

HB 5204 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Emergency Board

2025-27

Various Agencies

2025-27

PRELIMINARY

Budget Summary

	2025-27 Legislatively Approved Budget*	2026 Committee Recommendation	Committee Change from 2025-27 Approved Budget	
			\$ Change	% Change
<u>Emergency Board</u>				
General Fund - General Purpose	83,379,636	83,379,636	\$ -	0.0%
General Fund - Special Purpose Appropriations				
State Agencies for state employee compensation	300,000,000	-	\$ (300,000,000)	-100.0%
State Agencies for non-state employee compensation	75,000,000	-	\$ (75,000,000)	-100.0%
OHA and DHS Caseloads	100,000,000	100,000,000	\$ -	0.0%
Natural Disasters	147,500,000	82,175,214	\$ (65,324,786)	-44.3%
Roseburg Veterans' Home	35,000,000	35,000,000	\$ -	0.0%
ODF Fire Severity	24,000,000	11,832,630	\$ (12,167,370)	-50.7%
HECC - Southern Oregon University	-	15,000,000	\$ 15,000,000	100.0%
Implementation of SB 243 and BM 114	12,182,349	12,182,349	\$ -	0.0%
Oregon State Hospital	5,000,000	5,000,000	\$ -	0.0%
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	88,770,344	104,051,790	15,281,446	17.2%
Other Funds	966,398,378	1,142,331,995	175,933,617	18.2%
Other Funds Debt Service	583,206,253	583,156,253	(50,000)	0.0%
Federal Funds	165,284,328	166,390,063	1,105,735	0.7%
<u>Department of Revenue</u>				
General Fund	267,928,066	276,289,338	8,361,272	3.1%
General Fund Debt Service	5,059,813	4,025,804	(1,034,009)	-20.4%
Other Funds	171,840,390	172,891,756	1,051,366	0.6%
Other Funds Debt Service	552,000	932,000	380,000	68.8%
<u>Employment Relations Board</u>				
General Fund	4,120,622	4,241,227	120,605	2.9%
Other Funds	3,254,533	3,349,401	94,868	2.9%
<u>Office of the Governor</u>				
General Fund	32,101,138	32,883,569	782,431	2.4%
Lottery Funds	5,213,172	5,402,757	189,585	3.6%
Other Funds	5,300,619	5,489,911	189,292	3.6%

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			\$ Change	% Change
<u>Oregon Advocacy Commissions Office</u>				
General Fund	1,979,618	1,860,966	(118,652)	-6.0%
<u>Oregon Government Ethics Commission</u>				
Other Funds	7,129,553	7,308,308	178,755	2.5%
<u>Oregon Liquor and Cannabis Commission</u>				
Other Funds	385,386,377	395,025,544	9,639,167	2.5%
Other Funds Debt Service	34,690,305	25,775,169	(8,915,136)	-25.7%
<u>Public Records Advocate</u>				
Other Funds	1,180,141	1,204,723	24,582	2.1%
<u>Racing Commission</u>				
Other Funds	7,693,187	7,815,202	122,015	1.6%
<u>Public Employees Retirement System</u>				
Other Funds	180,147,745	187,949,420	7,801,675	4.3%
<u>Secretary of State</u>				
General Fund	26,945,965	29,887,640	2,941,675	10.9%
Other Funds	103,200,024	110,187,944	6,987,920	6.8%
Federal Funds	5,213,012	5,241,670	28,658	0.5%
<u>State Library</u>				
General Fund	5,414,587	5,660,927	246,340	4.5%
Other Funds	9,759,557	10,144,363	384,806	3.9%
Federal Funds	5,738,385	5,816,270	77,885	1.4%
<u>State Treasurer</u>				
Other Funds	158,605,339	162,974,191	4,368,852	2.8%
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>Bureau of Labor and Industries</u>				
General Fund	37,828,209	39,123,829	1,295,620	3.4%
Lottery Funds	307,006	313,904	6,898	2.2%
Other Funds	40,239,771	41,674,276	1,434,505	3.6%
Federal Funds	2,313,802	2,369,136	55,334	2.4%

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			\$ Change	% Change
<u>Department of Consumer and Business Services</u>				
General Fund	4,548,958	4,582,280	33,322	0.7%
Other Funds	512,683,580	471,776,034	(40,907,546)	-8.0%
Federal Funds	131,116,861	196,075,693	64,958,832	49.5%
<u>State Board of Accountancy</u>				
Other Funds	4,448,690	4,541,415	92,725	2.1%
<u>State Board of Chiropractic Examiners</u>				
Other Funds	2,519,633	2,570,017	50,384	2.0%
<u>Construction Contractors Board</u>				
Other Funds	23,432,028	24,142,872	710,844	3.0%
<u>Oregon Board of Dentistry</u>				
Other Funds	4,725,139	4,838,872	113,733	2.4%
<u>Health Related Licensing Boards</u>				
Other Funds	10,694,044	10,963,770	269,726	2.5%
<u>Oregon Medical Board</u>				
Other Funds	20,967,892	21,492,198	524,306	2.5%
<u>Oregon State Board of Nursing</u>				
Other Funds	30,971,892	31,792,918	821,026	2.7%
<u>Board of Licensed Social Workers</u>				
Other Funds	3,149,985	3,255,902	105,917	3.4%
<u>Mental Health Regulatory Agency</u>				
Other Funds	7,351,536	7,549,079	197,543	2.7%
<u>Board of Pharmacy</u>				
Other Funds	14,387,474	14,719,811	332,337	2.3%
<u>Public Utility Commission</u>				
Other Funds	78,777,898	80,827,263	2,049,365	2.6%
Federal Funds	1,510,497	1,566,875	56,378	3.7%
<u>Real Estate Agency</u>				
Other Funds	15,926,038	16,283,982	357,944	2.2%

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<u>State Board of Tax Practitioners</u>				
Other Funds	1,362,887	1,482,711	119,824	8.8%
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>				
<u>Oregon Business Development Department</u>				
General Fund	120,185,928	116,074,481	(4,111,447)	-3.4%
General Fund Debt Service	107,198,055	101,823,055	(5,375,000)	-5.0%
Lottery Funds	127,448,168	127,408,932	(39,236)	0.0%
Lottery Funds Debt Service	71,493,795	73,740,344	2,246,549	3.1%
Other Funds	1,136,964,158	1,221,928,825	84,964,667	7.5%
Other Funds Debt Service	-	14,531,000	14,531,000	100.0%
Other Funds Nonlimited	395,617,414	390,617,414	(5,000,000)	100.0%
Other Funds Nonlimited Debt Service	18,848,359	10,822,359	(8,026,000)	100.0%
Federal Funds	283,071,658	286,685,346	3,613,688	1.3%
<u>Employment Department</u>				
Other Funds	501,255,337	521,402,489	20,147,152	4.0%
Federal Funds	192,375,924	198,418,573	6,042,649	3.1%
<u>Housing and Community Services Department</u>				
General Fund	549,676,073	548,280,123	(1,395,950)	-0.3%
General Fund Debt Service	252,448,139	186,167,938	(66,280,201)	-26.3%
Other Funds	747,508,315	790,705,534	43,197,219	5.8%
Other Funds Debt Service	-	72,343,000	72,343,000	100.0%
Federal Funds	349,206,332	455,680,789	106,474,457	30.5%
<u>Department of Veterans' Affairs</u>				
General Fund	9,797,550	10,065,505	267,955	2.7%
Lottery Funds	23,138,467	23,401,058	262,591	1.1%
Other Funds	148,497,225	149,256,508	759,283	0.5%
Federal Funds	4,123,106	4,291,147	168,041	4.1%
<u>EDUCATION PROGRAM AREA</u>				
<u>Department of Early Learning and Care</u>				
General Fund	740,922,513	708,294,465	(32,628,048)	-4.4%
Other Funds	461,548,861	496,151,292	34,602,431	7.5%
Federal Funds	247,070,498	316,070,568	69,000,070	27.9%

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			\$ Change	% Change
<u>Department of Education</u>				
General Fund	753,482,685	786,794,673	33,311,988	4.4%
General Fund Debt Service	66,593,263	65,833,263	(760,000)	-1.1%
Lottery Funds	70,828,864	45,779,231	(25,049,633)	-35.4%
Other Funds	3,008,888,885	3,008,329,258	(559,627)	0.0%
Other Funds Debt Service	9,597,000	10,742,000	1,145,000	11.9%
Federal Funds	1,039,403,984	1,041,186,250	1,782,266	0.2%
<u>Higher Education Coordinating Commission</u>				
General Fund	2,772,210,370	2,776,763,601	4,553,231	0.2%
General Fund Debt Service	365,787,381	362,627,030	(3,160,351)	-0.9%
Other Funds	188,901,069	194,021,610	5,120,541	2.7%
Other Funds Debt Service	16,248,408	17,583,166	1,334,758	8.2%
Other Funds Nonlimited Debt Service	193,596,819	192,217,614	(1,379,205)	-0.7%
Federal Funds	145,776,909	146,207,797	430,888	0.3%
Federal Funds Nonlimited Debt Service	7,798,000	3,899,000	(3,899,000)	-50.0%
<u>Teacher Standards and Practices Commission</u>				
General Fund	769,493	792,385	22,892	3.0%
Other Funds	18,321,306	17,589,031	(732,275)	-4.0%
<u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Commission for the Blind</u>				
General Fund	9,522,624	9,795,831	273,207	2.9%
Other Funds	1,149,704	1,155,454	5,750	0.5%
Federal Funds	22,158,954	22,748,408	589,454	2.7%
<u>Oregon Health Authority</u>				
General Fund	6,240,894,612	6,298,271,147	57,376,535	0.9%
General Fund Debt Service	64,303,424	63,993,424	(310,000)	-0.5%
Lottery Funds	25,251,941	25,118,875	(133,066)	-0.5%
Other Funds	12,014,734,705	11,854,370,130	(160,364,575)	-1.3%
Other Funds Debt Service	401,000	806,000	405,000	101.0%
Federal Funds	23,365,295,252	23,028,305,260	(336,989,992)	-1.4%

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<u>Department of Human Services</u>				
General Fund	7,446,740,959	7,773,506,733	326,765,774	4.4%
General Fund Debt Service	10,105,725	8,545,725	(1,560,000)	-15.4%
Other Funds	1,304,298,828	1,358,482,583	54,183,755	4.2%
Other Funds Debt Service	2,100	1,612,100	1,610,000	76666.7%
Federal Funds	10,862,261,107	11,224,178,357	361,917,250	3.3%
<u>Long Term Care Ombudsman</u>				
General Fund	16,316,659	16,852,756	536,097	3.3%
Other Funds	1,345,953	1,382,850	36,897	2.7%
<u>Psychiatric Security Review Board</u>				
General Fund	5,434,554	5,607,044	172,490	3.2%
<u>JUDICIAL BRANCH</u>				
<u>Commission on Judicial Fitness and Disability</u>				
General Fund	647,635	698,976	51,341	7.9%
<u>Judicial Department</u>				
General Fund	845,355,430	894,116,586	48,761,156	5.8%
General Fund Debt Service	49,449,630	47,237,791	(2,211,839)	-4.5%
Other Funds	167,906,600	162,655,002	(5,251,598)	-3.1%
Other Funds Debt Service	-	70,000	70,000	100.0%
Federal Funds	5,408,623	5,648,666	240,043	4.4%
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund	60,238,765	69,269,672	9,030,907	15.0%
General Fund Debt Service	52,914,522	51,478,422	(1,436,100)	-2.7%
Other Funds	2,132,956	2,134,155	1,199	0.1%
Other Funds Debt Service	3,849,000	5,354,000	1,505,000	39.1%
<u>Legislative Assembly</u>				
General Fund	82,230,481	85,838,440	3,607,959	4.4%
<u>Legislative Counsel</u>				
General Fund	22,454,653	24,440,232	1,985,579	8.8%
Other Funds	2,680,921	2,803,228	122,307	4.6%

Budget Summary

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			\$ Change	% Change
<u>Legislative Fiscal Office</u>				
General Fund	10,424,555	11,063,514	638,959	6.1%
Other Funds	5,783,501	5,993,986	210,485	3.6%
<u>Legislative Policy and Research Office</u>				
General Fund	24,358,157	25,615,320	1,257,163	5.2%
<u>Legislative Revenue Office</u>				
General Fund	4,741,325	5,044,568	303,243	6.4%
<u>Commission on Indian Services</u>				
General Fund	1,418,518	1,508,638	90,120	6.4%
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>State Department of Agriculture</u>				
General Fund	46,292,447	49,967,394	3,674,947	7.9%
Lottery Funds	10,014,286	10,377,416	363,130	3.6%
Other Funds	105,388,854	109,086,039	3,697,185	3.5%
Federal Funds	23,782,039	24,125,387	343,348	1.4%
<u>Columbia River Gorge Commission</u>				
General Fund	1,552,807	1,681,262	128,455	8.3%
<u>State Department of Energy</u>				
General Fund	15,857,214	14,930,518	(926,696)	-5.8%
Other Funds	105,998,395	113,482,700	7,484,305	7.1%
Federal Funds	79,079,581	79,329,460	249,879	0.3%
<u>Department of Environmental Quality</u>				
General Fund	80,605,114	84,763,685	4,158,571	5.2%
General Fund Debt Service	6,439,684	6,484,684	45,000	0.7%
Lottery Funds	7,052,786	7,279,355	226,569	3.2%
Other Funds	349,921,298	358,144,065	8,222,767	2.3%
Other Funds Debt Service	-	9,000	9,000	100.0%
Federal Funds	164,556,330	165,664,453	1,108,123	0.7%

Budget Summary

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			\$ Change	% Change
<u>State Department of Fish and Wildlife</u>				
General Fund	74,728,102	73,273,443	(1,454,659)	-1.9%
General Fund Debt Service	5,298,840	5,071,940	(226,900)	-4.3%
Lottery Funds	7,566,021	7,836,532	270,511	3.6%
Other Funds	276,780,539	284,101,845	7,321,306	2.6%
Other Funds Debt Service	2,186,812	2,561,812	375,000	17.1%
Federal Funds	205,856,265	211,090,729	5,234,464	2.5%
<u>Department of Forestry</u>				
General Fund	166,206,481	252,192,005	85,985,524	51.7%
General Fund Debt Service	18,357,494	18,287,569	(69,925)	-0.4%
Other Funds	404,399,798	487,409,244	83,009,446	20.5%
Other Funds Debt Service	5,260,260	5,276,031	15,771	0.3%
Federal Funds	85,110,060	96,827,003	11,716,943	13.8%
<u>Department of Geology and Mineral Industries</u>				
General Fund	10,611,332	11,446,686	835,354	7.9%
Other Funds	20,087,153	20,494,444	407,291	2.0%
Federal Funds	5,988,729	6,094,781	106,052	1.8%
<u>Department of Land Conservation and Development</u>				
General Fund	49,533,762	50,206,460	672,698	1.4%
Other Funds	12,898,404	17,490,300	4,591,896	35.6%
Federal Funds	14,049,024	18,868,393	4,819,369	34.3%
<u>Land Use Board of Appeals</u>				
General Fund	3,459,899	3,640,417	180,518	5.2%
<u>State Marine Board</u>				
Other Funds	36,894,678	38,495,508	1,600,830	4.3%
Federal Funds	7,022,955	7,036,377	13,422	0.2%
<u>Department of Parks and Recreation</u>				
General Fund Debt Service	6,726,750	5,071,340	(1,655,410)	-24.6%
Lottery Funds	200,494,634	199,256,891	(1,237,743)	-0.6%
Lottery Funds Debt Service	5,361,307	2,861,307	(2,500,000)	-46.6%
Other Funds	150,254,347	163,478,326	13,223,979	8.8%
Other Funds Debt Service	1,780,000	6,580,000	4,800,000	269.7%
Federal Funds	28,783,142	28,839,831	56,689	0.2%

Budget Summary

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			\$ Change	% Change
<u>Department of State Lands</u>				
General Fund	442,576	246,375	(196,201)	-44.3%
Other Funds	91,365,052	93,668,065	2,303,013	2.5%
Federal Funds	4,442,918	6,549,472	2,106,554	47.4%
<u>Water Resources Department</u>				
General Fund	100,967,253	103,735,215	2,767,962	2.7%
Lottery Funds Debt Service	21,605,821	20,040,871	(1,564,950)	-7.2%
Other Funds	143,273,083	144,260,065	986,982	0.7%
Other Funds Debt Service	-	1,564,960	1,564,960	100.0%
Federal Funds	2,190,179	2,204,348	14,169	0.6%
<u>Watershed Enhancement Board</u>				
General Fund	2,739,667	2,766,582	26,915	1.0%
Lottery Funds	119,395,740	119,733,470	337,730	0.3%
Other Funds	45,526,847	80,713,410	35,186,563	77.3%
Federal Funds	61,591,577	61,728,557	136,980	0.2%
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	2,500,734,211	2,600,659,791	99,925,580	4.0%
General Fund Debt Service	85,710,776	82,548,276	(3,162,500)	-3.7%
Other Funds	53,907,984	55,852,848	1,944,864	3.6%
Other Funds Debt Service	5,331,000	9,019,000	3,688,000	69.2%
<u>Oregon Criminal Justice Commission</u>				
General Fund	156,872,465	157,278,327	405,862	0.3%
Other Funds	156,236,264	156,244,867	8,603	0.0%
Federal Funds	15,085,177	15,144,803	59,626	0.4%
<u>District Attorneys</u>				
General Fund	21,055,127	21,489,489	434,362	2.1%
<u>Oregon Department of Emergency Management</u>				
General Fund	29,379,962	30,155,161	775,199	2.6%
General Fund Debt Service	7,342,211	5,142,108	(2,200,103)	-30.0%
Other Funds	186,358,938	207,658,978	21,300,040	11.4%
Other Funds Debt Service	358,000	788,000	430,000	120.1%
Federal Funds	1,098,558,605	1,099,310,910	752,305	0.1%

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<u>Department of Justice</u>				
General Fund	208,172,010	212,033,761	3,861,751	1.9%
Other Funds	547,578,243	565,183,440	17,605,197	3.2%
Other Funds Debt Service	7,124,474	4,503,500	(2,620,974)	-36.8%
Federal Funds	223,137,929	227,933,785	4,795,856	2.1%
<u>Department of the State Fire Marshal</u>				
General Fund	51,851,757	73,387,627	21,535,870	41.5%
Other Funds	66,888,532	77,899,476	11,010,944	16.5%
<u>Oregon Military Department</u>				
General Fund	36,715,046	37,357,922	642,876	1.8%
General Fund Debt Service	13,350,423	12,683,523	(666,900)	-5.0%
Other Funds	24,538,544	25,202,770	664,226	2.7%
Other Funds Debt Service	1,322,000	2,168,000	846,000	64.0%
Federal Funds	171,235,533	175,589,788	4,354,255	2.5%
<u>Oregon Board of Parole and Post Prison Supervision</u>				
General Fund	18,122,125	19,043,931	921,806	5.1%
<u>Department of State Police</u>				
General Fund	522,313,314	541,196,804	18,883,490	3.6%
General Fund Debt Service	23,427,313	18,898,967	(4,528,346)	-19.3%
Lottery Funds	11,883,330	12,280,565	397,235	3.3%
Other Funds	135,441,977	135,666,939	224,962	0.2%
Other Funds Debt Service	4,033,000	8,188,000	4,155,000	103.0%
Federal Funds	16,643,621	16,704,034	60,413	0.4%
<u>Public Defense Commission</u>				
General Fund	682,457,776	684,796,985	2,339,209	0.3%
Other Funds	40,578,258	39,754,088	(824,170)	-2.0%
<u>Department of Public Safety Standards and Training</u>				
Other Funds	81,205,599	83,976,654	2,771,055	3.4%
Federal Funds	7,967,812	7,989,331	21,519	0.3%

