



FY 2008 Approved Budget
Revenue and Expenditure Assumptions

Multnomah County Budget Office
May 23, 2007

Introduction

- Review January Assumptions
 - What We Assumed @ Start of Budget Process
 - Proposal to Balance General Fund w/in 3 Budget Cycles
- Chair's Approach to Balancing FY 2008 Budget
 - Revenue Adjustments
 - Changes to Departmental Allocations
- Assumptions for FY 2008 and FY 2009
 - Revenue
 - Expenditures
 - Unknowns/Uncertainties
- Discussion of Next Steps Toward Budget Adoption



FY 2008 Fiscal Parameters

FY 2008 Estimated General Fund

	Low	High	Recommend
Ongoing Expenditures	\$ 340.1	\$ 346.0	\$ 340.1
Ongoing GF Revenue	319.8	322.5	320.0
Estimated Ongoing Shortfall	\$ 20.3	\$ 23.5	\$ 20.1
Unallocated Fund Balance (BWC)	\$ 24.0	\$ 27.0	\$ 25.0

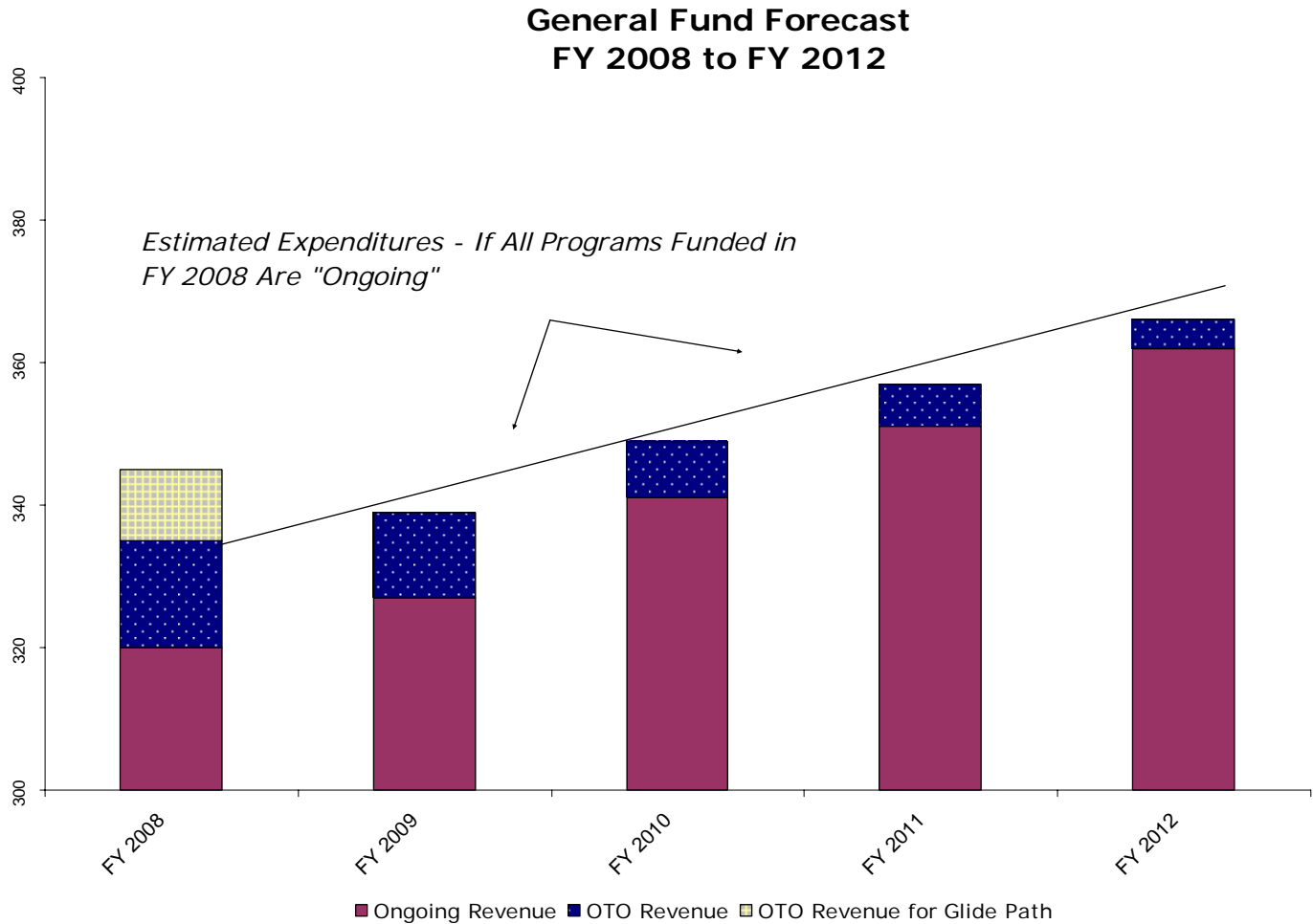
Note: Ongoing Expenditures Assume Program Offers Funded in FY 2007 Continue in FY 2008

