

# Budget Preparation Manual FY 2012

Multnomah County, Oregon  
December, 2010

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# Introduction

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## Major Financial Issues

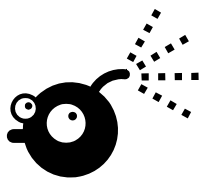
*“All of us might wish at times that we lived in a more tranquil world, but we don't. And if our times are difficult and perplexing, so are they challenging and filled with opportunity.”*

*~Robert Kennedy*

*Learn more about the state's budget on the [Transparency web page](#) at [Oregon.gov](#)*

For the State of Oregon, the future undoubtedly looks more difficult and perplexing than it does challenging and filled with opportunity. With an estimated \$3.5 billion budget shortfall, absent significant improvements in its revenue forecast the state's General Fund will be unable to fund about 22% of its current services. State agencies have been instructed to submit state general fund budget requests at 25% below current service level. Somehow, the new governor and state legislature (including an evenly divided House of Representatives) will have to allocate the budget shortfall across the array of state-funded services, including education, public safety, and human services provided at the local level by counties and school districts. Some of these service reductions will fall to Multnomah County to implement, and it is very unlikely that we will learn of such reductions to County-run programs before June 2011.

In the meantime, the County must prepare and adopt a balanced budget by the end of June 2011. We are fortunate that thanks to executive decisions made over the past several years, a relatively stable tax base, and low inflation, the County's General Fund is projected to have a 1.5% shortfall between revenues and expenditures for FY 2012, significantly less than in recent years. The County's FY 2012 forecast assumes a continued slow and uneven economic recovery, low inflation, and few annualized or new General Fund programs.



State resources and federal dollars we receive through the state currently account for 25-30% of the County's operating budget, so the uncertainty surrounding such a sizeable portion of the County's operations is significant. It will be difficult to plan for County programs in FY 2012 in the absence of good information about state funding, and also it will be difficult to resist the urge to guess at the outcomes of the state legislative process. We anticipate having to undertake an additional budget process in the first part of FY 2012 in order to re-balance County programs to reduced funding from the state.

# Introduction

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## General Fund Revenues

### Detailed Assumptions Underlying Fiscal Parameters

*Read the entire General Fund forecast presentation on the [Budget Office's FY 2012 web site](#)*

Economic conditions world-wide are in a state of flux. In financial news featuring European Union countries receiving financial bailouts, Congressional debates over tax cuts, and state budgets bleeding red ink, the stories about positive economic activities seem to be few and far between. Though both Oregon and the United States are out of economic recession, it does not yet feel as though the financial good times have returned. The weight of recent events bears heavily on the County's FY 2012 General Fund forecast, which assumes a fragile economic recovery that is likely to grow slowly for a long while. Locally, we expect to experience continued high unemployment, low inflation, and falling real estate values in the near term.

Ongoing General Fund revenues are forecast to grow slowly, between 1% and 3.8% over the next few years. A handful of revenue sources make up about 90% of the General Fund, and while most of those sources are expected to resume growth, they are expected to grow more slowly than in the recent past. The Business Income Tax (BIT) in particular is very sensitive to economic cycles, and is currently regaining ground after a precipitous downward slide. Other closely-watched indicators—recording fees, default filings, and passenger and freight statistics for the Portland International Airport—are showing signs of improvement as well. These statistics are indicators for our Business Income, Motor Vehicle Rental, and Transient Lodging taxes. Finally, property tax revenue growth—limited by Measures 5 and 50 to about 3% per year—is being watched closely for signs of increasing property tax compression. Because there are two overlapping constitutional limits on property tax growth, tax collections can be reduced (“compressed”) when the two limitations come together.

## General Fund Expenditures

### Detailed Assumptions Underlying Fiscal Parameters

The County's General Fund supports programs in every County department. Personnel costs account for about two-thirds of all General Fund expenditures, which exacerbates the fund's *structural deficit*, the imbalance between ongoing revenues and ongoing expenditures. Where the largest revenue source in the General Fund can grow by only about 3% annually, personnel costs have grown between 5% to 6% annually. Overall expenditure growth is estimated to be lower for FY 2012, due in large part to low inflation rates.

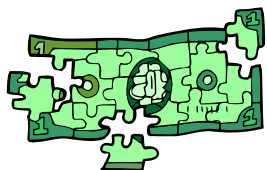
The major General Fund cost driver for FY 2012 will continue to be personnel costs, although expense growth in this cost category has moderated somewhat following the recent recession. As inflation is expected to remain low in the near term, labor contract cost-of-living adjustments are expected to fall somewhere between 1.5-2.0%, pending contract negotiations with several of our union groups. The County's PERS rates will not increase in FY 2012, and our medical and dental insurance costs are estimated to increase by about 4.5%, a lower rate of growth than we have experienced in the past few years.

Actions taken by the Board and by County employees have helped the County to make progress toward reducing the General Fund's structural deficit. Continued focus on cost containment, cost avoidance, and/or program innovation will help us toward the goal of balancing expenses and revenues.

# Introduction

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## Department General Fund Constraints



**The Budget Office will provide General Fund constraint figures to departments on December 17, 2010.**

Departments will have to constrain their General Fund budgets by **2%** for FY 2012. Additional cost savings will be generated by the FY 2012 pay freeze for exempt employees. Departments will have some discretion in meeting this target. Below are a few general principles to keep in mind when allocating constraint reductions within your budget. As always, there are a few things that are “out of bounds” for meeting constraint.

- **Preserve direct services to County clients.**
- Take the opportunity to re-examine what you’re doing in light of the County’s core mission.
- Minimize damage to others in the County.
- Do the least harm to lives, property, social, and environmental structures.
- Communicate the impact of cuts on measured outputs and outcomes.
- Avoid cuts that will reduce revenues.
- Resist the temptation to be optimistic about revenues.
- Avoid one-time-only solutions to bridge into the next year.
- Consider the effect of budget decisions on your workforce. Take into account morale, safety, and recruitment/retention.
- Talk with other departments.

Constraint cuts may **NOT** be taken in:

- Internal service rates. *Internal services may be reduced as part of your program’s reduction—i.e., if an office closes, reduce expenses for facilities, IT, etc.*
- Personnel costs. *Labor agreements govern the amount we must budget for employee salaries and benefits.* Positions may be eliminated from the budget, however.

## Department State Funding Assumptions

**NEW!**  
**for FY 2012**

As a **starting point for budgeting state-funded programs**, assume that you will have the same amount of funding from the State in FY 2012 (on an annual basis) that you have on January 1, 2011. Using January 1 as a starting point is necessary given how our budget process intersects with what is likely to happen with the State. In years past we have been able to use the Governor’s budget as a starting point for the County’s state-funded programs. This year the Governor’s budget will likely be delayed until after January 2011 due to the inauguration, too late to be the starting point for the County’s budget.

In practical terms, the way to determine your FY 2012 State funding level is to use the FY 2011 Revised budgeted revenue as of January 1, 2011. Amounts from State sources are most commonly budgeted in cost elements 50180 through 50190, although they could be budgeted in other cost elements. Assume these amounts as the starting point for developing your FY 2012 budget. Contact your budget analyst to if you want to propose using a different starting point for state-funded services.

# Introduction

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## Budget Training

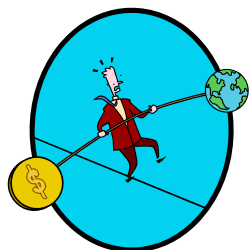
**NEW!**  
**for FY 2012**

As always, the Budget Office will offer a wide variety of training for the upcoming budget process.

- We will schedule **Budget Rodeos**—our annual overview of the County’s fiscal outlook and the budget process, and your opportunity to ask questions—in late December.
- We will offer **technical tools trainings** for numbers lovers—how to use the personnel cost splitter, how to complete the contracts list, how to get financial data into the web tool, etc—in December and the first part of January. *This training will be most helpful for finance staff responsible for assembling department budget requests.*
- We will offer **web tool trainings** in late December and the first few weeks in January. *This training will be most helpful for staff who will be writing program offers, working on performance measures, or who are new to the County’s budget process.*
- You can schedule **department-specific trainings** by contacting your budget analyst (*see below for contact information*)
- Budget Office staff are always available for questions or for **individual assistance**.

Check the budget training calendar on the [Budget Office’s FY 2012 web site](#) for times and locations.

## Budget Office



The Budget Office is responsible for maintaining the long-term fiscal health of the County; and leading the overall budget process in a way that is legal and consistent with the Board’s priorities and directives.

Each County department has a budget analyst within the Budget Office who is responsible for:

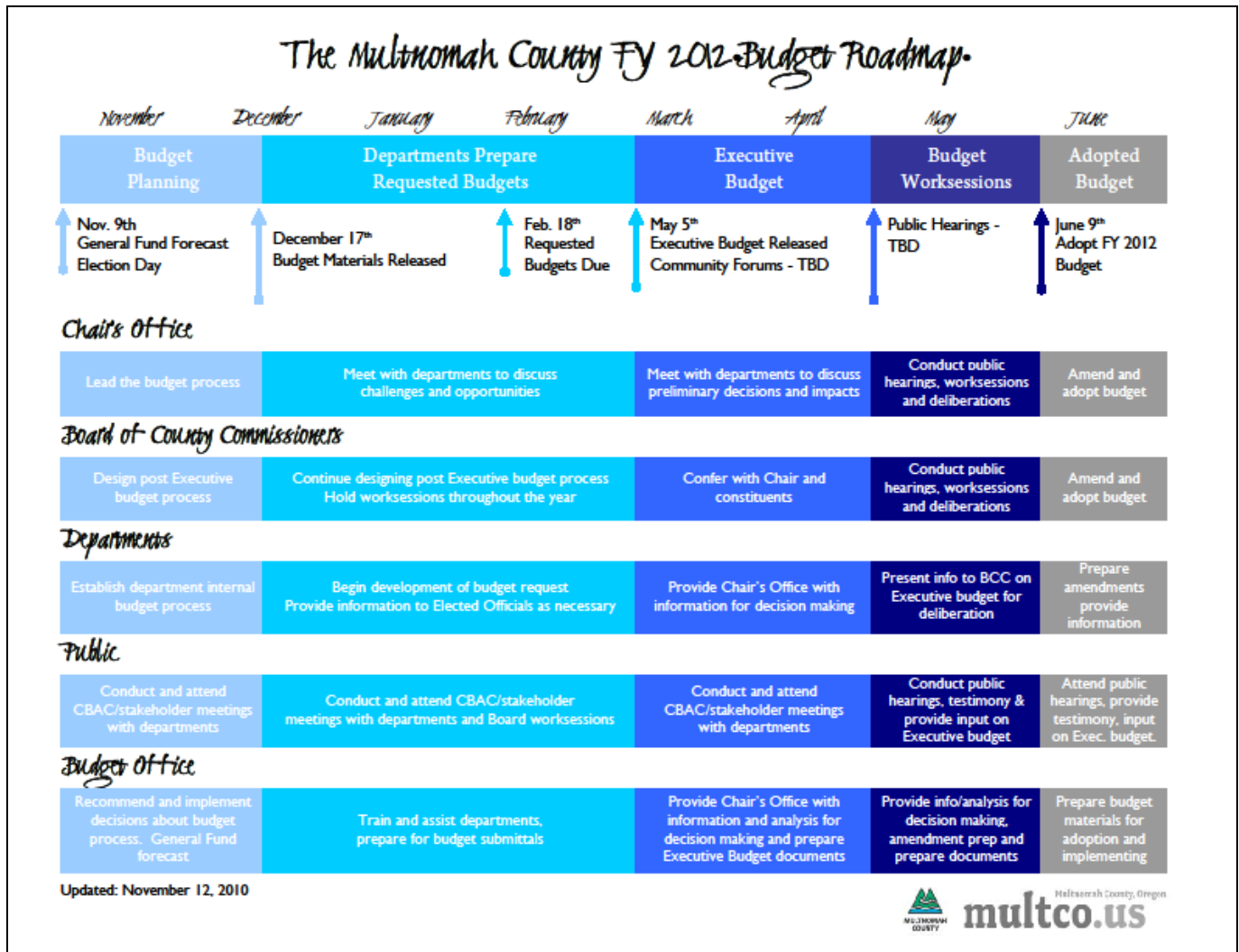
- Helping departmental staff prepare department budgets, and
- Analyzing departmental budgets for the Chair and Commissioners.

If you have questions about the budget process or budget technology, your first resource should be the assigned analyst. A list of current budget analyst assignments is as follows:

<b>Budget Office Assignments as of 12/01/2010</b>			
<b>Name</b>	<b>Title</b>	<b>Assignment</b>	<b>Phone Number</b>
Karyne Kieta	Budget Director	County Budget Process	988-3312, x22457
Mike Jaspin	Economist	Library, Revenue Forecasting	988-3312, x28594
Christian Elkin	Principal Analyst	MCSO, Budget Document Production	988-3312, x29841
Julie Neburka	Principal Analyst	Nondepartmental, DCM	988-3312, x27351
Ching Hay	Sr. Budget Analyst	DCS, Library	988-3312, x26672
Shannon Busby	Sr. Budget Analyst	Health Department, DCJ	988-3312, x26744
Patrick Heath	Sr. Budget Analyst	DCHS, DA	988-3312, x83364



Please check [our website](#) for updates, as the calendar is always changing!



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# Budget Submission Requirements

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## NEW for FY 2012

- Read more about what this year's **State Funding Starting Point** means for your department's FY 2012 budget on page 7.
- This year's **budget request is due** to the Budget Office on Friday, February 18<sup>th</sup>, 2011.
  - **BUT** your department's SAP crosswalk will be due on February 11th. See page 12.
- We've **streamlined** the department and division-level narratives. See pages 27 to 29 for more information about these sections. We will still provide (and require the use of) our handy **fillable PDFs**.
- How does your department advance the **County's diversity and equity mission**? Describe it in the new "equity lens" section in your department-level narrative! Learn more on page 28.
- Does your program contribute toward achieving the County's Climate Action Plan? Find out how you can **document this contribution** in your program offers on page 18.
- In what year did the County issue PERS Bonds? Learn more about the **component parts of internal service rates** in the Appendix, starting on page 95.
- Multnomah County will finally present the Board of County Commissioners with a **consolidated fee schedule** for adoption with the FY 2012 budget! Learn more about what you will need to do to keep the schedule up to date on page 38.

## Still Required in FY 2012

As always, we will require:

- A **list of all contracts**. Contact your budget analyst for required elements of this list. You may want to use the *revised* Excel template found [here](#).
- Your department's **current year estimate**. Instructions for preparing the current year estimate are found on page 36.
- See page 33 for a description of how to budget personnel using the **Personnel Cost Planning module** in SAP. You may need to use the Personnel Cost Splitter found [here](#). Don't know how the Personnel Cost Splitter works? Check the [training calendar](#) for a training on this tool.
- **Performance Measures**, which will continue to be an important element in your program offers. Find out more about performance measures on pages 25-26. You can also read more and more and more about **performance measures in the Appendix**, pages 87-93.



# Budget Submission Requirements

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## A Word About the Crosswalk

In order to both make program offer information available to the Chair's Office as soon as possible after February 18<sup>th</sup>, and to provide you with a tool for estimating your significant budget changes, **we will need your SAP cost objects crosswalked to your FY 2012 program offers no later than Friday, February 11, 2011.** With this task completed in advance of the due date, we can load FY 2012 budget history into the program offers before releasing them to the Chair's Office and the Internet.

Contact your budget analyst for more information on preparing the crosswalk. The Budget Office will provide **your department's Excel crosswalk files.**

## Department Director's Transmittal Letter

**REVISED!**  
**for FY 2012**



A department director's transmittal letter will formally convey the department's budget proposal to the Chair's Office. The letter should:

- briefly describe the department's mission, vision, and outcomes;
- articulate long-range goals that set directions for the way in which a department's programs and services contribute toward reaching those goals;
- identify issues that span multiple budget years and suggest strategies for dealing with them in future years;
- describe fiscal and program strategies to address pressing issues;
- note any emerging issues that have gained importance over time due to worsening conditions or deferred action, and identify any program offers that specifically address these emerging issues.

For FY 2012 specifically, it should:

- articulate the department's approach to FY 2012 budget planning
- explain the rationale behind new, re-constituted, or alternative program offers;
- clearly identify assumptions made about state-funded programs;
- note any FY 2011 programs that are not offered for FY 2012, and why;
- describe the department's budget process, including any public or staff involvement strategies used; and
- describe the impact of department actions taken that will likely affect other County operations, departments, or agencies.
- contain an organization chart down to the division level

The Budget Office will provide a recommended template for departments to use in developing the transmittal letter. Download it from our web site, [here](#).

# Budget Submission Requirements

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## FY 2012 Budget Submission Checklist

### ***By February 11th, 2011:***

☐

Department SAP Crosswalk to FY 2012 Program Offers

### ***By February 18, 2011***

☐

Department Director's Transmittal Letter

☐

Program Offers, *via the Web Tool*

☐

Department-level narrative document

☐

Division-level narrative documents

☐

List of Program Offers by Division

☐

Personnel Cost Plan entered into SAP

☐

Personnel Cost Plan (PCP) Splitter

☐

Department Contract List

☐

Department "Other Internal" worksheet

☐

Department Cash Transfer worksheet

☐

Department FY 2011 Current Year Estimate

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### Program Offers

Program offers will constitute the bulk of a department's budget request *and* narrative budget, and will provide the information that the Chair and the Board will use in building the County's budget for FY 2012. Following are the "journalist's questions" about program offers:



*Program Offers are due by February 18<sup>th</sup>, 2011.*

- **Who submits program offers?** All County functions that we intend to fund—from operating programs down to the General Fund contingency account—will be requested in the form of program offers.
- **What is the primary purpose of program offers?** Program Offers provide all of the information that decision-makers need to choose those programs that will constitute the County's budget for FY 2012.
- **Where do we propose program offers?** Program Offers will be submitted via the County's web-based tool. Narrative and numeric data will be entered into this tool by departments. Program Offers will be printed directly from the web tool as part of the County's FY 2012 narrative budget.
- **When are program offers due?** February 18, 2011.
- **How do departments create their program offers?** Step by step instructions follow on pages 15 to 24.

### Introduction: What makes a good Program Offer?

*"The ability to convert ideas to things is the secret of outward success."*

*~Henry Ward Beecher*

**Conceptually**, a good program offer explicitly shows the relationship between the program and the results it produces for the community. To do that well:

- Think about the cause and effect theory that makes the program effective.
- Describe how your program offer makes a significant contribution toward achieving the desired outcomes, as measured by the performance indicators.
- Show why the County's spending on this program is effective – the value provided for the cost ("bang for the buck").
- Show evidence that the program has the capacity to deliver on the offer and measure its results.
- Give **performance measures that accurately track** the program's contribution toward its outcomes.
- Link the offer to existing policy frameworks.
- Describe program activities in layperson's terms. Could a thoughtful citizen understand your offer?

### **NEW!** for FY 2012

#### **Practically**,

- Departments are expected to submit offers that **serve the same number of clients** or achieve the same or better results than achieved in FY 2012, **unless**:
  - If, in the department management's best professional judgment, a current program does not contribute significantly to one of the department's objectives.
  - If a current program is not proposed, it needs to be identified in



the Department Director's transmittal letter, AND the Budget Office needs to be notified about which SAP objects are no longer used. Those objects still need to be cross walked in order to report budget history correctly.

- Departments may also submit offers that change the program as it is known today. Departments can also offer innovative or new programs, **either within or outside of constraint**. *See page 18 for a description of what should be included in a new or innovative program offer.*
- It is important that each program be unique. Each program should show specific results for specific customers, e.g., separate services to adults from services to children. Performance measures should show how each program contributes toward the department's goals.

Important points for the **narrative** portion:

- Write a clear, concise description of your offer. Imagine that you have 30 seconds to explain this program to an average person.
- Tell why you believe this offer will effectively support the department's strategies outlined in the department director's transmittal letter. Cite research, experience, logic, or whatever you believe convincingly makes your case.
- Clarity, consistency, and simplicity are the cardinal virtues in a budget narrative. *See the Style Guide on pages 81-85 in the Appendix.*

## Step-by-Step Instructions for Preparing Program Offers

Program Offers are the primary vehicle departments will use to submit their budget requests. Program Offers provide most of the information—**in two pages!**—that the Chair and the Board will need to evaluate those programs that will be included in the budget. What follows are step-by-step instructions for preparing both the narrative and the numbers and entering this data in the web tool for program offers.

