

## Estimated Impacts of H.R. 1

August 11, 2025

### Background

H.R. 1 was signed into federal law on July 4, 2025, and includes a range of changes impacting programs across state agencies. This document is intended to provide a high-level overview of the federal funding impact on state agency programs. Information included is based on initial estimates provided by agencies to the Department of Administrative Services Chief Financial Office. In development of the estimates there were a number of assumptions made based on available information. The intent of this document is to provide an indication of the federal funding impacts by agency, state program, and H.R. 1 provision and not meant to be a final accounting or budget needs of expected changes to federally funded programs.

### Overview

The analysis included in this document is focused on changes to federal revenues and does not include projected impacts on state expenditures and does not outline budget impact from the changes. For example, some federal funding impacts are due to changes in individual or household eligibility for the federal program and some impacts are due to federal match rate changes, which will change the amount of state funding needed to administer the program. Additionally, the estimates related to potential costs or adjustments needed to implement or administer the provisions of H.R. 1 are not included, which could include system updates and additional staffing. Agencies are currently developing estimates for implementation costs for budget consideration and could potentially bring asks to the 2026 Legislative session.

The table below is a summary of the initial estimates by agency and program of the impact in federal funding to support programs. Additional details by program area follow.

		25-27	27-29	29-31
State Agency	Federal Program	(\$, millions)		
Dept. of Human Services	Supplemental Nutrition Assistance Program (SNAP)	(540)	(1,183)	(1,245)
Oregon Health Authority	Medicaid	(490)	(4,376)	(6,851)
State Police	Marine Fisheries Team	(1)	(2)	(2)
Dept. of Forestry	Urban Community Forestry Program	(<1)	(1)	(1)
Transportation	I-5 Rose Quarter Improvement Project	-	(150)	(262)
State Library	Library Services Technology Act	(3)	(5)	(5)
<b>Total</b>		<b>(1,035)</b>	<b>(5,717)</b>	<b>(8,366)</b>

## Health and Human Services

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
10102	ODHS - Expands Able-Bodied Adults Without Dependents (ABAWD) population for SNAP eligibility determination as well as other changes. ABAWD is extended from age 54 to 64/65. Dependent child threshold is lowered from under 18 to under 14, meaning more individuals will fall under ABAWD classification.	(347)	(397)	(397)
10103	ODHS - Delinks Low-Income Home Energy Assistance Program (LIHEAP) and SNAP ("Heat & Eat"), making SNAP & LIHEAP only available for households with an elderly or disabled member. Effect is a reduction of SNAP and LIHEAP benefits.	(65)	(65)	(65)
10105	ODHS - Requires states with SNAP error rates above certain thresholds to cover a percentage of SNAP benefits. Based on current error rates, Oregon will have a 15% cost share.	-	(438)	(500)
10106	ODHS - Changes the SNAP administrative cost share from a state-federal share of 50/50 to 75/25.	(95)	(250)	(250)
10107	ODHS - Repeals the SNAP-Ed funding for the program in its entirety and clarifies funding is available only through end of Federal Fiscal Year 2025 (September 30, 2025). It does not repeal the language authorizing the program. It is unclear if this will become a new state-funded requirement.	(20)	(20)	(20)
10108	ODHS - Limits SNAP eligibility to those who are residents of the US and either 1) US citizens or nationals, 2) Lawful Permanent Residents, 3) Certain Cuban and Haitian entrants, and 4) Compact of Free Association (COFA) migrants. This rule removes all other previously eligible populations such as refugees, individuals granted asylum, and other conditionally allowed individuals/families.	(13)	(13)	(13)
71107	OHA - Additional determination of eligibility for adult Medicaid members. Beginning the first quarter of 2027, determine eligibility for adult Medicaid members in the Medicaid Expansion eligibility group every six months	(127)	(534)	(571)
71110	OHA - Reducing FMAP for emergency services for noncitizens ineligible for full Medicaid coverage. Oregon will receive a reduced FMAP for emergency services provided to noncitizens ineligible for full Medicaid coverage who would otherwise qualify for the enhanced federal match (i.e., the Medicaid expansion group).	(22)	(60)	(65)
71115	OHA - Reducing provider taxes for financing Medicaid. For Oregon, the bill reduces the existing 6 percent hold harmless cap on provider taxes by 0.5 percentage points per year beginning in fiscal year (FY) 2028, until the cap reaches 3.5 percent in FY 2032.	-	(603)	(1,729)

