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Multnomah County Chair

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Dear Directors,

For the first time as Chair, I have the opportunity to send you this letter laying out guidance for our upcoming annual budget process. One challenge in taking office in January is that my team and I jumped in to work on a budget that was already in progress, and that's one of the many reasons I so appreciate the chance to start at the beginning with all of you to detail our fiscal landscape and focus on our shared values as we begin the process of building our fiscal budget for 2025.

My hope is that this guidance helps us launch a budget process that provides focus and clarity around the core support and programs Multnomah County should and must provide to our community in the coming year. I also hope it solidifies our shared commitment to adopting a strategic and equitable plan that capitalizes on the good work of every department. I look forward to working with each of you this year to consider how to make the most meaningful impact we possibly can.

As we undertake this work together, I want to emphasize the importance of working together to develop “one-county” solutions to fill the gaps our community faces. Especially in our response to our housing and homelessness crises, our approach to community safety and the incredible need for increased behavioral health support in our community, our work must be approached in a cohesive, connected way – this will ensure we are moving forward the most effective, equitable solutions for our county.

Our values of safety, trust and belonging are at the heart of everything we do, including budgeting. As you build this year’s priorities, I ask that your department’s proposals help us think through how to bring more of these three things into our work, especially in the ways we’re supporting those most vulnerable.

I ask that you look carefully at the many interconnected parts of your budget to focus on the integrity of your core services and the wisest stewardship of taxpayer dollars. Because as our community's safety-net provider, we must prioritize the stability and reliability of core services to make sure our communities stay whole in these challenging times.

And I ask that as you bring thoughtfulness to this process, you focus on how to be nimble and creative. These recent budget years have been challenging and extraordinary, and I've been impressed with how your departments have successfully made equitable allocations, pivoted established programs and created new offerings. I ask that, given this year's constraint, you take a hard look at what needs to stay as a part of our core programming as well as how to fund it.

When we focus on equity through every facet of our work, that means our budgeting process as well. Centering and embedding equity in the annual budget process has been a priority for the past four years at the County and this year you are once again asked and encouraged to make interdisciplinary assessments of programming decisions, equity-informed financial adjustments across programs and departments, and to connect your budgetary priorities to our Workforce Equity Strategic Plan (WESP) goals and action steps with the thoughtful use of our enterprise-wide ODE implementation and advising.

This includes a full suite of equity tools for the annual budget process, including the Budget Equity Tool, Budget Equity Worksheet, guidance for implementing an equity and empowerment lens and a post-budget assessment and mission focus equity analysis of previous budgets broken out individually by department and program offer. As we continue to infuse equity in the budgeting process, these steps will aid us in reaching our long-term goal of being able to better utilize data and equity impact measures to understand and respond to the key needs of our community. You can reach out to Chief Diversity and Equity Officer Joy Fowler and Senior Equity and Inclusion Policy Analyst Terralyn Wiley if you have further questions as you undertake this work.

We will also be providing additional guidance during this year's process around community consultation and engagement. The County has a multi-part approach to community engagement in the annual budget process, but the complexity of the process and the short timeline available for community involvement has the potential to limit impactful public engagement, which I'm looking forward to mitigating with a more robust process.

This is why I'm asking the Central Budget Office, the Office of Community Involvement and your departments to engage community budget advisory committees earlier in the budget process this year so that their comments, thoughts and priorities have more time to be addressed before the release of my proposed budget. We will also be offering a new virtual town hall in early February, giving us an opportunity to share economic forecasting and query the community for input.

While County investments in emergent community needs during the pandemic resulted in many positive outcomes, the County is facing fiscal pressures this year as most of the one-time federal American Rescue Plan (ARP) dollars expire, we combat ongoing inflation and the resulting increase in personnel costs. We are anticipating a structural budget deficit for the County General Fund beginning in FY 2025 and continuing for several years. We know we will be unable to continue all of the County's current programming without adjustment. As a result, the County will experience increased constraints and fewer available resources than in recent years and I will ask you to be very thoughtful about the *core priorities and measurable deliverables* of your department's work, especially as it connects to the impacts we need to see your work make in the community. We must all look carefully and specifically at meeting the most critical needs of Multnomah County residents while balancing fiscal constraints.