## Web-Based Tool

For FY 2012, all program offers will be submitted via the County's web-based budgeting tool, found on the Mint. (*The Budget Office will notify departments of the Mint location once the link has been established!*) This tool enables us to enter both narrative information and financial data **once** for use in the County's budget narrative.

*"I can't believe it!  
Reading and writing  
actually paid off!"*

*~Homer Simpson*

The Budget Office will be contacting departments to arrange for log-in access to the web tool, as well as offering **trainings** in its use during the second part of December/first part of January. *Contact your budget analyst for more information or training about the web tool.*



### Guidelines

*How “programs” are defined for FY 2012.*

The following parameters should define your FY 2012 Program Offers:

- Our goal for FY 2012 is to provide program offers that represent discrete units that make operational sense. Guidelines are:
  - Program offers should be for **discrete services** or **discrete populations served**, whichever most appeals to common sense. For example, if your department has three very different ways in which it provides services to elders, consider whether one offer (“services for elders”) or three offers (“Elder Service A, Elder Service B,” etc.) best conveys the information.
  - **For operating departments**, the General Fund portion of program offers should be **less than \$3.5 million**. As was the case for FY 2012, there are several caveats to this amount. For more information on program offer dollar amounts, “Programs Operating in Large Facilities” on page 24. *Contact the Budget Office if have a compelling reason to submit a General Fund program larger than \$3.5 million.*
  - **For internal service providers**, the total size of program offers should be **less than \$5.0 million**. *Contact the Budget Office if have a compelling reason to submit an internal service program larger than \$5.0 million.*

### Program Offer Name & Type

The web tool will contain a text box for you to enter the program offer name, will automatically assign an offer number, and will provide a drop-down menu to use for selecting the type of program offer you are submitting. Following are definitions of the seven different types of program offers for FY 2012:



1. **Administration:** Department or division-level management and related expenses (i.e. office space, supplies, telephones, etc.) Direct program supervision is considered to be a part of the operating program (NOT administration), and should be included in the operating program’s offer. *Administration program offers must be submitted for all administrative functions.*
2. **Support:** An activity in a department that provides services directly to some or all operating programs within a department. Examples include the Health Department’s pharmacy, which supports the various health clinics; the Library’s Technical Services, which maintains the Library’s materials and catalog system-wide; or the District Attorney’s Human Resources unit. *Support program offers must be submitted for all departmental support functions.*
3. **Operating Program:** An “on the ground” activity of the County. Includes front-line supervisors/program managers with specific responsibilities for particular operating programs. Operating programs should propose **the same or better results** and serve **the same number**

**of clients** based on the most recent (FY 2012) budget decisions. *See page 17 for specific dollar/size limits for **operating and internal service** program offers.*

4. **Innovative/New Program:** An “on the ground” or support activity that the County currently does not do.
5. **Program Alternative/Reconstruction:** A program that is currently *or has been* operated by one or more County departments that is proposed to be operated either in a different way, by different providers, or with different business models.
6. **Internal Service:** for programs in the Fleet, Information Technology, Facilities, and Distribution funds.
7. **Revenue:** Budget Office use only, to budget discretionary (primarily General Fund) revenues at the fund level. Program revenues should be budgeted with the applicable program offer.

***Note that innovative or new program offers do not necessarily mean service expansion.***

### Climate Action Plan

**NEW!  
for FY 2012**

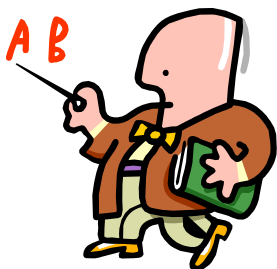
In 2009, Multnomah County adopted the [Climate Action Plan](#) (CAP), a comprehensive framework for reducing greenhouse gases and preparing County operations and the community for climate change impacts in the region. **If your program contributes toward achieving a Climate Action Plan goal,** check the Climate Action Plan (CAP) check box. Be sure to include a description of the particular action your program offer addresses in the “program description” text box in the program offer. Identify the action your program addresses by its “CAP Objective Number”(s) (for example: “CAP: 1-4”), on the spreadsheet found at the link shown below.

If you are not sure whether or not your program contributes toward a Climate Action Plan goal, please see the list of actions found at:  
[http://web.multco.us/sites/default/files/sustainability/documents/climate\\_action\\_plan\\_summary.xls](http://web.multco.us/sites/default/files/sustainability/documents/climate_action_plan_summary.xls)

### Measure 5 Education Offers

Several years ago, the City of Eugene levied a property tax on behalf of the Eugene and Bethel School Districts. This levy was challenged in court and was found to be in violation of the Measure 5 constitutional limit of \$5 per \$1,000 for education.

In order for the County to easily demonstrate that it has complied with the Constitutional limitation on spending for “educational services,” the web tool has been configured for FY 2012 to enable departments to designate such programs so that they may be funded by non property tax revenues. **If your department provides ANY service that could be construed as “educational services,”** check the “Measure 5 Education” box on the web tool for that program offer.



In addition to the establishment and maintenance of schools, “educational services” includes support services such as clerical, administrative, professional and managerial services, property maintenance, transportation, counseling, training and other services customarily performed in connection with the delivery of educational services. “Educational services” **does not** include community recreation programs, civic activities, public libraries, programs for custody or care of children or community welfare activities if those programs or activities are provided to the general public and not for the benefit of students.

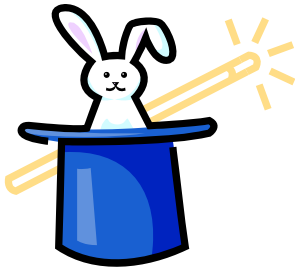
**Note that** co-curricular activities conducted in the school take on the character and color of educational services. If you think your program provides co-curricular activities, check the Measure 5 Education box on your program offer.

### Backfill/ Identifying fund source changes

It is important that the Chair and the Board be able to identify when they are making decisions to backfill expiring grants with General Fund dollars. **For FY 2012, you may propose to backfill expiring state or other grant-funded programs after consulting with the Chair’s Office.**

### **REVISED!** **For FY 2012**

The web tool has a check box to identify programs for which departments are proposing General Fund backfill. **Backfill** is “discretionary dollars (General Fund) applied to a program that formerly was funded by a grant, state, or other dedicated funding source.”



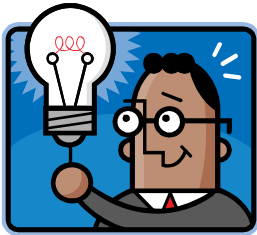
- If your grant **goes away entirely**, and your department proposes continuing the program with General Fund dollars, check the backfill **and** “in target/out of target” boxes for that program offer.
- If a **portion** of your grant goes away, and your department proposes continuing the program in part with General Fund dollars, **scale the program** (See *Scaling Options*, page 23). The first increment, or base offer, is **NOT** backfill. The second increment—the General Fund portion—**IS** backfill. Be sure to check the “in target/out of target” box on the scaled offer.

- **DO NOT** use this checkbox for proposing an **increase** to a General Fund program. See *Scaling Options*, pages 23-24.
- If your department is requesting backfilled programs “outside” constraint, *please check with the Chair’s Office before proposing such backfill options. Do prepare program offers for these recommendations.*

*If you have questions about whether or not your program offer constitutes a “backfill,” please consult your Budget Office analyst for clarification.*

### Program Offers for One-Time- Only projects

For FY 2012, the County will have few one-time-only resources. **If your department has a one-time project for FY 2012, check with the Chair's Office before submitting a program offer for it.** If approved to be included in your budget request, answer the following questions in your program offer, and check the "one-time-only" box on the web tool for that program offer.



1. Who is the sponsor of this project? The Board? The department?
2. What is this project? Is this a new process/project or an improvement to a current process? How is the current process different? Describe the project and its goals.
3. What are the performance benefits? Is this a cost removal, cost avoidance, or performance improvement proposal? Take into account benefits derived from efficiency gains, productivity improvements, risk reduction, increased convenience for employees and customers, revenue generation, etc. How certain and how soon can we see these benefits?
4. How do we know that these benefits will be realized? Document the benefits with performance measures. If available, cite experiences from others who have done the same thing, or industry norms.
5. What is the initial cost? Initial costs are costs that are required prior to the project becoming fully operational. Describe fully all initial costs related to the investment such as capital, licenses, training, installation, additional staff, etc. How certain are you about these costs?
6. How soon before the project is fully operational? How certain are you about the timeline?
7. What is the ongoing cost? Ongoing costs are those that continue after the project is fully operational. These include maintenance, ongoing staff, licenses, etc. that are required to continue the project. How certain are you about these costs?
8. Describe the amount saved as a result of funding this project. How certain and how soon can we see these benefits?

### In Target/Out of Target

To help ensure your department's General Fund program offers clearly reflect whether or not they are "inside" or "outside" your department's constraint target, use the **In Target/Out of Target check box** to identify which program offers are included in your constraint, and which are not. **ONLY use this check box if your offer contains General Fund.**

*Note that* you may **scale** your program offers such that the base is "in target" and the additional increments are "out of target."

### Lead Agency & Program Contact

Use the drop-down box in the web tool to choose the lead agency for your program offer, and type in a program contact. The **program contact should be someone with direct responsibility for the program** who can answer specific questions about it.

### Executive Summary

In 50 words or less, write a clear, concise description of your program offer. Imagine that you have 30 seconds to explain this activity to your next door neighbor.

### Program Offer Description

A **program** is an organizational unit that provides services to the public or other County departments. In the Program Offer Description text box, briefly and clearly describe the activity or set of activities that are encompassed in this program offer. If the offer involves a partnership with another County department or organization, please indicate the nature of that partnership. If your offer represents a change in current practice (reorganization, staffing levels, service hours, etc.), briefly describe the nature of that change. Remember that your program offer **may be read by people who are not experts in your area**, so use language that makes sense to regular citizens.

Be sure to describe how this program offer will effectively support the strategies your department has chosen for achieving results in the community. Cite research, experience, logic, or whatever you believe convincingly makes your case. If you are proposing to do something that your department does not currently do, briefly describe how you created your cost estimate – historical costs, conversations with other jurisdictions or departments, or some other methodology. In addition, it will be important to demonstrate that your department has the capability to deliver on what you are proposing.

The County operates according to a variety of principles, plans and/or requirements, some of which are applicable to all departments, including the Emergency Management Plan, HIPAA, the Facilities Disposition Plan, the Five Year Capital Plan, and the Asset Preservation Plan. If your offer supports one of these or another department-specific strategic plan, please note that linkage in the program description text box.

### Performance Measures

The web tool is able to capture a number of different types of performance data for each program offer. At a minimum, **each program offer must contain one output and one outcome measure**. See the following section (pages 25 and 26) for a brief description of the instructions for preparing and reporting program performance measures. Find additional information on performance measures in the Appendix on pages 87 to 93.

### Legal & Contractual Obligations

Many program offers will be constrained by legal or contractual mandates. If your program offer is affected by a mandate, please note the mandate and its authorizing document (statute, a contract, etc) in the appropriate text box in the web tool. Consider grantor requirements, state legislation or rules, charter requirements, etc. Explain **only** those things the County Commissioners **must** comply with and describe the consequences of failure to comply. **Not all Program Offers have legal or contractual obligations!**

### Explanation of Revenues

**REVISED!**  
**for FY 2012**



Use this section to describe in detail both how your revenues were estimated, *and how they support your program*. For grant, fee, or other non-General Fund revenues, clearly describe how your estimates were prepared. Revenue estimates should be intelligible to the general reader, and should clearly demonstrate the reasonableness of the estimate. Examples of revenue estimates include:

- Estimated number of client visits multiplied by \$XXX rate
- Estimated caseload for the upcoming year and how funding is apportioned by a grantor to the estimated caseload
- Size of the grant award and length of award
- State share of XXXX tax revenue

If your program uses both General Fund and other revenue sources, describe clearly how the funding sources work together. Examples include:

- General Fund dollars are included because the state **matches** them two-for-one.
- **Program outcomes are strengthened** by County funding of “wrap-around” services supporting a state-funded program.
- The program is a **joint effort** between the County and another jurisdiction, which provides a percentage of the program’s funding.
- Grant funding **enhances** a General Fund service or obligation.

***Be sure that your description includes ALL revenues supporting the program.***

Add up the numbers in the description to ensure that the total matches the total shown in the box above.

### Significant Program Changes

This section is to explain significant **programmatic** (NOT financial “up and down”) changes that affect the program. *Note that* the division narrative section will refer readers to the program offer significant changes sections for more information about program changes, so be sure to submit as complete and detailed a set of explanations as possible. Be sure to include the following information:

- Increases or decreases in the scope or level of services
- Increases or decreases in net personnel resources (FTEs)
- Revenue increases or decreases
- How this change affects other departments and/or service delivery programs.

Mark the **check box** if your program has significantly changed. Use the **drop-down menu to link your FY 2012 program to its FY 2011 predecessor**, if applicable. Note that program offer numbering may have changed between fiscal years.



### Program Alternatives

You are free to develop effective alternative programs for the Chair's consideration—*included either within your constraint or as a new proposal "outside" constraint*—within these parameters:

- Program options must describe both a result and a price to the same degree of precision that the current program offers.
- Options must be feasible in the (relatively) short term. The test is whether they can be implemented starting July 1, 2011, and be **operational within three months**.
- Think like the principal intended beneficiary or *customer* of the program. What alternatives would they want to see in place?
- Program alternatives can be generated for mandated areas as well – down to minimal mandated levels of service or levels of funding.
- **You must document** new or enhanced revenue estimates or revenue sources used in your proposal.
- There are neither preferred solutions nor any models to be held as givens. The only “out of bounds” are –
  - Illegal or immoral acts. (However, advocating law changes or changes in the interpretation of the law is acceptable.)
  - Changes that reopen labor contract agreements (i.e. “outsourcing” of current services is not to be considered).



### Scaling Options

Many County programs can deliver their services at varying levels. For example, an Alcohol and Drug Treatment Program may be able to offer 100 slots, 150 slots, or 200 slots, and the department may want to provide decision-makers with the option to choose from among those levels. **The purpose of scaling is to allow decision makers to choose a particular service or level of service.** Here is how to propose a **scaled program offer**:

- Determine the **base level of service** you would recommend. In the example above, the base level of service would be 100 slots of A&D treatment. Assemble a program offer for this base level of service.
- Determine what the **incremental levels of service** would be. In the A&D treatment example, one increment would be 50 additional beds, and another, separate increment would be 100 additional beds. Due to database limitations, increments need to be **additive** and **discrete**. (Put another way, decision-makers would not be able to simply choose the same increment several times over.) Assemble individual program offers for each discrete increment.
- Scaling has to be:
  - something that could actually be implemented in the way it is purchased. **Services that are integral to each other need to be scaled identically.**
  - in increments that are **small enough** to allow choice but **large**

**enough** to prevent being overwhelmed by volume.

- Note that scaled offers may be proposed **outside of your department's constraint target**.
- The **web tool will automatically assign a letter** to the base level program offer to keep the scaled options connected sequentially to the base level offer.

### Programs Operating in Large Facilities



Multnomah County operates several of its programs in large single-purpose facilities. As we learned in past budget processes, it is not practical to “purchase” these programs—most of which are funded in large part with General Fund—in \$3.5 million increments. Therefore, in FY 2012, we will continue to accept program offers for programs operating in big buildings that have a **greater than \$3.5 million base cost**.

**Contact the Budget Office for further instructions if you think this section applies to your department.** There are a limited number of programs to which this exception to the \$3.5 million limit applies, so unless your department operates a jail, it probably does not apply to your program. See especially the instructions for Scaling Options and for Assembling Program Offers if you are proposing program offers operated in large facilities.



### Performance Measures

*"True genius resides in the capacity for evaluation of uncertain, hazardous, and conflicting information."*

~Winston Churchill



Performance Measurement is the process of developing and using meaningful and objective indicators that can be systematically tracked to assess progress made in achieving predetermined goals. The process requires ongoing data collection to determine if a program is implementing activities and achieving objectives. It typically measures resources, activities performed, and results over time. The data are used to determine the difference between what customers and stakeholders expect and what programs deliver.

Why measure performance?

- Performance measures show progress toward the County's goals and objectives.
- Performance measures help decision-makers refine strategies and improve results.
- Performance measures help build community support for County programs.
- Performance measures help managers deliver expected results. *What gets measured gets managed!*

*"Get your facts first, and then you can distort them as much as you wish."*

Mark Twain

Sound performance measures are a critical component of the budget process. Departments provide performance indicators as a part of their program offers. The Board uses the information to aid in evaluating the effectiveness of County programs. The Chair's executive budget decisions are based on how well the program contributes to the County's long-term strategies, and what these programs promise to deliver.

Not unlike budgeting, performance measurement is an art unto itself. General guidelines for performance measurement follow, but for more information, consult the performance measurement section in the Appendix on pages 87 to 93.

### Instructions

There are eight steps to take in developing and reporting on performance measures.

1. Gather the appropriate program managers and staff, budget and finance staff, research and evaluation staff from the department to review and discuss the program offer's characteristics.
2. Review the program offer description; understand the specific service the program is to deliver.
3. Identify what services will be delivered, who the primary customers/clients are, and list the program inputs, outputs, outcomes, efficiency, and quality measures.
4. Select the most meaningful measures for the program in question; identify the measure type, its definition, the data source and contact person.
5. Fill the performance measures section of the web tool for both the static

output and outcome measures. For existing programs, all fields should be filled; some fields can be left blank if it is a new or substantially redesigned program or measure.

6. Use the optional measurement slots for the additional measures per department discretion.
7. Review the final program offer complete with the performance measures that were chosen; make any revisions as needed before final submittal.

### Performance Measure Data Entry into the Web Tool



Once you have chosen performance measures for your programs, you can enter your data into the program offer web tool, as follows:

1. Login to the web-tool and select the appropriate program offer.
2. To enter a new measure simply select the measurement type with the drop down box.
3. Enter the performance measure definition. This should be a simplified definition—technical language, acronyms and jargon should be avoided.
4. Enter the data into each cell (Previous Actual Result, Last Year's Purchased Target, Current Estimate, and New Proposed Target)
5. Select the percentage check-box if the data in the cells should be reported as percentages
6. Repeat the steps for the additional measures.

Enter any clarifying information into qualitative explanatory section.

### Performance Measures for Scaled Offers

Special attention should be given to scaled offers. Each scalable offer's performance measures should report only those services that the scaled offer supports. For example, if the primary offer is for 10 residential treatment beds, then the performance measure must reflect only those 10 beds. If the secondary scaled offer is for an additional 10 residential beds, then additional performance measures must reflect those additional 10 beds, and not the combined 20 beds. It would not be unusual for equally distributed offers to have similar performance measures (e.g., drug treatment days, successful drug treatment completion rates, etc.), especially if the data were from the same system.

## Budget Narratives

In order to provide readers with context and background information for individual program offers, the FY 2012 budget will again include department and division narrative sections where you can discuss your department's mission, vision, values, issues, and opportunities. Use the fillable PDF forms found [here](#) for these sections, and note that these sections do not require separate program offers. Also note that we **will not accept Word or other files as substitutes** for the fillable PDF forms.

## Department Narrative

**REVISED  
for FY 2012**

The department narrative section is where readers learn about the mission, vision, and values that guide your department's work. There is a page devoted to a high-level look at your department's budget, a page for describing the past year's successes and the upcoming year's challenges, and a **new section** in which to discuss your department's **diversity and equity** activities. Important elements of the pages shown below are:

- Your **department overview** is limited to the white space shown in the circle below. This text box is locked in all aspects (length, font size, and margins), so be concise! The org chart at the bottom of the page should be submitted via your department director's transmittal letter (see page 12). The Budget Office will insert this org chart into the department narrative section.
- **Note that** the Budget Office will prepare a **budget overview** that will be reviewed by the department after executive budget decisions have been made.
- Describe your department's successes and challenges within the space outlined by the circle on the right, below. Use this limited space to identify key issues facing your department, as well as any challenges you anticipate in the year ahead.



