



Agencywide 5% Reduction Options

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Agenda

1. 5% reduction exercise: Background and approach
2. Reduction categories
3. Key areas of risk
4. Closing thoughts
5. Q+A

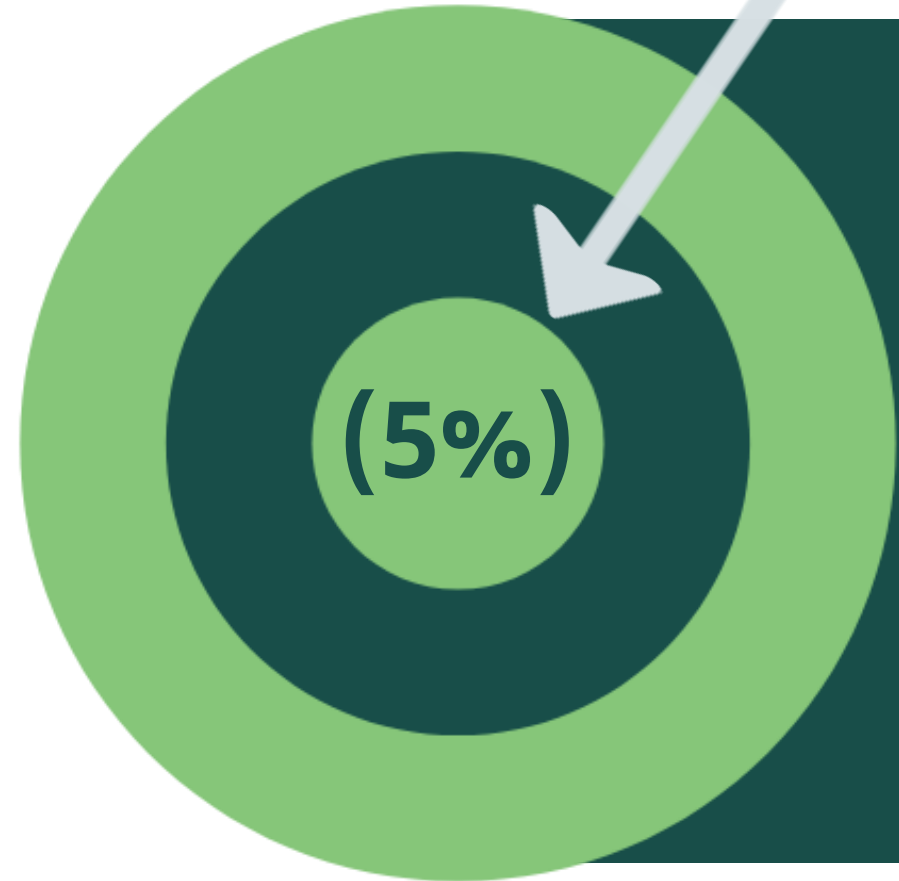
Statewide budget context

- September revenue forecast points to a projected ending General Fund balance of **\$(373 million)** for the state.
- With added costs associated with the federal House Resolution (H.R.) 1, the total projected General Fund deficit is closer to **\$(900 million)**.
- The current assumption is General Fund needs to be **reduced by approximately 2.5%** depending on future revenue forecasts.



Required reduction process

- Legislative Fiscal Office directed agencies to identify budget reduction options.
- **Target is two increments of 2.5% (5% total)** of 2025-27 legislatively adopted budget.
 - For ODHS, each 2.5% increment is about **\$186M (\$372M total)** in proposed General Fund reductions.



Key partner engagement

- Ability to conduct partner engagement was limited by the short timeline.
- ODHS developed a survey to rapidly gather feedback. We received **800+ responses from 400+ unique partner organizations**.
- Partner input emphasized **stability and equity** as guiding values and reflected widespread concern about:
 - Workforce strain
 - Reduced capacity across Oregon's current social services ecosystem



