

ANALYSIS

Item 1: Department of Human Services 2023-25 Close Out Plan

Analyst: Gregory Jolivette

Request: Increase Federal Funds expenditure limitation by \$22,000,000 for the Oregon Eligibility Partnership; increase Other Funds expenditure limitation by \$8,000,000 for Aging and People with Disabilities; and transfer \$5,835,672 General Fund from Aging and People with Disabilities to Intellectual/Developmental Disabilities, for the Department of Human Services, to close out the 2023-25 biennium budget.

Analysis: The Department of Human Services is requesting increases in Federal Funds and Other Funds expenditure limitation, as well as a rebalance of General Fund monies necessary for the agency to close the 2023-25 biennium. The request consists of the following:

- For the Oregon Eligibility Partnership (OEP), the agency is requesting an increase of \$22 million in Federal Funds expenditure limitation. This is based on projected receipts in excess of the amount budgeted due to higher overall expenditures under agreements with the Oregon Health Authority and Area Agencies on Aging, which are local nonprofit organizations that connect older adults and caregivers. The requested increase will allow the agency to apply those federal dollars to close out the program budget for 2023-25.
- In the Aging and People with Disabilities (APD) program, provider tax receipts are \$8 million higher than anticipated. The requested Other Funds expenditure limitation increase will allow the agency to use those revenues in lieu of General Fund covering those costs. This additional \$8 million of Other Funds allows the agency to transfer \$5.8 million of General Fund to the Intellectual/Developmental Disabilities (I/DD) program, which has a 2023-25 General Fund shortfall (discussed below). The remaining \$2.2 million of General Fund savings can no longer be expended in 2023-25 and will revert to the General Fund.
- The I/DD Medicaid participation rate for the 2023-25 biennium was slightly lower than projected, which resulted in \$5.8 million less federal revenue and the need for General Fund to cover the gap. As discussed above, the agency's close-out plan proposes to address this need through the transfer of \$5.8 million General Fund from APD to I/DD.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Federal Funds expenditure limitation by \$22,000,000 for the Oregon Eligibility Partnership; increase Other Funds expenditure limitation by \$8,000,000 for Aging and People with Disabilities; and transfer \$5,835,672 General Fund from Aging and People with Disabilities to Intellectual/Developmental Disabilities, for the Department of Human Services, to close out the 2023-25 biennium budget.

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Oregon Department of Human Services
Streepey, Johnson

Request: To close out the 2023-2025 biennium, transfer \$5,835,672 General Fund from Aging and People with Disabilities to Intellectual and Developmental Disabilities, increase Other Funds expenditure limitation by \$8,000,000 within Aging and People with Disabilities, and increase Federal Funds expenditure limitation by \$22,000,000 within the Oregon Eligibility Partnership to cover expenses that exceeded the Legislatively Approved Budget for the 2023-2025 biennium.

Recommendation: Approve the request.

Discussion: During the six-month period from July 1 through December 31 of odd numbered years, state agencies finalize expenditure reporting from the prior biennium. Based on actual expenditures through June 30, 2025, and forecasted outstanding expenses for the 2023-2025 biennium, the Oregon Department of Human Services (ODHS) anticipates needing to transfer General Fund between appropriations, increase Other Funds expenditure limitation and increase Federal Funds expenditure limitation to close out accounting entries, make final payments, and finalize biennial financial reports. Specifically, the Department needs to transfer \$5.8 million from Aging and People with Disabilities (APD) to Intellectual and Developmental Disabilities (I/DD), increase Other Funds expenditure limitation by \$8.0 million within APD, and increase Federal Funds expenditure limitation by \$22.0 million within the Oregon Eligibility Partnership (OEP).

Within APD, Provider Tax revenue came in higher than estimated in the Spring 2025 rebalance. As a result, ODHS has \$8.0 million additional Other Funds revenue it would like to expend to free up General Fund needed within I/DD. This would require an increase in Other Funds expenditure limitation of \$8.0 million, which the Department is requesting. Approximately \$5.8 million of the \$8.0 million will offset the need for General Fund within I/DD, allowing ODHS to transfer General Fund from APD to I/DD to help address a shortfall. The remaining \$2.2 million in General Fund savings from the application of Provider Tax revenue will revert from the APD appropriation once the 2023-25 biennium is closed.

ODHS has a need of \$5.8 million General Fund within I/DD, due to a change in the Participation Rate from the estimate used in the Spring 2025 rebalance. The Participation Rate was 0.12 percent lower than previously estimated. The slight decrease in the Participation Rate means less of the Division's expenditures were eligible for federal matching funds, necessitating additional General Fund to cover costs. The transfer of General Fund from APD will address the shortfall.

For OEP, the Department estimates needing an additional \$22.0 million Federal Funds expenditure limitation to make final payments and close out accounting entries. The additional Federal Funds expenditure limitation is due to better than anticipated federal match for expenditures and the omission of Federal Funds expenditure limitation during action at the September 2024 Emergency Board, which transferred \$10.0 million

General Fund to APD to help address caseload challenges. The transfer of General Fund to APD should have included a corresponding increase to Federal Funds expenditure limitation to allow OEP to continue covering costs through federal matching funds.

