The budget continues the FHIAP expansion, serving an average of just under 16,000 people each month.

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Revenue

FHIAP is funded with a combination of General Fund and federal Medicaid dollars. The federal government sends its Medicaid funds to the Department of Human Services (DHS), which then transfers the funds to IPGB. The IPGB receives this transfer from DHS as Other Funds. General Fund also supports the technical assistance portion of the IPGB.

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LONG TERM CARE OMBUDSMAN

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$593,600 | \$580,101 | \$545,205 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 1,226,298 | 1,432,753 | 1,475,316 |
| Federal Funds | 0 | 0 | 0 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$1,819,898 | \$2,012,854 | \$2,020,521 |
| Positions | 8 | 8 | 8 |
| Full-time Equivalent | 8.00 | 8.00 | 8.00 |

Overview

The Long Term Care Ombudsman (LTCO):

- Investigates complaints made by, or on behalf of, long-term care facility residents.
- Monitors the implementation of federal, state, and local laws, rules, and policies that affect long-term care residents.
- Promotes quality long-term care.
- Protects resident rights.
- Makes recommendations to the Legislature and the Governor about long-term care issues.

The LTCO relies on about 247 volunteers to visit the more than 42,000 long-term care beds licensed in Oregon. For some of the residents in long-term care facilities, the LTCO volunteer may be their only regular visitor. These volunteers are trained by LTCO's full-time staff to protect the resident's rights and assist the resident in resolving complaints. The full-time staff also deal with the more complex resident complaints.

Recommended Budget

The Governor's recommended budget for LTCO is \$2,020,521 total funds. This is a 0.4 percent increase from the 2003-05 Legislatively Approved Budget. The recommended budget maintains the agency's core programs, but makes a slight reduction in the LTCO budget for Services and Supplies. In addition, the Governor's recommended budget uses \$70,000 of the agency's projected ending balance to offset General Fund expenditures in 2005-07.

Human Services

Revenue

The LTCO's expenses are eligible for federal match under Medicaid and the Older Americans Act. General Fund dollars appropriated to LTCO are sent to the Department of Human Services (DHS). DHS matches this transfer with Federal Funds and then returns the total to LTCO. The Medicaid match rate is 50 percent state, and 50 percent federal. The Older Americans Act revenues are matched 25 percent state, and 75 percent federal. Once returned, the LTCO spends the resources as Other Funds. In the past, LTCO has also received private donations.

Human Services

PSYCHIATRIC SECURITY REVIEW BOARD

| | 2001-03 Actuals | 2003-05 Legislatively Approved | 2005-07 Governor's Recommended |
|----------------------------|--------------------|--------------------------------------|--------------------------------------|
| General Fund | \$673,540 | \$735,777 | \$873,182 |
| Lottery Funds | 0 | 0 | 0 |
| Other Funds | 0 | 2,000 | 2,000 |
| Federal Funds | 0 | 0 | 0 |
| Other Funds (Nonlimited) | 0 | 0 | 0 |
| Federal Funds (Nonlimited) | 0 | 0 | 0 |
| Total Funds | \$673,540 | \$737,777 | \$875,182 |
| Positions | 4 | 4 | 5 |
| Full-time Equivalent | 4.00 | 4.00 | 5.00 |

Overview

The Psychiatric Security Review Board is in charge of people who have committed a crime and were found guilty except for insanity. These people are committed to the Oregon State Hospital, or are conditionally released to the community. The Board conducts hearings to decide the best place for these people. The Board may revoke a conditional release and order a person's return to the Oregon State Hospital. It may also discharge people from the Board's control. There are currently about 700 people under the Board's jurisdiction, of which, about 245 are on conditional release in the community.

Recommended Budget

The Governor's recommended budget for the Psychiatric Security Review Board is \$875,182 total funds. This is an 18.6 percent increase from the 2003-05 Legislatively Approved Budget. The recommended budget maintains the agency's core programs and adds a staff member to address workload increases that have been building for the past ten years. The recommended budget also reduces the agency's budget for Services and Supplies.

Revenue

The Board's work is financed with General Fund. Other Funds expenditure limitation is for staff and Board member training. This is funded with money left over from an earlier award from the American Psychiatric Association.

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