

ANALYSIS

Item 4: Oregon Health Authority State Opioid Response

Analyst: Matt Stayner

Request: Approve, retroactively, the submission of a federal grant application to the Substance Abuse and Mental Health Services Administration in the amount of \$592,771 to develop or expand recovery housing for young adults with opioid and stimulant use disorders.

Analysis: On August 21, 2025, the Substance Abuse and Mental Health Services Administration (SAMHSA) announced the availability of supplemental funding for states through the State Opioid Response (SOR) program to support recovery housing for youth. At the September 2024 meeting of the Emergency Board, the Oregon Health Authority (OHA) received approval to seek and receive federal grant funding through the SOR program over a three-year period. However, the stated purpose of this supplemental funding is significantly different than the original grant purpose, which was oriented towards treatment services. The new purpose of the additional funding necessitates the agency to request legislative permission to apply for the supplemental grant.

The grant covers a single fiscal year; from October 1, 2025, through September 30, 2026. There is no state match or maintenance of effort required. OHA has already identified a partner to provide integrated recovery housing with outpatient treatment and peer support, and the ability to sustain services following the end of the grant period.

OHA was notified of the funding opportunity on August 21, 2025, and the application was due by August 29, 2025. Due to the unusually short turn around between announcement of the funding and the application deadline, and internal uncertainty at OHA about whether this supplemental funding required legislative notification, no 10-day notification letter was provided to the Legislative Fiscal Office and Department of Administrative Services Chief Financial Office prior to the application being submitted. OHA has acknowledged this oversight in its request letter and has made administrative process changes to prevent this issue in the future.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request

4
Oregon Health Authority
Chase

Request: Retroactive authorization for the Oregon Health Authority (OHA) to apply for a \$592,771 grant to develop and/or expand recovery housing for young adults (ages 18-24) with opioid and/or stimulant use disorders from the Substance Abuse and Mental Health Services Administration (SAMHSA).

Recommendation: Approve the request.

Discussion: OHA requests retroactive authorization to apply for one-time supplemental funds through the SAMHSA State Opioid Response (SOR) grant program to develop and/or expand recovery housing for young adults (ages 18-24) with opioid and/or stimulant use disorders. The OHA Behavioral Health Division (BHD) plans to contract with 4th Dimension Recovery (4D) to develop youth-focused recovery housing integrated with outpatient treatment and peer support.

The grant was announced on August 21, 2025, and applications were due on August 29, 2025. OHA submitted an application for \$500,000, which was the amount identified in the supplemental notice of funding opportunity available for distribution to Oregon. Legislative notification was not provided before the agency submitted the application based on an interpretation that the supplemental funding opportunity was within the scope of the previously authorized SOR grant since recovery supports for young adults were an allowable grant activity. Upon further evaluation, BHD realized that while the activities were allowable under the federal grant, they were not included in the prior legislative approval. As such, BHD acknowledges that the legislative notification requirement was not met and has since made procedural updates to prevent similar issues from occurring in the future. There is no state match or maintenance of effort requirement associated with the grant.

BHD received a Notice of Award on September 23, 2025, from SAMHSA that supplemental funds totaling \$592,771 were obligated through the SOR grant for the period of September 30, 2025, through September 29, 2026. Since the division did not comply with the statutory legislative notification requirements, and SAMHSA transferred the supplemental funds upon award, BHD is waiting for retroactive authorization to apply for the grant from the Interim Joint Committee on Ways and Means before taking further action.

Tina Kotek, Governor

October 20, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Co-Chairs:

Nature of Request

The Oregon Health Authority (OHA) requests retroactive approval to apply for one-time supplemental funds offered by the Substance Abuse and Mental Health Services Administration (SAMHSA) through the *State Opioid Response (SOR) grant*. Oregon is eligible to receive \$592,771, available from Oct. 1, 2025, through Sept. 30, 2026. There is no state match or maintenance of effort required. OHA was notified of the funding opportunity on Aug. 21, 2025, and the application was due by midnight Eastern Time Aug. 29, 2025.

Agency Action

The purpose of SOR grants is to address the overdose crisis; increase access to medications for the treatment of opioid use disorder (OUD); and support the continuum of prevention, harm reduction, treatment and recovery supports for OUD (youth and adults), stimulant use disorder, and other concurrent substance use disorders.

The purpose of this one-year supplemental funding is to develop and/or expand recovery housing for young adults (ages 18 to 24) with opioid and/or stimulant use disorders. OHA plans to contract with 4th Dimension Recovery (4D) to develop youth-focused recovery housing integrated with outpatient treatment and peer support. 4D has a sustainability plan past the one-year of grant period.

OHA did not submit a 10-day notification letter to the Legislature, as required by ORS 291.675. This was due to the unusually short turn around between announcement of the funding and the application deadline, and internal uncertainty about whether this supplemental funding required legislative notification. The Behavioral Health Division (BHD) initially interpreted the supplemental funding as

Senator Kate Lieber
Representative Tawna Sanchez
October 20, 2025

falling within the existing scope of the SOR grant, as recovery supports for young adults are an allowable activity. However, they later became aware that while these activities may have been allowable under the federal grant, they were not included in the prior legislative approval. As such, OHA acknowledges that the statutory notification requirement was not met.

To help prevent similar issues in the future, OHA has taken the following steps:

- BHD included a reminder about the legislative notification process in its internal newsletter to reinforce awareness among program staff.
- Budget staff posted updated process documentation to the agency's internal website and shared it directly with Budget Administrators to ensure broader visibility and understanding.
- OHA has a designated single point of contact within the Budget team for questions related to legislative notification requirements, to ensure consistent compliance.

Action Requested

OHA requests retroactive approval to apply for the Department of Health and Human Services Substance Abuse and Mental Health Administration (SAMHSA), *State Opioid Response* grant.

Legislation Affected

None.

Sincerely,



Sejal Hathi, MD MBA
Director

EC: Matt Stayner, Legislative Fiscal Office
Stacey Chase, Department of Administrative Services
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Kate Nass, Department of Administrative Services
Amanda Beitel, Legislative Fiscal Office