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<u>Oregon Youth Authority</u>				
General Fund	441,926,229	450,636,234	8,710,005	2.0%
General Fund Debt Service	33,010,081	24,546,310	(8,463,771)	-25.6%
Other Funds	12,179,522	12,291,979	112,457	0.9%
Other Funds Debt Service	1,133,300	2,313,300	1,180,000	104.1%
Federal Funds	45,889,317	46,189,064	299,747	0.7%
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Aviation</u>				
Other Funds	26,404,957	26,595,560	190,603	0.7%
Federal Funds	12,578,068	12,597,707	19,639	0.2%
<u>Department of Transportation</u>				
General Fund	2,733,696	2,752,096	18,400	0.7%
Other Funds	5,371,617,606	5,352,422,046	(19,195,560)	-0.4%
Other Funds Capital Improvement	18,478,963	14,378,963	(4,100,000)	-22.2%
Other Funds Debt Service	473,430,820	494,631,336	21,200,516	4.5%
Federal Funds	207,778,705	209,101,201	1,322,496	0.6%
2025-27 Budget Summary				
General Fund Total	26,194,853,403	26,486,484,255	296,630,852	1.1%
General Fund Debt Service Total	1,173,523,524	1,070,467,169	(103,056,355)	-8.8%
Lottery Funds Total	608,594,415	584,188,986	(24,405,429)	-4.0%
Lottery Funds Debt Service Total	98,460,923	96,642,522	(1,818,401)	-1.8%
Other Funds Total	30,929,177,526	31,382,519,469	453,341,943	1.5%
Other Funds Capital Improvement Total	18,478,963	14,378,963	(4,100,000)	-22.2%
Other Funds Debt Service Total	1,150,505,732	1,270,507,627	120,001,895	10.4%
Other Funds Nonlimited Total	395,617,414.00	390,617,414	(5,000,000)	-1.3%
Other Funds Nonlimited Debt Service Total	212,445,178.00	1,270,507,627	(9,405,205)	-4.4%
Federal Funds Total	39,308,656,798	39,625,800,282	317,143,484	0.8%
Federal Funds Nonlimited Debt Service Total	7,798,000.00	3,899,000	(3,899,000)	-50.0%

* through Nov 2025 Emergency Board

Position Summary

	2025-27 Legislatively Approved Budget	2026 Committee Recommendation	Committee Change from 2025-27 Approved Budget	
			\$ Change	% Change
ADMINISTRATION PROGRAM AREA				
<u>Department of Administrative Services</u>				
Authorized Positions	1,011	1,024	13	1.3%
Full-time Equivalent (FTE) positions	1,006.85	1,015.70	8.85	0.9%
<u>Public Employees Retirement System</u>				
Authorized Positions	436	441	5	1.1%
Full-time Equivalent (FTE) positions	433.47	435.97	2.50	0.6%
<u>State Library</u>				
Authorized Positions	41	42	1	2.4%
Full-time Equivalent (FTE) positions	39.38	40.01	0.63	1.6%
<u>Department of Revenue</u>				
Authorized Positions	1,149	1,154	5	0.4%
Full-time Equivalent (FTE) positions	1,094.45	1,095.70	1.25	0.1%
<u>Secretary of State</u>				
Authorized Positions	259	266	7	2.7%
Full-time Equivalent (FTE) positions	258.00	261.73	3.73	1.4%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
<u>Department of Consumer and Business Services</u>				
Authorized Positions	1,002	1,006	4	0.4%
Full-time Equivalent (FTE) positions	997.99	1,000.36	2.37	0.2%
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
<u>Oregon Business Development Department</u>				
Authorized Positions	206	223	17	8.3%
Full-time Equivalent (FTE) positions	201.40	205.65	4.25	2.1%
<u>Employment Department</u>				
Authorized Positions	1,937	1,948	11	0.6%
Full-time Equivalent (FTE) positions	1,921.37	1,927.79	6.42	0.3%

Position Summary

	2025-27 Legislatively Approved Budget	2026 Committee Recommendation	Committee Change from 2025-27 Approved Budget	
			\$ Change	% Change
<u>Housing and Community Services Department</u>				
Authorized Positions	489	487	(2)	-0.4%
Full-time Equivalent (FTE) positions	483.34	481.84	(1.50)	-0.3%
HUMAN SERVICES PROGRAM AREA				
<u>Department of Human Services</u>				
Authorized Positions	11,384	11,786	402	3.5%
Full-time Equivalent (FTE) positions	11,305.19	11,492.15	186.96	1.7%
<u>Oregon Health Authority</u>				
Authorized Positions	5,997	6,059	62	1.0%
Full-time Equivalent (FTE) positions	5,962.94	6,001.48	38.54	0.6%
JUDICIAL BRANCH				
<u>Judicial Department</u>				
Authorized Positions	2,204	2,232	28	1.3%
Full-time Equivalent (FTE) positions	2,149.75	2,165.00	15.25	0.7%
LEGISLATIVE BRANCH				
<u>Legislative Fiscal Office</u>				
Authorized Positions	28	29	1	3.6%
Full-time Equivalent (FTE) positions	27.88	28.46	0.58	2.1%
NATURAL RESOURCES PROGRAM AREA				
<u>State Department of Agriculture</u>				
Authorized Positions	493	495	2	0.4%
Full-time Equivalent (FTE) positions	395.85	397.11	1.26	0.3%
<u>State Department of Energy</u>				
Authorized Positions	131	132	1	0.8%
Full-time Equivalent (FTE) positions	128.43	128.81	0.38	0.3%

Position Summary

	2025-27 Legislatively Approved Budget	2026 Committee Recommendation	Committee Change from 2025-27 Approved Budget	
			\$ Change	% Change
<u>Department of Forestry</u>				
Authorized Positions	1,412	1,451	39	2.8%
Full-time Equivalent (FTE) positions	1,080.92	1,094.95	14.03	1.3%
<u>Department of Land Conservation and Development</u>				
Authorized Positions	111	110	(1)	-0.9%
Full-time Equivalent (FTE) positions	110.22	109.22	(1.00)	-0.9%
<u>Department of Parks and Recreation</u>				
Authorized Positions	865	863	(2)	-0.2%
Full-time Equivalent (FTE) positions	629.40	628.40	(1.00)	-0.2%
PUBLIC SAFETY PROGRAM AREA				
<u>Department of Corrections</u>				
Authorized Positions	4,823	4,832	9	0.2%
Full-time Equivalent (FTE) positions	4,794.96	4,804.26	9.30	0.2%
<u>Oregon Department of Emergency Management</u>				
Authorized Positions	125	128	3	2.4%
Full-time Equivalent (FTE) positions	121.50	123.00	1.50	1.2%
<u>Department of the State Fire Marshal</u>				
Authorized Positions	159	162	3	1.9%
Full-time Equivalent (FTE) positions	158.76	160.64	1.88	1.2%
<u>Department of Justice</u>				
Authorized Positions	1,647	1,649	2	0.1%
Full-time Equivalent (FTE) positions	1,629.35	1,630.43	1.08	0.1%
<u>Public Defense Commission</u>				
Authorized Positions	188	203	15	8.0%
Full-time Equivalent (FTE) positions	187.20	197.25	10.05	5.4%
<u>Oregon Board of Parole and Post Prison Supervision</u>				
Authorized Positions	38	40	2	5.3%
Full-time Equivalent (FTE) positions	36.92	38.09	1.17	3.2%
<u>Oregon Youth Authority</u>				
Authorized Positions	1,016	1,020	4	0.4%
Full-time Equivalent (FTE) positions	986.76	988.76	2.00	0.2%

Summary of Revenue Changes

The General Fund appropriations and Lottery Funds adjustments included in HB 5204 are within the level of resources projected in the March 2026 state economic and revenue forecast published by the Department of Administrative Services (DAS) Office of Economic Analysis. The General Fund resources forecasted for the 2025-27 biennium have decreased by \$274.9 million from the level assumed in the 2025-27 legislatively adopted budget, which includes the addition of \$346.4 million from unexpended 2023-25 appropriations reverted to General Fund. Forecasted net lottery proceeds available to transfer to the Economic Development Fund represent a decrease of \$66.2 million compared to the May 2025 forecast, which was used to develop the 2025-27 legislatively adopted budget. When including one-time reversions of unspent resources from the 2023-25 biennium and administrative actions, total lottery resources available for transfer have decreased by a total of \$57.5 million.

Summary of Capital Construction Subcommittee Action

HB 5204 is an omnibus budget bill that adjusts General Fund appropriations to the Emergency Board and modifies state agency budgets and position authority in the 2025-27 biennium. The amendment recommended by the subcommittee includes the legal citations necessary to effectuate the omnibus budget adjustments, which are described in the narrative below. Net of expenditures supported with existing appropriations to the Emergency Board, the measure increases General Fund appropriations by \$193.6 million. It also decreases Lottery Funds expenditure limitation by a net \$26.2 million, increases Other Funds expenditure limitation by \$569.2 million, and increases Federal Funds expenditure limitation by \$317.1 million. These actions also result in an increase of 631 budgeted positions (310.48 FTE) across various state agency budgets.

Major changes made by the measure, outside of adjustments to Emergency Board appropriations, include the following:

- \$272.8 million net General Fund increase (\$69.4 million total funds decrease) and 410 positions (188.23 FTE) to the Department of Human Services (DHS) and Oregon Health Authority (OHA) for implementing the provisions of U.S. Public Law 119-21, known as House Resolution (HR) 1.
- \$49.5 million net General Fund decrease (\$305.3 million total funds decrease) and 19 positions (15.22 FTE) to rebalance the DHS and OHA budgets for changes in forecasted caseloads, revenue, and expenditures for existing program services.
- \$77.1 million General Fund for one-time 2025 fire season costs, including \$69.5 million for 2025 fire season costs for the Oregon Department of Forestry and \$7.6 million for the Department of the State Fire Marshal, and another \$7 million for the Department of the State Fire Marshal to support repositioning, readiness response, and cash flow constraints for the 2026 fire season.
- \$78.2 million in Other Funds reductions to the Oregon Department of Transportation to balance the agency budget to available State Highway Fund revenues.
- \$39.9 million General Fund to the Department of Corrections for items previously approved by the Interim Joint Committee on Ways and Means.
- \$10 million General Fund for deposit into the Regional Infrastructure Fund for grants to local and tribal governments with populations of under 25,000 for rural infrastructure projects.
- \$9.6 million General Fund to backfill the Oregon Judicial Department, Department of Justice, and Department of Human Services programs for a Criminal Fine Account revenue shortfall.

- \$8 million General Fund for universal representation, with \$5.6 million of funding provided to the Department of Administrative Services for deposit into the Universal Representation Fund and \$2.4 million provided to the Oregon State Bar for immigration legal services; an additional \$2 million General Fund is provided to the Department of Human Services for refugee assistance.
- \$6 million General Fund, on a one-time basis, for wildfire season staffing grants for the 2027 fire season in the Department of the State Fire Marshal.
- \$5 million General Fund for deposit into the Industrial Site Loan Fund in the Oregon Business Development Department.
- \$5 million General Fund, on a one-time basis, to support horse racing events at county fairgrounds.
- \$4.1 million General Fund of one-time funding to the Department of Administrative Services for local capital projects.
- \$1.9 million General Fund, on a one-time basis, to the Department of Education for the East Multnomah Outreach, Prevention, and Intervention program.
- \$1.8 million General Fund, on a one-time basis, to the Oregon Department of Agriculture to continue Japanese beetle eradication efforts.
- \$1 million General Fund to the Department of Justice for increased caseload for the Internet Crimes Against Children program.
- \$1 million General Fund, on a one-time basis, to the Oregon Department of Agriculture for wolf depredation compensation.

The subcommittee approved budget notes to provide instructions to the Department of Administrative Services, Higher Education Coordinating Commission, and Oregon Youth Authority, which are included in the individual agency sections.

Emergency Board

The 2025-27 legislatively adopted budget included a \$100 million General Fund appropriation to the Emergency Board for general purposes, which was subsequently reduced by \$800,000 in HB 3992 (2025 first special session) and \$15.8 million at the November 2025 meeting of the Emergency Board. The legislatively adopted budget also included eight special purpose appropriations totaling \$701.2 million General Fund. HB 5204 makes no changes to the remaining \$83.4 million in the general purpose emergency fund, reduces or eliminates four existing special purpose appropriations, expands the eligible use of an existing special purpose appropriation, and establishes a new special purpose appropriation. These adjustments result in a net reduction of \$437.5 million General Fund in appropriations to the Emergency Board. After these and other actions during the 2026 session, the special purpose appropriation balances available to the Emergency Board total approximately \$261.2 million General Fund. The following summarizes the Emergency Board adjustments made in the measure:

- Eliminates the \$300 million special purpose appropriation for state employee compensation plan changes and made General Fund appropriations to various state agencies for state employee compensation plan changes and related adjustments.
- Eliminates the \$75 million special purpose appropriation for non-state employee collectively bargained compensation changes; the funding is appropriated to DHS and OHA for the same purpose.
- Expands the eligible use of the \$100 million special purpose appropriation for caseload costs for OHA and DHS in include implementation of federal policy changes.

- Reduces the \$150 million special purpose appropriation for natural disaster prevention, preparedness, response, and recovery by \$65.3 million for costs related to the 2025 fire season. This leaves the balance at \$82.2 million for future allocation.
- Reduces the \$24 million special purpose appropriation to the Oregon Department of Forestry for fire severity expenses by \$12.2 million to pay for costs related to the 2025 fire season. This leaves the balance at \$11.8 million for future allocation.
- Establishes a \$15 million special purpose appropriation to be allocated to HECC to address a projected operational funding shortfall for Southern Oregon University (SOU).

Adjustments to 2025-27 Agency Budgets

STATEWIDE ADJUSTMENTS

Employee Compensation Distribution

The subcommittee approved increases of \$321.5 million General Fund, \$7.1 million Lottery Funds, \$232 million Other Funds, and \$104.9 million Federal Funds in state agency budgets for employee compensation increases and pension obligation bond cost adjustments. Sections 324 - 333 of HB 5204 include these adjustments for each agency according to program area. The adjustments are also included in the table near the beginning of the budget report but are not described in each agency's narrative section of the report.

The funding for compensation changes includes \$292.9 million General Fund (\$605.3 million total funds) for collectively bargained cost-of-living adjustments (COLAs), which include a new top step added to all salary ranges; a 2.5% COLA effective February 1, 2026; and a 4% COLA effective January 1, 2027. Based on point-in-time statewide calculations, the funding included in the measure is expected to fully cover these increases. In addition, the measure includes \$36.6 million General Fund (\$78.7 million total funds) for one-time payments of \$1,700 for eligible employees as compensation for the state implementing biweekly pay. The pension obligation bond adjustments result in an offsetting decrease of \$4.4 million General Fund (\$10.8 million total funds).

To facilitate changes in compensation of non-state employees due to collective bargaining agreements, the subcommittee approved a decrease of \$75 million in the special purpose General Fund appropriation to the Emergency Board made for the purpose of those compensation changes. A corresponding increase of \$74.7 million General Fund and \$132 million Federal Funds expenditure limitation is included for DHS, and \$289,071 General Fund and \$395,933 Federal Funds expenditure limitation is included for OHA.

Other Statewide Adjustments

The measure includes reductions to balance the statewide budget based on the DAS Office of Economic Analysis March 2026 revenue forecast. These reductions are described in the individual agency sections and include vacancy savings and services and supplies reductions available through cost containment measures implemented by the executive branch.

The measure adjusts various agency budgets to account for interest earnings and excess bond proceeds that can be applied to debt service. Overall, these adjustments result in savings of \$103.3 million General Fund and \$4.1 million Lottery Funds. Offsetting increases are made to existing Other Funds expenditure limitations to use the available revenue for debt service payments totaling \$120 million. Section 323 include debt service adjustments made to

existing budget structures; new Other Funds expenditure limitations were established to accommodate these adjustments for the Oregon Business Development Department, HECC, the Housing and Community Services Department, the Oregon Judicial Department, the Department of Environmental Quality (DEQ), and the Water Resources Department.

Other actions impacting various agency budgets include corrections to adjustments included in the 2025-27 legislatively adopted budget for state government service charges related to the Secretary of State. These changes result in a net decrease of \$3.6 million General Fund (\$7.7 million total funds) and are also included in sections 324 - 333. In addition, the measure includes adjustments totaling \$4.1 million General Fund for judicial branch agencies and \$20.7 million General Fund for legislative branch agencies to recognize unexpended General Fund from the 2023-25 biennium. These adjustments are included in sections 321 and 322 and are made pursuant to ORS 293.195, which directs any unexpended General Fund appropriations for the judicial and legislative branches to be appropriated to those branches of government in the subsequent biennium. These appropriations are used to balance the state budget or fund General Fund cost increases within the judicial and legislative branches, as described below in each respective section of this report.

ADMINISTRATION

Department of Administrative Services

The subcommittee approved budgetary adjustments totaling \$192.3 million, including \$15.3 million General Fund, \$175.9 million Other Funds, and \$1.1 million Federal Funds. The total funds budget is 8.5% increase from the 2025-27 legislatively approved budget.

To balance the state budget, reductions totaling \$54,441 General Fund were approved. For the DAS Chief Human Resources Office, the budget is decreased by \$11,458 General Fund, reflecting vacancy savings from the delay of hiring a limited-duration position to support the forestry and wildland fire classification and compensation study required by SB 494 (2025). For the Enterprise Asset Management Division, the budget is decreased by \$42,983 General Fund, reflecting services and supplies savings from the Home Start Land program established by HB 2316 (2025).

The subcommittee approved a request recommended during the January 2026 meeting of the Joint Interim Committee on Ways and Means to increase Other Funds expenditure limitation by a total of \$18.9 million and establish seven permanent (4.40 FTE) and four limited-duration positions (3.20 FTE) to address the following issues across the agency's seven divisions:

- \$252,699 Other Funds to establish one limited-duration Economist 4 position (0.60 FTE) in the DAS Office of Economic Analysis. The five-person unit is statutorily required to produce the Economic and Revenue Forecasts, the Corrections Forecast, Clean Fuels Forecasts, the Demographic Forecast and Census, and the Highway Cost Allocation Study. With the current economic environment, this position is intended to provide the DAS Office of Economic Analysis with additional expertise and capacity to perform risk mitigation and special projects being requested of the office.
- \$3.9 million Other Funds in the Chief Financial Office to cover increased Data Center Services charges and \$500,000 Other Funds for contractor payment for out-of-state tax reporting.
- \$231,024 Other Funds and the establishment of one permanent Human Resources Consultant 1 position (0.70 FTE) in the DAS Chief Human Resources Office to support two new client agencies (Criminal Justice Commission and Board of Parole and Post-Prison Supervision) starting in 2026. In addition, \$550,000 Other Funds was approved for temporary employee expenses to address an increase in workload for the Investigation Unit.