**Sheriff's Office** FY2012 adopted budget

**Department Overview**

The Sheriff's Office (PSO) plays a unique, comprehensive role in the maintenance of Public Safety Services here in Polk County. The Sheriff's Office is responsible for law enforcement, search and rescue operations, civil emergency coordination and disaster relief, transportation, bonded public safety, and emergency law enforcement. The Sheriff is also the first responder in providing services to these areas, coordinating Health Department, Mental Health, and other agencies as needed. When public contact is in any of these areas, the Sheriff's Office is the first point of contact for the Sheriff's Office. The Sheriff's Office is also the first responder in providing services to these areas, coordinating Health Department, Mental Health, and other agencies as needed. When public contact is in any of these areas, the Sheriff's Office is the first point of contact for the Sheriff's Office.

All of these services are important elements to a "variety of officer's" approach to public safety services and serve to fulfill the primary mission of law, work, school, or play.

**Sheriff's Office**

- Executive Office
- Business Services
- Corrections
- Law Enforcement

**Sheriff's Office** FY2012 adopted budget

**Success and Challenges**

The Sheriff's Office (PSO) has experienced significant success in the past year, including the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO). The Sheriff's Office (PSO) has experienced significant success in the past year, including the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO). The Sheriff's Office (PSO) has experienced significant success in the past year, including the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO).

The Law Enforcement Division has a number of opportunities with regard to public safety services, including the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO). The Law Enforcement Division has a number of opportunities with regard to public safety services, including the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO).

Challenges facing PSO in 2012 are various, from continued budget constraints, rising police salaries, and increasing law enforcement costs, to the implementation of the new Sheriff's Office (PSO) and the implementation of the new Sheriff's Office (PSO).

### Department Narrative

Describe the way your department **enhances diversity and equity** in the County within the space outlined by the circle on the right, below. This text box is locked in all aspects (length, font size, and margins), so be concise! Use the space to:

(continued)

**NEW!**  
for FY 2012

- List your department's diversity and equity programs and activities.
- Describe how your programs contribute to County diversity and equity goals. Evaluate your programs and activities against the Chair's priorities: *"Ensuring that Multnomah County's internal operations support and build the diversity of our workforce"* and *"ensuring that our investments in the community build a more just and equitable Multnomah County."*

Read more about the Chair's Diversity & Equity Initiative [here](#).

The screenshot shows a document titled "Sheriff's Office" with a subtitle "fy2012 adopted budget". It contains a section titled "Diversity and Equity" with a red circle around it. Below this section is a "Budget by Division" table.

Division	FY 2012 General Fund	Other Funds	Total	Total FY12
Sheriff's Office	1,100,000	1,000,000	2,100,000	2,100,000
Corrections Division	700,000	1,000,000	1,700,000	1,700,000
Law Enforcement	1,000,000	1,000,000	2,000,000	2,000,000
<b>Total Sheriff's Office</b>	<b>2,800,000</b>	<b>3,000,000</b>	<b>5,800,000</b>	<b>5,800,000</b>

- The "budget by division" chart will be compiled and inserted into this page by the Budget Office after budget requests have been received, so leave that section blank in your budget submission.

### Division Narrative

This narrative section provides additional space for describing how your department's programs are organized at the operational level. Use the template found on the Web [here](#), and **save as many copies as you have divisions** in your department. Be sure to type in the name of the division in the space shown in the red circle on the next page.

**Revised!**  
for FY 2012

The text box is locked in all aspects (length, font size, and margins), so be concise! Include a brief description of your division's strategic plan, if one exists, and use this space to:

- Describe the **division's work**. Use active verbs here: "The Support Enforcement Division helps children receive financial support from both parents" or "The Aging & Disability Services Division helps older adults and people with disabilities to live as independently as possible."



- Describe the **community need or problem** that the division addresses: “The Animal Services Division ensures the safety of people and animals.”
- Describe the **division’s clients**. “The Elections Division conducts all elections for the citizens of Multnomah County.”
- Describe the **division’s successes**. “Neighborhood Libraries served XXX,XXX people last year, an increase of XX% over the previous year.”
- The **significant changes** section is a place to note operational changes at the division level: re-organizations, service delivery model changes, new programs, or programs that are eliminated. Include a reference to the affected program offer so that readers can find additional information about the changes. (See page 22 for more information about what constitutes a “significant” change.)

Don’t forget to type in the name of the division in the space shown in the red circle, below.

**Note that** the Budget Office will prepare and insert a chart showing the program offers in the division, total cost broken out by General/Other Funds, and FTE.

Sheriff's Office	
fy2012 adopted budget	
Executive Office	<p>The MCSO Executive Office plays the critical role of oversight for the operations of the entire agency. A focus on staff will bring through the agency Chapter, a single point of contact for the Office of Sheriff through the Public Information Officer, and a commitment to standards and ethical conduct through Professional Standards.</p> <p>The Executive Office is the first point of policy for Sheriff's Office operations. It sets the course for the agency, and ensures operations are safe and on target. The Inspection Unit accounts for agency finances and other critical equipment, and oversees all Life Safety functions. The Public Information Officer relays information about agency operations to the public, through public records requests, media inquiry and periodic publication. The Internal Affairs Unit assures a commitment to effective and ethical conduct, both through investigation of complaints against members and through oversight of agency high-risk practices. The Training Unit assures compliance with certification requirements for members, regular training for quality assurance of operations and regular review of policy and practice against local and regional legal standards.</p> <p>The Executive Office maintains a comprehensive perspective of Public Safety providing oversight for policing, corrections, search and rescue, and many other services for Multnomah County residents and visitors.</p> <p>The following describes the significant budget changes that impacted the division. Please information can be found in the program offers.</p> <p>Significant Changes for Executive, Professional Standards and Training</p> <ul style="list-style-type: none"><li>• Reduction of the Undersheriff position in the Executive Office due to new administration restructuring. General fund decrease of \$175,631 and 1.00 FTE.</li><li>• Reduction of the Chief of Staff position in the Executive Office due to new administration restructuring. General fund decrease of \$110,913 and 0.80 FTE.</li><li>• Reduction of an Investigator in Professional Standards to meet budget constraints. General fund decrease of \$180,115 and 1.00 FTE.</li><li>• The Training Unit was moved from the Enforcement Division to Professional Standards. No change in staffing.</li></ul>
Significant Changes	

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### Putting it all Together

#### A Few Notes about Assembling the Budget

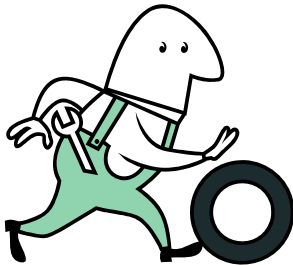


The following sections detail the technical aspects of assembling program offers for FY 2012. We will continue to use the web tool that was developed for the FY 2006 budget process, with the addition this year of **narrative sections prepared in fillable PDF forms** found [here](#).

As has been the case for the past several years,

- The Budget Office **will not be copying SAP Version 10 to SAP Version 20**. You may still build your budget in V10, and we will copy from CO/PS into FM if you use that method to balance. The Budget Office has instructions for how to download numbers from SAP. You may also build your program offer budgets in spreadsheets if you like.
- You may enter your numbers manually into the web tool, or you may use the **upload file** found on the Web [here](#) to upload all of your numbers at once.
- You **may not use plan assessments or settlements** in your FY 2012 budget. *Note that you may still use actual assessments or settlements, however.*
- There is a **new checkbox** to use if your program contributes in any way to the County's Climate Action Plan. See page 18 for more information about using this checkbox. For more information about the Climate Action Plan, read the [Climate Change section](#) on the County's [Sustainability web site](#).
- We will expect additional description in the "Explanation of Revenues" section. See page 22 for additional requirements.

### Assembling Budget Data



The basic mechanics of assembling budget numbers have not changed. The first step is to compile budgets in SAP cost objects (cost center, wbs elements, and internal orders) according something resembling the following process:

1. Gather inputs:
  - a. Revenue data
  - b. Personnel Cost Planning
  - c. Allocations from internal service providers
  - d. estimates for other expenses for the upcoming year
  - e. Budget Manual instructions
2. **Assemble administrative budgets**, by SAP cost object by cost element.
3. **Assemble drafts of support service budgets**, by cost object by cost element. Refine as operating program budgets are built.
4. **Assemble operating program budgets**, by cost object by cost element.
5. Using the budgets built in steps 2-4, above, managers and techies work together to **assemble program offers** from the group of operating budgets. *This last step is the familiar "crosswalk" from the SAP structure to the program offer structure.*

### Assembling Program Offers



Program offers contain both numbers and narrative *together*. In the distant past, the Budget Office has assembled the narrative document. For FY 2012, program offers will constitute the bulk of the department's narrative budget, and therefore, **departments are responsible for putting the numbers and words together**.

How will this happen? It helps to have a picture of how the budget data will be displayed in the program offer in the web tool. That picture will look more or less like this:

Projected Program Cost:				
	Adopted General Fund FY 2011	Adopted Other Funds FY 2011	Proposed General Fund FY 2012	Proposed Other Funds FY 2012
<b>Program Expenses</b>				
Personnel	827,912	4,685,007	852,749	4,825,629
Contracts	91,493	1,589,767	94,238	1,637,460
Materials & Supplies	124,964	237,967	128,713	245,106
Internal Services	110,951	722,260	114,279	743,928
Capital Outlay	0	5,300	0	5,459
<b>Program Total:</b>	<b>8,395,621</b>		<b>8,647,561</b>	
<b>Program FTE</b>	<b>8.28</b>	<b>46.85</b>	<b>8.53</b>	<b>48.26</b>
<b>Program Revenue</b>				
Fees, Permits, & Charges	0	574,020	0	591,241
Intergovernmental	0	6,666,281	0	6,866,341
Taxes	0	0	0	0
Other/Miscellaneous	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>7,240,301</b>	<b>0</b>	<b>7,457,582</b>

How do these numbers get into the web tool? There are two ways:

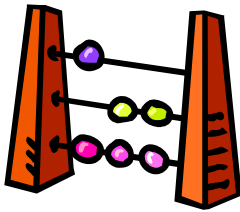
- You may enter them manually.  
You may upload them, using the template found on the Web [here](#)
- The web tool will aggregate cost elements into the correct expenditure, revenue, and FTE amounts.
- ***Bonus for Techies!*** Do not split SAP cost objects between one or more program offers. If necessary, create new SAP cost centers or wbs elements to maintain a one-to-one relationship between SAP cost objects and program offer numbers in the web tool.

**Note that FTE and performance measure data is entered manually.**  
There is no way to automate these tasks.



### Personnel Cost Planning

**NEW!**  
**for FY 2012**



*Contact your budget analyst with questions or for instructions on creating vacant positions in PCP.*

In December, the Budget Office sent out spreadsheets containing information on positions and personnel costs for FY 2012, including the assumptions behind the cost estimates. The positions in the spreadsheets are the positions (and the people in them) that were uploaded into SAP's Personnel Cost Planning Module (PCP) in December. The uploaded positions are those that were valid as of December 1, 2010. Positions that are on-call, temporary, or vacant are NOT included in the upload.

- FY 2012 base pay as uploaded for **represented employees** assumes:
  - the calculated base pay for FY 2012, assuming a step pay increase, cost of living adjustment (COLA) **for all positions regardless of contract status**, any recently added/adjusted steps, VEBA and briefing pay adjustments, 2088 hours for hourly positions, and that the position is full time.
- FY 2012 base pay as uploaded for **exempt employees** assumes:
  - No merit or COLA increase
  - Salary adjustments for elected officials based on Salary Commission recommendations.
- **Additional adjustments included in the projections:**
  - Corrections Officers: 2.8% Briefing Pay adjustment
  - Deputy Sheriffs: 1% additional VEBA adjustment, and wage scales averaged
  - Electricians Local 48: 3% additional VEBA adjustment
  - FOPPO: 1% additional VEBA adjustment
  - Non-represented: 1% additional VEBA adjustment
  - Corrections Officers/Sergeants and Civil Deputies wage scales are averaged
  - HVAC Engineers Local 701: +\$.03 Disability adjustment, VEBA 2%
- Your **personnel budget still must be built in SAP/PCP**. We maintain PCP as a central repository for the County's FY 2012 personnel cost plan.
- **DO NOT** budget personnel splits smaller than 0.1 FTE.
- You will need to **submit a spreadsheet as part of your budget request that shows how your personnel costs are split between cost centers and wbs elements**. We will use this spreadsheet to check the totals for personnel costs in both PCP and in the CO and PS modules. You may use the Personnel Cost Splitter found on the Web [here](#), or you may create your own spreadsheet to use for this purpose. The information required by the Budget Office is shown below:

CC/wbs	JCN	FTE	Base (60000)
210000	6020	1.00	40,000
4FA03-1	9631	3.00	150,000
250000	6001	1.00	20,000
250000	6555	5.50	195,200

### The Mechanics of Personnel Cost Planning (PCP)

### Calculating Personnel Costs:

### Definitions and Methods of Computation.

#### Definitions

- **Permanent Full-Time:** Any employee working 32 hours per week or more on a regular basis. Full time employees are entitled to **full** benefits.
- **Local 88 ONLY: Permanent Three-Quarter Time:** Any employee working 30 hours per week on a regular basis. Three-Quarter Time employees are entitled to **three-quarter** benefits for health and dental insurance, and full life insurance.
- **Permanent Part-Time:** Any employee working 20 - 32 hours per week on a regular basis. Entitlement to step increases varies by bargaining unit. Check the appropriate contract to determine when a step increase is anticipated for permanent part time employees. Permanent part-time employees are entitled to **half** benefits for health, dental and full life insurance.
- **Temporary:** Any employee working less than 20 hours per week or working full-time for less than half the year. You must budget for FICA, Tri-Met tax, workers' compensation, and unemployment. Temporary exempt employees are entitled to all County benefits except Holiday pay.

#### Methods of Computation:

All personnel costs are factored into the SAP Personnel Cost Planning module. Remember to check the following:



*As always...*  
**DO NOT  
BUDGET  
SALARY  
SAVINGS!**

- **Are there vacant positions or new hires since December 1<sup>st</sup>, 2010 in your organization?** Double check to see that the vacancies have been recorded in Personnel Cost Planning. You may need to create the positions from scratch. You may check the current version of SAP for more information.
- **Adjust positions to the correct FTE level.** PCP wage projections are for 1.0 FTE, even if the position is approved for less than full time.
- **Adding or Reclassifying a Position:** Contact your department's budget/finance division for more information on adding or reclassifying a position in the budget.
- **Budgeting for Salary Savings:** The Budget Office has never encouraged the use of salary savings in the budget. Salary savings must always be "re-purchased" in subsequent budget years, and due to the ongoing recession, the likelihood of such re-purchase in FY 2012 and beyond is very small. Therefore, for FY 2012 the Budget Office will disallow the use of salary savings. If you must reduce personnel costs in order to balance your FY 2012 budget request, you will have to reduce or eliminate positions.
- **Note that contract provisions have been factored into the data uploaded into Personnel Cost Planning.**
- The medical/dental insurance "flat amount" changes for FY 2012, from \$12,960 per employee to **\$13,542 per employee**. For Local 88 three-quarter-time employees, the annual amount is **\$10,156 per employee**. For half-time employees, the amount is **\$7,725 per employee**.

### Internal Service Rates

### Budgeting for Internal Service Reimburse- ments



Internal Services include Facilities, FREDs, and Information Technology (IT) (including Telecommunications.) These services are paid for with service reimbursements revenue from your organization. This revenue is credited to dedicated internal service funds for each service provided. Be sure to coordinate your work load estimate with these organizations before you submit your program offers!

For FY 2012, the Budget Office will serve as the official clearinghouse for Internal Service rates by publishing them on the INTERNET [here](#).

**--BUT--**

Internal service providers are responsible for meeting with departments to negotiate levels of service and the amount of service reimbursement to budget. Service providers will contact your department to discuss how costs have been allocated to your department.

Detail and document your request if it is different from the proposals submitted by the internal service providers.

The purpose of having publication dates is to manage various versions of the rates and to have an official publication site for them. For FY 2012, the ONLY publication date will be:

**December 17, 2010**

Note that for FY 2012 internal service rates will be published once. Use the December 17th rates in your budget request. As always, there may be some additional changes in developing the Chair's Executive budget, and it is the responsibility of the department to inform the Budget Office and any internal service provider of those changes, so they may be checked and tracked accordingly.

Carefully review the cost element descriptions on pages 59 to 68 for changes to how we will account for some internal service costs in FY 2012:

- Telecom rates (60370) will no longer include the costs of mobile phones, pagers, long-distance, or moves/adds/changes. *Budget these items in cost element 60200, Communications. See page 60.*
- Facilities rates (60430) will no longer include the costs of service requests. *Budget these expenses in cost element 60220, Repairs and Maintenance. See page 61.*

### Current Year Estimate

For Current Year Estimated expenditures, list by Personnel Services, Contractual Services, Materials & Supplies, and Capital Outlay. Identify changes from current budget amounts and explain substantive deviations. The CYE should be on spreadsheets sent electronically to your budget analyst.

### Step by Step Procedure for Current Year Estimate

The narrative should identify the difference between the current budget and Current Year Estimate in a systematic fashion. You can use the following steps in developing your current year estimate.

**Step 1:** Identify the Department, Division, current budget, CYE, and difference.

**Step 2:** Identify delayed programs and the amount saved by the delay. List by program and amount.

**Step 3:** Identify the savings from unfilled positions (total FTE and total dollars only).

**Step 4:** Explain other differences if material.

**Note that** staffing FTE for the Current Year Estimate should be the **current approved budgeted amount (in version 0 in SAP)**.

The CYE expenditure spreadsheet should identify the agency, fund, division, the type of expenditure (personnel, contracts, materials and supplies, or capital) and amount.

### Current Year Estimate for Revenues

The CYE revenue spreadsheet should identify the department, fund, division, revenue source, and amount. It will be helpful to calculate the difference between the current budget and your projected CYE as shown on the example below. For revenue sources where you are expecting receipts to be "materially" different (more than +/- 10%; minimum of \$25,000) than the budgeted amount please provide an explanation for your projection.

#### Recreation Services Fund

*Parks Division*

		FY 2008-2009		(CYE-Revised)	(Percentage)	Explanation (if needed)
Revenue	Revenue Name	Revised	CYE	Difference	Difference	
50150	County Marine Fuel Tax	120,000	126,450	6,450	5.38%	
50220	RV Licensing Fee	271,000	307,000	36,000	13.28%	Fee increase scheduled 1/1/00
50150	Marine Board Fuel Tax	15,000	22,000	7,000	46.67%	
50360	Sale of Real Property	42,003	45,000	2,997	7.14%	
50250	Sales to the Public	<u>10,300</u>	<u>10,300</u>	<u>0</u>	<u>0.00%</u>	
<b>Totals:</b>		<b>458,303</b>	<b>510,750</b>	<b>52,447</b>	<b>11.44%</b>	

### Budget Amendments

Each year we make certain changes to the budget after it has been approved but before it is adopted. These changes are made through a series of budget amendments, which the Board votes on during the budget adoption process.

### Amendment Preparation Guidelines



**Due dates for FY 2012 amendments will be set in April, 2011; contact your budget analyst after that time for exact dates.** The exception to this date is if the Board requests a change to a program offer that affects your departments. In that instance, work with your budget analyst to revise the program offer.

Forms are available on the Web [here](#) (choose the “modification” form) or from your budget analyst, and must include line-item detail and a brief description of the change being made. *Program amendments require a supplemental staff report describing and justifying the requested change.*

### Program Amendments

Program amendments make a programmatic or policy-driven change in a department’s budget request such that funding levels are increased or decreased, or staff are added or subtracted. An example of a program amendment would be a program proposed by a Board member during the budget briefings. Program amendments also require a supplemental staff report supporting the requested change.

### Technical Amendments

Technical amendments make adjustments between object codes that do not change the bottom line in a department, a fund, or in staffing levels. An example of a technical change would be adjusting materials and services between a department’s divisions in the same fund.

### Staffing Amendments

Staffing amendments show any proposed change in staffing levels between departmental organizations. Staffing amendments are the same as technical amendments in the sense that they should not reflect any bottom-line changes in a department’s staff levels. An example of a staffing amendment would be the transfer of staff into a different program within the department. Reclassifications are also categorized as staffing amendments.

