



# Oregon

Tina Kotek, Governor

## Department of Human Services

Office of the Director

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April 28, 2025



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

RE: ODHS Spring 2025, 23-25 Biennium 3rd Rebalance Report

Dear Co-Chairpersons:

### **Nature of the Request**

The Oregon Department of Human Services (ODHS) requests receipt of this letter as its Spring 2025 Rebalance Report for the 2023-25 biennium.

### **Background**

Based on actual expenditures through February 2025 and updated projections through the end of the 2023-25 biennium, ODHS is projecting a \$12.5 Million General Fund savings for the rebalance, which constitutes about 0.20% of ODHS General Fund appropriation.

ODHS has identified net \$13,361,581 in General Fund budget challenge and management actions and \$25,904,346 in General Fund savings. Additionally, the agency is projecting an increase of Other Funds limitation by \$17,393,124 and an increase of Federal Funds limitation by \$90,741,142.

<b>Overview of ODHS General Fund Standpoint</b>	
Program	Rebalance Summary
Aging and People with Disabilities	\$ 255,050
Intellectual and Developmental Disabilities	\$ 6,791,006
Child Welfare	\$ (25,904,346)
Self Sufficiency	\$ 6,315,525
<b>TOTAL General Fund</b>	<b>\$ (12,542,765)</b>

### Aging and People with Disabilities (APD)

APD has a net challenge of \$255,050 General Fund, a net increase of \$11.1 million Other Funds and a net increase of \$64.4 million Federal Funds limitation.

Major APD General Fund savings and challenges are as follows:

- *Savings*
  - \$11.7M in COVID-19 FEMA and Estate Recoveries and a corresponding increase in Other Fund limitation. \$6.3M additional FEMA revenue and \$5.4M in Estate Recovery revenues.
  - \$18.8M in ACA Update, and a corresponding \$18.8M increase in Federal Funds. Adjustments to Affordable Care Act (ACA) rate for 23-25 within Nursing, Community Based Care, and In Home services. Based off historical expenditures the ACA percentages increased in Nursing Facilities from 6.20% to 7.59% , Community Based Care from 2.38% to 4.00%, and In-Home from 1.56% to 2.56%.
- *Challenges*
  - \$30.9M Caseload and Cost per Case increase and a corresponding \$45.7M in Federal Fund increase. Of which, \$16.3M is the increase in caseload only. The caseload impact of Spring 2025 forecast represents a 2% cost increase to the Nursing Facilities budget (with the main caseload drivers in Basic and Enhanced Nursing), a 0.9% to In-Home Supports budget (with the main caseload drivers in In-Home Agency and Personal Care). The cost per case impact represents an increase in Community Based Care (with the main cost drivers in Contract Residential Care – 4%, PACE – 2%) and In-Home Support Services (with the main cost drivers in Personal Care – 13%, Independent Choices – 3%).

## Intellectual and Developmental Disabilities (IDD)

IDD has a net challenge of \$6.8M General Fund, and a net increase of \$17.6 million Federal Funds limitation.

Major IDD General Fund savings and challenges are as follows:

- *Savings*
  - \$41.1M due to the higher participation rate, with the corresponding Federal Fund limitation increase. Due to more individuals qualifying for ACA and the implementation of CHIP, federal funding has become more favorable causing a shortage of federal funds and an excess of general funds. More people are participating in categories with higher Federal Match rates (the ACA with the match rate is 96%, and CHIP - 71.88%).
- *Challenges*
  - \$41.7M in Caseload and Cost Per Case increases, with the corresponding Federal Fund limitation increase. These include \$20.6M in IDD caseload growth. Adult 24 Hours Residential continues to outpace forecasted growth resulting in a 2.6% increase. Similarly, Children's In Home Services have continued to outpace forecasted growth with a 4.1% increase. Behavioral Support Services shows a 13.1% growth due to a large number of late billings coming in after the fall forecast. As for cost per case, Adult 24 Hour Group Homes CPC increases by 1.5%. Children 24 Hour Group Homes CPC increases by 2.2%. Adult In-Home CPC drives this request with a 2.9% increase. Agency providers increased use compared to PSW providers.
  - \$5M in SACU, which is currently experiencing very high levels of OT. This request is to right size the budget to allow closing of the 23-25 biennium. The SACU operations team is working to hire more staff to alleviate OT going forward. The impact of this is expected to start being seen in the beginning of the 25-27 biennium.