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
71116	OHA - Reducing state directed payments. Provision limits the scope of any new SDPs to 100% of Medicare rates for expansion states and 110 percent of Medicare rates for non-expansion states. States with existing SDPs above Medicare rates would need to reduce payments by 10 percentage points per year beginning in 2028 until the SDPs are no greater than 100 percent of Medicare payment levels for expansion states or 110 percent of Medicare payment levels for non-expansion states.	(155)	(1,208)	(2,290)
71118	OHA - Prohibiting federal payments to planned parenthood. No federal dollars to planned parenthood.	(17)	-	-
71119	OHA - Medicaid work requirements for expansion and expansion-like adults ages 19 to 64, including the ban on access to subsidized Marketplace coverage for those who lose Medicaid under the provision. Implementation is set to begin January 1, 2027, though states could opt to implement earlier via a state plan amendment (SPA) or Medicaid section 1115 waiver. They also can delay for up to two years (through December 31, 2028) with Secretary approval.	(344)	(2,171)	(2,321)
71401	OHA - Rural Health Transformation Program. Provides states with \$50 billion for hospitals and health systems over five years (FFY 2026-FFY 2030). Half of the funding will be split evenly (\$100 million/ state/FFY), and half will be distributed based on a funding formula under which only 25 percent of states are guaranteed to receive funding.	175	200	125
<b>Total</b>		<b>(1,030)</b>	<b>(5,559)</b>	<b>(8,096)</b>

## Oregon Department of Human Services (ODHS)

### Immediate Impacts

Many of the Supplemental Nutrition Assistance Program (SNAP) benefit changes included in H.R. 1 carry an effective date of July 2025. Federal rules and guidance have not been released, and at this time it is unclear whether changes will be retroactive to that date or become effective at a future date. A change in effective date may impact 2025-27 biennium estimates shown in the table above. Reductions at this level mean the current levels of support to community providers serving existing SNAP clients will be insufficient to meet needs once SNAP benefits are reduced or eliminated for a portion of the current caseload. The exemption of certain individuals from SNAP benefits will likely place additional pressure on the food bank system as well as other systems of social support throughout Oregon.

It should be noted that ODHS expects significant staffing cost increases to comply with the changes in H.R. 1, particularly in the Oregon Eligibility Partnership (OEP) to administer the new Medicaid-eligibility and redetermination requirements. Those costs are not reflected in the table above. The effective date for many of those changes is December 31, 2026. The changes will

require extensive administrative infrastructure, including monthly verification systems, rulemaking, notices, and coordination across ODHS, the Oregon Health Authority (OHA), and the Employment Department. Implementation of the changes will also require significant IT system changes that will carry additional costs. For example, ODHS has estimated a need for approximately 600 positions solely for the more frequent Medicaid eligibility redeterminations.

Aside from immediate impacts to ODHS customers, the Department is in the process of forming a team to bring down the SNAP error rate. Under H.R. 1, if the SNAP error rate is below 5.99 percent, a state's share of the cost of benefits remains at zero percent. Only eight states are below 5.99 percent, according to the most recent data reported by Federal Funds Information for States. OEP has indicated that the SNAP error rate will still be above the national average for federal fiscal year 2024, the error rate is expected to be closer to 13 percent, compared to 16 percent in 2023 and 22 percent in 2022. If Oregon can bring down the SNAP error rate, potential savings are significant. If the current error rate continues, the state will be responsible for 15 percent of SNAP benefit costs or approximately \$0.5 billion per biennium.