### Revenue Amendments

Revenue amendments are a means of recognizing revenues that were not included in the program offers submitted in March. An example of a revenue amendment would be a grant that is awarded to a department in April, after the department’s program offers have been turned in. *Contact your budget analyst for further information on preparing revenue amendments.*

### Carryover Amendments

Carryover is a one-time-only *re-appropriation in the new year* of an expenditure *authorized in the prior year*. Your budget’s **ending balance**, or unspent appropriation, should be adequate to cover the purchase in the new year. We will accept carryover amendments **ONLY** for those items that have been purchased but not received by June 30, 2011. As always, please provide your budget analyst with the applicable SAP PO number.

### Fee Schedule

#### ***NEW!*** **for FY 2012**

For FY 2012, the Budget Office has created a consolidated fee schedule that will be made available to the public on the County's website. The purpose of the fee schedule is to provide a central access point for the County's fees as well as a portal for more in depth information on the fees, where applicable. Our goal is to have the schedule be as comprehensive as possible, though certain exceptions may occur, e.g. the Health Department's clinical fees for service. Contact your budget analyst if you have questions about whether a fee should be included or not.

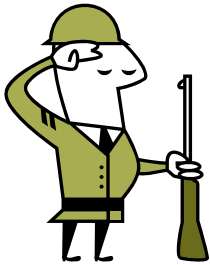
### Fee Schedule Preparation Guidelines



The fee schedule will be presented by the Budget Office and approved for all departments by the Board as a consolidated process during the annual budget adoption. **Due dates for the FY 2012 fee schedule will be set in April, 2011; contact your budget analyst after that time for exact dates.**

The fee schedule template can be found as an excel file on the Web [here](#). There is an instructions tab in the file that provides detailed information on how to populate the schedule. For each department there is a separate tab in the file that the department should populate with their fees. The file has been pre-populated in FY 2012 by the budget office, though additions, deletions and amendments will likely be necessary. You do not need to be overly concerned about formatting the spreadsheet as the Budget Office will do this as part of the consolidation process.

### Budget Boot Camp



Budgeting is a fact of life in government and living within it is part of management. In Oregon budgeting has some unusual bells and whistles. This outline is aimed at hitting the high points and providing a context for the nit-picking that occurs during the year.

- Budgeting is based on certain fundamental concepts.
- Some of these concepts are embodied in law
- Some of these concepts are part of management responsibility
- All of them come together in the document and the authorizations it gives.
- Knowing helps you get what you need.

### Basic Language

Budget is a financial plan matching **authorized expenditures** with **estimated resources**. Slippery Truths:

- THERE IS NO MONEY IN A BUDGET
- BUDGET IS FICTION.

*For fact, consult an accountant*

- Budgeted revenue is an **ESTIMATE** of income.
- Budgeted expenditures, appropriations, are **PERMISSION** to spend.

*ORS 294.435 says the governing body shall make appropriations when it adopts the budget; “(4) Thereafter no greater expenditure . . . of public money shall be made for any specific purpose than the amount appropriated therefor. . .”*

**Appropriations** are authorizations by the Board to spend up to a certain amount of the County’s money. *It does not matter where that money came from, it belongs to the County. No one can legally spend it on anything without Board authorization.* There are different kinds of appropriations:

- Departmental appropriations – personnel costs, contractual costs, materials and supplies, capital
- Interfund appropriations – cash transfers
- Fund level appropriations – Contingency accounts – for “unforeseen situations or situations where the amount could not be known when the budget was adopted,” and:
- The Odd Fellow: Unappropriated Balance
  - It’s not an appropriation because it is not an authorization to spend.
  - It’s a commitment to leave some amount of revenue unspent for a fiscal year, to carry it over into the next year.
  - It is also a reserve against possible revenue reductions – a margin between spending and income

### Spending more than has been appropriated

ORS 294.100 says “It is unlawful for any public official to expend any money in excess of the amounts or for any other or different purpose than provided by law. **Any public official** who expends any public money in excess of the amounts, or for any other or different purpose or purposes than authorized by law, **shall be civilly liable** for the return of the money. . .



### The Cornerstone of the Law: ORS 294.381

Generally, [local budget law](#) is a slightly klutzy checklist of actions to take. But *one section* drives many of the procedures that seem the most arbitrary. That section determines **How much property tax?**

The law is built to limit property taxes. Therefore, it makes it difficult to spend other revenue if that revenue was not accounted for when the budget was adopted and property taxes were levied. The theory is that all non-property tax revenue **ought** to REDUCE the property tax levy.

### Budget Process: the six worthy goals of Oregon Budget Law



State budget law has six stated goals :

- Standardize preparation and administration
- outline government programs and fiscal policy
- estimate revenues, expenditures, and tax levies
- obtain public views
- control revenues and expenditures, improve efficiency and economy, and
- apprise the public, taxpayers, and investors of administration and financial policies.

The Statutory Process (greatly summarized):

- The executive proposes a budget (asks permission to spend)
- The Budget Committee approves a budget (recommends spending, sets upper limits on revenues -- especially property tax) after a public hearing
- Tax Supervising reviews the budget to see that it is legal - at a public hearing
- The governing body adopts the budget - at a public hearing

Our process tries to both obey the law and collect information so that....

- Authorized spending does not exceed likely revenues;
- All likely revenues are accounted for;
- Policy direction is stated and carried out.

The process has some legal restrictions about timelines and events -- not many. The process is complex because it aims to satisfy so many needs.

### The County Budget Preparation Mill

#### Who does what, when?

- Chair / Board set process and parameters, Budget Office / Departments figure out a process - Fall.
- Departments work on budget request between mid-December and mid-February.
- Chair reviews request with Departments / Budget Office, proposes spending - Jan -March
- Board holds hearings, authorizes spending- May through June



### ***Dates in the law:***

- *Adopt the budget by June 30, levy taxes*
- *TSCC certifies the legality of the budget by June 20*
- *The Board, sitting as the Budget Committee, approves budget in time to give it to TSCC by May 15<sup>th</sup>.*

### **What do departments do?**

- Figure out what they need to do their job
- Figure out what dedicated and operational revenue will come to the County
- Document these things accurately and on time
- Explain the request so the Chair / Board can grasp it and will favor it
- Analyze program / fiscal impact of decisions

### **What does the Budget Office actually do?**

- Recommend on fiscal matters
- Act as shepherd for the budget process
- Keep departments informed about Chair / Board direction and questions
- Analyze fiscal / program impact of decisions
- Compile budget documents

### **What do the Chair and Board do?**

- Whatever they want!

### **Managing a Budget**

Manage to avoid trouble! The budget is how the Board gives **permission** to spend County money, of whatever kind. Remember that....

- Spending more than the Board authorized is illegal.
- The penalty of spending more is possibly to pay it back yourself.
- Try to minimize that possibility

### **Where do you get information to manage?**

SAP contains the County's real books – what the external auditors audit. Information in SAP is live, all of the time. SAP Modules in brief

- Funds Management (FM): where the legal budget lives.
- Controlling (CO): where personnel (and other) costs are reported.
- Project System (PS): where the County budgets for grants.
- Human Resources (HR): home of all personnel information.

In SAP, each financial system module is structured differently.

- In FM, you can see budget and actual data by fund.
- In CO, you can see budget and actual data by cost center, but not by fund.
- In PS, you can see budget and actual data down to 99 levels of detail!

Who do you call?

- If you want training in SAP, call (503) 988-HELP (4357).
- There is SAP help information [here](#), too.



### How to keep from going to Budget Jail *or paying money back.*

Keep track of what you are spending! Estimate where you will be at the end of the year.

1. Look at your financial reports in SAP.
2. Divide total expenditure by the percent of the year that has passed, compare it to budget.
3. Multiply the last month's expenditure by the number of months left in the year, add it to total expenditure, and compare it to budget.

### Part I: Watch your expenditures

Are you spending less than budget? Sleep well! Unless it's close. If it's close, take a closer look.

1. Assume less of the year has passed.
2. Do the calculations again

Are you spending more than your budget? Figure out why. Ask the following questions:

- Is it an estimate problem?
- Are there big "one time" payments?
- Has someone else charged their costs to you?
- Is it a personnel problem?
- Have you hired too many employees?
- Are your employees costing more than you thought?
- Is it an unbudgeted cost?

Once you figure it out, tell someone--in your department, or your budget analyst. Think of a way to solve it.

- Can you hold a position vacant?
- Can you squeeze Materials & Services?
- Can you delay starting something?

If you can't solve it, who can? Within your department, is someone else going to underspend? Can someone else be persuaded to underspend? If not, you can request a modification to your budget.



### How to keep from going to Budget Jail *or paying money back.*

What if revenue is less than budget estimates? The process for estimating operational revenues parallels the process for estimating expenditures.

Is there another available revenue source to make up the difference?

- Yes: Adjust both estimates and go on with life.
- No: Then *adjust spending*.

Or ask for help (just as you would if spending was going over budget)

What if you are getting more money than you thought? *You should ask the Board's permission to spend more County money, based on an increased revenue estimate.*

### Part II: Watch your revenues

### Changing the Budget



The Board can always reduce one appropriation and add it to another. The Board can always reduce appropriations if estimated revenues decrease. It can do these with “Budget Modifications.” Budget Modification:

- Requires Board approval if it changes a “bottom line” – total spending by Dept/fund
- Shows what additional authorization you need
- Shows what other appropriation will be reduced.
- Is accompanied by a memo explaining the situation and why this is the preferred way to deal with it.

But what if you want to increase the budget? What if we discover new revenue? What if we need (want?) to move appropriations from one fund to another? What if we want to use some of the money we said we weren’t going to need [unappropriated balance]? *Remember . . .* with certain exceptions, the budget law aims to make it tough to spend new money. It also aims to make it tough to move resources around.

### Changing the Budget #1: Grants

“Grants” are shorthand for “grants, gifts, bequests or devises transferred . . . in trust for specific purposes . . .” [ORS 294.326(3)]. If someone else takes responsibility for budgeting for a service, and uses us as the vehicle to provide the service, we can increase our authorized spending just by getting Board permission. If we get grant money, all we need to do is a Bud Mod. [accompanied by an intergovernmental agreement]

### Changing the Budget #2: Service Reimbursements

We have internal service funds (Internal Service Funds -- ORS 294.470). We can increase their appropriations if programs in other funds shift appropriations into payments for services. If you want more service, the providing fund can be increased: all you need to do is a Bud Mod.

### Two things the law does not encourage

There are two things that Oregon Budget Law does not allow:

- Increases in appropriations except grants
- Uses of unappropriated balance

### Agenda Placement Requests For Budget Modifications

Bud Mods that must be approved by the Board of County Commissioners need to be submitted to the Chair's Office and the Board Clerk for placement on the Board's agenda. The agenda packet must be complete to be accepted by the Board Clerk. "Complete" means that the Agenda Placement Request has been filled out, all signatures have been acquired and all attachments have been included. The Board Clerk will not place any item on the final agenda without prior review and approval by the Chair's Office. Note that elected officials and their staffs follow a slightly different process. Contact your budget analyst if you work for an elected official and would like more information.

### Routing and Timing



An electronic copy of the agenda packet must be submitted to the Board Clerk by noon on Wednesday two weeks prior to the requested Board meeting. However....The Budget Office needs three days to review bud mods before they can be submitted to the Board Clerk. For those bud mods that add positions, your department's Human Resources staff and Central Human Resources need to review the bud mod as well, prior to submission to the budget office. Be sure to factor these reviews into your planning!

- NOTE: An agenda packet consists of both an electronic version and one single-sided, unstapled, original (hard) copy of the Agenda Placement Request and all supporting documents (e.g., contracts, ordinances, PowerPoint presentations, backup materials, etc.). File names for electronic submissions should not contain any spaces.
- NOTE: External backup documents of 50 or more pages do not have to be submitted electronically. In lieu of electronic submission, 25 copies of the documents must be included with the submission packet.

### Required Forms

An Agenda Placement Request (found on the Mint [here](#)) replaces the Staff Memorandum we formerly used, and is required for all agenda submissions including briefings, work sessions, executive sessions, special meetings and hearings, Budget Modifications, Contingency Requests and Grant Notices of Intent. Separate forms for Budget Modifications and Contingency Requests are no longer required. Budget Modifications and Contingency Requests do require a Budget Modification Expenditure & Revenues Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment.

### Bud Mod Requirements

*Bud mods must be reviewed and approved by the Budget Office prior to submission to the Board Clerk.*



Budget Modifications that change appropriations at the department fund level need to be approved by the Board, including transfers between funds, transfers from contingency and increases or decreases in grant revenues and appropriations. Departments are responsible for gathering all signatures, including both Central and departmental HR signatures for items with personnel actions, prior to submitting item to the Budget Office for review. The Budget Office requires 2-3 three days to review and approve the item.

Budget Modifications require a Budget Modification Expenditure & Revenue Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment.

Budget Modifications stipulating a new revenue source, or a significant change in the existing revenue stream, [a significant change is \$100,000 or greater] must be accompanied by documentation, confirmed by the revenue providing agency, as to the amount of revenue anticipated and the estimated dated of receipt.

Budget Modifications which ***do not change the adopted budget*** appropriation (“internal” bud mods) require notification to the Budget Office prior to making such changes in SAP. Such modifications include transfers between object codes, within personnel services, materials and services, capital outlay, contractual services, and between organizations within an appropriation unit.

Departments are responsible for entering bud mods in the CO/PS modules of SAP within the financial period that they are approved by the Board. The Budget Office will enter the Budget Modifications in the FM module of SAP within the financial period that they are approved by the Board.

### Contingency Requests

Contingency Requests must be reviewed and approved by the Budget Office prior to submission for the agenda. Contingency Requests require a Budget Modification Expenditure & Revenues Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment. Appropriate use of contingency funds is part of the Financial Policies in the Adopted Budget Narrative available on the MINT [here](#)

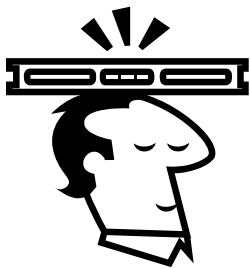
### Notices of Intent to Apply for Grants

Notices of Intent to Apply for Grants must be reviewed and approved by the Budget Office prior to submission for the agenda. Requests for grant renewals may be permitted but only if the renewal date falls within the NOI timeframe originally approved by the Board. Otherwise, a new NOI must be submitted for Board approval. Appropriate use of grant funds is part of the Financial Policies in the Adopted Budget Narrative available on the MINT [here](#)

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### Principles and Values of Fiscal Management

*These principles and values are applicable to all County employees in all circumstances.*



**1. You are a County employee first.** Often we are asked to wear multiple hats: we represent our departments, our operating units, the interests of our clients and our funding sources. However, we always hold the interests of the County first.

**2. It is not your money - other people decide on its use.** Integral to our form of government is the appropriation process. Authority to spend public resources is derived only from the Board of County Commissioners. Always remember that the definition of appropriation includes both an amount and a specific purpose. Appropriation is a tool that the Board uses to enact the policies that it makes.

**3. Don't hide behind the budget to avoid doing what needs to be done.** While seemingly at odds with the previous principle, this principle speaks to finding the balance between respecting the policy directions of the Board and exercising personal responsibility and judgment. The Board operates at the policy level. We find the best ways to implement those policies. While budgets may be changed, opportunities lost may be lost forever.

**4. Comply with the conditions of grants.** Perhaps a corollary of the 'it's not your money' principle. While we derive all spending authority from the Board, other partners may also have a say on how money is spent. Grantors in particular get to call the shots on grant resources. Respect the terms that govern grants; be sure to pass them on to sub-recipients as required.

**5. Always know and strive to collect the full cost.** When negotiating with funding sources, always negotiate the County's best deal. Be sure to include all overhead costs. Be sure to assess and collect Indirect Costs. Charge and collect for everything you can.

**6. Always charge things the way they happen.** Budgets are estimates. Expenses and collections are actual events. Record financial transactions where and how they happen, not how they were budgeted to happen. There will always be a variance between budgets and actual experience; the size and nature of this variance is useful information.

**7. Shout "fire" when there is smoke.** Problems happen, mistakes are made, things go wrong. When change is necessary, communicate. Don't compound problems by allowing them to continue.

**8. Forecast revenue cautiously.** The amount of our authority to spend public resources is based on our estimates of how much revenue we will bring in. The County accepts some risk taking in making estimates; however, the County's approach is generally conservative.

**9. Do not "spend down" your General Fund budget at year end.**

Related to the first principle regarding wearing your County hat first. While it may be in the best interest of a program or unit to spend down your General Fund resources at year end, or to spend General Fund when grant resources could be spent instead, it is generally not in the County's best interest. Spend wisely all year long. Always spend other people's money before spending the County's money.



### County Financial Policy Statements

Following are the County's FY 2011 Financial Policy Statements. For additional information on these policies, please refer to the FY 2011 Budget.

Financial policy statements are reviewed and recommendations for change are made on an annual basis. For questions on the County's financial policies, contact your budget analyst, or review the [current policies](#) on the Mint

### General Fund Financial Forecast

The Board of County Commissioners recognizes the importance of combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast. The Budget Office will prepare a five-year financial forecast for the General Fund that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

### Tax Revenue



The Board recognizes that taxation is necessary to provide public services to the citizens of the county. When considering changes to the County's tax structure, the Board will consider:

1. The ability of taxpayers to pay the tax.
2. The impact of the taxes imposed by the County on other local governments.
3. The effect of taxes on the economy in the county.
4. Administration and collection costs of the taxes.
5. The ease of understanding the taxes by the taxpayers.

### Uses of one- time-only resources

It is the policy of the Board that the County will fund ongoing programs with ongoing revenues. When the County receives unrestricted one-time-only revenue, the Board will consider setting these funds aside for reserves or allocating them to projects or programs that will not require future financial commitments. The Board will use the following criteria when allocation these one-time-only receipts:

1. The level of reserves set aside.
2. The County's capital needs set out in the five-year Capital Improvement Plan or Information Systems Development Plan.
3. One-time only spending proposals for projects or pilot programs, particularly investments that may result in long-term efficiencies or savings that do not require additional ongoing funds.
4. One time only dollars that encourage innovative ideas or technology.
5. Bridge or gap financing of programs that will not require additional ongoing funds.

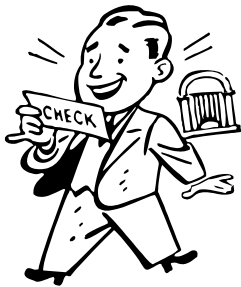
### Transportation Financing

It is the policy of the Board to support statewide and regional funding for transportation related needs. However, if statewide and regional funding packages fail the County will work with jurisdictions within the County boundaries to address the transportation funding needs of local governments located in Multnomah County.

### Indirect Cost Allocation

Generally it is the policy of the Board to recover from dedicated revenue sources the full cost of programs supported by those sources. The full cost includes the appropriate proportionate share of the cost of County overhead functions, both central and departmental, that is attributable to programs funded with dedicated revenues.

### Federal-State Grant and Foundation Revenue



When applying for a grant, the Board will consider:

1. The opportunities for leveraging other funds.
2. How much locally generated revenue will be required to supplement the grant/foundation.
3. Whether the grant/foundation source will cover the full cost of the proposed program. It is the intent of the County to recover all overhead costs associated with the grant/foundation.
4. The degree of the stability of the funding source.
5. Whether decline or withdrawal of the grant/foundation revenue source creates a budgetary expectation the County will continue the program.
6. If the grant/foundation funds used for pilot or model programs will result in a more efficient way of doing business.
7. If the grant/foundation is aligned with the County's mission and goals.

### User Fees and Sales

It is the general policy of the Board that user fees and service charges will be established at a level to recover the costs to provide services.

### Long term Liabilities

It is the goal of the Board to fully pre-fund all benefits including retirement benefits, with the exception of other post-employment benefits (OPEB). With the exception of the liability for compensated absences, GASB pronouncements require long-term liabilities to be assessed and disclosed in the County's comprehensive annual financial report.

### Accounting and Audits

The County's accounting system and financial records are required by State law to be maintained according to Generally Accepted Accounting Principles (GAAP), standards of the Government Finance Officers Association, (GFOA), and the principles established by the Governmental Accounting Standards Board (GASB), including all effective pronouncements.