- \$7.7 million Other Funds in Enterprise Information Services Data Center Services to cover vendor price increase for virtualization software and cloud solutions, including mainframe and midrange services.
- \$750,000 Other Funds for the statewide Payroll Transformation project to cover enterprise readiness services in preparing state agencies and partners for biweekly payroll through the Workday system. Readiness services include communication, training, and technical support.
- \$4.9 million Other Funds and the establishment of nine positions (6.30 FTE) in Enterprise Goods and Services (EGS) to address workload associated with biweekly payroll transformation, procurement, and risk management, detailed as follows:
 - EGS Risk Management: \$201,945 Other Funds and the establishment of one permanent Risk Claim Consultant 1 position (0.70 FTE) to address workload increase.
 - EGS Procurement: \$1.2 million Other Funds and the establishment of three limited-duration positions (2.60 FTE) to continue the agency's efforts to modernize and streamline its procurement and contracting. The two Consultant Advisors and one Operations and Policy Analyst 4 position will lead the evaluation of the state's procurement digital platform and addressing audit recommendations.
 - EGS Procurement: \$2.8 million Other Funds limitation to cover payment to Periscope (the vendor for OregonBuys). Periscope is paid based on a percentage collected from price agreement vendors or vendor-collected administrative fee (VCAF). The state collected more VCAF than anticipated and therefore requires additional spending limitation to pay Periscope.
 - EGS Shared Financial Services: \$785,332 Other Funds and the establishment of five permanent positions (3.00 FTE) for biweekly payroll transformation and to serve new client agencies. The positions include one Accounting Manager 3 and two Operations and Policy Analyst 1 positions to support biweekly payroll transformation. In addition, two payroll analysts will be transferred from the Oregon Parks and Recreation Department (OPRD) on July 1, 2026, and OPRD will become a new client agency. OPRD has a corresponding request to abolish the two positions and shift funds to State Government Service Charges.

The subcommittee approved the upward reclassification of three positions (Communication Manager 3 to Communication Administrator 1, Human Resources Analyst 1 to Operations and Policy Analyst 2, and Information Technology Customer Engagement and Support Manager 3 to Information Technology Administrator 1) to accurately reflect the current duties, responsibilities, and scope of work as determined by a comprehensive review by the DAS Chief Human Resources Office. These changes result in an increase of \$234,489 in personal services costs, which is offset by a reduction to services and supplies for a net-zero budget impact. In addition, the subcommittee approved making the limited-duration Information Technology Administrator 1 position permanent to meet ongoing business needs.

The following technical adjustments were approved:

- \$103.5 million Other Funds limitation increase for the disbursement of proceeds from lottery bonds issued in the prior biennium.
- \$2.8 million Other Funds limitation increase for EGS and a corresponding Other Funds expenditure limitation decrease for capital improvements by the same amount to correct an appropriation error.

- Upward reclassification of an Operations and Policy Analyst 4 position to a Consultant Advisor position. This position was unintentionally downgraded during budget development. This correction results in an increase of \$56,202 Other Funds in personal services costs, which is offset by a reduction to services and supplies for a net-zero change.
- \$4.2 million Other Funds limitation increase for EGS Printing and Distribution to reflect an increase in customer demand for postage and printing services.
- Increase the Other Funds limitation for Enterprise Asset Management for cost of bond issuance by \$50,000 and decrease the Other Funds limitation for debt service by the same amount to correct an appropriation error for the cost of issuance for the Article XI-Q Yellow Parking Lot bond project.
- An increase of \$1 million Federal Funds expenditure limitation was approved to transfer American Rescue Plan Act (ARPA) Coronavirus State Fiscal Recovery Fund moneys received by DAS to the Department of Corrections for provision of public safety services.

The subcommittee approved a General Fund appropriation of \$5.6 million on a one-time basis for deposit into the Universal Representation Fund under ORS 9.865 and a corresponding increase of \$5.6 million Other Funds expenditure limitation for disbursement from the Universal Representation Fund to Oregon Worker Relief as the fiscal agent for legal services, through the Universal Representation Program under ORS 9.860, for providing a statewide integrated universal navigation and representation system for immigration matters.

Also approved is a one-time General Fund appropriation of \$5 million for distribution of \$1 million each to Crook County, Harney County, Josephine County, Tillamook County, and Union County to support horse racing events at county fairgrounds, including maintaining horse racing tracks and building or maintaining infrastructure that enhances or protects the safety or well-being of racehorses.

Budget Note:

The Department of Administrative Services (DAS) shall work in collaboration with the Oregon Racing Commission in executing agreements with counties for distribution of funds to support horse racing events at county fairgrounds. Agreements must include county reporting requirements on the use of funds. DAS and the Oregon Racing Commission are directed to report to the Emergency Board in December 2026 on county agreements, distributions, and expenditure of funds.

The measure includes a total of \$4.1 million General Fund in one-time appropriations for the following capital projects:

- \$450,000 to Glide Revitalization for the Glide Revitalization Community Resource Center
- \$840,000 to Blue Mountain Translator District for the Critical Electrical Distribution Line Reconstruction project
- \$550,000 to Riddle School District 70 for the Riddle Elementary School schoolyard project
- \$100,000 to the City of Detroit for recovery efforts from the December 16–17, 2025, windstorm
- \$1 million to the City of Eugene for the Eugene Airport Gate A6 passenger boarding bridge replacement and relocation project
- \$1 million to the ABC House (The Children’s Advocacy Center Serving Benton and Linn Counties) for expansion of the ABC House building
- \$173,000 to Banks Fire District 13 for the Banks Fire District Hornshuh Creek Fire Station #14 Access Safety Improvements project

The subcommittee approved \$496,797 Other Funds for the cost of issuance and \$33.1 million in Other Funds expenditure limitation to facilitate the pass-through of lottery revenue bond proceeds for the following purposes:

- \$1.4 million to Our Home Inclusive Community Collaborative for the Cathedral Park Cohousing project
- \$3 million to the Regional Rural Revitalization (R3) Consortium for the Rural Oregon Modular Mass Timber Workforce Housing project
- \$2.5 million to Evergreen Community Partners for the Whale Watch affordable housing project
- \$4 million to the Native American Youth and Family Center (NAYA) for roof replacement and facilities upgrades
- \$1.1 million to Central Oregon Coast Fire and Rescue District for the Fire Hall acquisition
- \$1.75 million to Consejo Hispano for Casa Mariposa
- \$11.5 million to Williams & Russell CDC for a business hub
- \$5 million to Clackamas County for the Clackamas County Recovery Campus
- \$1.5 million to the City of McMinnville for the City of McMinnville NE Gateway Alpine Avenue Street Improvement project, Phase 2A
- \$1.35 million to the City of Salem for the McNary Field Resiliency and Emergency Capability with Terminal Master Plan project

An increase of \$1.4 million in Other Funds expenditure limitation was also approved for cost of issuance for the Moda Center.

The measure includes a \$5.1 million decrease in Other Funds for payment expenses from proceeds of lottery bond reflecting the elimination of the Happy Valley Community Recreation Center project funded in HB 5006 (2025) and SB 5531 (2025).

Finally, the subcommittee approved a \$576,134 General Fund and two limited-duration positions (1.25 FTE) for the Office of the State Chief Information Officer, Enterprise Information Services, Cybersecurity Solutions, to support information technology (IT) system modifications needed to comply with the 2025 Budget Reconciliation Act (U.S. Public Law 119-21) related to Supplemental Nutrition Assistance Program (SNAP) and Medicaid program changes.

Department of Revenue

The subcommittee approved budgetary adjustments totaling \$8.8 million total funds, including \$7.3 million General Fund and \$1.4 million Other Funds. The total funds budget is a 2% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$1.7 million total funds, including \$1.2 million General Fund and \$527,120 Other Funds, to balance the state budget. For the Administration Division, the budget is decreased by \$1.6 million total funds, including \$1.1 million General Fund and \$508,112 Other Funds. Reductions include savings of \$1 million General Fund and \$472,965 Other Funds in services and supplies related to reducing square footage at the Portland State Office Building and Revenue Building and one-time savings of \$104,818 General Fund and \$35,147 Other Funds in other operations from budgeted to actual personal services savings. For the Information Technology Division, the budget is decreased by \$80,280 total funds, including \$61,272 General Fund and \$19,008 Other Funds from services and supplies savings.

A one-time decrease of \$2 million Other Funds expenditure limitation for information systems projects related to the Electronic Valuation Information System (ELVIS) project was also approved to account for a duplicative \$2 million increase erroneously included for the 2023-25 bond sale that was deferred to the 2025-27 biennium.

The subcommittee authorized the establishment of four permanent full-time positions (1.00 FTE) to support the ELVIS project. For the Information Technology Division, these positions include one Information Technology Manager 2 (0.25 FTE), two Information Systems Specialists 6 (0.50 FTE), and one Information Systems Specialist 7 (0.25 FTE) to provide ongoing maintenance and system enhancement support. For the 2025-27 biennium, the positions and additional maintenance costs will be funded through one-time agency savings.

The subcommittee approved \$58,534 General Fund, \$1,473 Other Funds, and one permanent full-time position (0.25 FTE) to implement SB 1507 (2026), which updates Oregon's connection date to the federal Internal Revenue Code (IRC) to December 31, 2025; disconnects specific provisions from the IRC; increases the earned income credit; and creates a new tax credit based on the number of annual net new jobs. For the Personal Tax and Compliance Division, this includes one Public Service Representative 4 position to address the increased call volume from taxpayers and practitioners. This position will provide customer support for the new jobs tax credit program and for provisions related to disconnecting from the federal IRC.

Oregon Advocacy Commission

The subcommittee approved budgetary adjustments totaling a decrease of \$118,652 General Fund. The total funds budget is a 5.9% decrease from the 2025-27 legislatively approved budget. Reductions totaling \$177,062 General Fund from vacancy savings were approved to balance the state budget.

Oregon Liquor and Cannabis Commission

The subcommittee approved budgetary adjustments totaling \$724,031 Other Funds. The total funds budget is a less than 1% increase from the 2025-27 legislatively adopted budget.

To balance the state budget, reductions totaling \$266,000 Other Funds were approved in the Administration and Support Division and will generate an estimated \$50,280 in General Fund savings based on liquor revenue distribution formulas included in ORS 471.810. The reduction is from lease savings achieved by delaying the agency's planned move to the Portland State Office Building from spring 2026 until October 2026.

Consistent with the recommendation from the Joint Interim Committee on Ways and Means in January 2026, Other Funds expenditure limitation is increased by \$4.8 million to carry forward expenditure authority authorized in the 2025-27 biennium for the Oregon Liquor and Cannabis Commission's warehouse management IT project, also known as the Distilled Spirits Supply Chain (DSSC) project. Of \$35 million in approved Article XI-Q bonds for IT projects, \$25.5 million is related to the DSSC project, which will modernize OLCC's distilled spirits sales, ordering, shipping, accounting, and reporting functions. Delays in procurement and contract negotiation necessitate the carry forward in expenditure authority. The project is targeted for completion in spring 2027.

Public Employees Retirement System

The subcommittee approved budgetary adjustments totaling \$7.8 million Other Funds. The total funds budget is less than a 1% increase from the 2025-27 legislatively approved budget.

For the Core Retirement System Modernization programs, the approved budget adjustments total \$2.9 million in Other Funds expenditure limitation and authorized the establishment of five permanent full-time positions (2.50 FTE), consistent with the recommendations from the Joint Interim Committee on Ways and Means from January 2026, which includes the following investments:

- \$644,301 Other Funds and three permanent full-time Operations and Policy Analyst 2 positions (1.50 FTE) (business subject matter experts), one permanent full-time Operations and Policy Analyst 3 position (0.50 FTE) (business analyst), and one permanent full-time Operations and Policy Analyst 3 position (0.50 FTE) (finance product owner) for the Program Office.
- \$1.3 million Other Funds for the Oregon Retirement Information Online Network (ORION) Modernization program, including \$500,000 for a consultant contract to develop a pension administration system request for proposal; \$350,000 for a 12-month modernization program consultant contract; and \$486,500 for supplemental funding for independent quality management services (IQMS) contract.
- \$938,000 Other Funds for Phase 2 of data cleaning services coupled with the creation of a data migration plan for the Legacy Stabilization and Technology Readiness program.

Other Funds revenue is from ORS 238.610, which directs that the administrative operations expenses for the Public Employees Retirement System (PERS) are to be paid from earnings on the Public Employees Retirement Fund or, in years when such earnings are insufficient, through a direct charge to participating public employers.

Secretary of State

The subcommittee approved budgetary adjustments totaling \$10 million including \$2.9 million General Fund; \$7 million Other Funds; and \$28,658 Federal Funds. The total funds budget is a 7.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved the following budget adjustments for the Administrative Services Division:

- Increased Other Funds by \$134,813 and established an Administrative Specialist 2 position (0.58 FTE) to provide reception services at the agency's new State Capitol office as recommended by the Joint Interim Committee on Ways and Means.
- Increased Other Funds by \$1.2 million and established two full-time permanent Information Systems Specialist 6 positions (1.16 FTE) and a full-time permanent Information Systems Specialist 6 position (0.58 FTE) to migrate the Secretary of State to an independent Microsoft 365 productivity platform. Of the total increase, \$600,000 is for contracted professional services, of which \$300,000 was approved on a one-time basis.

Additional adjustments for the Administrative Services Division included upward reclassification of four positions in the Secretary of State's Executive Team, which increased Other Funds by \$319,536, to align the budget with current staffing. The reclassified positions include an Operation and Policy Analyst 4 to a Business Operations Manager 3, a Business Operations Administrator 1 to a Business Operations Administrator 3, a Public Affairs Specialist 3 to a Business Operations Manager 3, and an Operation and Policy Analyst 4 to a Chief Officer of Strategic Initiatives.

Budget adjustments for the Elections Division included a \$2 million General Fund increase to update and stabilize the Oregon Centralized Voter Registration System, as recommended by the Joint Interim Committee on Ways and Means in January 2026, and a technical adjustment to move \$2 million General Fund

from the Administrative Services Division to the Elections Division to consolidate costs associated with implementation of campaign finance changes made in HB 4024 (2024).

For the Audits Division, an increase of \$109,534 Other Funds was approved to establish a permanent State Principal Auditor position (0.25 FTE) to address increased compliance work associated with implementation of SB 972 (2023).

For the Archives Division, the subcommittee increased Other Funds by \$456,397 to complete a microfilm and microfiche digitization project, as recommended by the Joint Interim Committee on Ways and Means in January 2026, and reclassified two Supply Specialists 2 positions to Operations and Policy Analyst 1 positions.

For the Corporation Division, the subcommittee increased Other Funds by \$271,046 to establish two permanent Compliance Specialist 1 positions (1.16 FTE) in the Corporation Division to help address call volume and improve customer service.

State Library

The subcommittee approved budgetary adjustments totaling \$709,031, including \$246,340 General Fund; \$384,806 Other Funds; and \$77,885 Federal Funds. The total funds budget is a 3.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved \$141,580 General Fund to cover personal services expenses in the Operations, Library Support and Development, and Talking Book and Braille Library Divisions to align funding to actual position costs. Also approved is a one-time Other Funds expenditure limitation increase of \$95,000 and establishment of one limited-duration position (0.63 FTE) to provide additional customer service support to allow the Talking Book and Braille Library Division to update current workflows and processes in response to a new version of equipment for users released by the Library of Congress National Library Services for the Blind.

CONSUMER AND BUSINESS SERVICES

Bureau of Labor and Industries

The subcommittee approved budgetary adjustments totaling \$2.8 million, including \$1.3 million General Fund; \$6,898 Lottery Funds; \$1.4 million Other Funds; and \$55,334 Federal Funds. The total funds budget is a 3.4% increase from the 2025-27 legislatively approved budget.

A one-time increase of \$74,380 Other Funds in services and supplies to support four limited-duration positions approved in the 2025 legislative session. Funding is provided through an interagency agreement with the Department of Consumer and Business Services (DCBS) for Oregon Occupational Safety and Health Administration (OSHA)-related injured worker investigations.

The subcommittee approved three technical adjustments. First, an Administrative Law Judge 3 position (0.88 FTE) and associated resources was transferred from the Wage and Hour Division to the Commissioner's Office to better align the agency's budget structure, resulting in a net-zero change. Next, the funding source for positions in the Civil Rights Division was shifted from General Fund to Other Funds to comply with statutory restrictions on the use of Workers' Benefit Fund revenues deposited in the Wage Security Fund, with a corresponding change from Other Funds to General Fund for positions in the

Apprenticeship and Training Division. The overall adjustment is a net-zero impact. Finally, a net-zero reallocation of General Fund to correct a reduction associated with the DCBS human resources contract was approved by increasing General Fund in the Commissioner's Office by \$64,412 and reducing General Fund in Civil Rights Division by \$39,790 and by \$24,622 in the Wage and Hour Division.

Department of Consumer and Business Services

The subcommittee approved budgetary adjustments totaling \$24.1 million total funds, including an increase of \$33,322 General Fund and \$65 million Federal Funds and a decrease of \$40.1 million Other Funds. The total funds budget is a 2.9% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions to balance the state budget totaling \$31,569 General Fund in services and supplies associated with HB 2658 (2025) related to new permitting requirements in the Building Codes Division (BCD).

The subcommittee approved the following additional budget adjustments. For Oregon OSHA, an increase of \$2.6 million in Other Funds expenditure limitation and establishment of four permanent full-time positions (2.37 FTE) were approved for penalty structure changes related to SB 592 (2023). Of this amount, \$2 million is for anticipated increased legal costs and \$606,149 is for personal services and position-related services and supplies, including one Occupational Health and Safety Manager 1 (0.58 FTE), one Operations and Policy Analyst 3 (0.58 FTE), one Administrative Specialist 2 (0.58 FTE), and one Office Specialist 2 (0.63 FTE), to address the increase in appeals related to Oregon OSHA violations. Federal Funds expenditure limitation was also increased by \$200,000 to provide additional in-person trainings in areas across the state that do not typically receive on-site opportunities, for employers and employees in high-hazard industries or industries with high fatality rates, and for workers who face barriers to training access. This increase was recommended during the November 2025 Joint Interim Committee on Ways and Means.

For the Workers' Compensation Board, the subcommittee approved an increase of \$851,988 in Other Funds expenditure limitation, recommended during the January 2026 Joint Interim Committee on Ways and Means, for the Workers' Compensation Board for reclassification of the board chair as an agency administrator and revising the salary structure for the presiding administrative law judge and 19 administrative law judges.

For the Division of Financial Regulation, the subcommittee approved a decrease of \$57.3 million in Other Funds expenditure limitation and an increase of \$64.2 million in Federal Funds expenditure limitation for Oregon Reinsurance Program expenditures. This adjustment will allow the division to maximize funds received from the Centers for Medicare and Medicaid Services (CMS) for reinsurance payments made to insurers.

The subcommittee approved an increase of \$214,515 in Other Funds expenditure limitation, recommended during the January 2026 Joint Interim Committee on Ways and Means, for classification and compensation adjustments approved by the DAS Chief Human Resources Office in the Central Services Division (CSD) and BCD. The DAS Chief Human Resources Office approved reclassifying five filled permanent full-time positions to align workload needs, resulting in an increase of \$211,015 Other Funds for CSD and \$3,500 Other Funds for BCD.

Board of Tax Practitioners

The subcommittee approved budgetary adjustments totaling an increase of \$119,824 Other Funds. The total funds budget is an 8.8% increase from the 2025-27 legislatively approved budget. The budget is increased \$100,000 in Other Funds expenditure limitation to cover increased legal costs, which was recommended by the Joint Interim Committee on Ways and Means in January 2026.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The subcommittee approved budget adjustments totaling \$82.8 million, including a \$9.5 million reduction in General Fund, \$2.2 million increase in Lottery Funds, \$99.5 million increase in Other Funds, and \$3.6 million increase in Federal Funds. Additionally, there is a \$13 million decrease in Other Funds Nonlimited. The total funds budget is a 3.7% increase from the 2025-27 legislatively approved budget.