Additionally, the OEP team is beginning to look at the ONE System schedule of changes and will likely need to reprioritize work with contractors and agency partners. The Department's administrative capacity to comply with all the changes, including necessary system updates, included in H.R. 1 under the federal timelines, for both ODHS and OHA, remains unknown.

#### Short-Term Impacts

There are a number of provisions in H.R. 1 for which ODHS has not provided a fiscal impact estimate as further analysis is required, so the table only reflects a partial analysis based on information available.

Many of the changes to H.R. 1 will impact ODHS cost allocation and in turn the availability of federal funding to cover ODHS administrative and staffing costs. Changes to cost allocation assumptions have not been made at this time, though it is projected more administrative costs will require state resources. These While these changes will impact the overall ODHS budget, the total cost of impacts to the Department's administrative cost allocation models are unknown at this time.

The most significant deadlines for OEP impact the last six months of the 2025-27 biennium. Staffing investments may be needed during the 2026 Legislative Session to allow time to hire, onboard, and train staff to perform the work essential to meet the new requirements.

#### Long-Term Impacts

The largest potential fiscal impact to the ODHS budget from H.R. 1 stems from the additional costs that will be placed on the state for SNAP benefits. The largest direct risk to the ODHS budget from H.R. 1 long-term is the state's SNAP error rate, remaining at its current level. Additionally, immediate executive level oversight may help to mitigate long-term budgetary impacts to Oregon from H.R. 1, if the SNAP error rate can be reduced.

In addition to SNAP changes, it's likely that additional churn in the Medicaid population due to more frequent eligibility redeterminations will result in a larger number of uninsured individuals. Additional protocols between ODHS and OHA may help mitigate churn in the uninsured population resulting from the eligibility redetermination process.

Several SNAP programs are effectively ending or being curtailed, as part of the provisions of H.R. 1. As a result, without additional state support, more Oregonians will experience hunger or reduced access to more nutritional foods.

The administrative costs and additional requirements placed on states in the human services area will undoubtedly require additional IT investments and potentially a larger state workforce. The extent to which IT can limit the need for additional staff remains unknown at this time.

## **Oregon Health Authority (OHA)**

### **Immediate Impacts**

Medicaid program changes have varying implementation dates. Effective fall 2026, OHA anticipates \$22 million in reduced funding, impacting services for certain non-citizens, which includes asylees, refugees, and victims of human trafficking. As noncitizens lose access to services under this category, these populations will likely shift to access coverage under the Healthier Oregon Program (HOP) in order to access benefits. It is not yet clear how these changes will impact Tribal populations' ability to access Medicaid-funded health services.

Beginning January 1, 2027, OHA will have to implement changes to meet updated requirements to access Medicaid-funded services. To comply with these changes, OHA will need to make upgrades to existing IT systems to ensure that benefits are being offered in alignment with H.R. 1 provisions. OHA noted a potential need for additional staff to manage call centers to help benefit enrollees navigate pending program and benefit application changes, and staff will be needed to begin verifying eligibility of plan holders beginning in 2027. OHA projects that upon implementing processes to verify benefit eligibility every six months, Oregon will see a reduction in Medicaid funding of \$127 million in the 2025-27 biennium, \$534 million in the 2027-29 biennium, and \$571 million in the 2029-31 biennium. When OHA implements processes to ensure that enrollees comply with work requirements, the projected revenue lost is \$344 million in the 2025-27 biennium, \$2.2 billion in the 2027-29 biennium, and \$2.3 billion in the 2029-31 biennium.

While OHA manages upgrading existing IT systems to enact this work, the agency will also be working to complete work to stand up a new State Based Marketplace for individuals to secure health insurance coverage. It will be important to ensure that OHA has the capacity and clarity needed to deliver on the work required in H.R. 1, as well as projects included in the agency's 2025-27 budget.