### General Fund Emergency Contingency



It is the policy of the Board to establish an emergency contingency account in the General Fund, as authorized by ORS 294.352, each fiscal year during the budget process. The account will be funded at a level consistent with actual use of transfers from contingency during the prior ten years. To achieve financial stability, the following are guidelines to be used by the Board in considering requests for transfers from the General Fund Contingency Account:

1. Approve no contingency requests for purposes other than “one-time-only” allocations.
2. Limit contingency to the following:
  - a. Emergency situations which, if left unattended, will jeopardize the health and safety of the community
  - b. Unanticipated expenditures that are necessary to keep previous public commitment, or fulfill a legislative or contractual mandate, or can be demonstrated to result in significant support or programmatic efficiencies that cannot be covered by existing appropriations.
3. The Board may, when it adopts the budget for a fiscal year, specify programs which it wishes to review during the year and increase the Contingency account to provide financial capacity to support those programs if it chooses.

### Liquidity

The County will strive to maintain a liquidity ratio of at least \$1.50 of cash and short term investments to each \$1 dollar of current liabilities. This is higher than our credit ratings agency’s acceptable ration and is necessary given the County’s lack of revenue diversity and the volatility of the Business Income Tax revenues.

### Capital Asset Management



The County shall prepare, adopt, and annually update a five-year Capital Improvement Plan (CIP), which will identify and set priorities for all major capital asset acquisition, renovation, maintenance, or construction projects. The CIP shall identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance. In order to facilitate CIP discussions and create a clear alignment of policy and funding, the Facilities and Property Management Division shall evaluate all owned County facilities and shall maintain a current list of facilities which are in substantial compliance with all applicable building codes and which have no required capital work.

As part of the CIP presented to the Board, the Capital Improvement Financial Plan Committee shall annually recommend the best use or disposition of surplus property held by the County. The Board will make the final determination on the best use of disposition of the property identified.

### Fund Accounting Structure

The Chief Financial Officer is responsible for preparing and presenting a resolution defining the various County funds to the Board each fiscal year. The County will follow generally accepted accounting principles when creating a fund and determining if the fund is to be a dedicated fund.

### Internal Service Funds

Multnomah County will establish internal service funds for the following services:

1. Risk Management
2. Facilities and property management
3. Motor pool and electronics
4. Mail distribution
5. Data processing

### Banking, Cash Management, and Investments

The Chief Financial Officer is authorized to act as “Custodial Officer” of Multnomah County and is responsible for performing the treasury functions of the County under ORS 208, 287, 294, and 295, and the County’s Home Rule Charter. In carrying out these duties and functions, the Chief Financial Officer is authorized to establish internal Finance Program Area policy that meets generally accepted auditing standards relating to cash management.

### Debt Financing

The County’s current philosophy is to issue debt for public projects that will benefit the citizens responsible for paying the debt service. This is known as “pay as you use” financing for capital projects. All financings are to be issued in accordance with the County’s Home Rule Charter and applicable state and federal laws.

### Expenditure Cost Elements

The following cost elements are those used to budget County personnel expenditures. Because the County's largest expenditures and cost drivers are related to personnel, extra information has been included here.

#### 60000 Base Pay



This cost element accounts for employee base pay. To determine the base pay for a position, either a current employee or a new or vacant position, do the following:

- ***For bargaining unit (Hourly) employees:*** Multiply the employee's base pay hourly rate by the total number of hours for the fiscal year. Total hours for next year for full time are 2088. If an employee is entitled to a step increase during the year, you will have to determine how many work hours will be paid at the beginning rate and how many work hours fall after the step increase. These figures added together will be the total base pay for that position.
- ***Exempt Employees:*** For all exempt employees, multiply the employee's semi-monthly rate by 24. If an exempt employee is entitled to a merit increase it will apply as of July 1. Check to make sure that exempt employees are not at the top of the range before applying a merit increase.

#### 60110 Overtime

This cost element accounts for employee overtime payments. To determine how much overtime pay to budget, do the following:

1. Evaluate the nature of the tasks that require overtime coverage and any other information that will justify the request.
2. Estimate the amount you expect to need, and document your calculation.
3. Calculate figures for Salary Related Expense and Insurance benefits based on this amount and include them in Cost Elements 60130 and 60140.
  - a. Overtime pay for permanent employees includes the same Salary Related Expense and insurance components as for permanent pay excluding medical/dental insurance, health promotion and Life Insurance.
  - b. Find the appropriate rates by referring to the Salary Related Expense and Insurance rate tables the following pages.

#### 60120 Premium Pay

This cost element accounts for premium pay employees may receive in addition to their base pay, because of the type of work or hours of work involved. These categories include shift differentials, incentive pay, trainer pay, lock-up premiums, hazardous or obnoxious work, or lead work. To determine how much premium pay to budget, do the following:

1. Evaluate the need for this kind of pay.
2. Compute the amount, and document your calculation. The base pay is allocated to cost element 60000, Permanent. *Only the amount in addition*



to the employee's regular rate is charged to Premium Pay. Lead Workers are no longer in a separate classification - you may list them here and budget for the premium pay. You may also attach a "lead pay" cost element to the position and include the appropriate amount in the position.

- Some categories of work are compensated by a flat rate of premium pay. Estimate the total hours of work and multiply by the premium rate.
- Other categories receive a premium based on a percentage of base pay. In these cases you will need to determine how many hours will be paid the premium and then multiply by the appropriate percentage.

**Note that** if you record lead pay under 60120, Premium, remember to calculate figures for Salary Related Expense and Insurance benefits based on this amount and include them in Cost Elements 60130 and 60140. Premium pay for permanent employees includes the same Salary Related Expense and insurance components as for permanent pay excluding medical/dental insurance, health promotion and Life Insurance. Find the appropriate rates by referring to the Salary Related Expense and Insurance rate tables, below.

## 60130 Benefits Costs

This cost element accounts for employee benefits costs, including PERS and FICA (Social Security) benefits, and the Tri-Met payroll tax. To determine how much benefits cost to budget, do the following:

1. Determine the employee's bargaining unit and pension category (uniformed or not), and
2. Choose which of the five rates applies from the table below
  - **Don't know which rates apply?** Check the employee's labor agreement (found on the Labor Relations Mint site, [here](#)) to learn that employee's benefits eligibility.
  - **Are you budgeting for Corrections Officers?** Note that the PERS rates have changed for OPSRP members *only*. A recent grievance arbitration ruling provides for an additional 6% County contribution to members' IAP accounts.

**NEW!**  
**for FY 2012**

For instructions on **calculating benefits for temporary, overtime or premium pay**, see the instructions for the temporary employees.

<b>Components of Salary Related Expenses (60130)</b> <i>For All Departments</i>										
	Non-Uniformed					Uniformed				
	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT
Regular Employees	7.65%	15.86%	6.50%	0.69%	<b>30.70%</b>	7.65%	23.70%	6.50%	0.69%	<b>38.54%</b>
OPSRP Employees	7.65%	14.26%	6.50%	0.69%	<b>29.10%</b>	7.65%	16.97%	6.50%	0.69%	<b>31.81%</b>
OPSRP MCCDA						7.65%	22.97%	6.50%	0.69%	<b>37.81%</b>
<p>* FICA on first \$106,800 of salary is 0.0765; and 0.0145 for wages over \$106,800.</p> <p>** Includes both the Employer cost and the 6.00% pick-up</p>										

### 60140

#### Insurance Costs



This cost element accounts for medical, dental, and other insurance coverages for County employees. To calculate insurance expense on base, overtime, and premium pay, do the following:

1. Choose the appropriate rates from the table below for the department/fund/bargaining unit combination and assign those rates to the position.
  - Percentage rates for bus passes, workers' compensation, liability, unemployment, retiree medical/dental, long term disability and exempt employees' life insurance are charged against base, overtime, and premium pay. **Rates vary** by department and by organizational unit **from 7.5% to 10.75%.**
2. Add an amount for medical and dental insurance.
  - The cost of medical, dental, health promotion, and non-exempt employees' life insurance will be billed at the same dollar amount no matter what the individual level of coverage is. For FY 2012, the flat amounts are:
    - **\$13,542** for full-time employees
    - **\$10,156** for Local 88 three-quarter time employees
    - **\$7,725** for half-time employees.

#### Component Pieces of Insurance Benefits (60140) Rates

*Rates Rounded Up for Configuration in SAP*

	Worker's Comp	Liability**	Unemploy ment	Health/ Benefits Admin*	Retiree Medical	LTD/ STD/ Life	Total 60140 RATE
DCHS	1.25%	2.50%	0.60%	0.90%	2.00%	0.75%	<b>8.00%</b>
Health	1.00%	3.25%	0.60%	0.90%	2.00%	0.75%	<b>8.50%</b>
DCJ	1.50%	2.75%	0.60%	0.90%	2.00%	0.75%	<b>8.50%</b>
Library	1.00%	2.25%	0.60%	0.90%	2.00%	0.75%	<b>7.50%</b>
MCSO	2.25%	4.25%	0.60%	0.90%	2.00%	0.75%	<b>10.75%</b>
DA	1.25%	2.50%	0.60%	0.90%	2.00%	0.75%	<b>8.00%</b>
NOND***	1.25%	2.25%	0.60%	0.90%	2.00%	0.75%	<b>7.75%</b>
DCM	1.00%	3.25%	0.60%	0.90%	2.00%	0.75%	<b>8.50%</b>
DCS	1.50%	3.00%	0.60%	0.90%	2.00%	0.75%	<b>8.75%</b>

\* Includes County-wide bus pass benefit cost.

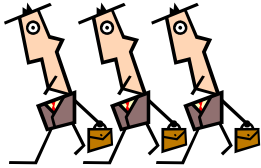
\*\* Liability rate includes County Attorney

\*\*\* Includes Chair's Office, Commissioner Offices, Auditor, Attorney, CIC, IT and TSCC



### 60100

#### Temporary Employees



This cost element is used to account for the cost of temporary employees. To estimate the amount to budget for temporary employees, do the following:

1. Document what you anticipate using temporary employees to do (the nature of the work, or the project they will be working on).
2. **Maintain documentation of how you came up with your numbers.** Document your rationale if you base your budget figures on historical/projected usage rather than actual position-by-position calculations.
3. Calculate Salary Related Expense and insurance amounts for the temporary employees, and record them in Cost Elements 60135 and 60145.
  - a. Insurance rates for temporary employees include workers' comp, liability and unemployment. Exempt employees are entitled to health benefits. *See the [Personnel Rules on the Mint](#) for more information on temporary exempt employees.*

#### *Note that*

- Temporary employees working at least 600 hours per year will begin receiving retirement benefits after a six-month waiting period. If temps work less than this they are not entitled to retirement benefits.
- If a temporary employee works for another PERS employer, and the combined hours will reach 600 hours per year, then both employers pay retirement benefits. If the employee is already in the PERS system, their retirement benefits begin immediately.
- Exempt temporary employees must work at least 40 hours a week and will receive retirement benefits after the six-month waiting period.

### 60135

#### Non-Base Fringe

This cost element accounts **ONLY** for fringe costs for temporary employees. *Use 60130 to budget fringe costs for lead and/or premium pay.*

Salary Related Expense rates for temporary employees include FICA and Tri-Met payroll tax (and retirement if applicable). Find the appropriate rates to use in the table on the next page.

#### *Note that*

- Temporary employees working at least 600 hours per year will begin receiving retirement benefits after a six-month waiting period. If temps work less than this they are not entitled to retirement benefits.
- If a temporary employee works for another PERS employer, and the combined hours will reach 600 hours per year, then both employers pay retirement benefits. If the employee is already in the PERS system, their retirement benefits begin immediately.
- Exempt temporary employees must work at least 40 hours a week and will receive retirement benefits after the six-month waiting period.



### 60145 Non-Base Insurance



This cost element accounts **ONLY** for insurance costs for temporary employees. *Use 60140 to budget insurance costs for lead and/or premium pay.*

Insurance rates for temporary employees include workers' comp, liability and unemployment. Exempt employees are entitled to health benefits. Personnel Rules are found on the Mint [here](#) for more information.

#### **FOR TEMPS: Components of Salary Related Expenses (60130)** *For All Departments*

	FICA *	Tri-Met	<b>TOTAL 60130 PCT</b>
All Employees	7.65%	0.69%	<b>8.34%</b>

*\*FICA on first \$106,800 of salary is 0.0765; and 0.0145 for wages over \$106,800*

#### **FOR TEMPS: Component Pieces of Insurance Benefits (60140) Rates** *Rates Rounded Up for Configuration in SAP*

	Worker's Comp	Liability* *	Unemployment	<b>60140 Rate for Temps</b>
DCHS	1.25%	2.50%	0.60%	<b>4.35%</b>
Health	1.00%	3.25%	0.60%	<b>4.85%</b>
DCJ	1.50%	2.75%	0.60%	<b>4.85%</b>
Library	1.00%	2.25%	0.60%	<b>3.85%</b>
MCSO	2.25%	4.25%	0.60%	<b>7.10%</b>
DA	1.25%	2.50%	0.60%	<b>4.35%</b>
NOND***	1.25%	2.25%	0.60%	<b>4.10%</b>
DCM	1.00%	3.25%	0.60%	<b>4.85%</b>
DCS	1.50%	3.00%	0.60%	<b>5.10%</b>

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### Direct Materials & Services

The following cost elements are used for the “stuff” departments need to do their work: contracts, supplies, and sundry other things. Please read carefully the definitions that apply to pass through, professional services contracts, and indirect costs, as these definitions change slightly from year to year. Also note that we do not budget in all available cost elements. For questions about budgeting in cost elements other than those identified here, contact the Budget Office.

### 60150 County Match & Revenue Sharing

These are payments made by the County in support of the programs of other jurisdictions or organizations. Examples include the County’s share of the budgets for “City-County Organizations” such as the County’s support for Regional Arts & Culture Council activities.

*These payments must be identified on the [contracts list](#) provided to the Budget Office.*

### 60155 Direct Program & Client Assistance

Use this cost element for services or materials that are purchased by the County on behalf of clients within a certain County program and have a relationship of a vendor nature per A-133. The intent of this cost element is **to limit the Pass-Through cost element** (60160) to services and programs that meet the federal definition of sub recipient regardless of funding source, and to consolidate non-sub recipient client services into one account for reporting purposes. This new cost element will also separate client expenses from County operational expenses.

### 60160 Pass-Through & Program Support

These are funds that are simply passed through to other agencies, *via a contract*. The County’s responsibility for the funds ends when payments are made, except that the County is responsible for ensuring the funds under the contract or program are being spent as intended by the County and the Funder.

*These payments must be identified on the [contracts list](#) provided to the Budget Office. **Note that** we have not used a different indirect rate for “pass-through” since FY 2002. See 60350, page 65, for more information on indirect.*

### 60170 Professional Services

Professional Services are services provided to the County by non-County employees and/or companies. Budgets can be for almost any service, and vary widely.

***Note that:***

- External Data Processing contracts are budgeted under cost element 60290 (External Data Processing).
- Equipment maintenance contracts are budgeted under cost element 60220 (Repairs & Maintenance).

- Food contracts are budgeted under cost element 60250.
- Training services contracts are budgeted under cost element 60260.

Include a description of the type of service you propose to purchase and the anticipated dollar amount by type of service.

*These payments must be explained in the [contracts list](#) provided to the Budget Office.*

### 60180 Printing

This cost element is for all printing, photocopying, binding, graphics, and photography services provided by the County's printing contractor. This cost element includes leased or rented copier machines. Note that toner and paper for copy machines is budgeted in cost element 60240, Supplies, unless specifically covered in a copier contract.

### 60190 Utilities



This cost element is used to budget costs for electricity, water, natural gas, fuel, oil, and garbage not paid by Facilities Management. **Facilities Management will pass through the cost of most utilities, and will provide estimates for budgeting these costs along with the Facilities charges for each building.** Contact Clark Jurgemeyer at x83074 with questions about utilities estimates.

**Note that** if your organization pays for utilities on behalf of others, for example by issuing utility vouchers for program clients, you should budget those costs either in 60155 (Direct Program or Client Assistance) or 60160 (Pass Through Payments), depending on the source of funds.

### 60200 Communications

**REVISED  
for FY 2012**

Use this cost element to budget cell phones, long distance telephone charges, pagers, and expenses for moving. For FY 2012, these discretionary items have been removed from the Information Technology rates and will be billed directly to your department. **Contact Tim Boylan in the [Telecom section](#)** at X83758 to obtain equipment lists, prior year long distance bills, and moves/adds/changes estimates to use for budgeting purposes. **NOTE THAT most costs for telecommunications, including desktop telephones, fax machines, credit card terminals, and videoconferencing are budgeted in cost element 60370, Telecommunications.**

### 60210 Rentals

This cost element is used to budget rental or lease of space or equipment from companies or individuals outside the County. Leased or rented copying equipment is budgeted in 60180 (Printing).

Lease/purchase agreements that exist for more than one year will be budgeted here. Lease/purchase agreements which are complete within one fiscal year should be budgeted as a purchase in the 60550 (Capital Equipment) line item.

*Notify Mark Campbell at x86229 if you plan to enter into **any** lease/purchase agreements. (Under Federal Law, the County could be subject to IRS penalties if the total of our debt issues, lease/purchase agreements, loans, long-term contract, etc., is not correctly anticipated and budgeted.)*

### 60220 Repairs and Maintenance

This cost element is used to budget for all maintenance and repairs – that is for repairs for which no pre-existing maintenance agreement exists and for maintenance contracts or service agreements with contractors outside the County. Repairs may be to machinery, buildings, or equipment.

### **REVISED** **for FY 2012**

**Use this cost element to budget an estimate for Facilities Service Requests.** Service requests are charged back to your department in the “95430” settlement (secondary) cost element. Not sure how much to budget? Contact Colleen Bowles at x84189 for a detailed list of your department’s service request expense history.

### 60230 Mail & Shipping

This cost element is used to budget for postage or related costs, parcel post, express mail, UPS, and FedEx. Use this cost element to budget for costs associated with shipping and mailing, such as folding pamphlets or stuffing envelopes. ***Note that Mail & Distribution internal service charges should be budgeted under cost element 60460.***

### 60240 Supplies

This cost element is to be used for all supplies whose original unit cost is less than \$5,000, including such items as office supplies, janitorial supplies, operating supplies, minor equipment and tools, clothing and uniforms, repair and maintenance supplies, and computer equipment and software that is not capital. The maximum cost per item is \$5,000. Items that cost \$5,000 or more per item are capital and are budgeted under cost element 60550, Equipment.

### 60245 Library Books & Materials

**This cost element is normally used only by the Library.**

This cost element includes library books, periodicals, videos, tapes, microfiche, microfilm, CD-ROMS, and other copyrighted materials used to provide library and/or information services.

### 60246 Medical and Dental Supplies

**This cost element is normally used only by the Health Department.**

“Medical and dental supplies” is limited to supplies related to or used for patient treatment. Examples include needles, syringes, cotton balls, bandages, tape, thermometer covers, gloves, normal saline, suture kits, q-tips, etc. This category also includes durable items with unit costs of less



than \$5,000, such as electronic thermometers, blood pressure cuffs, and stethoscopes. Durable items that cost \$5,000 or more per item are capital and are budgeted under cost element 60550, Equipment.

**Note that** drugs and vaccines (including Depo-Provera, topical antibiotics, lidocaine, etc.) should be budgeted under 60310, Drugs. Supplies to administer drugs (such as syringes and needles) should be budgeted under 60246, Medical and Dental Supplies.

### 60250

#### Food

This cost element is to be used for food purchased in bulk or provided by contract for County clients—for example, for inmates in County detention facilities. **Food or catering supplied for meetings or hearings should be budgeted as supplies** in cost element 60240. Per diem expenses for Travel & Training should be budgeted in cost element 60260, Education & Training.

### 60260

#### Education & Training

This cost element is used to budget for expenses including registration and attendance at professional or trade conferences and conventions, tuition and fees, course materials, out-of-town travel and per diem, lodging, contracts for training services, etc.

**Note:** Do not confuse the travel associated with a seminar with local travel, which is dealt with in ‘Local Travel and Mileage’ below.

### 60270

#### Local Travel and Mileage



Use this cost element to budget for mileage associated with travel within the greater metropolitan area, including Salem.

