

## 2020 Budget Reduction Exercise

COVID-19 has had a significant impact on all areas of the economy, including the state of Oregon budget. In anticipation of a sharp decrease in state revenue, Governor Brown directed all state agencies to submit plans equaling a 17 percent reduction for the upcoming fiscal year.

For DHS, this cut equates to about \$325 million in General Fund reductions. And, it translates to a much larger reduction in revenue since every general fund dollar is matched with approximately \$2 in federal funds. In approaching the exercise, DHS:

- Looked at savings it could identify, such as vacancies and lower costs due to changing program demand.
- Considered program reductions that would have the least impact on Oregonians, such as new programs that have not yet been implemented.
- Preserved as much staff as possible to serve Oregonians most impacted by COVID-19.

A summary of the reduction options identified for this exercise are below.

The reduction options presented in this document are not intended to reflect the policy or program recommendations of the agency. DHS is acutely aware that the reduction options on this list have significant consequences for Oregonians and the communities in which they live. The agency is engaged in short- and long-term planning, looking at new ways to provide efficient and effective services.

Program area	Share of reduction*	Program impacts
Self-Sufficiency	\$38M	<ul style="list-style-type: none"> <li>• Eliminating several pilot programs related to housing, jobs, and mental health</li> <li>• Cuts to payments that would destabilize families transitioning out of poverty</li> <li>• Holding 62 positions vacant, which could affect customer service</li> </ul>
Child Welfare	\$65.9M	<ul style="list-style-type: none"> <li>• Eliminating several programs, including those that would help families stay safe and stable such as addiction recovery teams, provide in-home services for children with high needs, and provide support for families who adopt children.</li> </ul>
Aging and People with Disabilities (APD)	\$102M	<ul style="list-style-type: none"> <li>• Decreased customer service by holding 157 positions vacant within DHS and reducing the equivalent of 110 positions within Area Agency on Aging partners. These workers help older Oregonians and those with disabilities with eligibility and case management.</li> </ul>

		<ul style="list-style-type: none"> <li>Reducing discretionary programs such as Oregon Project Independence, which provides support for individuals who are currently able to remain in their own homes.</li> <li>Reducing reimbursement rates for providers participating in the Medicaid program.</li> </ul>
Office of Developmental Disabilities Services (ODDS)	\$89.6M	<ul style="list-style-type: none"> <li>Reduced funding for in-home services, group homes, and contracted partners who serve Oregonians with disabilities</li> <li>Proposed ending several services, including the closure of two Stabilization and Crisis Unit homes</li> <li>Elimination of 27 DHS positions and the equivalent of 65 Community Developmental Disability Programs and Brokerage staff</li> </ul>
Vocational Rehabilitation	\$3M	<ul style="list-style-type: none"> <li>Reduced funding to help Oregonians with disabilities gain and maintain employment</li> </ul>
Shared and Central Services (Operations)	\$26.4M	<ul style="list-style-type: none"> <li>Holding 131 positions vacant in operations that service both DHS and OHA, including 67 in the Office of Information Services</li> <li>Laying off about 80 staff who provide critical support to programs, such as accounting, contracting, and human resources</li> </ul>
SSP- Refugee Resettlement	\$170,000	<ul style="list-style-type: none"> <li>Reduced funding to help refugees become stable in Oregon</li> </ul>

\*For this exercise, the reduction reflects a 17 percent reduction in each program area for the fiscal year that begins July 2, 2020.