To balance the state budget, a reduction of \$137,213 Lottery Funds and \$5,211 Other Funds was approved. The reductions include the following:

- \$60,383 Lottery Funds and \$5,211 Other Funds in vacancy savings for the Operations Division.
- \$3,756 Lottery Funds in services and supplies for the Business, Innovation and Trade Division.
- \$73,074 Lottery Funds in vacancy savings from hiring delays in the Housing Infrastructure program for the Infrastructure Division.

The subcommittee approved two budget requests recommended during the January 2026 meeting of the Joint Interim Ways and Means Committee. The first adds \$5.4 million in Other Funds expenditure limitation for grants and administrative expenditures of the Trust for Cultural Development. The additional expenditure limitation will enable the Oregon Cultural Trust to maximize its spending authority for up to 5% of the value of the trust for administrative and program expenditures and expend unanticipated interest and donation proceeds. The second increases Federal Funds expenditure limitation by \$3.3 million for expenditures related to the State Small Business Credit Initiative program. The increase in expenditure limitation will allow interest and program income to be reinvested in new program awards and administrative expenses related to the program.

A transfer of \$500,125 Other Funds expenditure limitation from the ARPA capital project funding for broadband to the Broadband Technical Assistance program was approved. This adjustment ensures resources are included in the appropriate broadband program. The adjustment results in a net-zero budgetary impact.

The subcommittee approved the establishment of one limited-duration Operations and Policy Analyst 3 position (0.75 FTE) associated with one-time additional support provided for Centers for Innovative Excellence in the 2025 legislative session.

The subcommittee approved \$1.3 million Lottery Funds and 16 permanent positions (3.50 FTE) to implement SB 1507 (2026), which updates Oregon's connection date to the federal IRC to December 31, 2025; disconnects specific provisions from the IRC; increases the earned income credit; and creates a new tax credit based on the number of annual net new jobs. However, HB 4084 modifies the tax credit for job creation to certain specified qualified industries, which should HB 4084 become law, reduces the resources necessary for OBDD to administer the program. The net impact would be a reduction of \$504,456 and seven positions (1.50 FTE) from the resources provided in HB 5204. This reduction would be included in budget actions during the 2027 legislative session.

An Other Funds expenditure limitation of \$10 million was added for grants to 11 communities from the Housing Infrastructure Fund to support infrastructure for housing projects, pursuant to HB 3031 (2025). The Housing Infrastructure Fund will be capitalized with lottery bond proceeds from a bond sale scheduled for spring 2026 for this amount.

During the 2025 legislative session, \$10 million in lottery bond proceeds were approved for deposit to the Brownfields Redevelopment Fund (for which expenditures are not limited). The subcommittee approved \$5 million for transfer to the Brownfields Properties Revitalization Fund, with a corresponding increase in Other Funds expenditure limitation in the agency’s infrastructure division and corresponding decrease in Other Fund Nonlimited.

The subcommittee approved a decrease of \$20 million General Fund, reflecting updated estimates of funding needed for projects approved in previous biennia and for which expenditures would be made in 2025-27. The changes to carry forward amounts for projects funded with General Fund are included in the following table.

Oregon Business Development Department <i>General Fund Carryforward</i>				
PROGRAM	PROJECT NAME	2025 LEGISLATIVELY ADOPTED	2026 UPDATED ESTIMATE	CHANGE
Infrastructure	Warm Springs Water and Wastewater Systems	2,707,565	404,095	(2,303,470)
Infrastructure	St. Helens Waterfront Redevelopment	977,122	815,576	(161,546)
Infrastructure	Housing Infrastructure Projects	77,160,206	62,955,908	(14,204,298)
Infrastructure	City of Toledo (2024)	640,000	-	(640,000)
Infrastructure	City of McMinnville Water Project (2024)	2,000,000	-	(2,000,000)
Arts	Clatsop County Historical Society (2024)	1,000,000	747,008	(252,992)
Arts	Black United Fund of Oregon (2024)	900,000	675,420	(224,580)
Arts	Friends of the Oregon Caves and Chateau (2024)	455,690	454,728	(962)
Arts	Southern Oregon Historical Society (2024)	480,234	443,025	(37,209)
Arts	Very Little Theatre (2024)	36,339	-	(36,339)
Arts	Portland Institute for Contemporary Art (2024)	135,625	-	(135,625)
TOTAL		\$86,492,781	\$66,495,760	(\$19,997,021)

Similarly, Lottery Funds were decreased by \$2.4 million, reflecting updated carryforward needs for the approved projects listed in the following table.

Oregon Business Development Department
Lottery Funds Carryforward

PROGRAM	PROJECT NAME	2025 LEGISLATIVELY ADOPTED	2026 UPDATED ESTIMATE	CHANGE
Business, Innovation, and Trade	Outdoor Gear Apparel Industry Matching Grants	500,000	171,784	(328,216)
Infrastructure	City of Estacada, New Wastewater Facility	2,414,622	1,814,634	(599,988)
Infrastructure	S. Morrow County Water and Transportation Infrastructure	2,500,000	2,090,573	(409,427)
Infrastructure	Harney County Industrial Improvements	1,781,628	810,313	(971,315)
Infrastructure	Wheeler County Industrial Development	2,400,000	2,329,643	(70,357)
Infrastructure	Illinois Valley Fire District Water and Sewer	892,168	876,476	(15,692)
Infrastructure	City of Port Orford Water Recycling	750,000	715,417	(34,583)
TOTAL		\$11,238,418	\$8,808,840	(\$2,429,578)

The subcommittee approved \$5 million General Fund for deposit into the Industrial Site Loan Fund, with corresponding Other Funds limitation, and an additional \$10 million Other Funds expenditure limitation for lottery bond proceeds authorized in SB 5701 (2026) for the Industrial Site Loan Fund. Other Funds expenditure limitation was also increased to accommodate grants funded by lottery bond proceeds. Details are presented in the following table.

Oregon Business Development Department <i>Lottery-Bonded Infrastructure Projects, 2026 Legislative Session</i>		
RECIPIENT	PROJECT NAME	AMOUNT
City of Vale	Water System Improvements	3,000,000
City of Gold Hill	Gold Hill Water Lines	1,500,000
City of Warrenton	New Wastewater Treatment Plant	4,000,000
City of Philomath	N. 19th Street Sewer Infrastructure for Housing Production	2,650,000
City of Eugene	Clear Lake Road Economic Development Infrastructure	5,000,000
Terrebonne Sanitary District	Terrebonne STEP Wastewater Collection System	2,400,000
City of Carlton	S.E. Carlton Water Distribution Improvements	1,800,000
City of Lebanon	Lebanon Wastewater Treatment Plant Biosolids Project	2,000,000
City of St. Paul	Main Water Line Repair/Replacement	2,614,150
City of Lafayette	Canyon View Pump Station Replacement	1,400,000
City of Chiloquin	New Regulatory Compliant Wastewater Treatment Facility	4,274,549
City of Silverton	New Wastewater Treatment Plant	5,000,000
City of Grants Pass	Spalding Industrial Park Wastewater Infrastructure Upgrade	2,000,000
TOTAL		\$37,638,699

Other Funds expenditure limitation was increased by \$689,078 for the cost of issuance for the bonds supporting the grants. Debt service adjustments for the Oregon Business Development Department include the following:

- Lottery Funds debt service was increased by \$2.2 million for lottery bonds scheduled to be issued in spring 2026, which includes moving a previously scheduled sale from spring 2027 to spring 2026. Of this amount, \$262,247 is for the St. Paul Water Main project presented above and \$2 million is for the \$20 million in lottery bonds authorized for the Industrial Site Loan Fund in the current biennium.
- Other Funds Nonlimited debt service is decreased by \$8 million to properly categorize debt service expenditures among appropriated fund types.

The subcommittee also approved additional General Fund to the Oregon Business Development Department for infrastructure grants to the following local governments: Crescent Sanitary District in the amount of \$100,000 for the Gilchrist/Crescent Wastewater Infrastructure Stabilization Rehabilitation Study and City of Falls City in the amount of \$700,000 for the Dayton Street Water-Wastewater Bridge.

Finally, a \$10 million General Fund appropriation was approved for deposit into the Regional Infrastructure Fund to be used for grants to local and tribal governments with populations of under 25,000 for rural infrastructure projects, including long-range planning, research, and design. Corresponding Other Funds expenditure limitation was increased in the agency's Infrastructure Division to allow expenditures from the fund for this purpose.

Employment Department

The subcommittee approved budget adjustments totaling \$20.1 million Other Funds and \$6 million Federal Funds. The total funds budget is an increase of less than 1% from the 2025-27 legislatively approved budget.

For the Family and Medical Leave Insurance Program, known as Paid Leave Oregon, Other Funds was increased by \$3 million on a one-time basis, and 11 limited-duration positions (6.42 FTE) were established to support IT programming enhancements to streamline security, paperwork submission, and communications to applicants. Nine operations and policy analysts will be supervised by a project manager and a business operations supervisor. The positions will gather business requirements, design, and test the functionality of the enhancements. The project is expected to be completed by the end of the 2025-27 biennium. No increases to contribution rates for the program are required, and the Paid Leave Oregon ending fund balance will be equivalent to approximately 7.5 months of operating expenditures.

A transfer of 13 permanent positions (8.67 FTE); \$921,589 Other Funds; and \$1.7 million Federal Funds from the Unemployment Insurance Division to the Shared Services Division was also approved. This change ensures that data analytics, IT and process updates, and fraud control activities benefit both the Unemployment Insurance and Paid Leave Oregon programs. The change results in a net-zero budgetary impact.

Housing and Community Services Department

The subcommittee approved budget adjustments totaling \$154.3 million, including a decrease of \$67.7 million General Fund and increases of \$115.5 million Other Funds and \$106.5 million Federal Funds. The total funds budget is a 4.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$3.1 million, including \$2.8 million General Fund; \$239,532 Other Funds; and \$57,088 Federal Funds to balance the state budget. Reductions include the following:

- \$262,224 General Fund and \$29,553 Federal Funds in vacancy savings in the Housing Stabilization Division.
- \$2 million General Fund in the Multifamily Rental Housing Division programs to adjust the unspent Agricultural Employee Community Housing balance carried forward from the prior biennium.
- \$432,143 General Fund; \$64,489 Other Funds; and \$4,802 Federal Funds in vacancy savings in the Central Services Division.
- \$147,554 General Fund; \$175,043 Other Funds; and \$22,733 Federal Funds from the abolishment of two positions (1.50 FTE) in the Central Services Division.

A transfer of \$24 million General Fund from the Housing Stabilization Division to the Multifamily Rental Housing Division was approved to provide funding for the Senior and Disabled Housing Development Initiative as part of HB 3589 (2025). The 2025-27 legislatively adopted budget included \$11.2 million Other Funds expenditure limitation for the program for assumed program expenditures, with the balance to be expended in future biennia.

Consistent with the recommendation from the Joint Interim Committee on Ways and Means in January 2026, an increase of \$39.7 million in Other Funds expenditure limitation and \$105.6 million in Federal Funds expenditure limitation was approved to enable the agency to utilize available balances from prior biennium commitments for the following housing-related projects:

- \$24.4 million Other Funds for single-family affordable housing development through the Housing Development Incubator program
- \$13.4 million Other Funds for down payment assistance funding
- \$1.9 million Other Funds in the Multifamily Rental Housing Division for affordable housing development, funded by interest and loan repayments attributable to the Community Incentive Program
- \$32.6 million Federal Funds in the Multifamily Rental Housing Division associated with ARPA funds for affordable rental housing projects
- \$15 million Federal Funds for weatherization projects funded by U.S. Department of Energy weatherization grant funds
- \$58 million in Federal Funds in the Disaster Recovery and Resilience Division from Community Development Block Grant Disaster Recovery program funds

A net-zero adjustment decreasing Other Funds expenditure limitation attributable to expenditures for the Housing Project Revolving Loan Fund (which supports the Housing and Community Services Department's Moderate Income Revolving Loan program) by \$20 million and increasing Other Funds expenditure limitation associated with the Mixed Income Development Loan Fund by \$20 million was approved. SB 1567 (2026) includes a \$20 million transfer of funds into the newly established Mixed Income Development Loan Fund from the Housing Project Revolving Loan Fund. SB 1567 authorizes the Housing and Community Services Department to use funds Mixed Income Development Loan funds to provide short-term, below-market housing development loans.

The subcommittee approved \$280,201 General Fund for expenses of the Bond Activities and Debt Service program, and \$4,388 Other Funds in the Bond Activities and Debt Service program is recategorized from debt service to services and supplies for program expenses. A total of \$72.3 million in Other Funds debt service expenditure limitation is established to enable interest earnings to be used to repay bonds, including a technical adjustment to shift \$1.7 million Other Funds expenditure limitation to Other Funds debt service to correct an error.

Other Funds expenditure limitation is increased by \$890,000 Other Funds for cost of issuance related to authorization of \$100 million Article XI-Q bonds for the Local Innovation and Fast Track (LIFT) affordable rental housing program (\$75 million) and for affordable housing preservation (\$25 million) pursuant to HB 4036 (2026).

Department of Veterans' Affairs

The subcommittee approved budgetary adjustments totaling \$1.5 million, including \$267,955 General Fund; \$262,591 Lottery Funds; \$759,283 Other Funds; and \$168,041 Federal Funds. The total funds budget is a less than a 1% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$50,000, including \$23,000 Lottery Funds and \$27,000 General Fund, to balance the state budget. For the Appeals and Special Advocacy Division, the budget is decreased by \$27,000 General Fund from vacancy savings. For the Aging Veteran Services Division, the budget is decreased by \$23,000 Lottery Funds from vacancy savings.

The subcommittee also approved an increase of \$134,000 Federal Funds expenditure limitation for receipt of a federal grant award from the U.S. Department of Veterans Affairs to support retention of nursing staff at The Dalles Veterans' Home facility, which was recommended by the Joint Interim Committee on Ways and Means in January 2026.

EDUCATION

Department of Early Learning and Care

The subcommittee approved budgetary adjustments totaling \$71 million, including a decrease of \$32.6 million General Fund and an increase in \$34.6 million Other Funds and \$69 million Federal Funds. The total funds budget is a 4.9% increase from the 2025-27 legislatively approved budget.

A reduction of \$1.1 million General Fund in services and supplies in the agency's operations was approved to balance the state budget.

For the Employment Related Day Care subsidy program, the subcommittee approved a Federal Funds expenditure limitation increase of \$67.2 million to allow the agency to utilize discretionary federal funding to close an anticipated budget shortfall.

For the Oregon Prenatal to Kindergarten program, a net-zero fund shift was approved through a reduction of \$34.2 million General Fund offset by an increase of \$34.2 million Other Funds expenditure limitation from the Early Learning Account. The expenditure limitation increase will allow the agency to utilize available beginning balance in the program due to underspending in the prior biennium.

Department of Education

The subcommittee approved budgetary adjustments totaling \$9.9 million, including an increase of \$32.6 million General Fund, \$585,373 Other Funds, and \$1.8 million Federal Funds and a decrease of \$25 million Lottery Funds. The total funds budget is a less than 1% increase from the 2025-27 legislatively approved budget.

The subcommittee approved a services and supplies reduction in the agency's operations of \$2.9 million General Fund to balance the state budget.

A one-time increase of \$468,750 General Fund in the Operations Division was also approved for Independent Quality Management Services (IQMS) to provide an independent review of project documentation, risk assessments, and project oversight for the State School Fund (SSF) modernization project. This investment was recommended by the Joint Interim Committee on Ways and Means in January 2026.

For the Oregon Schools Capital Improvement Matching program, a reduction of \$2.7 million Lottery Funds was approved to reflect the most recent revenue forecast for the constitutionally required transfer.

For grant-in-aid, the budget adjustments total \$4.1 million Other Funds. This includes a one-time increase of \$2.1 million Other Funds expenditure limitation from the Student Investment Account to distribute the available ending fund balance and a one-time increase of \$2 million Other Funds for the Healthy School Facilities Fund to expend a beginning balance for grants for costs associated with testing for elevated levels of polychlorinated biphenyl exposure.

For Youth Development Oregon, a one-time increase of \$1.9 million General Fund was included for the East Multnomah Outreach, Prevention, and Intervention program. The program, operated by the City of Gresham, provides culturally responsive outreach, prevention, and intervention programs to prevent youth violence and to empower youth to be successful members of the community.

The SSF includes an increase of \$29.5 million General Fund, a decrease of \$22.3 million Lottery Funds, and a decrease of \$7.2 million Other Funds expenditure limitation from the Fund for Student Success. This change reflects the most recent forecast of the Fund for Student Success revenues statutorily transferred to the SSF and a rebalancing of available Lottery Funds across the state budget. Additionally, budget adjustments were approved for two SSF set-asides. First, the SSF set-aside for Pediatric Nursing is increased by \$410,740 to cover the increased cost of delivering education in a medical setting. To offset the increase, the SSF transfer to the Healthy Schools Fund is decreased by an equal amount. Second, the Local Option Equalization grants set-aside is increased by \$402,835 on a one-time basis to fully cover the estimated first year of grant payments. The agency will need to develop a plan to manage all future grant payments in accordance with ORS 327.339(5). To offset the SSF increase, the transfer to the Oregon Virtual School District Fund is decreased in an equal amount. Both the Healthy Schools Fund and the Oregon Virtual School District Fund have a sufficient beginning balance to mitigate any budgetary impacts, and the Oregon Department of Education maintains enough empty Other Funds limitation in grant-in-aid to continue the programs at the current budget level. The 2025-27 SSF budget of \$11.4 billion remains unchanged.

Higher Education Coordinating Commission

The subcommittee approved budgetary adjustments totaling \$3 million, including an increase of \$1.4 million General Fund, \$6.5 million Other Funds, and \$430,888 million Federal Funds. Other Funds and Federal Funds Nonlimited are decreased by \$1.4 million and \$4 million, respectively. The total funds budget is less than a 1% increase from the 2025-27 legislatively approved budget.

The subcommittee approved the following technical adjustments:

- Decrease Other Funds expenditure limitation for HECC programs and related grants by \$100,000 to fix incorrect legal references.
- Establish an Other Funds expenditure limitation of \$240,000 for debt service on outstanding general obligation bonds sold for implementing the HECC IT modernization project.
- Shift \$3.8 million in Other Funds debt service to Other Funds expenditure limitation for costs of issuance to correct a legal reference.
- Decrease Federal Funds Nonlimited debt service by \$3.9 million to correct a duplicate entry for debt service on outstanding Build America bonds issued for public universities and community colleges.
- Decrease Other Funds Debt Service Nonlimited by \$1.4 million to correct a legal reference.

The measure includes \$795,000 in Other Funds expenditure limitation for HECC for the cost of issuing bonds for the benefit of Oregon public universities and a decrease of \$15,000 Other Funds expenditure limitation for the cost of issuing bonds for the benefit of community colleges.

The subcommittee approved a technical change to clarify that funds appropriated to HECC for distribution to the Center for Public Service at Portland State University in HB 2548 (2025) may be used to cover indirect costs and support existing faculty, researchers, contractors, and staff providing oversight, guidance, and expertise to conduct research required by the bill.