- **Cost recovery for bus passes is built into the insurance rate, so DO NOT budget for employee bus passes in this cost element.** *Note that* bus passes are a general benefit; you do not need to count the number of passes your department will actually use.
- Agencies supplying **bus/train tickets** to clients should budget them in cost element 60240, supplies.
- All bargaining units now use the Federal mileage reimbursement rate, which is **\$0.51 per mile** beginning January 1<sup>st</sup>, 2011. *Accounts Payable will notify departments if the IRS announces a change to this rate.*

### 60280

#### Insurance

Use this cost element for liability insurance, fire insurance, employee bonding, and other non-personnel insurance. *[Personnel insurance is included in cost elements 60140 and 60145 – Insurance Benefits.]*

**Note that** in the areas of liability and property insurance, the County is self-insured. Before entering into an external insurance obligation, contact Mindy Harris in the Finance Division at x83786.

### 60290 Software Licenses & Maintenance

Charges for data processing services performed under contract with **non-County** organizations are budgeted here. Costs of data processing services provided by the County Information Technology Division are budgeted in cost element 60380 – Data Processing Services. *See also cost element 60380, IT Services.*

### 60310 Drugs

Use this cost element for all drugs and vaccines purchased by the County, either from external sources or through the County's store supplies. **Note that** supplies used to administer drugs (syringes, needles, etc.) should be budgeted under cost element 60246, Medical & Dental Supplies.

### 60330 Claims Paid/ Judgments

**This cost element is normally used only by Risk Management.**

The cost element is used to budget payment of insurance claims, whether coverage is by policy or through self-insurance. Areas of insurance include, but are not limited to: property, general liability, unemployment and workers' compensation insurance. It is also used to budget for anticipated "money judgments" attained against Multnomah County by outside private or business parties through the court system.

### 60340 Dues and Subscriptions

Use this cost element to budget dues for memberships in associations, societies, or other organizations; as well as for subscriptions for newspapers, trade journals, magazines or newsletters. **Note that** memberships must be in the name of the County, not in the name of the individual County employee. The exception to this rule is where a membership is a requirement of employment and payment of the yearly dues has approval of the Board of County Commissioners. (Example – Bar Association dues for attorneys.)

### 60470 Contingency

*Please consult your Budget Analyst for advice on how to estimate, and budget for, Contingency in an operating fund that is shared by two or more departments.*

**This cost element is normally only used by the Budget Office.**

A general Contingency may be included in any operating fund. Per ORS 294.352, it is to be budgeted as a separate line item within an operating fund. It should be kept separate from departmental expenditures and it is considered an intrafund transfer in the sense that the Board must approve a budget modification authorizing a transfer from the Contingency line item. Also, transfers from Contingency are limited to 15% of total appropriations authorized for the fund so great care should be made in estimating the amount to be budgeted in this line item.

Since the Contingency is considered a "fund level" expenditure any amount budgeted in this line item should be included in the Overall County cost center (950000xxxx) for that fund. The Contingency estimate must be reasonable and based on previous experience. It cannot be made in place of an estimate for expenditures that are known to be necessary and can be anticipated.

60480

Unappropriated  
Balance



**This cost element is normally only used by the Budget Office.**

This cost element should be used *only* to account for proceeds that are expected to be held in reserve for future purposes. It is not an appropriation and it cannot be authorized for expenditure during the year except under extreme circumstances. An example of where Unappropriated Balance should be budgeted is the General Fund reserve which was established to move the County toward its 10% reserve target.

In general, the only funds that should budget an Unappropriated Balance are the General Fund and the County's bond repayment funds. Other dedicated funds may budget an Unappropriated Balance in lieu of an operating Contingency. An example of an acceptable use of this cost element might be the Fleet Management Fund where proceeds are used to fund replacement of vehicles to be purchased in future years.

Please consult Mike Jaspin in the Budget Office at x28594 if you have questions about *or are budgeting an amount* in this cost element.

60490

Principal

This cost element is for principal payments for the retirement of Bonds or Certificates of Participation. The amounts budgeted here must be supplied by the Finance Division. List and explain all interest payments and schedules of loans and Bonds. Do not confuse this with debt payments to the Capital Debt Retirement Fund (60450).

60500

Interest

This cost element is for interest payments for the retirement of Bonds or Certificates of Participation. The amounts budgeted here must be supplied by the Finance Division. List and explain all interest payments and schedules of loans and Bonds. Do not confuse this with debt payments to the Capital Debt Retirement Fund (60450).



### Internal Service Reimburse- ments & Cash Transfers

Use internal service reimbursement cost elements to budget the costs of services provided by other County organizations. All internal service rates can be found on the [Budget Office Web site](#). Additionally, information about the Indirect Cost Allocation Plan can be found on the [General Ledger Mint page](#). Be sure to use the rates provided by the internal service providers for your FY 2012 budget. Contact numbers are included in the cost element descriptions, below, if you have questions or need more information about the rates provided to your department.

### 60350 Indirect: Central Administration

There are two indirect cost rates for each department:

- The **central services rate**, to recover costs for central services such as General Ledger, Treasury, Budget, Human Resources, Finance, and the Auditor.
- The **department support services rate**, to recover costs for individual department support functions. This rate will be different for each department, and should be budgeted under cost element 60355.
- **Indirect cost rates for FY 2011 will be available on December 17<sup>th</sup>, 2010.** If you have any questions, contact LeeAnn Thompson in General Ledger (x22301). FY 2012 rates and additional information can be found on the [General Ledger page](#) on the Mint.

#### *Several notes:*

*Please note that indirect charges are not applied to capital expenditures.*

- There is **not** a separate rate for pass-through payments. *Use the departmental rate for all cost elements subject to indirect.*
- We no longer record General Fund support for grants that do not pay indirect. *Budget indirect costs only for those sources that pay it.*
- **Indirect WILL be charged** on internal service expenditures, **including** Risk Fund cost elements 60140 and 60145. *Also, exclude capital expenditures from your indirect cost calculations.*

Indirect revenue generated by the central services rate accrues to the General Fund and is budgeted by the Budget Office.

### 60355 Indirect: Departmental Administration

Use this cost element to budget that portion of indirect costs generated for your own department. Refer to the indirect cost plan for your department's rate.

**Note that the revenue generated by the departmental indirect rate accrues to your department to be used to pay for support functions.** Please budget in the General Fund under revenue cost element 50370, Departmental Indirect Revenue.

Indirect revenue generated by the central services rate accrues to the General Fund and is budgeted by the Budget Office.

# Cost Element Definitions

## Expenditures

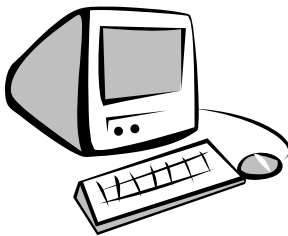
### 60370 Telecom- munications

**REVISED  
for FY 2012**

This cost element accounts for County-supplied telecommunications services including “dial tone” services such as desktop digital and analog phones; fax machine, alarm, and credit card terminals; and videoconferencing stations. **Note that** most variable charges—for cell phones, pagers, moves/adds/changes, and long distance charges—have been removed from IT’s telecom rates and should be budgeted directly in cost element **60200, Communications**. If you have questions about what to budget here, contact Time Boylan in the [County Telecommunications Section](#) at X83758.

**Detail your request if it is different** from the rates provided by the IT Organization for Telecom.

### 60380 IT Services



This cost element is for services provided by the County's Information Technology Organization. Services include PC and software maintenance and replacement, network and data center services, and application development. Costs included in the IT service estimates include:

- IT personnel costs
- Computer, telephone, training, and supplies for IT personnel
- Hardware and software purchases, maintenance, contracts, and repair/replacement costs
- IT professional services

Contact Tony Dornbusch at 988-4873 or x84873 with any questions about your service reimbursements and/or rates.

### 60390 PC Replacement

**This cost element is not used in FY 2012.** PC replacement costs are collected through cost element 60380, IT Services.

### 60400 Information Technology Small Capital

The IT Small Capital cost element provides departments with a way to plan and budget for replacement of IT equipment (servers, printers, software upgrades, etc.) The funds can be used for any IT capital purchase. If you budget an amount in this cost element, note the items that are intended to be purchased.

### 60410 Motor Pool Services

This cost element is used to budget the use of County vehicles. First-time vehicle users should contact Aimee Ortiz of Fleet Services (x29508) to receive an estimate for budgetary use. Agencies that anticipate the purchase of vehicles should contact Fleet, and budget the purchase here. **Detail your request if it is different** from the proposal submitted by Fleet.

### 60420 Electronic Service Reimbursement

This cost element captures costs of electronic radios and other small electronic equipment in facilities and vehicles. Facilities electronics include paging equipment and detention facility electronics (e.g. Security cameras, electronic door lock controls, etc). Electronic equipment in vehicles includes 2-way radios, mobile digital terminals, sirens, light bars, etc. Contact Aimee Ortiz (x29508) of Fleet Services if you have questions about budgeting for electronic equipment. **Detail your request if it is different** from the rates provided by Fleet Services.

### 60430 Building Management

This cost element is used for charges to all programs (including all grants that require space allocations) by Facilities Management for routine building costs, including space, utilities, maintenance, lease payments, and debt service. ***If your program will require more space, less space, or new space, you must work with Facilities Management to budget total costs.***

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**Detail space requirement information if it is different** from the rates provided by Facilities Management. Also detail estimates, by program area, of your need in FY 2011 for non-routine maintenance work. For further information contact your department's Facilities Property Manager.



For FY 2012, **do not budget service requests in this cost element.** Service requests are charged back to your department in the "95430" settlement (secondary) cost element. You may estimate anticipated service request expenses and budget them in the "Repairs & Maintenance" cost element (60220) in your department's budget. Not sure how much to budget? Contact Colleen Bowles at x84189 for a detailed list of your department's service request expense history.

### 60440 Other Internal

**Requirements** for the use of this cost element.

This service reimbursement is used to pay for work done for an organization by another County organization in a different fund. For example, if the sign shop in the Road fund makes a sign for the Sheriff's Office, the Sheriff's Office will be charged for the work and that charge may be budgeted by the Sheriff's Office in this line item.

For budgeting purposes, ***use of this cost element must be explained***, with an explanation of the services to be provided, the cost of the services, **and which fund will be reimbursed**. The fund being paid **must** be indicated so that the appropriate revenue can be included for that fund. Here are two helpful tips to remember when you use this cost element:

- **EVERY** instance of cost element 60440 **requires** a corresponding instance of 50310 in another fund; and
- **ONLY** use this cost element for **interfund** transactions. Put another way: you can't budget 60440 and its corresponding 50310 in the same fund.

If you are using this cost element in your FY 2012 budget, you **must** submit the template created for tracking other internal service reimbursements, found on the Mint [here](#).

### 60450 Capital Debt Retirement Fund

This cost element lists payments made to the Capital Debt Retirement Fund for principal and interest payments on Certificates of Participation or bonds. Mark Campbell (x86229) in the Finance Division will contact those programs that have obligations that should be budgeted here.

### 60460 Mail & Distribution, Records and Materials Mgt.

This cost element covers payments for U.S. postage and mail distribution for interoffice mail and U. S. mail. It is also used for Records and Materials Management costs. Contact Aimee Ortiz at x29508 if you have questions about budgeting for mail and distribution, records, or materials management. ***Detail your request if it is different from rates provided by FREDS.***

### 60560 Cash Transfer



This cost element is used to budget cash transfers from one fund to a different fund. For budgeting purposes, ***use of this cost element must be explained***, with an explanation of **which fund will be reimbursed**. The fund being paid **must** be indicated so that the appropriate revenue can be included for that fund. Here are two helpful tips to remember when you use this cost element:

- **EVERY** instance of cost element 60560 **requires** a corresponding instance of 50320 in another fund; and
- **ONLY** use this cost element for **interfund** transactions. Put another way: you can't budget 60560 and its corresponding 50320 in the same fund.

If you are using this cost element in your FY 2012 budget, you **must** submit the template created for tracking other internal service reimbursements, found on the Mint [here](#).

### Cost Element Definitions: Revenues



For FY 2012, we've continued to provide the following section of **expanded definitions** for revenue codes. The list of revenue codes has been increased due to the implementation of GASB Statement 34, which lays out the Government Accounting Standards Board's revised requirements for the annual financial reports of state and local governments.

GASB 34 requires the County to distinguish between *program* or *restricted* revenues and *general* or *unrestricted* revenues. Further distinctions include operating and capital grants; fees and charges for services, and particular types of taxes. For the most part, departments will budget restricted or program revenues.

**All revenue estimates should be documented in the program offers.** The exceptions to this rule are Internal Service Reimbursements (50310 thru 50321) and Miscellaneous Revenue (50360) where receipts would not total more than \$2,500 in any single cost object.

Documentation of revenue estimates should include the following:

- Who/Where is the revenue received from?
- A calculation that shows how the estimate was developed
- If the revenue is a Fee or Charge for Service does the County have authority to increase the rate?
- If the revenue is a Grant or Contribution when will it expire?

*Special thanks to the friendly people in General Ledger who provided the cost element definitions for revenue cost elements.*

Also, if your department has a fee schedule(s) or resolution(s) please submit a copy of those with your budget request. Remember to **update the fee schedule!** See page 38 for more information about that task.

For questions about coding revenues to the correct cost elements, contact General Ledger. For all other questions about revenues, contact Mike Jaspin in the Budget Office at x28594.

**Note:** in the cost element definitions found on the following pages, the word "intergovernmental" is abbreviated "IG."

### Restricted or Program Revenues: Grants & Contributions



**Grants** are contributions or gifts of cash or other assets from another entity. A grant may be received either directly from the granting government or indirectly as a pass-through from another government.

**Capital** grants are restricted by the grantor for the acquisition or construction of capital assets.

**Operating** grants are such contributions to be used or expended for a specific purpose, activity, or facility.

### 50175 IG Direct Fed: Capital

Use this account for funds received directly from the federal government. Its use is restricted to the purchase or construction of capital assets as specified in the governing grant or contract. **If a grant or contract contains funding for both capital acquisition and operations, the entire grant or contract should use the operations revenue cost element.**

### 50185 IG Fed thru State: Capital

Use this account for federal funds received through the State of Oregon where the state is acting as a pass through agency. Its use is restricted to the purchase or construction of capital assets as specified in the governing grant or contract. **If a grant or contract contains funding for both capital acquisition and operations, the entire grant or contract should use the operations cost element.**

### 50215 Non-gov't Grants: Capital

Use this account for funds received for capital acquisition from non governmental sources.

### 50301 Donations: Capital

Use this cost element for restricted use donations to be used for capital purchase or acquisition.

### 50111 CAFFA

**County Assessment Function Funding Assistance Account** ~ These are operating grant revenues from the Oregon Department of Revenue that fund the County's Assessment and Taxation program.

# Cost Element Definitions

## Revenues

50113 Government- Shared: Program	Use this cost element for revenues shared with other governments – such as ODOT Revenue sharing for Roads and Bridges. The shared revenues recorded in this account are restricted, program shared revenues. Unrestricted shared revenues should use cost element 50112.
50117 In Lieu of Tax: Program	Use this cost element for revenues that the County receives in lieu of local taxes. These revenues are typically restricted in use. Revenues received from the federal government under the Oregon & California (O&C) Railroad Grant Lands are an example of revenues to budget under this cost element.
50170 IG Direct Fed: Operations	Use this cost element for funds received directly from the federal government, where use is restricted to the provision of services that are specifically defined by a formal agreement with a federal agency. If the agreement includes provisions for both operations and capital acquisition, all revenue is considered operations revenue under 50170.
50180 IG Direct State: Operations	Use this cost element for funds received directly from the State of Oregon that do not include any funds the state passes to the county from another source. Their use is restricted to the provision of services that are specifically defined in a formal agreement with the state. If the agreement includes provisions for both operations and capital acquisition, all revenue is considered operations revenue under 50180.
50190 IG Fed thru State: Operations	These are federal funds passed through the state. They are restricted to services outlined in the state agreement, which in turn must meet federal requirements. As with all operations revenues, if the agreement includes provisions for both operations and capital acquisitions, the entire agreement is treated as operational revenue.
50195 IG Fed thru Local: Operations	These are federal funds received from a local source. This includes local governments such as City of Portland, Washington County and others. They are restricted to services outlined in the agreement with the local agency, which in turn must satisfy federal use requirements. As with all operations revenues, if the agreement includes provisions for both operation and capital acquisition, the entire agreement is considered operations revenue.
50200 IG Local: Operations	These are restricted use funds received from a local government that do not include pass through funding from another source, for example the federal government. Use is restricted to services as outlined by the governing agreement with the local agency. If the agreement includes a provision for both operations and capital acquisition, all revenue is considered operations revenue.

# Cost Element Definitions

## Revenues

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**50210**  
**Non-**  
**governmental**  
**Grants:**  
**Operations**

Use this cost element for restricted use funds received from a nongovernmental source such as a private foundation or a non profit agency. The funds must not include federal funds the organization is passing through to the county. Use is restricted to services outlined in the governing agreement. If the agreement includes a provision for both operations and capital acquisition, all revenue is considered operations revenue.

**50300**  
**Donations:**  
**Operations**

Use this cost element for donations where use is restricted to the provision of a stipulated service. Revenues recorded here are classified as operating grants by program / function in the financial statements.



### Restricted or Program Revenues: Fees & Charges for Services

*For questions about whether or not grant awards are subject to Single Audit rules, contact Alice Street in General Ledger at x22781.*

**Fees and charges for services** are charges for current services.

**There are some federal grant and contribution revenues that are considered to be fees or charges for services and should be coded as such.** These grant revenues do not fall under the federal A-133 Single Audit rules. For example, most Medicaid funds paid by the federal government to the states are federal financial assistance payments and are covered under the Single Audit Act. Medicaid arrangements between the state and providers, however, are contracts for services, and thus they are not considered to be federal financial assistance subject to the Single Audit Act. Multnomah County both receives Medicaid revenue that is subject to the Single Audit Act (in Aging Services, for example), **and** serves as a vendor for providing Medicaid-funded services (in the Health Department, for example). *The former should be recorded under “operating grants” cost elements, and the latter should be recorded under “fees for services” cost elements.*

### 50220 Licenses & Fees

Use this cost element for charges imposed by county ordinance for specific licenses and fees. Examples of **licenses** include adult care home, cat, dog, food handler, marriage, restaurant, and swimming pool licenses. Examples of **fees** include adult care home, alarm permit, cable franchise, recording, and library fees.

### 50221 Photocopy Charges

**Use of this cost element is limited to those County programs that track revenues from copy machines used by the public.** The Library and the County Attorney’s Office normally use this cost element.

### 50222 Printer Charges

**This cost element is normally used only by the Library.** It is used to track revenue from printers used by the public.

### 50230 Permits

Use this cost element to budget revenues earned from permits. Such permit charges include permits granted for bridge use, concealed weapons, land use planning, and rights of way.

### 50235 Charges for Services

Use this cost element for charges for services that are not set by county ordinance, that are not charged to other governments, and that are not sales of goods. Examples of such charges are Central Stores services fees, client fees, District Attorney discovery fees, jury duty pay turned over to the County, medical records fees, and/or third party payers for Health Department services.

### 50236 IG Charges for Services



Use this cost element for charges for services to local governments. Examples of revenues to budget under this cost element include OMAP (Oregon Medical Assistance Plan [Medicaid/Title XIX]) charges to local governments.

**NOTE that** Medicaid payments to Multnomah County for providing patient care services to Medicaid-eligible individuals are not considered federal awards expended under the Single Audit Act A-133. Hence Medicaid payments are recorded in this revenue account for a better audit trail and to segregate this revenue from revenue reported for A-133.

### 50240 Property/Space Rentals

Use this cost element for revenue from rental of county property (buildings, offices, rooms, parking, DCJ transitional housing).

### 50241 Motor Pool Parking

**This cost element is normally used only by Fleet.**

Use this cost element for revenue from employees (charged through payroll) for parking in Motor Pool lots.

### 50250 Sales to the Public

Use this cost element to record revenues from selling good to citizens (as opposed to County clients or other governments. Examples of revenues to record here include Library sales, Assessment & Taxation information sales and copy fees, survey charges, and sales of surplus property, including vehicle auction revenues.

### 50260 Election Reimbursement

**This cost element is normally used only by the Elections Division.**

Use this cost element for recovery of elections costs from state and local governmental bodies.

### 50280 Fines & Forfeitures

Use this cost element to record revenue from the courts, criminal forfeitures, informal restitution, and animal control.

### 50290 Dividends & Rebates

Use this cost element to record revenues from insurance rebates, fuels tax refunds, and other refunds and rebates.

