

Target Spending Reductions

September 16, 2025

BACKGROUND:

As noted in the Governor's memo dated September 16, 2025, the most recent revenue forecast has indicated a downward adjustment in the projected General Fund and Lottery Funds revenues. This means the 2025-27 Legislatively Adopted Budget (LAB) is no longer in balance with projected revenues for the biennium. This revenue adjustment has created a situation in which the General Fund budget is \$372.7 million out of balance. This amount represents approximately one percent of the 2025-27 LAB for General Fund. Though this is not a situation we wanted to find ourselves in, it is still early in the biennium and taking actions now is prudent to help ease potential future reductions that may be needed to bring the budget into balance pending future revenue forecasts.

OVERVIEW:

At the direction of the Governor, the Chief Financial Office (CFO) has identified spending reduction targets for General Fund and discretionary Lottery Funds by agency. These targets are not intended to solve the entire out-of-balance problem but instead be an interim step while we await the next revenue forecast and the 2026 Legislative Session. Agencies have discretion in how they reach their identified target through reductions. As a note, it is best to assume that reductions taken now will be incorporated into balancing actions during the 2026 Legislative Session and should be included in any future reduction exercises.

Across the executive branch, the total amount of savings based on identified targets is \$90.6 million. Several factors were used to determine the reduction target for each agency. Reduction calculations specifically based on increased vacancy savings and reductions in Services and Supplies expenditures. For potential vacancy savings, turnovers were reviewed over a calendar year. A calculation was done to determine potential savings if each anticipated vacancy was held open an additional 30 days. Agencies with ongoing 24/7 facilities or operations were removed from this calculation due to the nature of the business. Services and Supplies savings were based on a potential savings factor for each agency. The savings factor excluded certain accounts, such as state government service charges, rent, data processing, and Attorney General costs.

These potential savings amounts were combined to develop a reduction target. As noted above, agencies have discretion on how they reach the total target and do not need to hold positions vacant or reduce Services and Supplies by a specific amount. Each agency may choose how to reach the target in the way that makes the most sense.

The full chart of spending reduction targets by agency is included starting on page two of this document.

Agency Reduction Target - General Fund + Discretionary Lottery Funds

Agency Name	General Fund	Discretionary	Total Target
		Lottery Funds	
Accountancy, Board of	-	-	-
Administrative Svcs, Dept of	10,000	-	10,000
Agriculture, Oregon Dept of	450,000	-	450,000
Aviation, Dept of	-	-	-
Columbia River Gorge Comm	10,000	-	10,000
Commission for the Blind	100,000	-	100,000
Construction Contractors Board	-	-	-
Consumer and Business Svcs, Dept of	30,000	-	30,000
Corrections, Dept of	18,970,000	-	18,970,000
Criminal Justice Comm, Oregon	200,000	-	200,000
Department of Early Learning and Care	990,000	-	990,000
Department of the State Fire Marshal	430,000	-	430,000
District Attorneys	10,000	-	10,000
Education, Dept of	2,150,000	-	2,150,000
Emergency Board	-	-	-
Emergency Management, Oregon Dept of	310,000	-	310,000
Employment Dept	-	-	-
Employment Relations Board	50,000	-	50,000
Energy, Dept of	160,000	-	160,000
Environmental Quality, Dept of	1,160,000	-	1,160,000
Fish & Wildlife, Oregon Dept of	730,000	-	730,000
Forestry, Dept of	1,520,000	-	1,520,000
Geology & Mineral Industries, Dept of	110,000	-	110,000
Governor, Office of the	300,000	70,000	370,000
Health Related Licensing Boards	-	-	-
Higher Education Coordinating Commissio	740,000	-	740,000
Housing & Community Svcs Dept	250,000	-	250,000
Human Services, Dept. of	27,500,000	-	27,500,000
Indian Svcs, Comm on	-	-	-
Judicial Dept	-	-	-
Judicial Fitness and Disability, Comm on	-	-	-
Justice, Dept of	1,540,000	-	1,540,000
Labor & Industries, Bureau of	400,000	-	400,000
Land Conservation & Development, Dept of	380,000	-	380,000

Agency Name	General Fund	Discretionary	Total Target
		Lottery Funds	
Land Use Board of Appeals	40,000	-	40,000
Lands, Dept of State	-	-	-
Legislative Administration Committee	-	-	-
Legislative Assembly	-	-	-
Legislative Counsel Committee	-	-	-
Legislative Fiscal Office	-	-	-
Legislative Policy and Research Committee	-	-	-
Legislative Revenue Office	-	-	-
Licensed Social Workers, Board of	-	-	-
Long Term Care Ombudsman	180,000	-	180,000
Marine Board, Oregon State	-	-	-
Mental Health Regulatory Agency	-	-	-
Military Dept, Oregon	550,000	-	550,000
Nursing, Board of	-	-	-
Office of the Public Records Advocate	-	-	-
Oregon Advocacy Commissions Office	20,000	-	20,000
Oregon Board of Chiropractic Examiners	-	-	-
Oregon Board of Dentistry	-	-	-
Oregon Business Development Department	50,000	440,000	490,000
Oregon Government Ethics Commission	-	-	-
Oregon Health Authority	20,170,000	210,000	20,380,000
Oregon Liquor & Cannabis Comm	-	-	-
Oregon Medical Board	-	-	-
Oregon Youth Authority	2,130,000	-	2,130,000
Parks & Recreation Dept	-	-	-
Parole & Post Prison Supervision, State Boa	160,000	-	160,000
Pharmacy, Board of	-	-	-
Police, Dept of State	2,360,000	-	2,360,000
Psychiatric Security Review Board	60,000	-	60,000
Public Defense Svcs Comm	1,120,000	-	1,120,000
Public Employees Retirement System, Oreg	-	-	-
Public Safety Standards & Training, Dept of	-	-	-
Public Utility Commission	-	-	-
Racing Commission, Oregon	-	-	-
Real Estate Agency	-	-	-
Revenue, Dept of	3,340,000	-	3,340,000
Secretary of State	-	-	-
State Library of Oregon	40,000	-	40,000

Agency Name	Discretionary		Total Target
	General Fund	Lottery Funds	
Tax Practitioners, State Board of	-	-	-
Teacher Standards & Practices Comm	10,000	-	10,000
Transportation, Oregon Dept of	-	-	-
Treasury, Oregon State	-	-	-
Veterans' Affairs, Oregon Dept of	90,000	-	90,000
Water Resources Dept	1,090,000	-	1,090,000
Watershed Enhancement Board, Oregon	-	-	-
Total			90,630,000