The subcommittee approved a one-time \$2.5 million General Fund appropriation to HECC to develop data-informed proposals for systemic action to increase the resilience and sustainability of Oregon's post-secondary system. HECC may engage external consultants to support this work. In addition, this work may build on the findings and recommendations of the Spending and Efficiency in Oregon Public Universities Report HECC submitted to the Joint Committee on Ways and Means Education Subcommittee on January 10, 2026, as well as the work directed by HB 4124 (2025). The subcommittee approved a one-time \$500,000 General Fund appropriation to HECC to utilize external consultants to support SOU in developing a long-term financial sustainability plan by April 30, 2026. The subcommittee approved the following budget note:

Budget Note:

Southern Oregon University shall collaborate with the Higher Education Coordinating Commission (HECC) to develop a plan for future delivery of higher education in southern Oregon, without reliance on ongoing increases in state support, by no later than April 30, 2026. The plan must align existing and potential revenue sources with budgeted expenditures to achieve a balanced budget for the 2027-29 biennium and long-term structural fiscal balance; identify programs and functions of the university that are both specifically meaningful to southern Oregon or the state and that are capable of sustained delivery; and evaluate options for sustainability that may include partnership with other institutions or as part of an alternative higher education structure.

The measure includes a special purpose appropriation to the Emergency Board in the amount of \$15 million General Fund to be allocated to HECC to address a projected operational funding shortfall for SOU during the 2026-27 fiscal year. Of the amount authorized, \$1 million may be allocated for professional services necessary to support SOU's financial stabilization and transition planning, which may include planning, legal, real estate, technical, fiscal, and related expertise. The allocation of the special purpose appropriation is contingent on HECC submitting a report to the Emergency Board pursuant to the following budget note:

Budget Note:

The Higher Education Coordinating Commission (HECC) must report to the Emergency Board no later than June 2026 on Southern Oregon University's updated financial modeling and operational plan to continue through June 30, 2027. Prior to the report, SOU must collaborate with HECC to submit a report to HECC by April 30, 2026, that details the actions the university will take to ensure continued operations through June 30, 2027, including updated financial modeling, endorsed by external budget and accounting experts, demonstrating the institutions' ability to meet all obligations through June 30, 2027. Additionally, beginning May 2026, SOU must provide monthly financial statements, and an updated cash flow forecast to HECC, the Department of Administrative Services Chief Financial Office, and Legislative Fiscal Office, and on a quarterly basis summarize the operational status of the institution and identify any risks affecting contractual commitments and obligations to students.

Teacher Standards and Practices Commission

The subcommittee approved budgetary adjustments totaling a \$709,383 decrease, including an increase of \$22,892 General Fund and a decrease of \$732,275 Other Funds. The total funds budget is a 3.7% decrease from the 2025-27 legislatively approved budget.

The subcommittee approved a \$1.2 million decrease in Other Funds to align the agency’s expenditure limitation with revenue. This action also corrects the revenue entries to balance a revenue transfer to the agency from the Educator Advancement Council.

HUMAN SERVICES

Oregon Health Authority

The measure makes several adjustments to the OHA budget for a net total funds reduction of \$440 million, the majority of which are reductions to Other Funds and Federal Funds limitation, a small overall reduction in Lottery Funds, and a net increase of \$57.1 million General Fund. The total funds budget is a 1.1% decrease from the 2025-27 legislatively approved budget. The following table provides a summary of the various components included in HB 5204, with more detailed descriptions to follow.

Oregon Health Authority 2025-27 Budgetary Adjustments Approved in HB 5204							
	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS	FEDERAL FUNDS	TOTAL FUNDS	POSITIONS	FTE
Non-State Employee Compensation Changes	289,071	-	-	395,933	685,004	-	-
Budget Reductions	(17,479,615)	(205,849)	(3,588,365)	(7,173,993)	(28,447,822)	-	-
Budget Rebalance	(140,593,802)	-	(18,962,548)	(485,615,660)	(645,172,010)	9	6.14
U.S. Public Law 119-21 (HR 1) Implementation	161,786,881	-	(154,480,967)	(203,951,947)	(196,646,033)	18	10.35
Debt Service Adjustments for Interest Earnings	(310,000)	-	405,000	-	95,000	-	-
Statewide Adjustments	53,374,000	72,783	16,667,305	14,130,414	84,244,502	-	-
Rural Health Care Transformation	-	-	-	345,225,261	345,225,261	35	22.05
TOTAL	\$57,066,535	(\$133,066)	(\$159,959,575)	(\$336,989,992)	(\$440,016,098)	62	38.54

Oregon Health Authority Rebalance

The subcommittee approved reductions totaling \$645.2 million, including reductions of \$140.6 million General Fund, \$19 million Other Funds, and \$485.6 million Federal Funds, to rebalance the expenditure authority for OHA for the remainder of the 2025-27 biennium. The rebalance includes a net increase of nine new positions (6.14 FTE).

Oregon Health Authority Rebalance Summary				
	GENERAL FUND	TOTAL FUNDS	POSITIONS	FTE
Revenue Forecast Adjustments	27,743,915	(18,132,902)	-	-
Revenue Adjustments	(47,000,000)	(173,000,000)	-	-
Caseload	(100,899,073)	(342,986,159)	-	-
Savings	(73,753,627)	(245,336,034)	-	-
Budget Challenges	53,240,445	124,892,137	-	-
Program Expansion	-	1,169,447	7	4.51
Technical Adjustment	74,538	8,221,501	2	1.63
TOTAL	(\$140,593,802)	(\$645,172,010)	9	6.14

Revenue adjustments: The rebalance includes adjustments due to changes in forecasted revenues as of the March 2026 forecast. A combined General Fund need of \$27.7 million in the Oregon Health Plan (OHP) and Behavioral Health programs is assumed due to decreased tobacco tax revenues. Tobacco use prevention programs funding in the Public Health Division are also reduced by \$2.6 million Other Funds, but these programs do not assume a General Fund backfill of lost tobacco tax revenues. The rebalance also accounts for a decline in forecasted marijuana tax revenues of \$15.5 million Other Funds supporting the expenditures from the Drug Treatment and Recovery Services Fund.

Two additional adjustments to revenues are included in the rebalance that are separate from forecasted revenues. The first of these is a decrease in expenditure limitation of \$29 million Other Funds and \$144 million Federal Funds related to the Oregon Health and Science University (OHSU) Inter-Governmental Transfer (IGT). Due to a change in how Oregon accounts for the hospital provider tax, expenditure limitation was established in the current biennium related to quality and access payments to OHSU. The associated revenues supporting these expenditures was received and the payments were made in the prior biennium, thus necessitating the reduction in expenditure limitation in the current biennium. A portion of the revenues received under the IGT are used to support OHP. Normally a reduction in these revenues in any given biennium would require a backfill of General Fund; however, in this case, that portion of the IGT revenues received in the prior biennium supporting OHP were not expended in the prior biennium and remain available to OHA, and thus no General Fund adjustment is necessary.

An increase in Other Funds expenditure limitation of \$47 million and its associated General Fund reduction are included in the rebalance to account for an increase in funding from insurer taxes transferred to OHA from DCBS. The 2% tax on health insurance plans is used by OHA to support OHP and by DCBS to support the Oregon Reinsurance Program. The Oregon Reinsurance Program uses a combination of state funds (insurer taxes) and federal funds through a Section 1332 Patient Protection and Affordable Care Act waiver to provide catastrophic loss coverage for insurers providing plans on the health insurance exchange that lowers overall premium costs of those plans. Over the past few years, increases in the federal contributions to this program have resulted in residual balances of state insurer tax revenues that the rebalance assumes to be transferred to OHA to fund OHP.

Caseload-associated adjustments: Caseload-related cost adjustments are included in the rebalance for OHP, Healthier Oregon Plan (HOP), and the Basic Health Plan (OHP Bridge and Basic Medicaid). These include changes to membership and categorical coverage; the federal medical assistance percentage (FMAP); and per-member, per-month rates paid to coordinated care organizations (CCOs). The combined impact of these changes in the Medicaid Division is a reduction of \$100.9 million General Fund, \$4.4 million Other Funds, and \$237.6 million Federal Funds. The included adjustments are based on caseload related changes as forecasted using a baseline forecast that is not inclusive of caseload-related impacts of the implementation of U.S. Public Law 119-21.

The Medicaid (OHP) net increase of \$13.7 million General Fund results from net program exits of just over 26,000 average individuals and movements between categorical coverage, generating a projected savings of \$110.3 million; a savings of \$30.2 million due to changes in the average FMAP; and \$154.2 million in increased per-member, per-month rate payments to CCOs. While this increased cost for CCO rates is significant (\$562.8 million total funds), it's notable that this increase only covers the additional cost for calendar year 2026. The six months of calendar year 2027 that are included in the 2025-27 biennium remain underfunded pending future rate negotiations.

For the HOP program, declining average enrollment in both the adult and child caseload results in a reduction of \$90.8 million General Fund, including changes to the FMAP. This is partially offset by increased per-member, per-month rates totaling \$7.9 million General Fund. Additional General Fund savings

of \$30.9 million are anticipated from risk corridor payments. Total adjustments related to HOP caseload cost changes are reductions of \$113.8 million General Fund and \$36.8 million Federal Funds.

The rebalance includes a reduction of \$391.1 million Federal Funds associated with the OHP Bridge basic health plan. Forecasted average biennial enrollment fell by 7,544 individuals from the spring 2025 forecast, but the majority of this reduction is associated with the removal of empty expenditure limitation due to overestimation of program participation and costs. Caseload reductions in the OHP Bridge basic Medicaid plan result in reductions of \$800,000 General Fund and \$1 million Federal Funds.

Adjustments for programmatic savings: The rebalance recognizes budgetary savings of \$10.7 million General Fund and \$24.5 million Other Funds in the current biennium from reducing budgeted expenditure for specified activities due to the funding for the associated items being expended in the prior biennium, as follows:

- A reduction of \$10.7 million General Fund for the Behavioral Health Division (BHD) to remove expenditure authority associated with expanding substance use disorder child/family recovery capacity that shifted to the current biennium in anticipation that appropriated funds in the 2023-25 biennium would not be expended.
- A reduction of \$7.1 million in Other Funds expenditure limitation for ARPA funding from the State and Local Fiscal Recovery Fund to support the Clinical Supervision and Workforce programs is included for BHD. Although \$10.7 million of this funding was carried forward from the prior biennium, actual 2023-25 biennium expenditures results in remaining funding available in the 2025-27 biennium of \$3.6 million.
- A reduction of \$17.4 million Other Funds is included for BHD from \$50 million in Other Funds expenditure limitation established to spend lottery revenue bond proceeds for costs related to the acute psychiatric care facility expansion. This expenditure limitation for the bond proceeds had been established in the current biennium in anticipated that the funds would not be expended in the 2023-25 biennium. However, actual expenditures of \$17.4 million Other Funds were paid in the 2023-25 biennium, resulting in empty limitation of the same amount in the 2025-27 biennium. The remaining funds, totaling \$32.6 million Other Funds, are obligated, and BHD expects all funds to be expended by June 30, 2027.

The Medicaid Division budget is reduced by \$63 million General Fund (\$210.2 million total funds) due to a reduction in funding for the CCO Quality Incentive Pool. For calendar years 2025 and 2026, 4.25% of CCO capitation rates are budgeted to support the Quality Incentive Pool. The legislatively adopted budget for OHA reduced this amount for calendar year 2025 from 4.6% to 3.9%, resulting in a General Fund reduction of \$18.6 million. The rebalance further reduces the calendar year 2025 rate from 3.5% to 3% and the calendar year 2026 rate from 4.6% to 2% to achieve the \$63 million General Fund savings indicated.

Technical adjustments: The rebalance makes 45 individual technical adjustments across multiple divisions, as shown in the following table. These changes move authorized funding and position authority between and within budgetary units and make net zero position and programmatic adjustments. The only exception to this is within a package of adjustments that were made to adjust funding for the shared services functions at both OHA and DHS that resulted in the establishment of two positions (1.63 FTE) in the Office of Information Technology and an increase of \$74,538 General Fund; \$572,425 Other Funds; and \$7.6 million Federal Funds.

Oregon Health Authority Technical Adjustments							
DIVISION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS	FEDERAL FUNDS	TOTAL FUNDS	POSITIONS	FTE
Central Services	(123,230)	-	52,626	17,569	(53,035)	-	-
Health Policy and Analytics	(652,498)	-	12,876	(125,709)	(765,331)	-	(0.25)
Oregon State Hospital	(1,143,853)	-	-	-	(1,143,853)	-	-
State Assessments and Enterprise-Wide Costs	1,421,765	-	(39,289)	7,184,939	8,567,415	-	-
Shared Services	-	-	572,425	-	572,425	2	1.63
Public Health	(1,041,449)	-	(25,961)	(196,705)	(1,264,115)	(1)	(1.00)
Behavioral Health	842,439	3,519,334	(9,281,326)	15,848,763	10,929,210	(1)	(0.75)
Medicaid	771,364	(3,519,334)	9,281,074	(15,154,319)	(8,621,215)	2	2.00
TOTAL	\$74,538	-	\$572,425	\$7,574,538	\$8,221,501	2	1.63

Other adjustments: Increased expenditure authority of \$10.3 million General Fund and \$23.8 million Federal Funds is provided in the Medicaid Division to address the costs associated with CMS required services that had previously been unfunded in the prioritized list. This change in how Oregon’s prioritized list is used, requiring the funding of all CMS required benefits regardless of where they fall on the list, will go into effect beginning in calendar year 2027.

The reversal of policy option package 417 that had been approved as part of the legislatively adopted budget during the 2025 session results in an increase of \$42.9 million General Fund with a corresponding equal decrease in Federal Funds in the Medicaid Division. The policy option package had assumed a move of caseload from the HOP to the OHP Bridge plan that was subsequently determined to be infeasible.

Expenditure limitation increases totaling \$36.1 million Other Funds and \$54.6 million Federal Funds are included in the Medicaid Division to facilitate Medicaid reimbursements in the School-Based Health Services program and for Oregon Youth Authority-provided services.

Expenditure limitation increases totaling \$1.1 million Other Funds and \$86,237 Federal Funds are made in conjunction with the authorization of seven new positions (4.51 FTE). Five of these positions are intended to expand the capacity of the Health Care Regulation Quality Improvement (HCRQI) Section within the Public Health Division. The remaining two positions are established in the Medicaid program: a School-Based Health Services Coordinator (0.58 FTE) and Ground Emergency Medical Transportation Policy Manger (0.58 FTE).

HR 1 Implementation – U.S. Public Law 119-21 Implementation

The subcommittee approved adjustments reducing the budget for OHA by a total of \$196.6 million, including an increase of \$161.8 General Fund and decreases of \$154.5 million Other Funds and \$204 million Federal Funds, and authorized the establishment of 18 positions (10.35 FTE) to address the impacts of and activities related to the implementation of U.S. Public Law 119-21, also referred to as HR 1. Budgeted adjustments were approved across multiple divisions addressing categorical issues that include revenue changes, caseload costs, administrative costs, technology systems, and prohibited entity funding.

Revenue changes: An increase in General Fund of \$105.9 million and decrease of \$156 million Other Funds and \$104.9 million Federal Funds for the Medicaid division are made to address the revenue impacts related to reductions in the IGT agreement with OHSU. U.S. Public Law 119-21 capped state-directed payment programs, including the quality and access payments under the OHSU IGT, limiting these payments to 100% of Medicare reimbursement

rates. The change results in decreasing annual amounts of IGT revenue from OHSU, therefore reducing the available amount from those transfers to support OHP and necessitating the backfill of these revenues with General Fund.

Caseload changes: General Fund is increased by \$24.3 million and Federal Funds are decreased by \$103.7 million in the Medicaid Division to address projected caseload cost impacts. To separate the HR 1 impacts, OHA used two types of forecasts: a baseline forecast that did not factor in assumptions related to HR 1 and a full forecast that included these assumptions. The baseline forecast was the basis of OHA's rebalance request.

The caseload forecast decreases in OHP resultant from changes in eligibility and increases in the HOP, but this move is not proportional because the increase in HOP accounts for less than half of the decreased enrollment in OHP. This movement between caseloads is heavily weighted to the adult Affordable Care Act expansion population. The larger decrease in the Medicaid program drives a \$107 million total funds decrease in caseload costs compared to an increase of \$27.6 million total funds in HOP. Due to the difference in funding for the programs, with HOP being predominantly supported with General Fund, the net impact to General Fund is a cost of \$2.6 million. This change is further exacerbated by the U.S. Public Law 119-21, section 71110 change to the FMAP impacting the HOP caseload. The reduction in FMAP for this caseload shifts \$21.7 million from Federal Funds to General Fund.

Administrative costs: Increases totaling \$5.7 million General Fund, \$1.5 million Other Funds, and \$3.5 million Federal Funds were approved across multiple divisions to address administrative costs that include direct personal services costs, contracted professional services (including IT professional services), legal costs, and printing.

For the Medicaid Division, 14 new positions (5.97 FTE) are authorized. Two of these specifically related to redeterminations, one is for coordination of changes to the provider tax and state-directed payments programs, nine are for implementation of community engagement (work) requirements, and three are public service representative positions.

A research analyst position is authorized to be established in the Health Policy and Analytics Division for the development of an analytics plan. Five positions are authorized to be established in the Shared Services Division Office of Information Services to address technology changes in both Medicaid and SNAP.

Technology systems: Increases of \$597,697 General Fund and \$1.1 million Federal Funds are included in the Medicaid Division for transfer to DHS to be used as state funding for changes to the Oregon Eligibility System and the Medicaid Management Information System.

Prohibited entity funding: Increases of \$22.8 million General Fund in the Medicaid division and \$2.5 million General Fund in the Public Health division were approved to address U.S. Public Law 119-21, section 71113 that prohibits the use of federal Medicaid funds for any "prohibited entity" for a period of one year beginning July 4, 2025. This period roughly aligns with state fiscal year 2026. This funding includes an additional \$8.9 million for state fiscal year 2026 and \$16.4 million for state fiscal year 2027 should the federal prohibition be extended for a second year.

Budget reductions

The subcommittee approved reductions totaling \$28.4 million, including \$17.5 million General Fund; \$205,849 Lottery Funds; \$3.6 million Other Funds; and \$7.2 million Federal Funds, to balance the state budget.

For the Medicaid division, the budget is decreased by \$6.5 million total funds, including \$3.3 million General Fund; \$1,003 Lottery Funds; \$53,381 Other Funds; and \$3.2 million Federal Funds. Reductions include \$1.2 million General Fund and \$1.5 million Federal Funds to increase vacancy savings and \$1.6 million General Fund; \$1,003 Lottery Funds; \$53,381 Other Funds; and \$1.7 million Federal Funds in services and supplies. Additional reductions include \$455,625 General Fund for the federal fiscal year 2027 Medicaid Management Information System change pool.

For BHD, the budget is decreased by \$3.1 million total funds, including \$2.3 million General Fund; \$182,835 Lottery Funds; \$168,333 Other Funds; and \$499,800 Federal Funds. Reductions include \$377,017 General Fund and \$42,447 Federal Funds to increase vacancy savings and \$339,078 General Fund; \$27,427 Lottery Funds; \$168,333 Other Funds; and \$457,353 Federal Funds in services and supplies. Additional reductions include \$155,408 Lottery Funds for gambling addiction services and support contracts and a one-time fund shift of \$1.6 million General Fund to Tobacco Master settlement agreement funds for tobacco cessation and prevention programs.

For the Public Health Division, the budget is decreased by \$4.5 million total funds, including \$4 million General Fund; \$53,650 Other Funds; and \$451,437 Federal Funds. Reductions include \$917,060 General Fund; \$53,650 Other Funds; and \$250,368 Federal Funds to increase vacancy savings and \$1.2 million General Fund in services and supplies. Additional reductions include a one-time fund shift of \$1.2 million General Fund and \$201,069 Federal Funds support for various positions for to alternative federal grant funding and a reduction of \$600,000 General Fund resulting from surplus unallocated funding for school-based health centers resulting from grantee underspending.