# Cost Element Definitions

## Revenues

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50291 Retiree Health Premium	<b>This cost element is normally used only by Risk Management.</b>  Use this cost element to record Retiree Health Benefits premiums.
50310 Internal Service Reimbursements	<b>This cost element is normally used only by Department of County Management.</b>  Use this cost element to record revenues received in internal service funds from service reimbursements.
50311-50319, 50321	<b>These cost elements are normally used only by Risk Management.</b>  Use these cost elements for service reimbursements to the Risk Fund for various insurance coverages. For questions or definitions, contact staff in the Budget Office or in General Ledger.

### Unrestricted or General Revenues: Taxes



**Unrestricted or general revenues** include taxes—property taxes levied for general purposes, business income taxes, selective excise and use taxes, and payments in lieu of taxes—as well as miscellaneous revenues, interest and investment earnings, and state-shared governmental revenues.

Grants and contributions that do not qualify as “program” revenues are considered to be unrestricted and are reported as general revenues.

For the most part, unrestricted or general revenues are budgeted at the County-wide level by the Budget Office. For questions about budgeting in the following cost elements, contact Mike Jaspin in the Budget Office at x28594.

### 50100 Property Taxes: Current

Use this cost element for property tax revenue collected from the current year’s tax levy. Taxes are levied on an assessed valuation of real and / or personal property. The County’s property tax calendar is from July 1st through June 30<sup>th</sup> and revenue is recorded in the year for which they are levied. Property tax bills are due November 15th for the same year

### 50101 Property Taxes: Prior Year

Use this cost element for property taxes collected from the previous year’s tax levies and recorded as revenues in the current year.

### 50102 Property Taxes: Penalties

Use this cost element for those revenues derived from failure to pay or file a personal property, industrial or utility tax return on time, as opposed to actual property tax receipts above. Note that separate accounts are used for penalties & interest.

### 50103 Property Taxes: Interest

Use this cost element for property tax interest assessed on property taxes after their due date. Interest is charged on delinquent property taxes from their due date to the date of actual payment. Note again that separate accounts are used for penalties & interest.

### 50110 Tax Title

Use this cost element for revenues generated from the sale of properties foreclosed for non-payment of property taxes. There are two examples: 1. properties that have been sold on contracts by the County and payments are received monthly; 2. properties that have been sold by the County and payment received in full. Proceeds the County receives from foreclosed property sales are unrestricted.

# Cost Element Definitions

## Revenues

### 50112 Gov't Shared: General

Use this cost element for general revenues shared from other governments. Examples include shared revenues from the State of Oregon for cigarette taxes, WOST timber taxes, amusement taxes and local liquor taxes from the Oregon Liquor Control Commission. Ad valorem tax revenue is also recorded to this account. The shared revenues recorded into this account are general revenues and unrestricted.

### 50115 Lottery Revenues

Use this cost element for lottery revenues. These revenues are unrestricted and include revenues from Video Poker received from the State of Oregon periodically.

### 50116 In Lieu of Tax: General



Use this cost element for revenues the County receives in lieu of taxes. These revenues are unrestricted, and include US Forest Service reserve payments and Federal Bureau of Land Management payments in lieu of taxes. The County also has agreements in place with two corporations for payments in lieu of tax. These agreements are with LSI Logic (for 15 years) and with Microchip Technologies (for 7 years).

Use cost element 50117 for restricted in lieu of tax payments, such as those received for the O&C land grant.

### 50120 Transient Lodging Tax

Use this cost element for revenue generated by a tax imposed on the transient rental of lodging / hotels in Multnomah County. The City of Portland collects all taxes within the City and transfers them to the County monthly. All other hotels in Multnomah County pay directly to the County on a quarterly basis.

### 50130 Motor Vehicle Rental Tax

Use this cost element for revenues generated by a tax on the rental of motor vehicles from commercial establishments doing business in Multnomah County.

### 50140 County Gas Tax



Use this cost element for revenue generated from the consumption / sale of gasoline within Multnomah County. It is received monthly from the Oregon Dept of Transportation.

# Cost Element Definitions

## Revenues

### 50150 County Marine Fuel Tax

Use this cost element for revenue generated from the consumption of marine fuel within Multnomah County. It is received monthly from the Oregon Dept of Transportation.

### 50160 Business Income Taxes

Use this cost element to record revenue generated by a tax imposed on all business income within the City of Portland and Multnomah County. The tax is based on net income (gross income less certain deductions permitted by law). All businesses with gross income of \$25,000 and over must file. It is collected by the City of Portland and paid to the County approximately every few days.

### 50165 Personal income taxes



Use this cost element to record revenues raised by Multnomah County's Temporary Personal Income Tax. This tax was effective January 1st, 2003 and ran through the end of 2005. The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer). This tax measure provided for three years of bridge funding for Multnomah County schools, senior and low-income health services and public safety needs.

### 50270 Interest Revenue

Use this cost element to record interest earnings. Examples include Interest earned on Investments, Property Taxes, Business Income Tax and Tax Title revenues.

### 50302 Donations – General

Use this cost element for those donation revenues that do not qualify as program or capital revenues and are unrestricted in their use. They would not be capital in nature (i.e., land or buildings) nor restricted for a specific program.

### 50360 Miscellaneous

Use this cost element for miscellaneous revenues. Examples of County miscellaneous revenues are reimbursements from employees and volunteers for things like personal travel, photocopies, and phone calls; and for petty cash, cash register, or deposit overages and shortages. Revenue transactions in the Public Guardian Trust Fund are also recorded in miscellaneous revenue. *All other revenues should be budgeted in a more specific revenue cost element.*

### Other Revenues

The following are revenue cost elements that are used in limited situations for particular purposes. Please contact your budget analyst if you have questions about budgeting these cost elements.

### 50000 Beginning Working Capital (BWC)

BWC represents the cumulative excess (deficit) of revenues over expenses (expenses over revenues) from prior fiscal years. The account is in countywide cost centers except for funds 1505, 1513, 1516, and 3500.

**Note that** adding beginning working capital (BWC) to the budget after budget adoption **requires a supplemental budget**. To avoid this time-consuming and expensive process, estimate your fund(s)'s ending balance as accurately as you can and **include it as a revenue in your program offers**.

### 50320 Cash Transfer Revenue

Use this cost element to record scheduled cash transfers between funds. Beginning in FY 2003, the County eliminated the use of General Fund Cash Transfers in the Federal/State fund to provide for a better audit trail and more documentation on Federal/State Fund expenditures for the County's financial reporting.

### **NEW!** **for FY 2012**

For budgeting purposes, ***use of this cost element must be explained***, with an explanation of **which fund will be reimbursed**. The paying fund **must** be indicated so that the appropriate expense can be included for that fund. Here are two helpful tips to remember when you use this cost element:



- **EVERY** instance of cost element 50320 **requires** a corresponding instance of 60560 in another fund; and
- **ONLY** use this cost element for **interfund** transactions. Put another way: you can't budget 50320 and its corresponding 60560 in the same fund.

If you are using this cost element in your FY 2012 budget, you **must** submit the template created for tracking other internal service reimbursements, found on the Mint [here](#). Contact Mike Jaspin at x28594 if you have questions about budgeting cash transfers between funds.

### 50330 Financing Proceeds

Use this cost element to record proceeds from the issuance of debt, such as bond proceeds. **Always budget the full amount of the debt issue.**

### 50370 Departmental Indirect Revenue

Use this cost element for revenue generated by the departmental portion of the indirect cost plan. This revenue may be used for departmental support costs not recovered directly.

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### Style Guide for writing program offers

*The newest computer can merely compound, at speed, the oldest problem in the relations between human beings, and in the end the communicator will be confronted with the old problem, of what to say and how to say it.”*

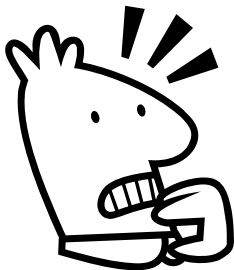
~Edward R. Murrow

#### Overview

*Thanks to Emily  
Johnston at  
Editwest*

The work of Multnomah County affects the lives of everyone who lives here, and is vital to the County’s most vulnerable citizens. It’s important to remember, however, that there are many dozens of essential programs described in the narrative, and it’s meaningless for every one of them to be described as “efficient and effective”, “culturally appropriate”, or “critical to the well being of the community”. *All* programs, at all times, should be fiscally responsible, appropriate to the population served, and useful—therefore, highlight these things only when something has changed, or a specific measure has been implemented.

#### Things to avoid



**Avoid unnecessary wordiness or repetition.** It doesn’t sound more impressive or hard-working to use more words. It’s not meaningful to say, for example, that the administration of a division “oversees, provides guidance to, administers, and manages the division”; these all mean approximately the same thing. Use only one of them.

**Be specific, but also brief.** While it may seem important to explain that a program serves both students and their families, it is generally *not* important to say that a program serves children, adults, families, and the community; in this case, simply say *the community*, or *residents*, or even *people*.

**Avoid jargon.** While specialists understand the difference between *emergent literacy behaviors* and *reading*, the former phrase is ungainly and unnecessary. Generally, a simple overview is best: *the program helps children learn to read*. If a program is devoted solely to pre-reading skills, one can say so, of course, but it’s best to do so with detail rather than jargon: for example, *the program focuses on encouraging the skills that lead to reading*.

*Don’t contort  
language in an  
attempt to say  
nothing whatsoever  
that might offend  
someone,  
somewhere.*

**Also avoid phrases that are so general as to be meaningless.** This means phrases on the other end of the scale—for example, “promote positive change”. Phrases like this manage to be wordy and meaningless at the same time. Be specific; is the program offering anger management classes to offenders, or encouraging children to stay in school, or working with poor pregnant women to improve their diets? Say so! These are important things!

**Avoid hyperbole.** The County’s economic troubles may have many dramatic results, but highly dramatic language is out of place in the budget. Details and facts can speak quite persuasively about the condition of the community, and are best left unembellished.

### Basic Grammar Rules to Remember



All of the basic rules of grammar and punctuation are designed, believe it or not, to make life easier—but for the reader, rather than the writer. Oftentimes, a badly written sentence is evidence of sloppy thinking; the writer may be mixing up two or three ideas that need to be separate from one another, or may even be unsure *what* s/he means to say, despite having a jumble of thoughts that s/he wants to communicate (this is where we all start, of course, but it’s not where a written document should end).

If a sentence is properly punctuated, the reader can understand what parts of it are attached to what other parts, and the whole is absorbed fairly smoothly. Punctuation can be likened to road signs; if you want to stay on Route 36 and you come to a junction of five roads, then if one has an arrow, you take it almost without thinking, but if it’s not there, you are forced to stop and examine the roads to see which one is likeliest to be correct. It’s this kind of confusion, however momentary, that disrupts the flow of language and obscures meaning.

Punctuation also attempts to replicate the “sound” of spoken language, with its almost unnoticed pauses and emphases. Often, if you hear a sentence in your head, and place commas where you hear small pauses, like these ones, you’ll be on the right track. Semicolons are a bit more subtle. They often link two thoughts that could be wholly separate sentences, but that are intimately connected; oftentimes the section after the semicolon helps to explain the one before.

### Parallel Structure

When creating a list (whether bulleted or in a regular sentence), it’s important for the sake of clarity and ease of reading that all parts of it have the same form. Thus

The division will work to:

- improve access to healthcare,
- lock up all the bad guys,
- turn bad guys into decent guys, and
- save the world.

This is clear, if ambitious; all the verbs have the same form. But this is less so:

The division

- improves access to healthcare;
- to lock up all the bad guys
- turning bad guys into good guys,
- is saving the world.

Check to see that each list item logically flows from the beginning of the sentence (that’s the portion that begins “The division”).

You *may* use semicolons or commas or even periods to set off list items, but



you don't have to. If you *do*, though, you must be consistent. In the first example above, the use of commas shows clearly that this is a sentence that could appear on the page without bullets; that's why there's an *and* after "guys". You could also have a bulleted list in which each bullet is a full sentence; again, the only rule is that there must be logic and consistency.

Generally speaking, you should only use semicolons in a list when there are commas within the items of the list—again, this is a matter of emphasizing what goes with what. *"The division will improve access to healthcare, including dental care; lock up all the bad guys, bad gals, and rotten kids; turn bad guys into decent guys; and save the world."*

In that sentence, the commas emphasize that "including dental care" goes with improving access to healthcare, and "bad gals, and rotten kids" go with the bad guys. If there were only commas in this list, no semicolons, the reader would have to make more of an effort to distinguish the shape of the list and the meaning therein. The semicolons say helpfully *here's another list item* and point you back to the main road after your small detour.

### Dangling and Misplaced Modifiers

For the sake of clarity, it's extremely important to order your sentences in a way that makes clear who is doing what.

*"Eating the entrails of a small deer, the campers saw the lion, and ran."*

Well, perhaps the campers did eat a small deer, but it's unlikely.

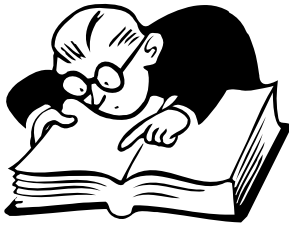
*"Working with offenders to improve their job-hunting skills, the law requires that these programs be evidence-based."*

This sentence is even messier, because nothing acts as an anchor for *working with offenders to improve their job-hunting skills* (that's why this modifier would be said to be *dangling*); *the law* is clearly not what the clause modifies, but the phrase *these programs* seems too far away. Reworking the sentence just a little bit fixes this:

*"Working with offenders to improve their job-hunting skills, the staff uses evidence-based techniques that satisfy federal law."*

### Strange and Ornerly Details

**About commas in a series:** in life, you may choose whether you want to have a comma after the second-to-last item in a series (the one before the word "and"). You can say *beans, apples, and carrots*. Or you can say *beans, apples and carrots*. Either one of these is perfectly correct. Some highly regarded sources choose one, some choose the other. *But nobody chooses both!* So for a large document, someone chooses one or the other, and fixes all the rest. For the purposes of the budget, this editor has chosen the former, and plans to stick with it.



**Capitalization:** when it comes to states and counties, this is a sticky one, and again, reliable sources have differing opinions. In newspapers, for example, you will probably never see *County-funded*. In government publications, however, you usually will. As the budget is a government publication, please observe this rule: whenever you are using the word county as a shorthand for “the government of Multnomah County”, capitalize it. Ditto for state being shorthand for “the government of the State of Oregon”. Thus:

- a program run by MC is a County program,
- funding we receive from Oregon is State funding, and
- State jobs are reasonably secure jobs, with good benefits

*but*

- programs are often countywide,
- we live in the state of Oregon, and
- unemployment in the state is nonetheless high.

*Federal* is the trickiest; it needs the capital much less, because it’s more specific—it *always* refers to the government, rather than a geographical area. Many publications capitalize it simply for consistency with the above distinctions (i.e., it’s shorthand for “the government of the United States of America”); many don’t, because there’s nothing it might be confused with.

**Hyphens:** this may be the stickiest area of all, because language changes, and hyphens sometimes represent language in transition. First, it’s important to remember the function of various parts of speech. An adjective, for example, modifies a noun. (What kind of bus? A *yellow* bus.) An adverb can modify a verb (*run quickly*), **but it can also** modify an adjective; e.g., a *federally funded* program. In that phrase, *funded* is an adjective describing the program, and *federally* explains *how* it was funded, just as *quickly* describes *how* someone runs.

*“In my sentences I  
go where no man  
has gone before...I  
am a boon to the  
English  
Language.”*

*~George W. Bush*

The confusion can arise because there are some words for which we don’t have appropriate adverbs—*stately*, although an excellent word, is an adjective, and has nothing to do with states. In these cases, we often use hyphens to clarify, because we have to use a non-adverb (a noun, adjective, or even preposition) in a way that makes it function as an adverb (i.e., modifying an adjective, telling us the *how* of that adjective). Thus, in the phrase *state-funded programs*, we are using a noun, *state*, to modify the adjective *funded*; we use the hyphen to clarify what is being modified, *funded* rather than *program*—this might not be a state-run program, after all. Essentially, the hyphen helps us lump things together—a yellow-bellied sapsucker isn’t yellow all around; only its belly is yellow. Similarly, even the quickest of readings won’t make us think that a high-maintenance worker is a maintenance worker using illegal substances. The goal, as with all punctuation, is clarity; make things easy on the reader.



Some phrases with hyphens (or even without) become so much a part of the language that the hyphen drops away. *To-day* used to be the correct spelling of *today*. *Health care* is now often *healthcare*. *Multicultural* is fine (as is multi-cultural, still), but *email* is not (though it probably will be eventually).

Because the use of hyphens is so variable, you will often have a choice as to whether to use one or not. But *do not use a hyphen with an adverb, as this is wholly unnecessary*. Well funded, highly regarded, and federally mandated are all perfectly clear without hyphens, and to use one would be incorrect, because *well*, *highly*, and *federally* are all adverbs, and there is no confusion about what they modify.

**Spaces after a Period:** don't date yourself! No one under 30 has ever even *heard* of using two spaces after a period. This is a relic from the days of typewriters. Computers use something called *kerning* to ensure that there is enough space between things (but not too much), and a single space after a period has been the standard for well over a decade.

**Ensure, Insure, Assure:** please use *ensure* when you want to say that you will make sure that something will happen. *Insure* is for insurance companies, and *assure* is best used in the same way that *reassure* is—i.e., you assure *someone*. *Assure* *can* be used as a synonym for *ensure*, and for legal documents it often is, but for general use, *ensure* is a better choice.

*“If you have a big enough dictionary, just about everything is a word.”*

*~Dave Barry*

**Numbers:** again, this is an area where the rules are fairly random. Generally speaking, in non-scientific texts, one spells out numbers less than ten, and uses numerals for 10 or more. One exception to this rule is that numbers that begin a sentence should be spelled out, for example:

*Fifty-one girls were served by the program in 2003.*

Another exception is it's more common to say 3% rather than three percent or three %.

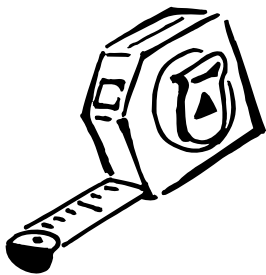
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### The Performance Measurement Process

The performance measurement process does the following:

- Integrates performance reporting during the planning stages of the department's program offer development;
- Requires that all program offers provide a variety of meaningful performance measures;
- Provides meaningful outcome measures that show a link to the program's stated outcomes;
- Provides performance data at mid-year, allowing for timely course correction and future planning.

### Why Measure Performance?



Performance measures are important for a number of reasons, the most important of which is that they demonstrate accountability, whether it is to the Board, managers, staff, or others. Programs are being purchased with the taxpayers' money, and the county has a responsibility to show the value in achieving results. Below are several specific reasons why performance measures are important:

**Performance measures help decision-makers refine strategies and improve results.** The use of performance measurement information helps in developing budgets and in setting overall performance goals for the county. This is done through the allocation and prioritization of resources and by informing decision makers so they can either confirm or change current policy direction to meet those goals.

**Performance measures help build community support for County programs.** Citizens are primarily interested in results or outcomes. Without strong performance measures, especially outcome measures, programs run the risk of more intense public scrutiny and losing support from citizens and communities. Clearly specified performance measures can stimulate the public to take a greater interest in and provide more encouragement for government employees to provide quality services.

**Performance measures help managers deliver expected results.** Having performance measures increases attention to a program's results. Managers often use performance measure to help identify problem and promising areas and track results over time. Applying performance measures to all programs fosters greater understanding, responsibility and accountability on the part of program managers since they are the ones who are responsible for attaining the program's performance targets. Measures can be a manager's tool to keep their focus and help achieve their desired results.

**What gets measured gets managed; measures motivate!** The old adage that what gets measured gets managed is most important in motivating staff. Employees don't want to feel as though their program's performance is sub-standard and will rise to the challenge when presented with accurate performance information that shows opportunities for improvement.

### Developing Program Measures

Developing meaningful performance measures depends on understanding your program's priorities. Effective, meaningful measures report what the program is trying to accomplish; where the resources come from and how they are allocated; the program's main users, recipients, or clients; what activities are being performed; and what output and outcomes are expected.

### Measuring What Matters

It is important to measure what matters, not simply what is convenient. Jim Clemmer, a best selling author on performance management, once said: "Crude measures of the right things are better than precise measures of the wrong things."

