The U.S. economy is strong. Portland is booming. So why must Multnomah County cut its budget?

Because the cost of providing services is rising faster than the money available. Here's why:

Multnomah County's income isn't growing in step with the economy:

- The largest source of money that County Commissioners can spend comes from property taxes. But 1990s ballot measures capped the amount of taxes the County can collect. Instead of property taxes being based on roughly what someone could sell their home for, property taxes are based on an artificial "assessed value." That assessed value was set at what a home was worth in 1996, minus 10 percent, and then capped to increase no more than 3 percent a year.
- So although the market values of Metro-area houses and other properties have grown much more than 3 percent per year for decades, the County can only collect tax on this artificial assessed value, which is half the real market value.
- Additionally, despite all the cranes in our skies, new construction goes on the tax rolls at a much lower rate than the property would sell for.

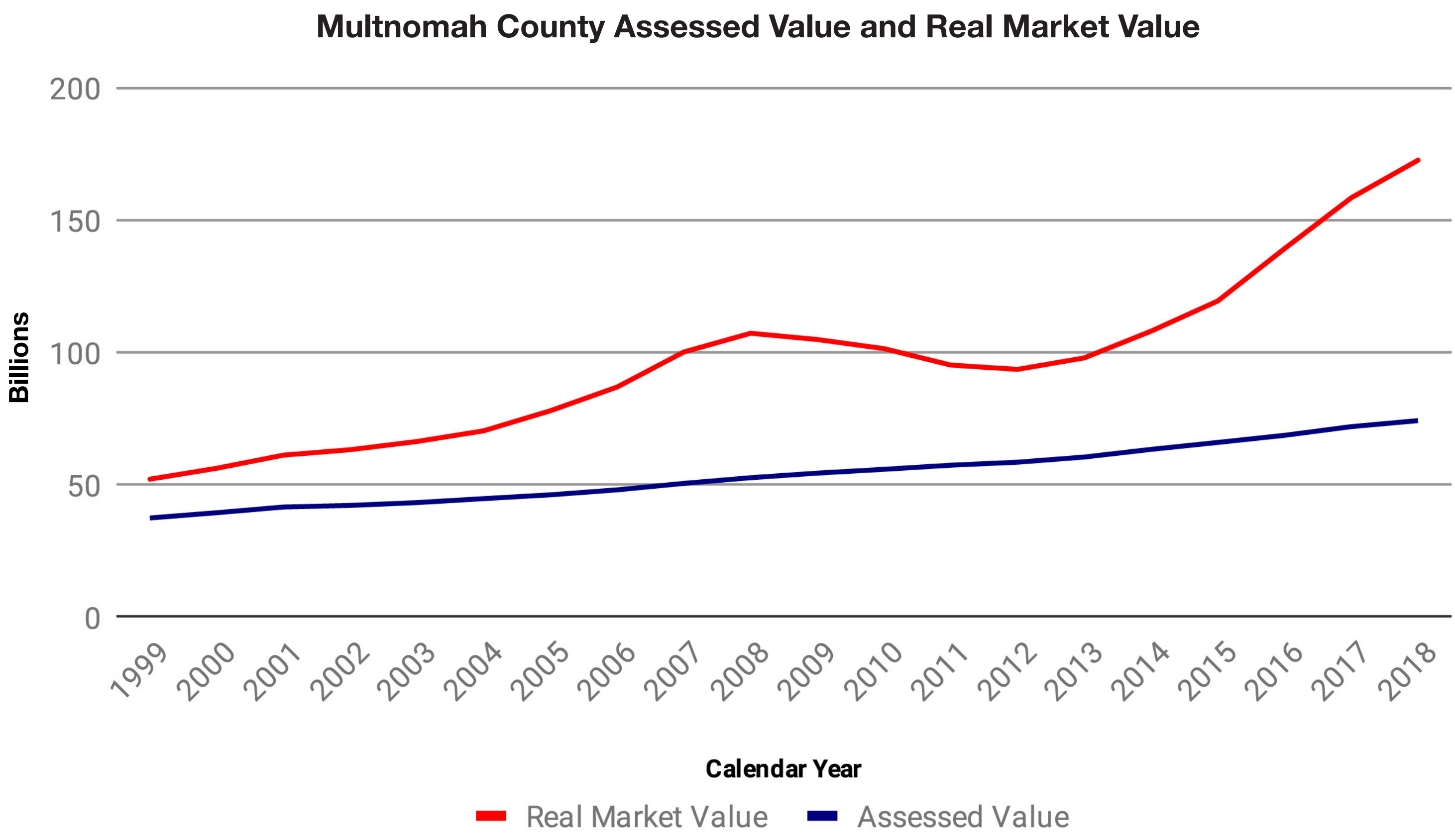
The County is spending more just to run in place:

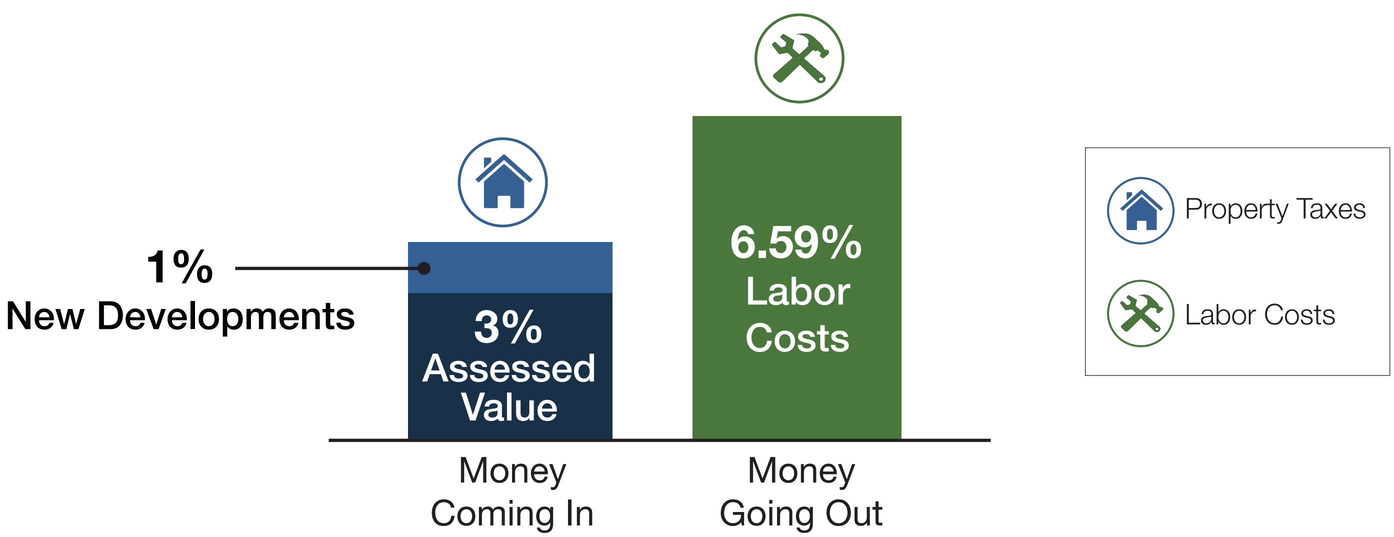
- The County is spending more on its current and retired workforce.
- Personnel costs are up 6.59 percent based on several factors. First, the strong economy, job market and housing market have pushed up wages for County employees.
- Secondly, the cost of providing retirement benefits promised years ago continues to increase, up 2.2 percent.

With our costs growing faster than our income, the County has a gap. This year, that gap is $6 million. Our forecast shows that gap will grow to $35 million in the next five years.

To continue to serve the most people with the money we have, the Multnomah County Commission must trim costs to keep from going into debt.

See back for more graphs.





Multnomah County