For the Health Policy and Analytics Division, the budget is decreased by \$2.6 million total funds, including \$1.7 million General Fund; \$1,411 Lottery Funds; \$3,506 Other Funds; and \$887,852 Federal Funds. Reductions include \$771,126 General Fund and \$406,032 Federal Funds to increase vacancy savings and \$753,997 General Fund; \$1,411 Lottery Funds; \$3,506 Other Funds; and \$481,820 Federal Funds in services and supplies. Additional reductions include \$70,000 General Fund from Oregon Health Insurance Survey incentive payments and \$80,000 General Fund from the Environmental Influences on Child Health Outcomes grant program.

For the Central Services Division, the budget is decreased by \$2.7 million total funds, including \$2.1 million General Fund; \$11,451 Lottery Funds; \$104,477 Other Funds; and \$543,425 Federal Funds. Reductions include \$755,352 General Fund; \$59,755 Other Funds; and \$460,371 Federal Funds to increase vacancy savings and \$810,226 General Fund and \$11,451 Lottery Funds in services and supplies. Additional reductions include \$511,106 General Fund; \$44,722 Other Funds; and \$83,054 Federal Funds for direct-billed Office of Information Services work on IT systems for the Equity and Inclusion Office.

For the State Assessments and Enterprise Costs program, the budget is decreased by \$6.5 million total funds, including \$4.1 million General Fund; \$9,149 Lottery Funds; \$736,709 Other Funds; and \$1.6 million Federal Funds in services and supplies.

For the Shared Services program, the budget is decreased by \$2.5 million Other Funds in services and supplies.

Other Budget Adjustments

To facilitate changes in compensation of non-state employees due to collective bargaining agreements, the subcommittee approved a decrease of \$289,071 in the special purpose General Fund appropriation to the Emergency Board, with an increase of \$289,071 General Fund and \$395,933 in Federal Funds expenditure limitation for OHA for the purpose of those compensation changes.

An increase of \$345.2 million in Federal Funds expenditure limitation and establishment of 35 positions (22.05 FTE) was approved in the Health Policy and Analytics Division for the federally funded Rural Health Care Transformation program. The established limitation amount biennializes the projected expenditures of the program to convert the federal fiscal year funding to align with the state biennial budget and assumes the continuation of funding across five federal fiscal years at the amount awarded for federal fiscal year 2026. Of the 35 authorized positions, 21 are permanent ongoing positions (13.23 FTE) due to the assumed funding crossing multiple biennia; however, these positions are assumed to be phased out by the agency at the conclusion of the federal grant. The remaining 14 positions (8.82 FTE) are to be established as limited-duration positions and serve to facilitate the allocation of workload to the federal grant funds by existing staff through job rotations over the grant period.

Department of Human Services

The subcommittee approved budgetary adjustments totaling \$742.9 million, including \$325.2 million General Fund, \$55.8 million Other Funds, and \$361.9 million Federal Funds. This includes a General Fund debt service decrease of \$1.6 million and an Other Funds debt service increase of \$1.6 million. The total funds budget is a 3.2% change from the 2025-27 legislatively adopted budget. The following table provides a high-level summary of the adjustments in HB 5204.

Department of Human Services 2025-27 Budgetary Adjustments Approved in HB 5204						
	GENERAL FUND	OTHER FUNDS	FEDERAL FUNDS	TOTAL FUNDS	POSITIONS	FTE
Non-State Employee Compensation Changes	74,710,929	-	131,959,378	206,670,307	-	-
Budget Reductions	(34,464,541)	(743,920)	(46,824,184)	(82,032,645)	-	-
Budget Rebalance	91,068,716	40,222,631	208,538,367	339,829,714	10	9.08
U.S. Public Law 119-21 (HR 1) Implementation	110,966,798	6,671,202	9,597,513	127,235,513	392	177.88
Debt Service Adjustments for Interest Earnings	(1,560,000)	1,610,000	-	50,000	-	-
Statewide Adjustments	79,002,563	11,515,151	58,646,176	149,163,890	-	-
Criminal Fines Account Backfill	3,481,309	(3,481,309)	-	-	-	-
Other Adjustments	2,000,000	-	-	2,000,000	-	-
TOTAL	\$325,205,774	\$55,793,755	\$361,917,250	\$742,916,779	402	186.96

Non-State Employee Compensation Changes

Consistent with the recommendation of the Joint Interim Committee on Ways and Means in January 2026, the subcommittee approved a \$74.7 million General Fund appropriation (\$206.7 million total funds) to DHS to support the cost of collective bargaining agreements for non-state workers. This covers the workforce of more than 26,000 personal support workers and home care workers who serve an estimated 32,000 Oregonians monthly. There is a corresponding decrease of \$74.7 million General Fund to a special purpose appropriation established by HB 5006 (2025) to cover the cost of non-state employee compensation changes.

DHS Rebalance

For the first DHS financial rebalance of the 2025-27 biennium, the subcommittee approved adjustments resulting in a net increase of \$91.1 million General Fund, an increase of \$40.2 million Other Funds expenditure limitation, and an increase of \$208.5 million Federal Funds expenditure limitation and

authorized a total of 10 new positions (9.08 FTE). The adjustments encompass several issues affecting the DHS budget, including changes in caseload, cost per case, and FMAP, as well as other program changes arising since the 2025 legislative session.

The major DHS rebalance adjustments include the following:

- \$109.4 million net General Fund increase (\$254.1 million total funds) due to changes in caseload, compared to the spring 2025 forecast.
- \$24.8 million General Fund net increase (\$39.6 million total funds) for higher costs per case in the Intellectual/Developmental Disabilities and Vocational Rehabilitation programs and corrections in the Child Welfare budget.
- \$17.4 million General Fund increase for compensation plan changes resulting from a 2024 class study conducted by DAS, which increased salaries and other personnel expenses for more than 3,200 DHS workers.
- \$7.8 million General Fund increase to cover a federal penalty related to the SNAP payment error rate for federal fiscal year 2023.

These increases were partially offset by \$33.9 million General Fund savings from a slightly higher federal medical assistance percentage and \$35.5 million General Fund savings from higher-than-anticipated provider tax revenues. New positions approved in the rebalance are mostly for implementation of federal grants. In addition, various budget-neutral technical adjustments were approved related to internal transfers of positions and funding. The agency noted in the rebalance report several potential risks to its budget (including, for example, changes in program caseloads and costs per case).

HR 1 Implementation – U.S. Public Law 119-21 Implementation

The subcommittee approved \$111 million General Fund (\$127.2 million total funds) and 392 positions (177.88 FTE) for DHS to begin implementation of federal HR 1, which made significant changes to the SNAP and Medicaid programs by instituting work requirements for certain beneficiaries, more frequent eligibility checks, and higher state cost-sharing.

Effective October 1, 2026, HR 1 increased the state share of cost from 50% to 75%, resulting in an additional \$54.4 million General Fund to cover SNAP administrative costs in the current biennium. For SNAP screening, verification, and payment accuracy, \$33.6 million General Fund (\$51.9 million total) and 216 positions (100.19 FTE) were approved for IT upgrades, eligibility staff to manage increased SNAP screening and verification and to improve the accuracy of SNAP benefits determinations, and administrative staff to support program activities related to SNAP program changes. This includes \$13.8 million General Fund (\$16.2 million total funds) approved on a one-time basis for IT professional services. Of the 216 approved permanent full-time positions, 185 positions (82.05 FTE) are in the Oregon Eligibility Program, eight positions (3.64 FTE) are in Self Sufficiency, 15 positions (11.25 FTE) are in Central Services, and eight positions (3.25 FTE) are in Shared Services.

To address SNAP electronic benefit transfer (EBT) card security, \$7.1 million General Fund (\$13.2 million total funds) and three positions (1.89 FTE) were approved for the Self-Sufficiency Program to upgrade the SNAP EBT card to a more secure technology that uses smart chips embedded in cards, including \$6.8 million General Fund (\$12.6 million total) for IT professional services and \$328,815 General Fund (\$496,775 total) for position-related costs. The approved positions include two permanent full-time positions and one limited-duration position.

Finally, \$16 million General Fund (\$62.2 million total funds) and 173 positions (75.80 FTE) were approved to administer new Medicaid work requirements and conduct related outreach. Of the 173 approved permanent full-time positions, 151 positions (61.79 FTE) are in the Oregon Eligibility Program, six positions (4.50 FTE) are in Central Services, and 16 positions (9.51 FTE) are in Shared Services.

Budget Reductions

The subcommittee approved reductions across multiple divisions totaling \$82 million, including \$34.5 million General Fund; \$743,920 Other Funds; and \$46.8 million Federal Funds, to balance the state budget. Reductions include the following:

- \$549,031 General Fund to capture vacancy savings related to a 90-day delay in hiring in Central Services.
- \$699,330 General Fund to capture vacancy savings related to a 90-day delay in hiring in Self-Sufficiency.
- \$80,594 General Fund to capture vacancy savings related to a 90-day delay in hiring in Vocational Rehabilitation.
- \$5.98 million General Fund to capture vacancy savings related to a 90-day delay in hiring in Child Welfare.
- \$20.1 million General Fund in Aging and People with Disabilities, including \$1 million of vacancy savings; program savings of \$18.4 million related to delayed implementation of Agency with Choice, and elimination of Area Agency on Aging housing support specialists; and a fund shift of \$735,000 related to increased federal cost-sharing for the Medicaid adult protective services caseload.
- \$6.1 million General Fund in Intellectual/Developmental Disabilities, including \$1.4 million of vacancy savings, program savings of \$4.7 million related to updated cost estimates for Agency with Choice, and the closure of the Elliot 1 and Jody Stabilization and Crisis Units.
- \$905,424 General Fund to capture vacancy savings related to a 90-day delay in hiring in Oregon Eligibility Partnership.

Other Adjustments

The subcommittee approved \$2 million General Fund to make one-time grants to refugee resettlement agencies and culturally specific community-based organizations to provide financial assistance, case management, outreach, and navigation to lawfully present immigrants and refugees as defined by ORS 411.139(1)(b)(A) through (G) who have been affected by changes to federal SNAP and Medicaid eligibility.

Due to lower-than-anticipated revenues in the Criminal Fines Account (CFA), the subcommittee approved a one-time General Fund increase of \$3.5 million to the Self-Sufficiency Program for distribution to the Domestic Violence Fund and the Sexual Assault Victims Fund and a corresponding decrease of \$3.5 million in Other Funds expenditure limitation.

JUDICIAL BRANCH

Commission on Judicial Fitness and Disability

The subcommittee approved budgetary adjustments totaling \$51,341 General Fund. The total funds budget is a 7.9% increase from the 2025-27 legislatively approved budget.

To balance the state budget, a reduction was approved totaling \$10,912 General Fund in services and supplies for the Administration Division from the carryforward funding from the 2023-25 biennium that judicial branch agencies can retain by statute. The commission's administrative costs remain fully funded for the 2025-27 biennium.

Judicial Department

The subcommittee approved budgetary adjustments totaling \$41.6 million, including an increase of \$46.5 million General Fund, a reduction of \$5.2 million Other Funds, and an increase of \$240,043 Federal Funds. The total funds budget is a 3.9% increase from the 2025-27 legislatively approved budget.

The subcommittee approved the transfer of \$3.3 million in 2023-25 General Fund carryforward from five programs into the Operations program and authorized the establishment of 28 permanent full-time positions (15.25 FTE). The Operations program has a 2023-25 General Fund carryforward of \$754,511, which when combined with the \$3.3 million in transferred funds and \$811,021 in austerity savings totals \$4.8 million General Fund. The legislative intent is that the department self-fund the following two activities:

- \$2.5 million and 16 of the permanent full-time positions (9.25 FTE) for processing set-asides related to evictions and criminal cases under current law. The positions include six Courtroom Clerks (3.00 FTE), five Court Operations Associates (2.50 FTE), three Court Operations Specialists (2.25 FTE), one Analyst 3 (1.00 FTE), and one Hearings Referee (0.50 FTE). The associated services and supplies totals \$293,570 General Fund. The long-term need of the positions will be re-evaluated during the 2027-29 biennium.
- \$2.3 million and 12 of the permanent full-time positions (6.00 FTE) for 2020 fire season litigation activities. The positions include four Court Operations Specialists (2.00 FTE), two Analyst 2s (1.00 FTE), two Courtroom Clerks (1.00 FTE), and two Hearings Referees (1.00 FTE) for Trial Courts and one Analyst 4 (0.50 FTE) and one Information Technology Specialist (0.50 FTE) for Administration and Central Support. The associated services and supplies totals \$620,190 General Fund. The long-term need of the positions will be re-evaluated during the 2027-29 biennium.

The subcommittee approved a one-time General Fund appropriation of \$2.4 million General Fund for distribution to the Oregon State Bar for immigration legal services.

The subcommittee approved \$6.9 million General Fund for a fund shift of a CFA allocation to General Fund, which represents an ongoing commitment of General Fund for the State Court Facilities Security Account (\$5.1 million for state court security and emergency preparedness and \$1.9 million for county court facilities security) to supplant the account's reliance on future CFA allocations. A corresponding amount of Other Funds expenditure limitation was reduced.

The subcommittee also established \$70,000 Other Funds expenditure limitation for debt service payments on previously authorized bonds.

The subcommittee approved reduction totaling \$3 million General Fund in services and supplies for the Third-Party Debt Collection program to balance the state budget. This reduction aligns budget authority with anticipated program expenditures.

LEGISLATIVE BRANCH

Legislative Administration

The measure increases Other Funds expenditure limitation of \$1.5 million to use interest earnings and excess bond proceeds that are available for debt service costs paid from the Legislative Administration Committee budget. The available Other Funds revenue helps offset General Fund debt service costs, which is separately recognized in the measure as part of statewide adjustments to existing debt service budget structures. Also included is a reduction of \$2.5 million General Fund, which is available from the carryforward of unexpended 2023-25 appropriations, to balance the statewide budget.

Across all legislative branch agencies, a total of \$20.7 million General Fund is appropriated, which represents unexpended General Fund from the 2023-25 biennium. Unlike executive branch agencies, unexpended General Fund at the end of a biennium is statutorily required to be appropriated in the next biennium for judicial and legislative branch agencies. The table in section 321 of HB 5204 includes the appropriation of the carryforward amounts for each legislative branch agency. The appropriations include \$1.9 million for Legislative Counsel; \$10.4 million for the Legislative Administration Committee; \$5.9 million for the Legislative Assembly; \$640,211 for the Legislative Fiscal Office; \$334,458 for the Legislative Revenue Office; \$1.5 million for the Legislative Policy and Research Office; and \$38,710 for the Commission on Indian Services. The General Fund carryforward includes \$8.4 million that was used to support increases approved in HB 5016 (2025). To balance the state budget, HB 5204 separately reduces \$10.3 million of the legislative branch agencies General Fund carryforward. In total, \$2.1 million of the overall carryforward amount is retained.

Legislative Fiscal Office

The subcommittee approved the establishment of a permanent part-time Front Office Specialist position (0.58 FTE), totaling \$131,983 General Fund in the 2025-27 biennium. Funding for the position, which will roll up to 0.73 FTE in the 2027-29 biennium, comes from a net-zero shift between budget categories.

NATURAL RESOURCES

Department of Agriculture

The subcommittee approved budgetary adjustments totaling \$8.1 million, including \$3.7 million General Fund; \$363,130 Lottery Funds; \$3.7 million Other Funds; and \$343,348 Federal Funds. The total funds budget is a 4.3% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$236,014 General Fund from vacancy savings in the Administrative and Support Services Division to balance the state budget.

Additional budget adjustments totaling \$3.2 million were approved. To continue eradication efforts of the Japanese beetle, HB 5204 includes a one-time increase of \$1.8 million General Fund. An additional one-time appropriation of \$1 million General Fund is included for the Wolf Depredation Compensation and Financial Assistance grant program.

Finally, \$372,490 Other Funds is approved to establish a Japanese beetle market access program as recommended by the Joint Interim Committee on Ways and Means in January 2026. This includes establishing two permanent full-time Natural Resource Specialist 2 positions (1.26 FTE) that will support and certify compliance agreements, as required by the National Plant Board, and position-related services and supplies. Of the total amount, \$70,000 is one-

time for capital outlay to support the statewide travel anticipated by the new positions. Revenues to support the program are derived from nursery licenses and fees, which are anticipated to increase in April 2026 by approximately 18%.

Columbia River Gorge Commission

The subcommittee approved budgetary adjustments totaling \$128,455 General Fund. The total funds budget is an 8.3% increase from the 2025-27 legislatively approved budget.

Approved budget adjustments include an increase of \$75,000 General Fund for Oregon's share of ongoing maintenance and licensing fees related to the Access Data Replacement project and \$8,000 General Fund for Oregon's share of Washington shared state services. Additionally, the subcommittee approved a one-time increase of \$45,000 General Fund for Oregon Commissioner expenses and increased risk assessment charges.

Department of Energy

The subcommittee approved budgetary adjustments totaling \$6.8 million, including a \$926,696 General Fund reduction; \$7.5 million Other Funds; and \$249,879 Federal Funds. The total funds budget is a 3% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$1.2 million General Fund from reductions in the Energy Development Services Division to the Grid Resilience matching funds not required in the current biennium to balance the state budget.

The following one-time budget adjustments totaling \$5.7 million Other Funds were approved to expend remaining program balances: \$3 million for the Oregon Rental Home Heat Pump Program; \$1.8 million for the Oregon Solar + Storage Rebate Program; and \$834,361 Other Funds for the Community Heat Pump Deployment Program. An additional \$513,984 Other Funds was approved for the establishment of a limited-duration Consultant Advisor (climate advisor) position (0.38 FTE) within the Governor's Office to advance climate strategy and initiatives. The position is funded with grant funds awarded by the nonprofit organization U.S. Climate Alliance.

Department of Environmental Quality

The subcommittee approved budgetary adjustments totaling \$13.8 million, including \$4.2 million General Fund; \$226,569 Lottery Funds; \$8.2 million in Other Funds expenditure limitation; and \$1.1 million in Federal Funds expenditure limitation. The total funds budget represents a 1.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$857,445 General Fund for vacancy savings anticipated during the 2025-27 biennium as the result of intentional hiring delays. The Water Quality Division budget is reduced by \$162,000 General Fund, and the Agency Management Division budget is reduced by \$695,445 General Fund.

The subcommittee also approved a one-time appropriation of \$1.1 million General Fund for costs associated with response and recovery activities resulting from a cyberattack in April 2025. This increase was recommended by the Joint Interim Committee on Ways and Means in January 2026.

A technical adjustment was approved shifting \$80,000 in Other Funds Nonlimited debt service from the services and supplies category to the debt service category. Additionally, the subcommittee approved an increase of \$9,000 in Other Funds expenditure limitation for debt service so that the department may apply interest earnings to debt service obligations.

Lastly, the subcommittee approved a one-time appropriation of \$407,871 General Fund for the Land Quality Division, with a corresponding reduction to the special purpose appropriation made to the Emergency Board in HB 5006 (2025) for natural disaster prevention, preparedness, response, and recovery to cover costs associated with emergency response and hazardous waste removal activities following the Rowena Fire. The department worked in close partnership with Wasco County and the Oregon Department of Emergency Management to provide contracting and oversight of hazardous materials cleanup, fill key roles in the multi-agency Incident Command Structure, and participate in County Emergency Operations Center coordination and planning meetings.