Recommended Fiscal Parameter Target

Ongoing Revenue Available in FY 2008	\$ 320.0
Innovation/Program Reconstruction	\$ 5.0
Use to Fund Ongoing Programs in FY 2008	10.0
Establish Fiscal Parameter Target for FY 2008 @	\$ 335.0
FY 2008 Estimated General Fund Reduction <i>(Innovation/Program Reconstruction Funds Represent Investment in Alternative Ways to Do County Business)</i>	\$ 10.1
Reserve to Fund Ongoing Programs in FY 2009	\$ 10.0



An Approach to Balancing the Budget



Forecast Assumptions v. Submitted Programs

	<u>Assumed</u>	<u>Submitted</u>	<u>Difference</u>
Existing Programs	\$ 340.1	\$ 348.4	\$ 8.3
Other Requirements	15.0	15.0	
ITAX Expenditures	5.0	4.2	(0.8)
Total	\$ 360.1	\$ 367.6	\$ 7.5
Ongoing Revenue	\$ 320.0	\$ 320.0	\$ -
One-Time-Only Revenue	25.0	25.0	
ITAX Revenue	5.0	5.0	
	\$ 350.0	\$ 350.0	\$ -
Estimated Shortfall	\$ 10.1	\$ 17.6	\$ 7.5



Adjustments to FY 2008 Revenue

- Revised Amount Available to Purchase Program Offers in Chair's Proposed Budget
- BIT – Increased to \$52.2 Million – Assume About a Third of Revised BIT Growth is Ongoing **(\$1.5M Additional)**
- Increased Jail and Juvenile Detention Revenue From Other Jurisdictions to More Fully Cover Costs **(\$1.4M Additional)**
- Assumed Reauthorization of Federal “County Payments” Program – Add Back O&C Revenue **(\$0.8M Additional)**
- Reduced Assumed Level of State Department of Corrections Revenue per Co-Chair's Budget **(\$2.0M Reduction)**



Proposed Budget

- Net Additional Revenue Described in April 12th Briefing
 - **\$2 Million** – Partial Offset to Higher Expenditure Level
- Spending Reductions Required to Balance - **\$15.6 Million**
- Proposed Budget Includes The Following:
 - Spending Reductions - **\$15.6 Million**
 - Additional Revenue - **\$.6 Million**
 - Program Additions - **\$8.7 Million**
(Funded w/ OTO Revenue)



Budget by Department

	GF Base Budget	Program Offer Reductions	Programs Not Purchased	Revenue Additions	Program Offer Additions	Total GF Budget
NonD	\$ 16.0	\$ (0.1)			\$ 0.4	\$ 16.3
DA	19.9	(0.7)				19.2
DCHS	46.9	(1.1)	(3.4)	(0.2)	0.1	42.3
Health	53.8	(1.8)	(0.8)		1.0	52.2
DCJ	51.9	(1.1)	(0.2)	(0.4)	4.1	54.3
Sheriff's Office	100.3	(5.6)	(0.1)		1.1	95.7
DCM	30.4	(0.1)			1.7	32.0
Library	15.8					15.8
Community Services	11.3	(0.6)			0.3	11.0
Total - Existing Programs	\$ 346.3	\$ (11.2)	\$ (4.5)	\$ (0.6)	\$ 8.7	\$ 338.7
Plus Overall County	2.2					
Total - Ongoing Programs	\$ 348.5					



