



Office of Community Involvement



Department of County Human Services CBAC

TO: Department Director, Chair Jessica Vega Pederson and Board of County Commissioners
5 pages

FROM: Department of County Human Services Community Budget Advisory Committee (CBAC)

DATE: March 6, 2026

SUBJECT: DCHS Community Budget Advisory Committee Report & Recommendations

EXECUTIVE SUMMARY

The FY'27 budget requires additional cuts at a time when services are increasingly in demand. The DCHS CBAC limited our focus to a few key areas:

- The effect of the reduction of indirect revenue.
- Budget reductions that could end up costing the County more in the long-term.
- Need for innovation and investment in new systems and processes to more efficiently serve the future needs of the community.
- Attention to the DCHS workforce doing emotionally difficult work.

PROCESS

The DCHS CBAC met throughout the year. We had four members return from the prior year, added two new members in the fall, with another joining in January.

Most meetings were virtual but in October and February we met in-person. The October meeting was used to introduce the new CBAC members and provide them with a DCHS specific orientation. In addition, Dr. Richard made a presentation on how he works with leadership and staff to uphold the Department's "Equity-First Approach." The February meeting was used to ask questions of leadership about DCHS's proposed FY '27 budget and to discuss as a CBAC our recommendations.

The staff arranged for us to visit several program sites during the summer to better understand the work that DCHS does. During our virtual meetings, we heard updates on operational and staff changes, as well as presentations from various divisions.

We have enormous gratitude for the leadership team and entire staff of DCHS for supporting us throughout the year, meeting frequently with us, answering many questions and arranging several site visits. We remain, however, very frustrated by the tight budget timeline and the lack

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of information available related to anticipated budget cuts and how difficult decisions will be made. We knew there would be cuts, but until the budget was released we had no idea how those cuts would affect the programs at DCHS. Once the budget is released we have a very short period of time to come up with our recommendations. It literally comes down to one meeting in February and if a CBAC member is unable to attend this meeting, their impact is severely limited. As a CBAC, we strive to focus our attention on the most critical issues but with almost 70 program offers and very little time to review them, we are forced to quickly identify an issue or two and learn as much as we can in a short period of time. We hope that in the future we will be allowed access to more information in advance to better select and understand the budgetary issues most critical to DCHS.

EMERGING THEMES/TRENDS

As the needs of the community continue to grow and the resources available to serve them continue to shrink, these are the themes/trends identified by the CBAC:

1. Avoid cuts that will end up costing the County more later (e.g. prioritize eviction prevention).
2. Understand that all of the populations served by DCHS are vulnerable, each in a unique way. Deciding which vulnerable group will receive less is extremely difficult.
3. Balance continuation of direct services with system and infrastructure improvements that will make work more efficient and effective in the future.
4. Preserve matching funds.
5. Invest in care of workers providing direct service to vulnerable groups. This work is very difficult and often has a high rate of burnout and turnover. Recruiting and training new employees is costly and inefficient.

BUDGET/PROGRAM OFFERS FEEDBACK

Indirect Rate Reduction - We have deep concerns about the reduction in the Department's indirect rate which resulted in a loss of approximately \$2.3 million in revenue, while still being asked to cut 5% from the overall budget (additional \$3.2 million). DCHS has the lowest administrative/overhead rate in the County, devoting as many resources as possible to direct services. Based on the most recent County-wide information available, DCHS had the lowest indirect rate of 10.93% (the rate in the FY'27 budget is 7.2%) with the next highest rate being 14.67%. Also, the average indirect rate was 25.52%. We believe that low admin/overhead costs should be applauded, however it seems that the more efficient DCHS is administratively, the

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more their indirect rate is cut and their revenue reduced. We recommend that this cut be included in, and not in addition to, the overall 5% reduction.

In addition, we recommend that the impact of Pre-school for All (PFA) on the calculation of DCHS's indirect rate be revisited. We understand that it was decided a few years ago to exclude PFA from this calculation. While it makes sense that PFA's administrative expenses would not be included in this calculation, we do not understand why PFA's total salaries are included in the calculation.