Thinking about what matters means considering what matters to whom. Some measures might matter to staff but not necessarily to the program's customers or to the Board which ultimately chooses the County's programs. In selecting performance measures, consider the following questions:

- Who are the customers or beneficiaries (internal and external) of your program?
- What are the significant performance measures valued by these customers or beneficiaries (e.g., outcomes, timeliness, effectiveness, quality, satisfaction, etc.)?
- What performance standards would our customers, clients, Board of Commissioners, department managers, grantors, etc., like to see us achieve on these measures?
- How might management and program staff explain what the program accomplishes in numbers to someone on the street?
- How do you communicate that the program is doing better or worse than before?



### Which Indicators Can Be Reported?

There are several types of performance indicators available for reporting. These include input, output (workload), outcome (results), efficiency, and quality indicators. Each of these draws upon a different aspect of the service that is being delivered. A good performance measurement system should include a variety of meaningful measures.

### Input Indicators

Input (descriptive) indicators are designed to report the amount of resources such as money, people, or materials that are available or have been used for a specific service or program. Financial and personnel data are the most common input measures. Since they are already reported in the revenue/expense and FTE detail sections, they should not be repeated in the Program Performance Measurement table. Departments may choose to report other program resources that are managed or consumed. The measure is helpful in illustrating the scope of work, but not the actual activities performed. The data are typically reported as numbers and not percentages.

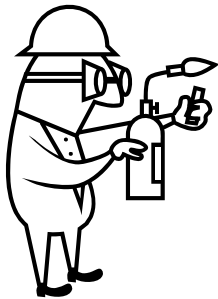
#### Examples of Input Indicators

- number of client referrals
- number of fleet vehicles



- number of jail beds
- number of branch hours opened
- number of maintained centerline/ lane miles
- number of helpdesk covered PC terminals
- number of prosecution cases received

### Output Indicators



Output (workload). This is the most common type of indicator, and reports the number of units produced or services provided by the program. It describes the activities that a program has completed, but not necessarily their results. It is common for programs to have more than one output indicator. The data are typically reported as numbers and not percentages.

#### Examples of Output Indicators

- number of treatment episodes delivered
- number of vehicle repairs performed
- number of client screenings provided
- number of purchase orders issued
- number of vaccinations given to children
- number of centerline/ lane miles resurfaced

### Outcome Indicators

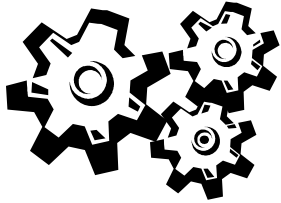
Outcome (results). This indicator is designed to report the results of the service. It can often be described as a short-term (e.g., successful treatment completion), intermediate term (e.g., success by 3 or 6 months), or long-term outcome (e.g., 1 year or more). There should be a logical connection from outputs to meaningful outcomes, with activities supporting the results in a sequential fashion. The data can be reported as either numbers, percentages (assuming percentages of the output), or rates (xxx per 1,000).

#### Examples of Outcome Indicators

- Percent reduction of juvenile recidivism
- Percentage of youth living independently at discharge
- Percentage of clients that reduced drug use at discharge (initial outcome)
- Percentage of clients drug-free at one year after discharge (long-term outcome)
- Reduction in incidents of disease (rates)
- Reduction in repeat calls for service

**Note:** reporting “cases closed” (e.g., case management, addiction treatment, cases prosecuted, etc.) is not a meaningful outcome. Simply terminating services/ cases does not tell the reader what was accomplished by providing the service. Defining the nature of the service termination is a meaningful outcome.

### Efficiency Indicators



Efficiency (productivity). Efficiency measurement is a method for examining how effectively a program is performing the activities it is doing. This is an indicator that measures the cost of resources (e.g., in dollars, FTE, employee hours, time, etc.) per unit of output (e.g., per repair, per case, etc.).

Efficiency can also be qualified as a *productivity measures*. For example, where "vehicles repaired per labor hour" reflects efficiency, and "percentage of vehicles repaired properly" (e.g., not returned for rework within 6 months) reflects outcomes, "unit costs (or labor-hours) per proper vehicle repair" reflects productivity. The costs (or labor-hours) of faulty vehicle repairs as well as the costs of the proper repairs are included in the numerator of such a calculation, but only good repairs are counted in the denominator—thereby encouraging both efficiency and outcome by repair personnel.

#### Examples of Efficiency Indicators

- Cost per tax-lot appraisal
- Reports generated per analyst FTE
- Average number of days to close a case
- Cost per jail bed day
- Labor-hours per proper vehicle repair

### Quality Indicators

Quality. This measure reflects effectiveness in meeting the expectations of customers and stakeholders. Measures of quality include reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with the product or service. Customer satisfaction reflects the degree to which the customer's expectations of a service are met or exceeded. Lack of quality can also be measured. Such examples include rework, correcting errors, or resolving complaints.

#### Examples of Quality Indicators

- Percent of reports that are error free
- Percentage accuracy of information entered in a data system
- Percent of customers that rank service as exceeding their expectation (customer satisfaction)
- Percent of clients waitlisted more than a month for treatment

### Choosing Good Performance Measures

Effective performance measures clearly identify relevant program resources, activities, outputs and meaningful outcomes. Here are some questions that should be considered as you choose appropriate performance measures for your program offer:

1. Think about how a program supports the department's mission: what's the purpose and goal of the program?
2. List the program inputs such as funding, FTE, materials (e.g., PC's, fleet vehicles, buildings, etc.)—these are the resources needed to accomplish the program's goals.
3. Think about how the program works and how the service is delivered;



- briefly list the activities that lead to a product or service being delivered.
4. Identify program outputs; list what was accomplished (e.g., PC's repaired, fleet vehicles maintained, cases managed, people served).
  5. Identify the various outcomes (i.e., results) of the program: both the outcomes expected immediately after the service is delivered (i.e., short-term), the intermediate and the long-term outcomes expected for the clients/ customers who received service.
  6. From the inputs, outputs, and outcomes consider efficiency indicators: how much does it cost in staff or dollars? How long it takes (hours or days) to get an output or outcome? Are there any efficiency mandates that need to be addressed?
  7. Identify measures of service quality: is customer satisfaction measured? List any quality levels mandated.
  8. Are benchmarks or industry standards available when considering measure options?

Additionally, a properly developed set of performance measures typically satisfy the following criteria:

- **Meaningful-Valid:** The key to assessing program performance is measuring the right things with the right measure. If a measurement fails to measure what was intended, then this measurement is not valid.
- **Consistent-Reliable:** The data used to generate the measurement must be consistently accurate and reliable. It is important that the collected data actually describe what is being measured. If other departments have similar services, can the same measure be applied universally (e.g., drug treatment services)?
- **Understandable-Clear:** Think about whether or not a measure is simple enough to be understood by people who are interested in the program. Keep it simple, and ask if it would pass the 'Aunt Edna' test.
- **Perverse Incentives:** Might the measure lead to behaviors that reduce quality or outcomes just so the "numbers look good"?

### Validating Measures Chosen

Once you've chosen meaningful performance measures for your program—ones that really "tell the story" of your program's effectiveness--review each program's performance measures using the following checklist of questions.

1. Does the program offer have measures related to the primary function of the program?
2. Does the program have true meaningful outcome measures?
3. Have established measures changed or been removed? If so, are the current results reported in the explanatory section, and have the significant changes box been selected?
4. Can the average reader understand what the program accomplishes numerically?
5. Are data missing in the table? If so, are reasons noted in the explanatory section?
6. Did the program meet or exceed its targets? If not, are reasons noted in the explanatory section?

### We've Heard it All Before:

### Performance Measure Challenges



Some limits do exist to the types of information performance measures can actually capture and convey. Sometimes direct measurement is difficult or costly. Often, however, measurement difficulties are due to unclear program outcomes. Clarifying the program results will go a long way towards developing meaningful measures. Below are several common reactions to using performance measures.

***You can't measure what I do.*** Areas previously thought to be “unmeasurable” such as prevention, education, and even international relations have been shown to be measurable if someone is motivated and creative enough to pursue an innovative approach. In some cases, the outcome of a program may not be realized for many years—a problem that can be addressed by identifying meaningful output-oriented milestones that will lead to achieving the long-term outcome goal.

***The measures aren't fair because I don't have total control over the outcome or the impact.*** It is the rare program that has total control over the outcome, but if programs can't demonstrate any impact on the result, then why should the program be funded?

Often programs from various departments all contribute to achieving the same goal. The contribution of any one program may be relatively small or large. One approach to this situation is to develop broad, yet measurable, outcomes shared by a collection of programs, while also having program-specific performance goals.

***It will invite unfair comparisons.*** Comparison is going to happen whether programs invite it or not. Program information is not limited to performance results: clearly articulating the program's target audience and services can help temper attempts at apples-to-oranges comparisons. Consider working with other programs of similar design to use the same measures.

***Performance data will be used against the program.*** Demonstrating transparency and accountability, even when the news is not so good, inspires trust, gives the program performance data credibility, and shows that the departments understand their programs and the difficulty of providing services. If programs are open about the need to improve, most people will give a program the benefit of the doubt as long as programs demonstrate improvement plans.

***We don't have the data/we can't get the data.*** Considering the investment the County has made in information technology, it is hard to believe that performance data are not available. Collecting it can be as simple as a desktop spreadsheet using information collected from a hard-copy log. What is important is that critical indicators of success are identified and measured consistently and conscientiously.

***We don't have the staff resources to collect the data.*** Programs are understaffed everywhere. Dedicating a small percentage of a program's staff time to collecting data on thoughtful measures and using the data to manage for results will generally save more time than would be spent correcting problems down the road.

***How do I measure prevention?*** Programs with a deterrence or prevention focus can be difficult to measure for a variety of reasons. Most importantly, deterrence measurement requires consideration of what would happen in the absence of the program. Also, it is often difficult to isolate the impact of the individual program on behavior that may be affected by multiple other factors. If performance measures reflect a continuum from lower-level outputs to higher-level outcome measures related to the overall goal, it is important for deterrence programs to choose measures that are far enough along the continuum that they tie to the department's overall priorities as well as to the program's activity. This will help ensure that the measures are both meaningful and genuinely affected by the program.

***There are programs where failure is not an option.*** For programs where failure to prevent a negative outcome would be catastrophic, such as programs to prevent terrorism or a pandemic disease outbreak, traditional outcome measurement might lead to an "all-or-nothing" goal. As long as the negative outcome is prevented, the program might be considered successful, regardless of the costs incurred in prevention or any close calls experienced. In these cases, proxy measures can be used to determine how well the deterrence process is functioning. These proxy measures should be closely tied to the outcome, and the program should be able to demonstrate how the proxies tie to the eventual outcome. Because of the risk, multiple proxy measures should be used. Failure in any one of the safeguards would be indicative of the risk of an overall failure.

*"It's kind of fun  
to do the  
impossible."*

*~Walt Disney*

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## Appendices

## Components of Internal Services

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### More information about Internal Services Costs

County internal service rates capture the costs of many County operations. This summary provides additional detail about the “component parts” of internal service charges described elsewhere in the Budget Manual.

### FICA 60130

The Federal Insurance Contributions Act (FICA) is a payroll tax imposed by the federal government on both employers and employees to fund Social Security (6.2% of payroll up to \$106,800) and Medicare (1.45% of payroll). Departments are charged for the employer share of this tax.

### PERS 60130

The blended County PERS rate for FY 2012 is approximately 11.2% of payroll, excluding the employer “pick-up.” Rates for the county are based on an actuarial analysis of Multnomah County payroll data and the demographic characteristics of our employees. This rate is established based on PERS financial position as of December 31, 2009 and varies depending on type of service (general vs. sworn officers) and PERS Tier.

### PERS Bond 60130

The PERS Bond rate for FY 2012 is 6.5% of payroll. Like many jurisdictions, Multnomah County issued Pension Obligation Bonds in 1999 as a way to finance its unfunded PERS liability. The rate charged to support debt payments has fluctuated slightly over time. It is designed to not only recover annual debt payments but to provide for reserves required by bond covenants. Had the County not issued the bonds the rates we are charged by PERS would be much higher than they currently are.

### Tri-Met Tax 60130

The Tri-Met Payroll Tax for FY 2012 will be .6918%. Employers within the Tri-Met service area are assessed a payroll tax to cover operating expenses of the Tri-Met system. The tax is authorized by state statute and, in 2003, the legislature amended the law to allow Tri-Met to increase the rate by one-tenth of one percent over a ten year period. It is scheduled to increase to .7218% by FY 2015.

### Life, LTD, and STD Insurance 60140

Basic Life Insurance, Long-Term Disability Insurance, and Short-Term Disability Insurance are paid for through a rate of 0.75% charged against payroll. The County provides basic Life and Long-Term Disability Insurance at no cost to employees. Levels and terms of coverage are based upon bargaining units, employment status and annual salaries. Full-time employees represented by a union or bargaining unit may apply for Short-Term Disability insurance.

### Retiree Health Insurance

The cost of retiree health insurance premiums is recovered through a 2% charge against payroll. The County offers retiree medical coverage to retired employees if they meet certain age and years of service criteria. Generally, the coverage extends from age 58 until the retiree is eligible for

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## Components of Internal Services

60140	Medicare. The County subsidizes half the cost of the retiree premiums and prescription drugs. The rate includes an annual contribution toward the County's unfunded liability for retiree medical costs.
Unemploy- ment Insurance 60140	The unemployment insurance rate for FY 2012 is 0.6% of payroll. The County pays unemployment claims through the State of Oregon. The rate charged against payroll is assessed each year and has varied depending on the volume of claims submitted, ranging from 0.25% to 0.8% of payroll over the past ten years.
General Liability and Workers' Compensation 60140	Each department has a separate rate for Liability and Worker's Compensation, which can be found on page 55. The County is self-insured for Liability and Worker's Compensation insurance. Department rates are set based on an actuarial analysis of the historical claims of each department. The Liability rate includes the cost of the County Attorney's Office, as it has been demonstrated that risk mitigation has reduced rates.
Benefits Administration 60140	The cost of managing the County's benefit programs is recovered through a 1.0% charge against payroll. Those costs include staff time, the Wellness program, and the contractually negotiated annual Tri-Met pass benefit. Approximately half the rate pays for the bus pass program.
Central Indirect 60350	The FY 2012 Cost Allocation Plan identifies and distributes the cost of administrative services provided by the Auditor, Budget Office, Finance Division, and Human Resources—to grants and contracts at a flat County-wide. The County's annual cost allocation plan, as well as prior-year plans, can be found on the General Ledger Mint page, <a href="#">here</a> .
Departmental Indirect 60355	Departmental administrative costs not charged directly to grants are included in the departmental rates indirect costs and charged to grant and contract-funded County programs. The County's annual cost allocation plan, as well as prior-year plans, can be found on the General Ledger Mint page, <a href="#">here</a> .
Telecom 60370	<p>The Telecom Section of Information Technology provides telephones, fax machines, credit card terminals, alarm units, advanced digital phone service, and videoconferencing stations throughout the County. Service rates include costs of personnel, circuits, licensing, maintenance, and hardware (servers, switches, telephones and other "end point" hardware).</p> <p>As of FY 2012 Telecom rates will not include mobile phone hardware or billing, long distance, pagers, moves and projects, new desktop phones, or</p>



specialized equipment. Data on past usage and charges is still available by contacting the Telecom Section.

### IT Applications Services 60380

Applications Services' costs are allocated to departments based on the number of IT employees working on department software systems. Applications Services designs, builds, implements, and maintains software and resourcing systems for departments. It also manages third-party vendor systems and relationships, and maintains and enhances legacy systems.

### IT Help Desk 60380

Help Desk Costs are allocated through the IT rates by desktop device (a "per PC" charge). The Help Desk provides technical assistance, diagnosis and support of computer equipment and software issues, and ad hoc training on software and hardware use. Help Desk services are available 24 hours a day, 365 days per year. The Help Desk receives, on average, 2,600 calls per month.

### IT Network Services and Network Security 60380

IT Network Services' costs are allocated through the IT rates based on the numbers of data circuits used by each department. Network Services maintains the County's data communications network between County buildings and to external networks. Network Security identifies and mitigates information security risks, provides consulting services to departments, and responds to audit and investigative requests.

### IT General Government & Open Source (GGOS) 60380

GGOS costs are allocated to departments based on the number of IT employees working on department software systems and, for enterprise-wide activities, by desktop device. GGOS designs, builds, implements, and maintains software and resourcing systems for departments, focusing on web site re-design, open source platform development, and use of social media.

### IT Desktop Services 60380

Desktop Services costs are allocated to departments by desktop device. Desktop Services procures, manages, maintains, and disposes of PCs and other computer equipment countywide, including network printing and file storage, computer training rooms, public-access computers, and software licenses.

### IT SAP Support 60380

SAP costs are allocated to departments based on the number of employees in each department. SAP is a County-wide (enterprise) system for managing people, money, materials, services, and buildings and maintenance. It is the system of record for the majority of the County's business transactions.

### IT Data & Reporting Services (DARS) 60380

DARS costs are allocated to departments based on each department's percentage of the total reports generated County-wide, as well as by specific databases used per department. DARS provides and maintains County databases and creates reports for County customers.

### IT Geographic Information Systems (GIS) 60380

GIS costs are allocated to departments based on each department's percentage of the total reports generated County-wide, as well as by specific projects developed per department. GIS creates data maps for County departments, and maintains and develops geographic information systems Countywide.

### IT Server Allocations 60380

Server Allocations' costs are allocated to departments based on the number of file servers used by each department, and by desktop device. Server Allocations distribute the cost of maintaining the County's file servers.

### Fleet Services 60410

Fleet Services uses actual costs - time and material - and mileage costing to recover expenses. There is a minimum usage charge based on miles traveled; customers pay the minimum cost for usage up to the first 500 miles per month with an additional charge per mile above 500. Usage below the minimum raises the true per mile cost of usage. Fleet is within the Fleet Fund.

### Electronics Services 60420

Electronic Services uses actual costs combined with maintenance rates to recover expenses. Maintenance rates are based on historical tracking of costs to maintain the equipment. Electronic Services in-sources, which allows us to spread costs to a wider base of customers. Electronic Services is within the Fleet Fund.

### Facilities: Base Charges 60430

Facilities Base charges are allocated to departments based on a per-square-foot charge and by space type. The rates cover costs associated with operating County buildings, including testing and maintaining all building systems, maintaining and repairing walls, floors, ceilings, doors and windows, and roofs, custodial services and supplies, landscape maintenance, and signage.

Facilities publishes a catalogue of baseline services [here](#). Click on the "FY 10 Baseline Services" link.

# Appendices

## Components of Internal Services

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### Facilities: Enhanced Services 60430

Facilities Enhanced services include additional custodial services, landscaping, security, and window washing. Enhanced service levels can be negotiated through Facilities, and are paid for with department or program funds.

### Facilities: Capital Improvement & Asset Preservation 60430

Occupants of County-owned buildings pay a fee per square foot of space to the Asset Preservation and Capital Improvement Funds. For FY 2012, the rate is \$2.75 per square foot of space. These fees fund the County's Five-Year Capital Improvement Plan, developed annually by Facilities and County department staff. Facilities capital projects are chosen for funding based on criteria that include safety, the integrity of the building envelope, legal compliance, major system maintenance, operational savings, tenant moves and building disposition potential. Funds are assigned to projects annually based on the highest-scoring projects. The County's FY 2011 Capital budget can be read [here](#).

### Facilities: Debt Service 60430

Occupants of County-owned buildings pay debt service on any debt associated with the building. Debt service varies by building and by debt issue. The County's debt schedules can be reviewed [here](#); see the *"Financial Summaries"*.

### Records Management 60460

Records' operating costs are charged to Departments and Agencies based on a prorated percentage of usage during the prior fiscal year, including record actions (retrievals, re-files, etc), boxes accessioned into the facility, and boxes stored in the facility. The Records Management Program is part of the Distribution Fund and its budget is based on a cost allocation system.

### Central Stores 60460

Central Stores' operating costs are charged to Departments and Agencies based on a prorated percentage of purchases made during the prior fiscal year. These charges are first adjusted for revenues from in-sourcing, which reduces total costs to the County. Central Stores is part of the Distribution Fund.

### Distribution Services 60460

Distribution's rates are based on delivery stops, US Mail sent, and special services requested, each with a set fee associated. Most of the rate comes from the number of mail stops. Volume of mail comprises the rest of the standard rates as a fee per piece. Distribution Services is in the Distribution Fund.