

Department of Human Resources  
**OFFICE OF THE DIRECTOR**

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MEMORANDUM

March 15, 1989

TO: Governor Neil Goldschmidt

FROM: Kevin W. Concannon, Director *Kevin*  
Department of Human Resources

SUBJECT: Organization and Authority of the Department of Human Resources

EVOLUTION OF THE DEPARTMENT

The Department of Human Resources was created by the Legislature in 1971 as Oregon's umbrella human services agency. Oregon Revised Statutes Chapter 184 sets forth two basic responsibilities for the Director of Human Resources:

- ° To provide programs for the delivery to the public of the services assigned to the Department; and
- ° To undertake long range planning necessary for the effective and efficient delivery of services.

The Department was modeled after a holding company. The independent agencies that were merged into the Department maintained separate identities within Oregon law. The original organization included Public Welfare, Children's Services, Mental Health, Corrections, Employment, and Vocational Rehabilitation Divisions.

The organization and authority of the Department have not significantly changed over the 18 years the Department has been in existence. The following changes in organization have occurred:

- ° The Health Division was added to the Department in 1977.
- ° An Office of Elderly Affairs was established in 1977.
- ° The Senior Services Division was created in 1981 by combining functions of the Office of Elderly Affairs and programs serving seniors and disabled individuals from the Adult and Family Services Division.

- ° An Office of Alcohol and Drug Abuse Programs was added in 1985.
- ° The Corrections Division was separated from the Department in 1987.
- ° The Office of Health Policy was added in 1987.

The only change in authority was made in 1977. At that time the Department was authorized to:

- ° Combine or transfer components of existing programs, divisions, or other organization units and offices within the Department. This broadened the Department's initial budget authority to include concepts of organization and program integration.
- ° Require information from personnel within the Department to enable the Department to execute its responsibilities and to report to the Governor on legislative, budgetary and administrative programs to accomplish comprehensive, long range coordinated planning and policy formulation. Previously, such information could only be required from Division Administrators.

Over the years, the Department has had a somewhat limited success in integrating services and improving the efficiency and operation of State human resources programs. Divisions, in attempting to preserve autonomy and resources, remain independent from and guarded towards a Department approach. Service delivery and administrative operations remain decentralized with very little integration. Inequities, perceived or real, in critical management support functions such as data processing, training, and facilities result in a divided climate throughout the Department. Loyalties of staff throughout the Department are established and controlled at the Division level. Budgets, although combined at a Department level priority setting process, are developed, appropriated and managed at the Division level. The Department itself, has taken on the nature of an eighth Division with increasing responsibilities for operating programs but at the expense of Department efforts in planning and policy coordination.

These issues cannot be ignored if the Department is to accomplish the purposes for which it was originally established. Accordingly, the Department is proposing a long range organization strategy and initial implementation steps in 1989-91 to meet the challenges of unlimited need and limited resources through the 1990's. The plan will accomplish the following:

- (1) Improve the Department's coordination of policy to produce better integration of services to clients.

- (2) Establish the Department's responsibility and capability for long range planning and service evaluation.
- (3) Improve the efficiency and equity of support services within the Department.
- (4) Improve the Department's management of and accountability for resources.
- (5) Create a more efficient and integrated Department, more comprehensible and more accountable to both its clients and other Oregon citizens.

#### ORGANIZATION OF THE DEPARTMENT

Reorganization of the Department is proposed to align programs on a functional basis, consolidate like activities and programs, focus overall policy and cross cutting staff functions at the Department level and focus program operations and service delivery at the Division level.

In the 1989-91 biennium, it's proposed to shift budget and operating responsibilities between Divisions but to maintain facility locations of current organization units through the biennium. Realignment of staff within facilities of the parent organization would occur in 1991-93 when the Department of Human Resources headquarters building is brought on-line. Further reorganization would be proposed in 1991-93 and 1993-95 after study of the feasibility of further program integration and centralization.