OHA anticipates receiving approximately \$175 million to support rural hospitals and health systems during the 2025-27 biennium. While currently in litigation, the agency also anticipates a

loss of \$17 million in federal funds to support health care services provided by Planned Parenthood affiliates should the funding prohibition be upheld.

#### Short-Term Impacts

Beginning in 2027, OHA anticipates multiple reductions in federal funding resources that support access to the Oregon Health Plan. Projected reductions include \$155 million in State Directed Payments and payments to the Oregon Health Science University (OHSU) Intergovernmental Transfer agreement that leverages additional Medicaid resources.

H.R. 1 will also reduce the resources OHA can draw down from Medicaid based on the Hospital Provider Tax assessed on providers and insurers. The projected reductions to revenue will be \$603 million in the 2027-29 biennium, and \$1.7 billion in the 2029-31 biennium. Additionally, adults that have Medicaid-funded plans through the Affordable Care Act will have to share a portion of the costs for accessing benefits and services.

#### Long-Term Impacts

Due to the changes made by H.R. 1 on resources states can draw down from Medicaid based on their respective Hospital Provider Tax assessments, OHA projects that Oregon will see a loss of \$12 billion from the federal government over the next 10 years.

Due to the changes in eligibility and funding for services, there will be a significant decline in plan members accessing benefits that are served under the Oregon Health Plan, and potentially an increase in HOP caseloads.

### **Education**

#### **Oregon Department of Education (ODE)**

##### Direct Impacts

There are no direct, immediate impacts on ODE's budget due to H.R. 1.

##### Indirect Impacts

While there are no direct impacts on ODE's budget, the Department anticipates there may be significant indirect impacts on several programs due primarily to the SNAP and Medicaid changes included in the measure. Changes to Medicaid and SNAP eligibility will affect students who currently qualify for free or reduced-price school meals, Hunger Free Schools, through direct certification, increasing costs for the state and administrative burden for families. In Early Intervention/Early Childhood Special Education (EI/ECSE), there is a reduction in Medicaid eligibility that would lead to an immediate decline in reimbursement of EI/ECSE costs, increasing reliance on limited state and Individuals with Disability Act (IDEA) funds. Lastly, Connecting Oregon Schools Fund (COSF) schools that participate in the federal E-Rate program will likely experience a decrease in their federal discount rate, resulting in higher local contributions toward internet connectivity costs.

Finally, if Oregon adopts the Educational Choice for Children Act (ECCA) which was created through H.R. 1, it could have a significant impact on enrollment in public schools that would in turn impact the State School Fund (SSF) formula and could double the current rate of Average Daily Membership-weighted (ADMw) enrollment decline.

## Public Safety

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
40008	OSP - Rescission of NOAA funds that support the Marine Fisheries Team	(1)	(2)	(2)
<b>Total</b>		<b>(1)</b>	<b>(2)</b>	<b>(2)</b>

## Oregon State Police (OSP)

### Immediate Impacts

H.R. 1 rescinds unobligated funds from the National Oceanic and Atmospheric Administration (NOAA) from the Inflation Reduction Act that are used to support the Marine Fisheries Team. OSP's Marine Fisheries Team will have a short-term impact of \$750,000 that will begin in the second half of the 2025-27 biennium. These funds support three troopers, and one administrative position as well as equipment purchases, maintenance, fuel and repairs.

### Short-Term Impacts

The impact of this reduction is expected to increase to roughly \$1.5 million in the 2027-29 biennium because the impact will affect both years of the biennium.

### Long-Term Impacts

The Inflation Reduction Act provisions H.R. 1 rescinded were expected to run at least through 2031, leading to a similar impact for 2029-31 as was estimated for 2027-29.