Department of Fish and Wildlife

The subcommittee approved budgetary adjustments totaling \$11.5 million, including a reduction of \$1.7 million General Fund; \$270,511 Lottery Funds; \$7.7 million Other Funds; and \$5.2 million Federal Funds. The total funds budget is a 1.9% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$159,999 General Fund from vacancy savings across multiple divisions to balance the state budget. The Fish Division is reduced by \$79,853 General Fund; the Wildlife Division is reduced by \$66,820 General Fund; and the Administrative and Support Services Division is reduced by \$13,326 General Fund.

For completion of the construction of the Klamath Hatchery hatch house, destroyed during the 2020 wildfires, \$1.5 million of one-time Other Funds was approved, as recommended by the Joint Interim Committee on Ways and Means in January 2026. Additionally, \$3.1 million of General Fund to support antipoaching enforcement is being reduced, with a corresponding increase of \$3.1 million General Fund in the Oregon State Police (OSP) budget. This is a net-zero technical adjustment moving anti-poaching funding between agencies, which will allow for more accurate budget development of the actual costs of the positions doing anti-poaching enforcement.

Department of Forestry

The subcommittee approved budgetary adjustments totaling \$180.7 million, including \$85.9 million General Fund, \$83 million in Other Funds expenditure limitation, and \$11.7 million in Federal Funds expenditure limitation. The total funds budget represents a 25.1% increase from the 2025-27 legislatively approved budget.

The subcommittee approved several adjustments recommended by the Joint Interim Committee on Ways and Means in January 2026. These adjustments include the following:

- A one-time appropriation of \$57.3 million General Fund to cover the net large fire costs of the 2025 fire season, with a corresponding decrease to the special purpose appropriation made to the Emergency Board in HB 5006 (2025) for natural disaster prevention, preparedness, response, and recovery.

- A one-time appropriation of \$12.2 million General Fund for fire severity costs, with a corresponding decrease to the special purpose appropriation made to the Emergency Board in HB 5006 (2025) for fire protection expenses.
- A one-time increase in Other Funds expenditure limitation of \$73.6 million to enable payments processing related to the 2025 wildfire season.
- A one-time appropriation of \$11.6 million General Fund to address a shortfall in centralized administration costs due to Fire Protection Assessment changes outlined in HB 3940 (2025).
- A Federal Funds expenditure limitation increase totaling \$5.7 million, including \$3.2 million, on a one-time basis, and \$2.5 million, on an ongoing basis, to code increased federal indirect charges to the correct grant source.
- A Federal Funds expenditure limitation increase of \$5 million, on a one-time basis, and authorization to establish 39 permanent seasonal positions (14.03 FTE) to implement the Community Wildfire Defense Grant over the course of three biennia.

During the 2025 legislative session, HB 5006 provided a one-time \$4 million General Fund appropriation to the Fire Protection Division for the purchase of wildfire detection cameras. The subcommittee approved expanding the usage of the appropriation to include camera purchases, maintenance, upgrades, and expansion of the state's wildfire detection system. Additionally, \$2 million of the appropriated \$4 million General Fund is intended as pass-through funding for the Oregon Hazards Laboratory at the University of Oregon to continue existing service levels and preserve current staff for their multi-hazard monitoring system, which includes wildfire detection cameras. The department is expected to continue collaborating with the Oregon Hazards Laboratory to align operations, improve interoperability, and maintain a structured partnership, as outlined in the memorandum of understanding signed by both parties in December 2025.

Department of Geology and Mineral Industries

The subcommittee approved budgetary adjustments totaling \$1.3 million, including \$835,354 General Fund; \$407,291 Other Funds; and \$106,052 Federal Funds. The total funds budget is a 3.7% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$109,744 General Fund from vacancy savings in the Geologic Survey Division to balance the state budget.

The subcommittee approved \$700,000 General Fund for the department on a one-time basis for the completion of the Mineral Land Regulation and Reclamation ePermitting project. The request also included a net-zero reclassification of one Information System Specialist (ISS) position from an ISS 3 to an ISS 5 to better reflect the duties and responsibilities of the position.

Department of Land Conservation and Development

The subcommittee approved budgetary adjustments totaling \$10.1 million, including an increase of \$672,698 General Fund; an increase of \$4.6 million in Other Funds expenditure limitation; and an increase of \$4.8 million Federal Funds expenditure limitation. The total funds budget is a 13.2% increase from the 2025-27 legislatively approved budget.

To balance the state budget, reductions were approved for the Planning Program Division totaling \$702,696 total funds, including \$540,539 General Fund and \$162,157 Other Funds expenditure limitation. Reductions include \$162,157 Other Funds expenditure limitation and \$40,539 General Fund from elimination of one vacant Natural Hazards Mitigation Planner position (1.00 FTE) due to the loss of federal funding for the position. While budgeted as

Other Funds, the position was supported by Federal Funds transferred to the agency by the Oregon Department of Emergency Management. The subcommittee also approved a reduction of \$500,000 General Fund from monies appropriated for middle housing rulemaking under HB 2138 (2025), as the legal costs associated with the rulemaking are projected to be less than initially anticipated.

The subcommittee also approved an increase of \$4.6 million Federal Funds expenditure limitation for receipt of two federal grant awards from the National Oceanic and Atmospheric Association to support land and estuary preservation work and \$202,013 Other Funds expenditure limitation for interagency agreements. These items were recommended by the Joint Interim Committee on Ways and Means in January 2026.

In the Grant Programs Division, the subcommittee approved an increase of \$4.4 million Other Funds expenditure limitation to expend existing carryover funding for the Housing Accountability and Production Office and the Community Green Infrastructure grant programs. The subcommittee also approved a net-zero technical adjustment to deposit an existing \$3.5 million General Fund appropriation into the agency's Housing Accountability and Production Office fund.

Land Use Board of Appeals

The subcommittee approved budgetary adjustments totaling \$180,518 General Fund, including an increase of \$33,504 General Fund for DAS Shared Financial Services and shuttle service charges and \$24,025 General Fund for contracted human resources services with the Construction Contractors Board. The total funds budget is a 5.2% increase from the 2025-27 legislatively approved budget.

State Marine Board

The subcommittee approved budgetary adjustments totaling \$1.6 million, including \$1.6 million Other Funds and \$13,422 Federal Funds. The total funds budget is a 3.7% increase from the 2025-27 legislatively approved budget.

The subcommittee approved \$1 million Other Funds, as recommended by the Joint Interim Committee on Ways and Means in January 2026, to align expenditure authority with fee revenues authorized under HB 2982 (2025) for aquatic invasive species prevention and the Waterway Access program.

Parks and Recreation Department

The subcommittee approved budgetary adjustments totaling \$12.7 million, including a reduction of \$1.7 million General Fund for debt service; a reduction of \$3.7 million Lottery Funds; an increase of \$18 million in Other Funds expenditure limitation; and an increase of \$56,689 in Federal Funds expenditure limitation. The total funds budget represents a 3.2% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling just over \$5.4 million, including nearly \$5 million Lottery Funds and \$451,885 in Other Funds expenditure limitation. These reductions align to the department's ongoing efforts to balance expenditures to the available and projected revenues. Three of the department's program budgets were reduced to reflect anticipated vacancy savings during the current biennium. The Director's Office includes a reduction of \$310,760 Lottery Funds; Central Services includes reductions of \$78,149 Lottery Funds and \$78,889 in Other Funds expenditure limitation; and Direct Services includes reductions of \$363,432 Lottery Funds and \$372,996 in Other Funds expenditure limitation. Additionally, the Park Development budget includes a one-time reduction of nearly \$3 million Lottery Funds for park property maintenance, repair, and enhancement. This reduction reflects the department's realignment of priorities and timelines for capital improvement expenditures throughout the park system during the 2025-27 biennium.

Lastly, the Local Government grant program is reduced by just over \$1.2 million Lottery Funds to balance the program budget to the constitutionally dedicated allocation of Lottery Funds, as per the DAS Office of Economic Analysis's March 2026 Oregon Economic and Revenue Forecast.

The subcommittee also approved an Other Funds expenditure limitation increase of \$10 million for the Oregon Main Street Revitalization program, recommended by the Joint Interim Committee on Ways and Means in January 2026. The increase is supported by net lottery revenue bond proceeds from a May 2025 sale, and the expenditure limitation allows the department to disburse awards in the current biennium in accordance with program commitments and timelines. Additionally, the subcommittee approved an appropriation of \$274,590 General Fund to pay debt service obligations in the 2025-27 biennium and a one-time increase of \$35,000 in Other Funds expenditure limitation for costs related to bond issuance for bonding authorized for park acquisitions after the agency successfully completes the standard due diligence process, in compliance with applicable administrative rules, in advance of a property purchase.

Lastly, the subcommittee approved the elimination of two permanent Payroll Analyst positions (1.00 FTE) from the department so they may be re-established within DAS to reflect the transfer of payroll operations. In addition to the position transfers, the subcommittee approved a realignment of the department's existing budget to cover additional DAS service charges. A total of \$151,138 Lottery Funds and \$158,697 in Other Funds expenditure limitation is shifted from personal services and other services and supplies accounts into the department's state government service charges budget. The position reductions and net-zero rebalance aligns to the recommendation made by the Joint Interim Committee on Ways and Means in January 2026.

Department of State Lands

The subcommittee approved budgetary adjustments totaling \$4.2 million, including a reduction of \$196,201 General Fund; \$2.3 million Other Funds; and \$2.1 million Federal Funds. The total funds budget is a 3.6% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions of \$221,288 General Fund by shifting a position from General Fund to available Other Funds in the Common School Fund Division to balance the state budget.

The subcommittee approved the following additional budget adjustments totaling \$2.3 million. To support the acquisition of approximately 193 acres into the South Slough National Estuarine Research Reserve, \$2 million of one-time Federal Funds expenditure limitation was approved, funded by grants received from the National Oceanic and Atmospheric Administration, as recommended by the Joint Interim Committee on Ways and Means in January 2026. The grants require no match, and the parcels are currently owned by the department and Coos County and not available for harvest, so there are no impacts anticipated to county property tax or harvest tax revenue. Additionally, \$300,000 Other Funds on a one-time basis were approved for the Oregon Ocean Science Trust (OOST) to support contracted services and related expenses as recommended by the Joint Interim Committee on Ways and Means in January 2026. The OOST received non-federal grants that will support a professional services contract for a director of strategic initiatives and board outreach expenses that will support this work.

Water Resources Department

The subcommittee approved budgetary adjustments totaling \$3.8 million, including an increase of \$2.8 million General Fund; a reduction of \$1.6 million Lottery Funds for debt service; an increase of \$2.6 million in Other Funds expenditure limitation; and an increase of \$14,169 in Federal Funds expenditure limitation. The total funds budget represents a 1.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved one-time reductions totaling \$295,486 General Fund for services and supplies throughout several divisions. The services and supplies reductions are applied to travel, training, and office expenses. The Administrative Services Division budget is decreased by \$56,000 General Fund; the Field Services budget is decreased by \$123,000 General Fund; the Technical Services budget is decreased by \$100,486 General Fund; and the Director's Office budget is decreased by \$16,000 General Fund.

The subcommittee approved a one-time increase of \$459,722 in Other Funds expenditure limitation, supported by the department's remaining unspent ARPA State Fiscal Recovery Funds, for the continued support of water rights and other fee-based programs. This increase was recommended by the Joint Interim Committee on Ways and Means in January 2026.

The subcommittee also approved several net-zero fund shifts across the department to better align budget to current business operations. The technical adjustments across divisions reflect a reallocation of services and supplies and personal services budgets to reconcile operations with the 2025 Integrated Water Resources Strategy and the agency's 2025 Strategic Plan. Additionally, the subcommittee approved a net-zero technical adjustment shifting \$1 million in Other Funds expenditure limitation for the Water Well Abandonment, Repair, and Replacement Fund from the Technical Services Division to the Director's Office to align the expenditure limitation to the division now managing the program.

Lastly, the subcommittee approved establishment of \$1,564,960 in Other Funds expenditure limitation for debt service so that the department may apply interest earnings to debt service obligations.

Oregon Watershed Enhancement Board

The subcommittee approved budgetary adjustments totaling \$35.7 million, including \$26,915 General Fund; \$337,730 Lottery Funds; \$35.2 million in Other Funds expenditure limitation; and \$136,980 in Federal Funds expenditure limitation. The total funds budget represents a 15.5% increase from the 2025-27 legislatively approved budget.

The subcommittee approved an Other Funds expenditure limitation increase of \$35 million for projects approved by the Oregon Environmental Restoration Council, as recommended by the Joint Interim Committee on Ways and Means in January 2026. The increase is supported by Monsanto settlement agreement proceeds, as well as interest and investment earnings, held in the Oregon Environmental Restoration Fund established by SB 1561 (2024).

The subcommittee also approved an allocation of \$250,000 in constitutionally dedicated Lottery Funds from the Natural Resources subaccount of the Parks and Natural Resources Fund established under Section 4, Article XV of the Oregon Constitution to DEQ. The Oregon Watershed Enhancement Board is the fiscal agent for this subaccount and will transfer the revenue to DEQ to cover employee compensation increases and pension obligation bond cost adjustments. The necessary expenditure limitation for the compensation increases for DEQ is already included in section 324 of HB 5204.

PUBLIC SAFETY

Department of Corrections

The subcommittee approved budgetary adjustments totaling \$102.4 million and nine positions (9.30 FTE), including \$96.8 million General Fund and \$5.6 million Other Funds. The total funds budget is a 3.8% increase from the 2025-27 legislatively approved budget.

Budget reductions totaling \$3 million General Fund were approved across multiple divisions to balance the state budget. Reductions include the following:

- \$1.4 million General Fund in services and supplies and \$186,000 General Fund from the wastewater testing program in the Operations Division.
- \$601,457 General Fund in services and supplies in the Health Services Division.
- \$422,114 General Fund in services and supplies in the Central Administration Division.
- \$180,972 General Fund in services and supplies in the Administrative Services Division.
- \$192,284 General Fund in services and supplies in the Correctional Services Division.
- \$34,834 General Fund in services and supplies in the Community Corrections Division.

The subcommittee approved additional budget adjustments for the Health Services Division totaling \$39.9 million General Fund and nine positions (9.30 FTE), which were recommended by the Joint Interim Committee on Ways and Means in January 2026. The adjustments include the following:

- \$21.5 million General Fund to establish funding for costs related to the use of medications for opioid use disorder. Costs for the agency are increasing due to both the increase in the numbers of patients participating in the program and the cost of the medication used that best conforms to safety and security needs of the institutions.
- \$14.4 million General Fund, on a one-time basis, for costs related to off-site care visits by adults in custody as the agency reduces a scheduling backlog.
- \$4.1 million General Fund, including the establishment of a net nine permanent full-time positions (9.30 FTE), to stabilize medical and mental health services provided to adults in custody because of a third-party system-wide assessment of health care operations in Oregon's prisons. Ten new positions (10.00 FTE) are authorized (to include the addition of nurse managers; pharmacy staff; behavioral health managers; and positions to support accreditation, special housing, and continuous quality improvement needs) as well as the reduction of one nurse practitioner from 1.00 FTE to 0.50 FTE and the abolishment of one nurse practitioner position (0.20 FTE) to partially offset the cost of the request.

Finally, the measure includes a budget-neutral reduction of \$1 million General Fund and an increase in Other Funds expenditure limitation in the same amount to utilize remaining ARPA State Fiscal Recovery Funds received by DAS and transferred to the Department of Corrections for the cost of providing medical care to adults in custody.

Criminal Justice Commission

The subcommittee approved budgetary adjustments totaling \$474,091, including \$405,862 General Fund; \$8,603 Other Funds; and \$59,626 Federal Funds. The total funds budget is a 0.1% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$137,667 General Fund, achieved through vacancy savings to balance the state budget. The subcommittee also approved an increase of \$87,842 General Fund to accommodate the increased cost of switching human resources support from the Department of Corrections to DAS.

Department of Emergency Management

The subcommittee approved budgetary adjustments totaling \$21.1 million, including a decrease of \$1.4 million General Fund; increases of \$21.7 million Other Funds and \$752,305 Federal Funds; and three positions (1.50 FTE). The total funds budget is a 1.6% increase from the 2025-27 legislatively approved budget.

The subcommittee approved a net-zero fund shift in the Administration Division to balance the state budget through a General Fund decrease of \$129,981 and a corresponding increase of \$129,981 Federal Funds expenditure limitation.

The subcommittee approved the following additional budget adjustments. For the Administration Division, the budget adjustments include a \$602,043 Federal Funds increase as part of a net-zero rebalance with the Mitigation and Recovery Division to support the creation of three new full-time limited-duration positions (1.50 FTE). One limited-duration Fiscal Analyst 2 (0.50 FTE) is established to conduct indirect rate analysis, one limited-duration Information Specialist 6 (0.50 FTE) is established to coordinate continuity of operations activities, and one limited-duration Information Specialist 7 (0.50 FTE) is established to coordinate the grant management system modernization.

For the 9-1-1 Emergency Program, the budget adjustments include a \$5.3 million one-time Other Funds expenditure limitation increase for the next-generation 9-1-1 system modernization project. Revenue for the project comes from 9-1-1 taxes assessed on each phone line in Oregon and are deposited in the 9-1-1 Subaccount established by ORS 403.235 (4).

For Mitigation and Recovery, the budget adjustments total \$15.2 million, including an increase of \$15.8 million Other Funds and a decrease of \$602,043 Federal Funds, to include the following:

- A \$15.8 million one-time Other Funds expenditure limitation increase to allow for disbursement of funds received from multiple states as reimbursement for assistance provided by Oregon state and local resources recommended by the Joint Interim Committee on Ways and Means in January 2026.
- A \$602,043 Federal Funds decrease as part of a net-zero rebalance with the Administration Division to support rate analysis, continuity of operations planning coordination, and the agency's grant management system.

Department of Justice

The subcommittee approved budgetary adjustments totaling \$23.6 million, including \$3.9 million General Fund, \$15 million Other Funds, and \$4.8 million Federal Funds. The total funds budget is a 2.4% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions in the Administration Division totaling \$2.2 million General Fund for other operations reductions related to the Legal Tools Replacement IT project to balance the state budget.

The subcommittee approved the following additional budget adjustments. For the Civil Enforcement Division, a net-zero General Fund technical adjustment was approved, decreasing the budget by \$2.1 million Other Funds and two positions (1.76 FTE) to rebalance all Protection and Education activities budget into a single appropriation.

For the Protection and Education program, a net-zero Other Funds technical adjustment, increasing the Protection and Education budget by \$10.3 million for two budget corrections: an increase of \$2.1 million Other Funds and two positions (1.76 FTE) to rebalance funds and positions from the Civil Enforcement Division and a net-zero rebalance of \$8.2 million Other Funds and 20 positions (18.13 FTE) from Civil Enforcement Expansion and Defense of State Interests to the Protection and Education appropriation.

For the Criminal Justice Division, a \$1 million General Fund increase was approved, to include the establishment of two permanent full-time positions (1.08 FTE) to support the increased caseload for the Internet Crimes Against Children program. The positions include one assistant attorney general (0.54 FTE) and one lead agent (0.54 FTE) to support a doubling of the cyber-tip caseload. Services and supplies are increased by \$75,000 General Fund for software to assist with identifying artificial intelligence used in these crimes. Of that \$75,000, \$35,000 is on a one-time basis, and the remaining \$40,000 is ongoing for biennial subscription costs. Finally, a one-time \$175,000 General Fund increase is included for a vehicle used in mobile interviews and evidence gathering.