Long range organization changes include:

#### Adult and Family Services Division

- ° The Division will be renamed the Public Assistance Division.
- ° The Division's primary focus will be on determining eligibility and providing cash assistance and related medical service payments.
- ° Anti-poverty programs carried out by the State Community Services program will be integrated into the Division.

#### Children's Services Division

- ° The Division will be renamed the Children and Family Services Division.
- ° The Division's primary focus will be on strengthening families served by the Department and providing protective and direct care services for Oregon's children.
- ° A Children's Community Office will be established to include the current Student Retention Initiative and Child Care Coordination Programs and the new Great Start Program. This office will focus on community development and organization to maintain and expand the thrust of the Governor's Children's Agenda.

#### Employment Division

- ° The Division will be renamed the Employment and Training Division.
- ° The Division will be the Department's lead agency on overall employment, training and rehabilitation services to help individuals gain adequate employment.
- ° The Basic Vocational Rehabilitation and Transitional Services Programs, currently managed by the Vocational Rehabilitation Division, will be transferred to the Division.
- ° The Division will have responsibility for the employment and training component of Federal Welfare Reform.

#### Health Division

- ° The overall focus of the Division will be on preventive services directed at the overall health and welfare of Oregon's citizens.
- ° The Office of Alcohol and Drug Programs will be transferred to the Division including Community Contract prevention and treatment services.

#### Mental Health Division

- ° The Division name will be changed to the Mental Health and Developmental Disabilities Services Division to reflect the two major populations served.

- The Sheltered Services Program and Salem Rehabilitation Facility residential programs, currently managed by the Vocational Rehabilitation Division, will be integrated into the Division.

#### Senior Services Division

- The Division will be renamed the Senior and Disabled Services Division.
- The Division's focus will be on community based or alternative physical care services for Oregon's senior citizens and for individuals needing care because of physical and other related disabilities.
- The balance of the Old Age Assistance, Aid to the Blind, and Aid to the Disabled Programs will be transferred to the Division from the Public Assistance Division.
- Disability Determination and Independent Living Services, currently carried out by the Vocational Rehabilitation Division, will be transferred to the Division.

#### Office of the Director

The Office of the Director will focus on overall policy and planning responsibilities and management of Department-wide support services for operating Divisions.

- A Medical Policy office will be established with an overall focus on cost containment and leveraging buying power for total medical services.
- Existing medical policy staff in Adult and Family Services, Mental Health, and Senior Services Divisions will form the nucleus for the office.
- Policy functions of the Office of Health Policy will be integrated into the Medical policy office to strengthen policy coordination and health care cost containment functions.
- The organization will serve as the single State Medical Agency.

On the longer range and through further consolidation of existing staff resources:

- ° An Information Services office will be established to consolidate data processing activities in the Office of the Director. For 1989-91, integration of the Medicaid Management Information System at the Department level will be initiated.
- ° A Financial Services office will be established building upon the current functions of the Office of Program Review. The initial step in 1989-91 will be the integration of accounting and financial reporting functions of the Senior Services, Mental Health, and Adult and Family Services Divisions with priority to Medicaid accounting and reporting.
- ° A Planning and Evaluation office will be established in 1989-91 to focus on overall program effectiveness and service integration. Division staff currently associated with these functions will be transferred to staff the office.
- ° An Employee Services office will be established building upon the existing Office of Personnel Management. In 1989-91, Department-wide Facilities Management, including the Facility and Capital furnishings budgets for Department leased facilities, will be transferred to the Office.

The proposed reorganization puts in place a structure to enable the Department to develop long range cost savings and to keep pace with increasing pressures of inflation. As of this time, details of the proposed reorganizations have not been priced nor have potential savings for 1989-91 been identified. In part, the across-the-board administrative reduction of \$5.0 million proposed in the Departments 1989-91 revised budget assumes that savings from the reorganization will help finance these reductions. If additional reductions are necessary in order to gain implementation of 1989-91 strategies, it's proposed that a bottom line General Fund reduction be made but that position authority be maintained to allow flexibility in 1989-91 implementation.

