



Oregon

Tina Kotek, Governor

Oregon Department of Human Services

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OREGON DEPARTMENT OF
Human Services

To: Co-Chairs Valderrama and Campos and Members of the Joint Ways & Means Subcommittee

From: Oregon Department of Human Services

Subject: Follow-up responses from February 16, 2026 hearing

Date: February 17, 2026

Dear Co-Chairs, Valderrama and Campos, Members of the Subcommittee:

During the February 16, 2025 meeting of the Joint Committee on Ways and Means Subcommittee on Human Services, the Oregon Department of Human Services presented on Oregon's eligibility enterprise and current staffing levels. Following the presentation, Co-Chair Campos requested the revised 2025-27 budget figures the department prepared in connection to House Resolution 1 (HR1) implementation, and ODHS' Chief Financial Officer committed to providing this information as a follow up to the committee: The department's revised budget request totals \$109 million in General Fund resources and 347 positions (163.53 FTE) for the 2025-27 biennium.

For further information please contact Rob Kodiriy at Rob.Kodiriy@odhs.oregon.gov.



Memorandum

To: Gregory Jolivette, Legislative Fiscal Office
Matt Stayner, Legislative Fiscal Office

From: Rob Kodiriy, Chief Financial Officer
Oregon Department of Human Services

Date: Feb. 5, 2026

Subject: Revised H.R.1 implementation budget request

Overview

On December 12, 2025, ODHS and OHA submitted a joint budget request to the Joint Interim Committee on Ways and Means to support the agencies' implementation of U.S. House Resolution 1 (HR1). Since that time, ODHS has conducted additional analysis to better understand the policy, programmatic, and fiscal impacts associated with HR1 implementation and to explore potential options for addressing those impacts. The information provided below reflects the results of that analysis and is intended for planning and informational purposes only; it does not represent a revision to the agencies' submitted budget request. Any future changes to the agency's formal request would be developed in coordination with the Governor's Office and submitted through the appropriate formal process.

Summary of potential changes

Section 10102 – SNAP Work Requirements

This budget item funds the staffing and system changes required to implement expanded SNAP work requirements under HR1, including the statewide expansion of Able-Bodied Adults Without Dependents (ABAWD) work rules from 6 to all 36 Oregon counties and a reduction in federal exemptions. The request supports 33 eligibility staff, policy support,

shared services, and ONE system updates to process the significantly larger population now subject to work requirements and exemptions. Without this investment, the workload does not disappear — it shifts into backlogs, errors, and delayed benefits for eligible Oregonians.

- **Additional analysis:** As exemption data has become clearer, Oregon Eligibility Partnership (OEP) may be able to adjust the request from 71 to 33 positions to match the actual ABAWD workload. Additionally, the number of months assigned to positions can be adjusted based on a hiring plan.

Section 10103 – SNAP Utility Changes

This budget item funds required system and policy changes stemming from HR1 utility deduction rules that became law on July 4, 2025, which changed how utilities are counted in SNAP eligibility and benefit calculations. The request supports ONE system updates, limited policy coordination, and a small number of eligibility staff to manage the added workload and ensure consistent application of the new federal requirements. Without these changes, eligibility determinations would rely on manual work, increasing errors, delays, and risk to Oregon’s SNAP payment accuracy.

- **Additional analysis:** ODHS could reduce the number of months associated with the position responsible for implementing and monitoring this change.

Section 10104 – SNAP Shelter Changes

This investment funds required updates to shelter and internet-related SNAP eligibility rules under HR1, including limited policy coordination and shared services support. While modest in size, it is one of many federally mandated technical changes that must be implemented accurately to prevent errors and ensure consistent benefit determinations statewide. These small compliance updates collectively protect Oregon from larger downstream accuracy and penalty risks.

- **Additional analysis:** ODHS could reduce the number of months associated with the position responsible for implementing and monitoring this change.

Section 10105 – SNAP State Share/Payment Error Rate

This investment targets Oregon’s SNAP payment error rate (PER). Remaining above 10 percent PER would require Oregon to pay the maximum state share of SNAP benefits under HR1, amounting to \$255 million in General Fund annually. The funding focuses on historically underfunded quality roles, particularly lead workers — currently funded at less than 50 percent of the staffing model — and strengthens frontline, policy, and central supports that directly reduce errors before benefits are authorized.

The request also reinvests federal penalty dollars into high-impact technology solutions, including predictive analytics to flag high-risk cases for review, expansion of Oregon’s award-winning eligibility bot to answer case-specific questions for staff, and a new interview support bot to reduce common errors in real time.

While these investments are necessary to reduce risk, there is no guarantee that they will reduce the error rate below the 6 percent threshold required to fully avoid cost-sharing liabilities. However, without this investment Oregon will face the maximum penalty.

- **Additional analysis:** OEP could reduce the request by 78 positions. The largest change here would be to remove OEP positions that are non-budgeted, instead having OEP continue to carry the costs associated with those positions. Other potential changes are reduction in months and reduction of connected positions enabled by reducing the overall request around lead workers.

Section 10108 – SNAP Non-Citizen Updates

This investment supports required system and policy changes following HR1’s July 4, 2025, update to SNAP eligibility for legally present non-citizens. The request funds ONE system modifications, policy coordination, and limited central and shared services staffing needed to implement eligibility changes that the federal government is enforcing, even as guidance continues to arrive months after the law took effect.

Without these updates, Oregon faces a heightened risk of incorrect eligibility determinations, federal audit findings, and penalties, not because of policy choices, but because states are being held accountable for implementing complex changes without timely federal direction.

- **Additional analysis:** ODHS could reduce the number of months for staff associated with implementing this federally required changes.