### Child Welfare (CW)

CW has a net savings of \$25.9M General Fund, a net decrease of \$6.6M Federal Funds limitation.

Major CW General Fund savings and challenges are as follows:

- *Savings*
  - \$14.3M in net Caseload and Cost Per Case for 23-25. The forecasted average daily population is decreasing in the areas of Regular Foster Care, Family Shelter Care, Tribal Foster Care, Nursing Assessments, Residential Treatment, FOCUS and Adoption Assistance. There is a projected increase in caseload in Personal Care and Guardianship Assistance. The cost per case is also dropping in the areas of Regular Foster Care, Family Shelter Care, Residential Treatment, and Adoption/Guardianship Assistance.
  - \$11.6M General Fund one time savings. \$4.5 million General Fund savings is due to lower spending for non-Medicaid medical services due to recently centralizing the approval processes for these funds, assuring the use of Medicaid when possible. \$7.1 million General Fund savings is due to remittances Child Welfare received from a provider of Psychiatric Residential Treatment Services (PRTS).

### Self-Sufficiency Programs (SSP)

SSP has a net challenge of \$6.3M General Fund, a net decrease of \$29,940 Other Funds limitation, and net increase of \$11.5M Federal Funds limitation.

Major SSP General Fund challenges are as follows:

- *Challenges*
  - \$6.1M in net Caseload and Cost Per Case for 23-25. Of which \$0.8M in cost per case. Major drivers are in TANF Basic (with 5.14% increase in caseload) and TANF UN (with 8.85% increase in caseload) caseloads and cost per case.

## Other Requests

Vocational Rehabilitation (VR) is requesting \$3.7M Federal Fund limitation, a net increase of \$3.6M Other Funds limitation to accommodate Basic 110 formula grant award. Oregon Eligibility Partnership (OEP) is requesting a net increase of \$2.8M in Other Funds limitation to accommodate the IAA between ODHS and OHA for ONE system printing and mailing costs.

## Potential Risk Factors and Outstanding Issues

ODHS continuously monitors and informs the Governor's Office and LFO about ongoing potential risks and outstanding issues that are outside of our control.

Examples include the following:

- Caseload and CPC fluctuations are an ongoing factor that is influenced by the economy, employment, and global or local events. Spring and Fall forecasting help ODHS to be prepared for such fluctuations to the best extent possible.
- Migration of population between states that impacts availability of workforce levels needed to maintain services for the population ODHS supports.
- Natural disasters or public health emergencies.
- Global economic and political environment that impacts the levels of immigration to the state of Oregon.
- Federal policies that directly impact the population that ODHS serves, including immigration policies.
- Federal regulations and penalties due to maintenance of effort and requirements of minimum participation rates.
- Legislative actions that impact cost drivers.
- The hybrid work structure that is not yet accounted for in workload models or workforce classification structure creates challenges for ODHS to keep up with the demand and pace of the evolving operations needs.
- Retiring legacy IT systems and transitioning to the new systems.
- SNAP Penalty

## **Agency Request**

Acknowledge receipt of the ODHS Spring 2025 Rebalance Report.

## Legislation Affected

See Attachment A.

Sincerely,



Fariborz Pakseresht, ODHS Director



Rob Kodiriy, ODHS CFO

ENC: Summary Table; Attachment A – Legislation Affected; Attachment B – Caseload Forecast Changes.

EC: Amanda Beitel, Legislative Fiscal Office  
Gregory Jolivette, Legislative Fiscal Office  
Kate Nass, Department of Administrative Services  
Mike Streepey, Department of Administrative Services  
Courtney Rogers, Department of Administrative Service