DEPARTMENT APPROPRIATION

The Department is not proposing any significant change to its authority in Oregon Revised Statutes. However, to reinforce the Department concept, the Department is proposing that all Department appropriations be merged into a single bill for passage by the Legislature. Funds would be appropriated to the Department for purposes of the individual programs or divisions identified within the Department's organization.

This change establishes allotment control at the Department level as opposed to the current system at the Division level. The Department would implement its 1989-91 budget and allot funds to Divisions based on Division program plans to be developed by August 30, 1989.

The second proposed change is to appropriate \$2.5 million of the \$5.0 million administrative cutback savings to the Office of the Director for allocation to Divisions. The Department would be given authority to transfer these funds between appropriations and modify chapter laws accordingly. To maintain Oregon's system of oversight of Executive and Legislative agencies, allocations from this fund would be presented as an Emergency Board report prior to implementation.

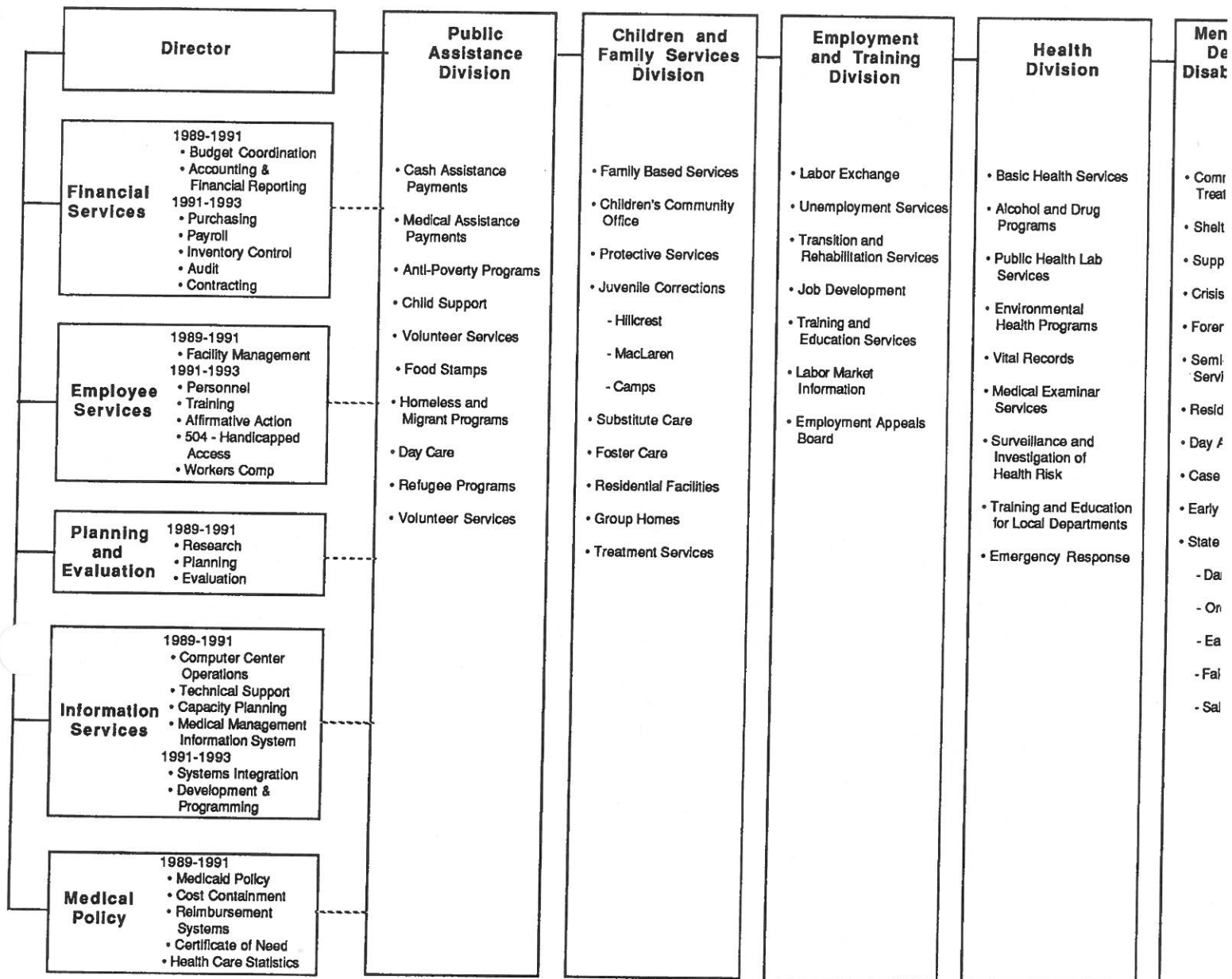
Attached is an organization chart and outline of implementation strategies.