For the Crime Victims and Survivor Services Division, the budget adjustments total \$1.3 million, including \$1.3 million General Fund and \$24,061 Other Funds, as follows:

- A \$1.3 million one-time Other Funds expenditure limitation increase, which was recommended by the Joint Interim Committee on Ways and Means in January 2026, to allow for the disbursement of crime victim grant funds carried over from the 2023-25 biennium. This includes \$69,791 Other Funds for ARPA funds carried over for survivor housing and \$37,302 Other Funds for ARPA funds carried over for community-based violence prevention programs. Also included is \$1.2 million Other Funds expenditure limitation for balances carried over for state-funded children's advocacy centers and domestic violence and sexual assault programs.
- A net-zero General Fund technical adjustment to reflect General Fund deposits into separate and distinct Other Funds accounts for victim services grants. HB 5014 (2025) should have appropriated General Fund deposits into separate and distinct Other Funds accounts for various grant programs but instead were appropriated to the Crime Victims and Survivor Services Division directly. To correct this, the adjustment includes a \$9.4 million General Fund decrease from the Crime Victims and Survivor Services Division and two appropriation increases for deposits into separate and distinct funds in Oregon State Treasury accounts: \$6.1 million General Fund for the Domestic and Sexual Violence Service Fund established by ORS 147.453 and \$3.3 million General Fund for the Children's Advocacy Center Fund established by section 2(1), chapter 65, Oregon Laws 2024.
- Finally, a one-time net-zero adjustment was approved related to a revenue decline in the CFA. The Crime Victims and Survivor Services Division is increased by \$1.3 million General Fund with a corresponding decrease of \$1.3 million in Other Funds expenditure limitation. The CFA is established in ORS 137.300 for the purpose of allocating monetary obligations in criminal actions that are collected by the state. In statute, one of the CFA allocations has historically been to the Department of Justice for the Criminal Injuries Compensation Account that assists victims of violent crime. However, as CFA revenues have declined for a variety of reasons, the Other Funds revenue is unavailable to make this allocation, so it is replaced with General Fund.

Department of the State Fire Marshal

The subcommittee approved budgetary adjustments totaling \$32.5 million, including \$21.5 million General Fund and \$11 million Other Funds. The total funds budget is a 27.3% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reductions totaling \$204,152 General Fund from services and supplies in the Business Services Division to balance the state budget.

The subcommittee approved the following additional budget adjustments. To support 2025 fire season costs, \$7.6 million of one-time General Fund was approved, with a corresponding decrease to the special purpose appropriation made to the Emergency Board in HB 5006 (2025) for natural disaster prevention, preparedness, response, and recovery. Similarly, \$7 million of one-time General Fund was approved in preparation for 2026 fire season to provide adequate cash flow, and \$500,000 of Other Funds is provided to fund ongoing fire cost recovery. Both the 2025 and 2026 fire season costs and fire cost recovery funding were recommended by the Joint Interim Committee on Ways and Means in January 2026.

Additionally, the subcommittee approved \$9.5 million ongoing Other Funds for the Community Risk Reduction program. The passage of HB 3940 (2025) established dedicated revenue streams for the Community Risk Reduction Fund. Of the total amount, the Community Risk Reduction program investment includes \$559,777 for three new permanent full-time positions (1.88 FTE) and associated services and supplies for the new Wildfire Prepared Structure program, including a Program Analyst 3, a Program Analyst 2, and an Administrative Specialist 2. Lastly, the subcommittee approved \$6 million General Fund on a one-time basis for wildfire season staffing grants for the 2027 fire season.

Oregon Military Department

The subcommittee approved budgetary adjustments totaling \$5.8 million, including a reduction of \$24,024 General Fund; an increase of \$1.5 million Other Funds; and an increase of \$4.4 million Federal Funds. The total funds budget is a 1.9% increase from the 2025-27 legislatively approved budget.

The subcommittee approved reduction totaling \$11,000 General Fund in services and supplies for the Administration Division to balance the state budget.

Board of Parole and Post-Prison Supervision

The subcommittee approved budgetary adjustments totaling \$921,806 General Fund. The total funds budget is a 5.1% increase from the 2025-27 legislatively approved budget.

For the board, the budget is decreased by \$32,288 General Fund from services and supplies to balance the state budget.

The subcommittee approved \$319,148 General Fund and two permanent full-time positions (1.17 FTE) to address the increase in Morrissey hearings. The board currently contracts with counties to conduct these hearings on its behalf. However, effective January 1, 2026, and July 1, 2026, respectively, Marion County and Washington County are withdrawing from their contracts due to insufficient resources to perform these hearings, resulting in the work returning to the board. Added positions include one Administrative Specialist 2 (0.58 FTE) to perform administrative tasks, including scheduling and

coordinating hearings, providing administrative support to Hearings Officers, and preparing hearing packets for individuals, and one Correctional Hearings Officer (0.58 FTE) to conduct hearings and provide recommendations to the five-member board on level of sanction.

Department of State Police

The subcommittee approved budgetary adjustments totaling \$19.2 million, including \$14.4 million General Fund; \$397,235 Lottery Funds; \$4.4 million Other Funds; and \$60,413 Federal Funds. The total funds budget is a 2.7% increase from the 2025-27 legislatively approved budget.

The subcommittee approved a fund shift of \$3.1 million Other Funds to General Fund for anti-poaching activities under the Fish and Wildlife Division. A corresponding amount of Other Funds expenditure limitation was reduced. This is a net-zero technical adjustment moving anti-poaching General Fund from the Oregon Department of Fish and Wildlife to OSP. This adjustment allows for more accurate budget development of OSP costs for four existing permanent full-time trooper positions and one existing permanent full-time sergeant position totaling \$1.9 million in personal services and \$844,497 in associated services and supplies.

Public Defense Commission

The subcommittee approved budgetary adjustments totaling \$1.5 million, including an increase of \$2.3 million General Fund and a decrease of \$824,170 in Other Funds. The total funds budget is a 0.2% increase from the 2025-27 legislatively approved budget.

Consistent with recommendations from the Joint Interim Committee on Ways and Means in January 2026, the subcommittee approved the following additional budget adjustments, including a request that DAS schedule \$22.1 million General Fund across select programs and instruction that the agency is to provide an updated report comparing budgeted and actual public defense capacity to the Joint Committee on Ways and Means during the 2027 legislative session. A net-zero budgetary shift was approved to reduce \$1.6 million General Fund from Court Mandated Expenses Division (e.g., hourly attorneys) and increase General Fund by a corresponding amount in the Trial Representation Division, as well as to establish six permanent full-time positions (3.00 FTE). This amount was adjusted by the subcommittee to increase the FTE by 1.02 to reflect the approved positions starting earlier at an additional cost of \$511,502. This change was prompted by the agency's need to respond to the Oregon Supreme Court's decision in *Roberts v. State* (374 Or. 821 (2026)). The approved positions include two permanent full-time senior deputy defender attorneys (1.34 FTE) and four permanent full-time deputy defender attorneys (2.68 FTE) and \$301,520 in associated services and supplies in the Trial Representation Division. The six attorneys will begin work on March 1, 2026.

The subcommittee approved the following additional net-zero budgetary actions in response to the Oregon Supreme Court's decision in *Roberts v. State* and authorized the establishment of nine permanent full-time positions (6.03 FTE). General Fund appropriated for services and supplies in the Adult Trial Division (i.e., provider contracts) was reduced by \$1.9 million in projected savings and for the following re-investments:

- \$1.5 million General Fund and the establishment of two permanent full-time deputy defender/attorney positions (1.34 FTE), two permanent full-time legal secretaries (1.34 FTE), one permanent full-time paralegal (0.67 FTE), one permanent full-time Program Analyst 2/Investigator (0.67 FTE), and one permanent full-time Human Services Case Manager (0.67 FTE) and \$251,440 General Fund in associated services and supplies in the Trial Representation Division. The attorneys and staff will begin work on March 1, 2026.

- \$391,820 General Fund and the establishment of two permanent full-time Program Analyst 2/Case Assignment Coordinators (1.34 FTE) and \$47,202 General Fund in associated services and supplies in the Administrative Services Division. The Case Assignment Coordinators will begin work on March 1, 2026.

The subcommittee approved a net-zero budgetary realignment of the following existing permanent full-time positions and associated services and supplies:

- Transfer \$3.2 million General Fund and seven permanent full-time attorney positions (7.00 FTE) and one Administrative Specialist 2 position (1.00 FTE), including \$130,000 in services and supplies, from the Compliance Audit and Performance Management Division to a newly established Resource Counsel Division.
- Transfer \$249,231 General Fund and one permanent full-time Senior Research Analyst 4 (1.00 FTE) from the Administrative Services Division – Procurement Section to the Compliance Audit and Performance Management Division – Research Section.
- Transfer \$323,866 General Fund and one permanent full-time Operations and Policy Analyst 3 (1.00 FTE) from Administrative Services Division – Financial Case Management System Section to the Executive Division – Communications and Legislative Affairs Section.

The subcommittee approved a technical adjustment to reduce Other Funds expenditure limitation by \$952,073 in services and supplies for a revenue shortfall in Court-Mandated Expenses and the Application Contribution program. This adjustment aligns program expenditures with forecasted revenues.

The subcommittee approved reductions totaling \$1.3 million General Fund to balance the state budget. For the Executive Division, the budget is decreased by \$50,000 General Fund in services and supplies. For the Compliance Audit and Performance Management Division, the budget is decreased by \$612,415 General Fund in vacancy savings. For the Trial Representation Division, the budget is decreased by \$313,000 General Fund in services and supplies. For the Special Programs, Contracts, and Distributions Division (law schools), the budget is decreased by \$321,412 General Fund in services and supplies due to law schools being under expenditure of state funding from HB 5204 (2024) and the resulting carryforward cash balances from the 2023-25 biennium.

Oregon Youth Authority

The subcommittee approved budgetary adjustments totaling \$1.8 million, including \$246,234 General Fund; \$1.3 million Other Funds; and \$299,747 Federal Funds. The total funds budget is a 0.3% increase from the 2025-27 legislatively approved budget.

Budget reductions totaling \$4.3 million General Fund were approved across multiple divisions to balance the state budget. Reductions include the following:

- \$818,743 General Fund, including \$491,246 from vacancy savings and \$327,497 in services and supplies, in Facility Programs.
- \$3.1 million General Fund, including \$373,774 from vacancy savings; \$249,182 in services and supplies; and \$2.5 million from financial grants program to community service providers, in Community Programs.
- \$338,176 General Fund, including \$202,906 from vacancy savings and \$135,270 in services and supplies, in Program Support.

The subcommittee approved the following additional budget adjustments. In Program Support, the budget adjustments total \$655,474 General Fund and four positions (2.00 FTE), including the following:

- A \$335,138 General Fund increase, including the establishment of two permanent full-time positions (1.00 FTE) to support a new IT Project Management Office providing support to high-priority and mandatory projects currently underway. Positions established are one Project Manager 1 (0.50 FTE) and one Operations and Policy Analyst 2 (0.50 FTE). Included in the General Fund increase is \$70,412 in ongoing services and supplies and \$10,840 in one-time startup.
- A \$320,336 General Fund increase, including the establishment of two permanent full-time positions (1.00 FTE) to support Medicaid system compliance, as required by OHA. The positions established are one Accountant 1 (0.50 FTE, split 97% General Fund and 3% Federal Funds) and one Operations and Policy Analyst 3 (0.50 FTE, split 97% General Fund and 3% Federal Funds). While the positions are established with a split of General Fund and Federal Funds, the agency's request is for no additional Federal Funds expenditure limitation in the 2025-27 biennium. Included in the General Fund increase is \$70,412 in ongoing services and supplies and \$10,840 in one-time startup.

The subcommittee also adopted the following budget note:

BUDGET NOTE

The Oregon Youth Authority is directed to provide a report to the Emergency Board in May 2026 on the Juvenile Justice Information System modernization project. The report shall include a comprehensive history on project initiation; a timeline of major past, current, and planned milestones; details on project delays and periods when the project was on hold; a summary of all approved funding since project inception, including current biennium balances, bonding activities, and anticipated future funding requests; and an assessment of the viability of continuing the current project.

Finally, to correct state government surcharges allocated in HB 5006 (2025), an overall net-zero rebalance decreases General Fund by \$15,909 in Facility Programs and \$24,122 General Fund in Community Programs, with a corresponding increase of \$40,031 General Fund in Program Support.

TRANSPORTATION

Department of Transportation

The subcommittee approved budgetary adjustments that result in a net reduction of \$754,148 total funds. To balance the agency's budget to the available State Highway Fund revenue, reductions totaling \$78.2 million Other Funds were approved.

For the Maintenance Division, the budget is decreased by \$13.3 million Other Funds, including \$11.8 million in one-time vacancy savings from 214 positions held vacant between July 2025 and March 2026. As a result of these vacancies, service levels during this period have been reduced, including less frequent winter maintenance, slower response times, reduced incident response, and diminished capacity for asset maintenance, with potential impacts on asset condition, safety, and system performance. Any service impacts associated with the vacancy savings are expected to be temporary and should lessen as hiring resumes in April 2026.

For the Project Delivery and Support Division, the budget is decreased by \$32.2 million Other Funds, including \$30.8 million in one-time vacancy savings from 221 positions held vacant between July 2025 and March 2026 and 92 positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce project delivery service levels and, according to the agency's cash flow model, could equate to canceling approximately one small project. Impacts include reduced paving activity, delays in bridge repairs, constrained safety improvements, increased congestion and emissions, less-efficient freight movement, higher project costs due to delays, and reduced technical capacity.

For the Local Government Program, the budget is decreased by \$973,840 Other Funds, including \$915,369 in one-time vacancy savings from seven positions held vacant between July 2025 and March 2026 and three positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce the Local Government Program's capacity to support city and county projects through the remainder of the biennium, delaying project delivery and development. Depending on which projects are affected, impacts could include declining pavement conditions, emergency bridge repair needs, and reduced safety outcomes.

For Driver and Motor Vehicle (DMV) Services, the budget is decreased by \$8.5 million Other Funds, including \$7.5 million in one-time vacancy savings from 114 positions held vacant between July 2025 and March 2026 and 14 positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce service capacity across DMV Services field and headquarters offices through the remainder of the biennium. In field offices, continued vacancies are expected to increase customer wait times and raise the likelihood of temporary office closures due to insufficient staffing. Long-term headquarters vacancies have also limited the agency's ability to shift positions to field offices to expand customer service capacity. In addition, the inability to hire and train phone staff in advance of peak demand is expected to result in longer call wait times during the spring.

For the Commerce and Compliance Division, the budget is decreased by \$2.8 million Other Funds, including \$2.3 million in one-time vacancy savings from 35 positions held vacant between July 2025 and March 2026 and six positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce service capacity in the Commerce and Compliance Division through the remainder of the biennium. Support services and Tax Services Center capacity are reduced, resulting in increased customer call wait times for motor carrier companies. The budget also includes a \$125,000 reduction in services and supplies for printing motor carrier forms, which is expected to require customers to print forms independently or obtain them online.

For Administrative Services, the budget is decreased by \$11.9 million Other Funds, including \$7 million in one-time vacancy savings from 41 positions held vacant between July 2025 and March 2026 and 15 positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce operational capacity across Administrative Services functions through the remainder of the biennium. Positions remaining vacant across communications, Ask ODOT, human resources, IT, and procurement areas are expected to slow response times for public and media inquiries, employee support, and procurement processing and may increase the likelihood of processing delays or errors. Remaining staff will absorb additional workload, which is expected to limit the agency's capacity to focus on strategic initiatives beyond core operational requirements. The budget also includes a one-time \$4.2 million reduction in services and supplies across multiple program areas, including data processing, IT equipment replacement, and professional services for specialized technical expertise.

For the Finance and Budget Division, the budget is decreased by \$4.4 million Other Funds, including \$3.1 million in one-time vacancy savings from 27 positions held vacant between July 2025 and March 2026 and eight positions remaining vacant between April 2026 and June 2027. These vacancies are expected to reduce operational capacity in the Finance and Budget Division through the remainder of the biennium. Continued vacancies are expected to

limit the division's ability to take on additional assignments beyond current workload levels or to implement process changes. The budget also includes a one-time \$1.2 million reduction in services and supplies for Road Usage Charge implementation required under HB 3991 (2025). This reduction is expected to require schedule and scope adjustments within the HB 3992 (2025) implementation budget, with project delivery scaled to available resources and focused on a minimum viable product approach.

For the Capital Improvement Program, the budget is decreased by \$4.1 million Other Funds, consisting entirely of one-time reductions in services and supplies. This reduction is expected to delay scheduled capital maintenance activities, which may affect facility condition, increase the likelihood of more costly repairs over time, and defer planned improvements. The following projects will be delayed until funding becomes available:

- Exchanged Way Trunked Radio Coverage Improvements (State Radio Program project)
- DMV Facility SE Powell Roof Replacement
- CCD Headquarters Facility Exterior Sealing
- Regional 5 Headquarters Facility Attic Insulation and Exhaust Ventilation
- Boswell Spring Facility Roof Replacement
- Vail Facility Roof Replacement
- Enterprise Facility Roof Replacement
- Detroit Facility Roof Replacement
- North Portland Facility Vehicle Wash Bay Structural Column Replacement

Several fund shifts were approved by the subcommittee totaling \$1.2 million as part of balancing the budget to available State Highway Fund revenue. The first fund shift moves two Commerce and Compliance Division Compliance Specialist positions (2.00 FTE) from the State Highway Fund to Motor Carrier Safety Assistance Program federal funds. Another shifts one Rate Analyst position (1.00 FTE) and associated services and supplies for Tariff Regulations within the Commerce and Compliance Division from the State Highway Fund to the Household Goods Movers Fund and the Transportation Operating Fund, reflecting a funding change already implemented. Lastly, two Public Affairs Specialist positions (2.00 FTE) within the Director's Office are shifted from the division's operating budget to the Interstate Bridge and Rose Quarter project budgets to better align funding with the work performed.

The subcommittee approved the following additional budget adjustments:

- \$1.1 million Federal Funds was approved to support a \$12.2 million National Highway Traffic Safety Administration State Electronic Data Collection grant for replacement of the agency's outdated Crash Data System.
- A technical adjustment was approved to correct the budget structure for three positions established in HB 3992 (2025 special session). Two Information Specialist positions (1.50 FTE) are transferred from the Finance and Budget Division to the Administrative Services Information Services

Branch. One position (0.75 FTE) is transferred from Policy, Data, and Analysis to Project Delivery and Support within Delivery and Operations to align with the budget location of the Continuous Improvement Advisory Committee. The adjustment aligns positions with their operational assignments for an overall net-zero change.

- A technical adjustment was approved to implement a permanent finance plan action that was intended to take effect in the current biennium but was not included in the adopted budget. Within DMV, the adjustment reduces one Transportation Services Representative 1 position by 12 months (0.50 FTE) for a savings of \$101,332 and establishes one permanent full-time Office Specialist 1 position (1.00 FTE) at a cost of \$155,632. The net cost of \$54,303 is offset by a corresponding reduction in services and supplies, resulting in a net-zero change.
- A technical adjustment was approved to correct a classification that was not updated during a DAS reclassification study that aligned position classifications with assigned duties. The adjustment reclassifies one position within Delivery and Operations – Project Delivery and Support from Environmental Program Coordinator 3 to Professional Landscape Architect 2. The associated cost increase of \$52,575 is offset by a corresponding reduction in services and supplies within the division, resulting in a net-zero change.
- A technical adjustment was approved to align services and supplies with the agency’s 2025-27 budget structure. The adjustment transfers \$750,000 in services and supplies from Delivery and Operations to Administrative Services to align a Data Solutions contract’s funding with the adopted 2025-27 budget structure, resulting in a net-zero change.

PRELIMINARY