Timeline

LFO memo to agencies
outlining requirement
to submit reduction
options

Oct 1
2025

Oct 2
2025

ODHS/key
partner
meetings

Oct 9 - 17
2025

ODHS submits
proposed
reductions to
Legislature

Nov 3
2025

Nov 17 - 19
2025

ODHS begins
preliminary
reduction
exercise

ODHS partner survey
responses collected and
compiled

Legislative
Days

Approach to the reduction exercise: Guiding principles

1

Preserving
essential services
for people in
Oregon



2

Maintaining the
infrastructure
necessary to deliver
benefits and
supports

Other key factors shaping our approach

House Resolution 1 mitigation

- Human impacts
- Administrative impacts
- Budget impacts



Caseload trends

- Increasing demand for APD long-term care and I/DD services
- Anticipated reduction in SNAP caseload due to H.R.1



Serving Oregonians: ODHS core functions

Aging and People with Disabilities	Child Welfare	Office of Developmental Disabilities Services	Oregon Eligibility Partnership	Self-Sufficiency Programs	Vocational Rehabilitation
<ul style="list-style-type: none"> • Medicaid long-term services and supports • Older Americans Act • Long-term care licensing and oversight • Adult Protective Services 	<ul style="list-style-type: none"> • Foster care • Permanency/adoption • Indian Child Welfare Act • Child abuse investigation • Family preservation and prevention services 	<ul style="list-style-type: none"> • Case management/authorizing services for people with I/DD • Licensing and oversight • Eligibility determination • Provider enrollment, payment and audits 	<ul style="list-style-type: none"> • Eligibility determination for medical, food, cash and child care benefits • Ongoing case maintenance • Technology maintenance and support for ONE and other systems 	<ul style="list-style-type: none"> • Supplemental Nutrition Assistance Program (SNAP) • Temporary Assistance to Needy Families (TANF) • Refugee Program • Youth Experiencing Homelessness 	<ul style="list-style-type: none"> • Vocational Rehabilitation Basic 110 Grant • Supported employment services • Inclusive Career Advancement Program

Reduction overview

A 5% reduction of ODHS' 2025-27 Legislatively
Adopted Budget amounts to

\$(372,706,539) General Fund (GF)



Summary

Caseload/Eligibility	\$(71,615,508)
Infrastructure	\$(13,073,276)
Provider training	\$(3,772,500)
Rate Changes	\$(158,804,266)
Revenue	\$(20,000,000)
Services and Supplies (S&S)	\$(6,060,000)
Services	\$(46,881,742)
Workforce	\$(52,499,247)

**General
Fund**

Grand Total

\$(372,706,539)

2.5% increments

Estimated GF Savings in Millions			
Category	First 2.5%	Second 2.5%	Total
Caseload/Eligibility	\$(43.5)	\$(28.1)	\$(71.6)
Infrastructure	\$(13.1)	-	\$(13.1)
Provider training	\$(3.8)	-	\$(3.8)
Rate Changes	\$(26.7)	\$(132.1)	\$(158.8)
Revenue	\$(20.0)	-	\$(20.0)
Services and Supplies	\$(6.1)	-	\$(6.1)
Services	\$(29.9)	\$(16.9)	\$(46.8)
Workforce	\$(43.1)	\$(9.4)	\$(52.5)
Totals	\$(186.2)	\$(186.5)	\$(372.7)

*All dollar figures here and throughout the presentation are General Fund (GF) only.

Reduction categories

Services, caseload and eligibility

Caseload/Eligibility	\$(71,615,508)
Services	\$(46,881,742)
	<hr/>
	\$(118,497,250)



Reduction categories

Infrastructure, revenue, services + supplies (S&S)

Infrastructure	\$(13,073,276)
Revenue	\$(20,000,000)
S&S	\$(6,060,000)
	<hr/>
	\$(39,133,276)



Reduction categories

Rate changes and provider training

Rate Changes	\$(158,804,266)
Provider training	\$(3,772,500)
	<hr/>
	\$(162,576,766)



Reduction categories

Workforce

Workforce **\$(52,499,247)**

- ODHS workforce reductions:
~**\$(26M)**
- Partner workforce reductions:
~**(\$26.5M)**
- Total positions impacted:
176



Key areas of risk

**Caseload
drivers**



**Economic
trends**



**House
Resolution 1**



Prioritizing people in a challenging landscape

- As we navigate difficult tradeoffs, ODHS remains committed **to minimizing impacts to the people we serve.**
- Our focus will continue to be on preserving Oregonians' **access to essential services and supports.**



Questions



OREGON DEPARTMENT OF
Human Services