## Natural Resources

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
23003(2)	ODF - Urban and Community Forestry Assistance Program	(<1)	(1)	(1)
<b>Total</b>		<b>(&lt;1)</b>	<b>(1)</b>	<b>(1)</b>

## Department of Forestry (ODF)

### Immediate Impacts

In the immediate term, ODF is expected to lose half of the expected funding available for the Urban and Community Forestry Assistance program, resulting in a loss of \$325,000 of federal funding in the 2025-27 biennium.

### Short-Term and Long-Term Impacts

ODF is expected to lose funding for a program manager and a community assistance forester. The loss of the community assistance forester would reduce the amount and type of support ODF can provide to landowners, municipalities, and tribes in support of urban and community forestry programs.

## Transportation

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
60019	ODOT - Recission of unobligated balances of the Neighborhood Access and Equity Program grants.	-	(150)	(262)
Total		-	(150)	(262)

## Oregon Department of Transportation (ODOT)

### Immediate Impacts

The I-5 Rose Quarter Improvement Project would make travel more predictable and safer for people driving and transporting goods on I-5 between I-84 and I-405 by adding auxiliary lanes and shoulders that would smooth traffic flow. The project includes a highway cover to reconnect the Historic Albina neighborhood and street improvements that will enhance safety and access for people walking, rolling, biking, riding transit and driving on local streets. H.R.1 rescinds unobligated funds from Neighborhood Access and Equity Program. This action creates a \$412 million total budget deficit to the I-5 Rose Quarter Improvement Project.

While an initial \$60 million contract for paving and stormwater work that is part of Phase 1 has advanced, constructing the remainder of Phase 1 and Phase 2 will be exceedingly difficult, if not impossible, without federal funding. Any pause or delay will result in project cost escalation and removal of scope elements to bring down costs would significantly impact community support. ODOT continues to evaluate the committed project financing, weighing options, as well as considering alternative investments since the total financing for the Rose Quarter Improvement Project is no longer secured due to H.R. 1.

### Short-Term and Long-Term Impacts

Anticipated project timelines are delayed due to the loss of federal funding. This forces the Oregon Transportation Commission, ODOT, and project partners to consider the highest and best use of



available state resources given the claw back of federal resources. Long term, one of Oregon’s top bottlenecks will continue to cause significant delays for travelers and commerce. The state will also fail to reconnect communities that were harmed through construction of I-5 and improve multimodal connections through the district.

**Administration**

		25-27	27-29	29-31
H.R. 1 Sec.	Agency and Impact Description	(\$, in millions)		
N/A	State Library - H.R. 1 does not authorize funding for IMLS, LSTA grants	(3)	(5)	(5)
Total		(3)	(5)	(5)

**State Library of Oregon (SLO)**

Immediate Impacts

SLO received \$2.6 million in funding through the 2025 Library Services and Technology Act (LSTA) grant, which will allow the agency to fund 12 existing staff positions, continue statewide services, and fund additional projects through June 2026.

Due to the changes included in H.R. 1, the agency will not issue competitive grant awards for FY 2026. Typically, SLO dedicates about \$300,000/year to competitive grants for a variety of programs, without these grants, local libraries will have fewer resources for impactful projects, including projects to boost early literacy. The reserved funds will be used for LSTA related payroll costs from July 1, 2026-September 30, 2026.

Short-Term Impacts

With no funding allocated for LSTA grants in H.R. 1, SLO will need to restructure positions in Library Support. Three positions would need to be supported by General Fund, seven staff positions will need to be eliminated, and many library services will need to be canceled. Most services to Oregonians would end June 2026, with salary funding ending in September 2026.

Specific services and programs that will be impacted include resources, data collection, and professional development for libraries around the state; the Sage Courier System; Oregon Battle of the Books; resources for K-12 students and teachers; Northwest Digital Heritage; and Answerland 24/7 librarian chat.

Long-Term Impacts

In addition to what is included as a short-term impact libraries across Oregon will experience increased costs, resulting in less services provided to Oregonians.