To accomplish this, I am asking each of you to clearly articulate your key policy priorities, to identify efficiencies within your current services and to make sure you're laying out budgetary priorities and values in a measurable, data-driven way. I want to be sure, as we do each year, that we're able to track our progress and impact, and to map that back to our original intentions in designing our budgets. If you are recommending changes to service areas based on constraint, I ask you to consider the impacts of the proposed changes as they relate to gains or losses to outcomes. And to think through and be able to articulate the strategic decision-making process that went into your recommendation. We will be looking specifically at where your departments might anticipate cuts or instability and to think together about how to provide the most effective impact given any reductions in spending or programming. Please consider compliance in your work and make sure that any recommended changes or reductions meet minimum compliance requirements.

I am looking forward to helping your departments and the County as a whole take a measured, strategic approach to General Fund proposals. You will receive additional details about the budget process and instructions later this afternoon, when the Central Budget Office releases the budget manual.

Key highlights and directions include:

- **General Fund Allocation** – Based on the County's FY 2025 General Fund Forecast and the ending of the American Rescue Plan funding from the federal government, all departments and offices will need to submit General Fund budgets that reflect a 3% reduction from current service level as a starting point. Departments may request restoration of reductions made in order to meet the 3% constraint. Restoration requests should be in scaled program offers that are separate from the main program offer and marked out of target.
- **Homelessness Response** – Investments in our Homelessness Response System, which will need to be made across multiple departments and programs, should be made in keeping with direction from the Chair's office as one of the Chair's key priorities. Please be sure to look carefully at both program offers and funding mechanisms for achieving the goals that have been set out in these plans.
- **New Ongoing Funds** – Requests that are not approved by the Chair should not be submitted when departments turn in their budget requests to the Budget Office and prepare for their discussions at the January check-in. These instructions also apply to backfilling grant funds or lost revenue with General Fund resources.
- **One-Time-Only (OTO) Requests** – Requests for one-time-only General Fund resources should be discussed with the Chair's Office and Budget Office at the January check-in or sooner. Departments should clearly identify all associated ongoing costs, including those for maintenance, staff and licenses. If an OTO proposal will be implemented by the Department of County Assets, we expect that both the proposing department and DCA have reviewed and agreed to the proposal. These items, and plans to financially support them, should be included in discussions with the Chair's Office.
- **Internal Service Additions** – Departmental requests to add additional internal services from the Department of County Assets will be treated similarly to requests for additional General Fund resources. These items, and plans to financially support them, should be included in discussions by the department receiving the service with the Chair's Office after confirming that DCA will have the capacity to provide the service.

- **American Rescue Plan (ARP) Act Federal Funds** – Though the needs in the community and in our organization remain high as we continue to recover from the pandemic, this funding source will not be available in FY 2025. As you prepare your department budgets, please address next steps for all ARP-funded programs. Options could include preparing for the funding to go away on June 30 or seeking other ways to maintain, sustain or sunset the work.
- **Resources from Voter-approved Initiatives** – The County continues to develop and expand programs that are funded through the voter-approved initiatives: the Metro Supportive Housing Services (SHS) Measure, Preschool for All and the Multnomah County Library General Obligation Bond. Since these funding sources involve multiple departments, the Central Budget Office has created specific guidance that departments should follow to ensure that the approach to these services is consistent with the overall goals. In addition, we will have dedicated time in the budget preparation process to discuss the strategy and proposed investments for each of these funding streams.
- **General Fund Human Services Contractors** – The COVID-19 pandemic has highlighted the critical partnerships we have with our human services contractors. We must continue to improve how we promote integrity, flexibility and equity in the ways we allocate resources and work together. Departments should plan to provide a 3.7% cost-of-living adjustment (COLA) for General Fund human services contractors in FY 2025, unless there are other contractual considerations. An allowance for this COLA has been included in the General Fund target allocations.

Please feel free to reach out with questions or concerns as you step into this coming budgeting process. Budget Director Christian Elkin and my Chief of Staff Chris Fick and Deputy Chief of Staff Tabitha Jensen will lead directors and their departments through this process and are here to work alongside you. Additionally, COO Serena Cruz, my policy team and the Central Budget Office's analyst team will continue to play vital roles to address and incorporate questions, ideas, feedback and changes throughout the work.

I am grateful for your leadership, partnership and commitment through this critical process of setting budgetary priorities and program alignment and outcomes. I look forward to seeing you at an upcoming budget meeting but please don't hesitate to reach out with questions in the meantime.

Sincerely,

A handwritten signature in black ink that reads "Jessica Vega Pederson". The signature is fluid and cursive, with "Jessica" and "Vega" on the first line and "Pederson" on the second line.

Jessica Vega Pederson
Multnomah County Chair