For last biennium, overall OEP actual expenditures ended up at about 45 percent General Fund, one percent Other Funds, and 54 percent Federal Funds. Administrative matching funds for Medicaid are 50/50, though the match rate increases to 90/10 for information technology (IT) expenditures. Additional spending on IT expenditures for the ONE system means more of OEP expenditures are eligible for a greater federal match, which helped OEP cover costs within available General Fund, though exceeded the amount of available Federal Funds expenditure limitation approved by the Legislature. OEP also expended more funds for eligibility work within the Area Agencies on Aging, which resulted in more local matching funds than anticipated without the corresponding Federal Funds expenditure limitation. Finally, OEP also required additional Federal Funds expenditure limitation to cover printing costs associated with an interagency agreement with the Oregon Health Authority.

Legal Reference: Transfer of \$5,835,672 General Fund appropriation made by chapter 610, section 1, Oregon Laws 2023, for the 2023-25 biennium as follows:

Subsection	Amount
(6) Aging and people with disabilities programs	\$-5,835,672
(7) Intellectual/developmental disabilities programs	\$+5,835,672

Increase Other Funds expenditure limitation established by chapter 610, section 2(6), Oregon Laws 2023, for the Department of Human Services, Aging and People with Disabilities, by \$8,000,000 for the 2023-25 biennium.

Increase Federal Funds expenditure limitation established by chapter 610, section 3(8), Oregon Laws 2023, for the Department of Human Services, Oregon Eligibility Partnership, by \$22,000,000 for the 2023-25 biennium.



October 31, 2025

The Honorable Senator Rob Wagner, Co-Chair
The Honorable Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court St. NE
H-178 State Capitol
Salem OR 97301

RE: ODHS 2023-25 Biennium Close Out Request Report

Dear Co-Chairs:

Nature of the Request

To close out the 2023-25 biennium, the Oregon Department of Human Services (ODHS) requests an increase of \$22 million Federal Funds expenditure limitation within Oregon Eligibility Partnership (OEP), an \$8 million increase in Other Funds limitation, which will cause a reduction to General Funds in Aging and People with Disabilities (APD), and an increase of \$5.8 million General Funds within the Intellectual and Developmental Disabilities Programs (I/DD).

Background

During the six-month period from July 1 through December 31 of odd numbered years, ODHS finalizes expenditure reporting from the prior biennium. If an expenditure was incurred by June 30, the accounting entry should be recorded in prior biennium. Based on actual expenditures through June 30, 2025, and anticipated outstanding expenses for the 2023-25 biennium, ODHS expects an overall net impact for Other and Federal Funds expenditures only that exceed the Legislatively Approved Budget in APD and OEP.

Aging and People with Disabilities (APD)

APD has a need of \$8,000,000 Other Funds, causing a decrease of General Funds. This is due to receipt of more Provider Taxes than expected after the Spring 2025 rebalance, which was prepared in March 2025. ODHS requests an increase in Other Funds expenditure limitation and decrease of General Fund appropriation, as a result of this application of revenue.

Intellectual and Developmental Disabilities Programs (I/DD)

I/DD has a challenge of \$5,835,672 General Funds. This is attributed to a correction in Participation Rate after the Spring 2025 rebalance. After preparing the Spring 2025 Rebalance, retroactive adjustments were completed by the ODHS accounting staff, which resulted in a decrease in federal funds participation of 0.12%, causing a shift to general funds. To finalize all 2023-25 transactions for I/DD, this General Fund increase is requested. While there is a corresponding decrease to Federal Funds limitation, that action is not being requested, as the federal funds are limitation only.

Oregon Eligibility Partnership (OEP)

OEP has an estimated challenge of \$22 million Federal Funds limitation. This is partly attributed to better than anticipated federal match, which should have been requested at the September 2024 Emergency Board, where \$10 million of General Funds savings were shifted to the APD program needs. The additional \$12 million Federal Funds limitation is needed due to several factors, including additional transactions with Interagency Agreements with the Oregon Health Authority (OHA), continued better federal matching, and higher expenditures for the Area Agencies on Aging (AAAs).

Agency Request

ODHS requests the November 2025 Emergency Board increase Federal Funds expenditure limitation of \$22 million, Other Funds expenditure limitation of \$8 million and transfer of General Funds between APD and

I/DD for 2023-25, to allow the agency to perform final biennial closeout accounting activities.

Legislation Affected

Oregon Laws 2023, Ch. 610, section 1, subsection 6, decrease \$5,835,672

Oregon Laws 2023, Ch. 610, section 1, subsection 7, increase \$5,835,672

Oregon Laws 2023, Ch. 610, section 2, subsection 6, increase \$8,000,000

Oregon Laws 2023, Ch. 610, section 3, subsection 8, increase \$22,000,000

Sincerely,



Liesl Wendt, ODHS Acting Director



Rob Kodiriy, ODHS CFO

EC: Amanda Beitel, Legislative Fiscal Office
Gregory Jolivette, Legislative Fiscal Office
Kate Nass, Department of Administrative Services
Mike Streepey, Department of Administrative Services
Paul Johnson, Department of Administrative Services