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# DEPARTMENT OF HUMAN RESOURCES

## Long Range Organizational Plan





## DEPARTMENT OF HUMAN RESOURCES

### ORGANIZATION STRATEGIES

#### ORGANIZATION CONCEPTS

- o Policy, Planning and Support Services at Department Level
- o Program operations focused at Division level
- o Consolidation and integration of functions

#### 1989-91 IMPLEMENTATION INITIATIVES

- o Medical Policy - integrate Office of Health Policy and Division Health Policy functions at Department level:
  - o Department-wide Medical Policy Focus
  - o Leverage Buying Power - Cost Containment
  - o Single State Medicaid Agency
  - o Reimbursement systems
  - o Tie into Medicaid Management Information System Centralization and financial accounting
- o Rename Senior Services to Senior and Disabled Services Division
  - o Transfer Adult Programs from Adult and Family Services Division
    - Old Age Assistance
    - Aid to the Blind
    - Aid to the Disabled
- o Transfer Division staff to Office of the Director to establish Planning and Evaluation office
  - o Focus on program effectiveness and return on investment
  - o Long Range Program integration strategies
  - o Organization improvements
- o Initiate centralized Financial Services
  - o Maintain budget development and coordination functions
  - o Transfer and integrate accounting services of Adult and Family Services, Mental Health, and Senior Services Divisions
- o Initiate centralized Employee Services
  - o Maintain current personnel and training functions
  - o Transfer facilities management and related budgets for operations and acquisitions
- o Initiate centralized Information Services
  - o Retain Computer Center and Technical Support functions
  - o Centralize Medicaid Management Information System operations

- o Transfer Director's Office programs to Divisions
  - State Community Services to Adult and Family Services Division
  - Alcohol and Drug to Health Division
  - Child Care and Student Retention Initiative to Children's Services Division
  - Rename Adult and Family Services Division to Public Assistance Division

#### 1991-93 IMPLEMENTATION INITIATIVES

- o Abolish Vocational Rehabilitation Division
  - Transfer Basic Vocational Rehabilitation and Transitional Services to Employment
  - Transfer Disability Determination to Senior and Disabled Services
  - Transfer Sheltered Services and Salem Rehabilitation Facility to Mental Health Division
- o Focus Departmentwide Training and Job Development services in the Employment Division and rename Employment and Training Division
- o Continue Department Level Consolidations
  - Financial Services
    - Purchasing, Payroll, Inventory Control, Audit, Contracting
  - Employee Services
    - Personnel, Training, Affirmative Action, Handicapped Access, Workers' Compensation
  - Information Services
    - Systems Development and systems integration
    - Information and Management Systems

#### STRATEGIES FOR 1993-95

- o Field Structure reorganization
  - Regional office integration
  - Branch office consolidation
  - Caseworker generalists
- o Establish Medical Assistance Division
  - Consolidate all Medical expenditures in the Division
  - Evaluate consolidation of all claims payment functions within the Division