Section 71104 - Ensuring Deceased Individuals Do Not Remain Enrolled

This investment is to ensure Oregon remains compliant with expectations to check death registry matches.

- **Additional analysis:** Other Funds can be added to bill against OHA funding.

Section 71109 – Medicaid Non-Citizen Updates

This investment funds required ONE system updates and limited shared staffing to implement federal Medicaid lawful presence changes effective October 2026, which narrow eligibility for certain legally present non-citizens. Similar to the SNAP changes that took

effect in July 2025, Oregon must update systems and processes to apply complex federal definitions accurately and consistently.

Without these updates, families face confusion, delays, and incorrect coverage decisions, while the state faces increased audit risk and potential federal penalties for misapplying eligibility rules that are changing faster than guidance is being issued.

- **Additional analysis:** Other Funds can be added to bill against OHA funding.

Section 71112 - Medicaid Retroactive Medical Coverage

This investment funds system and limited staffing updates needed to comply with federal retroactive coverage requirements, ensuring eligibility can be applied correctly to medical services received prior to an application. Retroactive coverage is especially critical for unexpected emergencies, where individuals may be unable to apply immediately and providers rely on timely, accurate eligibility decisions.

Without these updates, Oregon risks coverage gaps for families and unreimbursed care for providers, increasing financial strain across the healthcare system.

- **Additional analysis:** Other Funds can be added to bill against OHA funding.

Section 71119 - Medicaid Work Requirements (Community Engagement)

This investment funds the systems, ongoing maintenance, and staffing required to implement new federal Medicaid work requirements, affecting more than 600,000 Oregonians who must now report additional information to remain eligible. While Oregon is prioritizing self-service and automation, the scale of the change still creates hundreds of thousands of new work hours for eligibility staff to ask questions, verify information, and support individuals through the process.

Without these investments, the burden shifts to families navigating new systems alone, increasing the risk of coverage loss due to paperwork rather than ineligibility, while placing unsustainable pressure on staff and systems already operating at capacity.

- **Additional analysis:** As additional data have become available, ODHS has recognized the need to add 9 positions and adjust several classifications. At the same time, the department can reduce the number of months based on our hiring plan, which reduces costs overall. We would also add Other Funds for the Design, Development and Implementation (DDI) portion to bill against OHA funding.

Printing, Mailing, and Phone System

This investment is for the required infrastructure and staff related to printing and mailing an increased number of notices and phone system costs to comply with federal law.

- **Additional analysis:** ODHS would add three additional positions to better support human resources and program management needs.

Potential revisions: Detail

Table 1. ODHS 2025-27 Investments (\$ in millions)

	GF	OF	FF	TF	Pos	FTE
SNAP administration	93.05	0.84	(32.27)	61.63	174	87.73
Medicaid	15.96	8.13	46.98	71.07	173	75.80
Grand total	109.01	8.98	14.71	132.70	347	163.53

Table 2. ODHS 2025-27 SNAP Investments Detail (\$ in millions)

	GF	OF	FF	TF	Pos	FTE
SNAP admin match change (All ODHS)	54,356,118	-	(54,356,118)	-	-	-
Total SSP staffing	997,051	-	536,871	1,533,922	11	5.53
Total OEP staffing	9,060,146	-	6,595,056	15,655,202	140	67.70
Total AAA staffing	2,528,731	-	2,528,731	5,057,462	-	-
Total ONE system	2,904,930	-	2,904,930	5,809,860	-	-
EBT card security related costs	6,800,518	-	5,849,244	12,649,762	-	-
SNAP error rate reinvestments	10,983,432	-	-	10,983,432	-	-

	GF	OF	FF	TF	Pos	FTE
Total overall printing/mailing/phones/outreach	2,501,250	-	1,811,250	4,312,500	-	-
Total Central staffing	2,514,012	112,175	1,414,102	4,040,289	15	11.25
Total Shared/SAEC	403,803	730,428	449,307	1,583,538	8	3.25
Total SNAP	93,049,991	842,603	(32,266,627)	61,625,967	174	87.73

Table 3. ODHS 2025-27 Medicaid Investments Detail (\$ in millions)

	GF	OF	FF	TF	Pos	FTE
Total OEP staffing	7,945,018	-	5,753,285	13,698,303	151	61.79
Total ONE system	3,798,780	4,129,314	36,716,386	44,644,480	-	-
Total Overall printing/mailing/phones/outreach	2,356,250	1,812,500	3,018,750	7,187,500	-	-
Total Central staffing	885,550	27,060	491,405	1,404,015	6	4.50
Total Shared/SAEC	974,274	2,163,744	998,204	4,136,222	16	9.51
Total Medicaid	15,959,872	8,132,618	46,978,030	71,070,520	173	75.80

Table 4. ODHS Statutory Authority request

Division	Oregon Laws 2025/ Section/ Subsection	Fund	Amount
Central Services	ch 549 1(1)	General	5,161,232
	ch 549 2(1)	Other	139,235
	ch 549 3(1)	Federal	143,837
		TOTAL	5,444,304
SAEC	ch 549 1(2)	General	10,707,792
	ch 549 2(2)	Other	65,151
	ch 549 3(2)	Federal	(7,882,204)
		TOTAL	2,890,739
Shared Services			
	ch 549 2(8)	Other	2,829,021
		TOTAL	2,829,021
SSP	ch 549 1(3)	General	9,607,496
	ch 549 3(3)	Federal	6,451,188
		TOTAL	16,058,684
APD			
	ch 549 1(6)	General	2,851,345
	ch 549 3(6)	Federal	2,206,117
		TOTAL	5,057,462
OEP			
	ch 549 1(8)	General	80,681,998
	ch 549 2(9)	Other	5,941,814
	ch 549 3(8)	Federal	13,792,465
		TOTAL	100,416,277