**Summary of ODHS Challenges and Savings by Fund Type (in Millions)\***

<b>Challenges</b>	<b>General Fund Need/(Savings)</b>	<b>Other Fund Need/(Savings)</b>	<b>Federal Funds Need/(Savings)</b>	<b>Total Funds Need/(Savings)</b>
ARPA Spend Plan update	\$ 0.0	\$ (0.61)	\$ 16.99	\$ 16.38
APD, IDD, SSP Spring '25 Caseload	\$ 42.35	\$ (0.03)	\$ 68.99	\$ 111.31
APD, IDD, SSP Spring '25 CPC updates	\$ 36.53	\$ 0.0	\$ 70.96	\$ 107.49
Other	\$ 6.06	\$ 6.34	\$ 10.47	\$ 22.87
<b>Total Challenges</b>	<b>\$ 84.95</b>	<b>\$ 5.70</b>	<b>\$ 167.40</b>	<b>\$ 258.06</b>
<b>Savings</b>				
CW Spring '25 Caseload/CPC	\$ (14.32)	\$ -	\$ (6.56)	\$ (20.88)
Fund shifts	\$ (71.59)	\$ 11.69	\$ 59.90	\$ -
Other	\$ (11.58)	\$ 0.0	\$ (130.00)	\$ (141.58)
<b>Total Savings</b>	<b>\$ (97.49)</b>	<b>\$ 11.69</b>	<b>\$ (76.66)</b>	<b>\$ (162.46)</b>
<b>Net ODHS Spring 2025 Rebalance</b>	<b>\$ (12.54)</b>	<b>\$ 17.39</b>	<b>\$ 90.74</b>	<b>\$ 95.59</b>

\* Due to rounding, numbers may not add up precisely to totals.

Oregon Department of Human Services		Attachment A	
2023-25 Spring 2025 Rebalance			
Appropriation and Limitation Adjustments			
DIVISION	OREGON LAWS 2023 / SECTION/SUBSECTION	FUND	REBALANCE ADJUSTMENT
SSP			
	ch 610 1(3)	General	6,315,525
	ch 610 2(3)	Other	(29,940)
	ch 610 3(3)	Federal	11,525,734
		Total	17,811,319
VR			
	ch 610 2(4)	Other	3,578,531
	ch 610 3(4)	Federal	3,723,407
		Total	7,301,938
CW			
	ch 610 1(5)	General	(25,904,346)
	ch 610 3(5)	Federal	(6,559,807)
		Total	(32,464,153)
APD			
	ch 610 1(6)	General	255,050
	ch 610 2(6)	Other	18,267,892
		ARPA COVID State Fiscal	
	ch 610 2(11)	Recovery Fund (OF)	(7,183,767)
	ch 610 3(6)	Federal	64,406,239
		Total	75,745,414
IDD			
	ch 610 1(7)	General	6,791,006
	ch 610 3(7)	Federal	17,645,569
		Total	24,436,575
OEP			
	ch 610 2(9)	Other	2,760,408
		Total	2,760,408

**Attachment B**  
**Total Oregon Department of Human Services Biennial Average Forecast Comparison**

	2023-25 Biennium			% Change Between Forecasts	Spring 2025 Forecast			% Change Between Biennia
	Fall 24 Forecast	Spring 25 Forecast	Change		2023-25	2025-27	Change	
<b>Self Sufficiency</b>								
Supplemental Nutrition Assistance Program (Households)	435,469	440,132	4,663	1.1%	440,132	442,953	2,821	0.6%
Temporary Assistance for Needy Families (Families: Cash/Grants)	20,986	20,997	11	0.1%	20,997	21,026	29	0.1%
<b>Child Welfare (children served)</b>								
Adoption Assistance	8,944	8,797	-147	-1.6%	8,797	8,331	-466	-5.3%
Guardianship Assistance	2,548	2,557	9	0.4%	2,557	2,634	77	3.0%
Out of Home Care <sup>1</sup>	4,402	4,310	-92	-2.1%	4,310	4,130	-180	-4.2%
Child In-Home	1,217	1,180	-37	-3.0%	1,180	1,176	-4	-0.3%
<b>Aging &amp; People with Disabilities<sup>2</sup></b>								
Long-Term Care: In Home	19,561	19,757	196	1.0%	19,757	22,179	2,422	12.3%
Long-Term Care: Community Based	13,221	13,213	-8	-0.1%	13,213	13,590	377	2.9%
Long-Term Care: Nursing Facilities	4,034	4,122	88	2.2%	4,122	4,240	118	2.9%
<b>Intellectual and Developmental Disabilities<sup>2</sup></b>								
Total Case Management Enrollment <sup>3</sup>	36,307	36,672	365	1.0%	36,672	40,679	4,007	10.9%
Total I/DD Services	24,800	25,165	365	1.5%	25,165	28,050	2,885	11.5%
<b>Vocational Rehabilitation</b>	9,557	9,378	-179	-1.9%	9,378	9,854	476	5.1%

1. Includes treatment services placements and foster care.
2. APD Long-Term Care and Total IDD Services caseloads include Healthier Oregon clients.
3. Some clients enrolled in Case Management do not receive any additional I/DD services.