Revenue Assumptions

- BIT Forecast @ \$52.2 Million – 8% Reduction From Estimated FY 2007 Collections – Assume Economic Slowing and Impact of Changes to Tax Code
- Motor Vehicle Rental Tax – Growth Forecast to Slow Due to Higher Gasoline Prices and Cost of Travel
- Recording Fees – Budget Established @ \$5.5 Million - Annual Collections Have Averaged \$6.5 Million in Recent Years
- Uncertainty About Additional Revenues Assumed in Budget
 - O&C Revenue - \$.8 Million
 - Level of US Marshal Revenue – Added \$1 Million
 - Level of Juvenile Detention Revenue – Added \$.4 Million



Expenditure Assumptions

- Additional Program Expenditures - \$8.7 Million (Funded w/ OTO Revenue)
 - Approximately \$5.8 Million Reflects Ongoing Expenditures
 - Annualized Cost of Wapato A&D Treatment Adds \$5 Million to FY 2009 Costs
 - Net Additional Debt Service Associated w/ A&T System Upgrade Adds \$.8 Million to FY 2009 Costs

- Inflation on Wages and Fringe Benefits Assumed @ 2.7% (Portland CPI)
 - No Change in Assumed Employee Medical/Dental Benefits
 - Step Increases for Approximately Half of GF Budgeted Positions

- Last Year of BIT Transfer to East County Cities per Resolution 06-102

- Impact of FY 2008 Approved Budget on FY 2009 Forecast
 - Shortfall Estimated @ \$23 Million or \$28 Million (Dependent on BIT Revenue Sharing Negotiations)
 - Approximately \$10 Million OTO Revenue Available for "Bridge" Funding



Uncertainties and Other Considerations

- State Budget Deliberations Still Ongoing and Very Fluid
 - Potential Impact to Multnomah County - \$6.5 Million Annually
 - Final Decisions Will Not Be Known Before Budget Adoption on June 7th
 - Recommend Revisiting State Funding Issues in July/August

- Status of BIT Agreement w/ East County Cities
 - Negotiations On a New Agreement May Not Be Completed Before June, 2008
 - Represents \$5 Million Reduction in Forecast Expenditures

- Status of Internal Loan Repayment
 - Board Has Had Discussions About Transportation Funding
 - Bridge Fund Scheduled to Repay \$8 Million to GF Over Next Four Years

- Labor Negotiations – Assumed a CPI Based COLA for All Bargaining Units



Chief Operating Officer's Recommendations to Reduce Forecast Shortfall

- Continue Negotiations to Contain Employee Medical Benefit Costs
 - Potential \$2 Million in Ongoing Savings (\$1 Million to General Fund)
- Reduce New A&D Treatment Beds From 30 to 18
 - Added \$1.2 Million for 30 Beds, 18 Beds Cost Approximately \$750,000
 - Determined That Capacity for 30 Beds Does Not Exist at This Time
- Make Reductions Associated w/ State Budget
 - Exception For SB1145 Funding – Cover Difference w/ OTO Revenue
- Limit Add Backs to Current Budget to \$2.5 Million
 - Reduces Pool of OTO Revenue Available in FY 2009
- Wrap Funding for Wapato Into a Public Safety Levy Plan
 - Reduces Costs by \$2.5 Million in FY 2008 and \$5 Million in FY 2009



Summary/Next Steps

- Approved Budget Reflects a Net \$7.5 Million Reduction in GF Costs
 - OTO Revenue Used to Support Programs That Fill Gaps or Have Potential to Increase Revenues
 - Annualized Cost of Ongoing Programs Increases Shortfall Estimated in FY 2009

- With No Changes the Approved Budget Results in an Estimated \$23 Million Shortfall in FY 2009 – Partially Offset by \$10 Million OTO Revenue

- Number of Uncertainties/Unknowns That May Impact FY 2009 Decisions

- Next Steps
 - Worksession Scheduled for May 30th
 - TSCC Hearing/Board Adopts Budget on June 7th

- Questions, Comments, Information Requests?