Eviction Prevention - This is an example of how the County can invest in families to avoid evictions, thus allowing them to remain housed and avoiding more costly solutions in the future. Eviction prevention, particularly rental assistance, consistently reduces evictions by 40–75%, lowers court and administrative costs, and delivers a 4–5x return on investment. Oregon's statewide mediation program alone generated an estimated \$10–30 million in downstream public cost savings, reflecting an exceptionally high 700–2,300% return on investment. Similarly, New York City's expansion of preventive rental vouchers demonstrates how stabilizing households upstream can offset future public spending: the program is projected to prevent shelter and rehousing costs and produce \$3 billion in net savings over five years.¹

Innovation and Investment in Systems - We discussed the need for finding new ways to work more efficiently given the current and likely future budget constraints. Leadership at DCHS concurred and cited several instances in which they continually strive to do more with less. This seems to be very top-of-mind but we did not see any specific budget requests for such activity. While the community needs are great and we want every resource going to directly help those in need, unless we invest in better, more efficient ways to serve the community, we will fall further behind in meeting the needs of the community.

Workforce Investment - County employees providing direct services to the community are under tremendous pressure. Workforce retention generates substantial direct and indirect savings, as replacing an employee commonly costs 50–200% of their annual salary. Research in Oregon's behavioral health and social services sectors identifies low pay, high workload, limited professional development, and trauma exposure as core drivers of turnover. Additionally, a case study across community mental health clinics highlights six effective retention strategies that reduce both turnover and the associated recruitment and training costs: *comprehensive benefits, wellness promotion, competitive salaries, flexible scheduling, incentives, and strong*

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internal communication.

Our county's social service workforce is the backbone of our local safety net. It is the view of this CBAC that these staff are not interchangeable. The CBAC strongly recommends that no reductions in FTE be made whenever avoidable. When staffing changes are necessary, employees with historic knowledge and deep experience in county systems should be supported in transitioning to other roles within the county to preserve their expertise and maintain continuity of service.

DEPARTMENT BUDGET/PROGRAM OFFER RECOMMENDATIONS

In line with our comments above we have the following recommendations:

Indirect Rate Reduction - Pages 28 and 29 of the DCHS FY'27 Budget Transmittal Letter detail the proposed reductions needed as a result of the decrease in the indirect rate. The CBAC recommends that these reductions be considered as part of the overall 5% budget constraint and not in addition to it. Therefore, it should be decided if reinstatement of these program reductions would take priority or if those funds (approximately \$2.3 million) would be better spent on other programs such as eviction prevention. The CBAC did not have sufficient time to discuss the specific priorities should such a reinstatement occur.

Eviction Prevention - We support the budget request for Program #25133B to prevent eviction for families in the community. Providing rent assistance and other services to keep families housed is critically important to prevent additional homelessness in our community. In addition, this is the most cost effective way for Multnomah County to lower the homeless population. We also support stabilizing the funding for eviction prevention by making a multi-year commitment to this work. It is difficult to build an effective system and stable workforce when funding is year-to-year (one time only budget request).

For the same reason, we support Program Offers for Program #25004, #25146 and #25133D. We also have concerns about the negative impact on housing stability due to the proposed reductions in Programs #25000, #25036 and #25139.

ACKNOWLEDGEMENTS

The Committee would like to give thanks to our CBAC Coordinator Tahira Rivera for keeping us organized and on task and for arranging for the CBAC to visit several program sites during the summer months. Her support has been incredibly valuable and helpful. We also thank Amara

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Perez from the Office of Community Involvement for taking our feedback to heart and for enhancing the CBAC orientation program. These sessions were incredibly helpful to both our new and existing committee members.

We would also like to thank Rachel Pearl, Dr. Richard, Alexis Alberti and Robert Stoll for attending all our meetings, providing us with detailed information and answering our many questions. In addition, many thanks to the Division Directors and staff for the informative presentations and tours.

We want to give special thanks and recognition to Mohammad Bader for his interest and support of the DCHS CBAC. He warmly embraced our request for site visits and took time to participate along with us, lending his knowledge and support. We wish him the very best in his retirement.

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