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Introduction

These are difficult and uncertain economic times. As Multnomah County prepared its FY 2021 budget, we faced some of the most significant fiscal challenges we've experienced. The global pandemic related to COVID-19 and the resulting economic recession is having a profound effect on individuals, businesses and governments around the world. We have entered into a worldwide, severe recession brought about by a global health crisis. The economic expansion of the last 10 years finally enabled the County to stabilize our budget, build our reserves, and strategically invest in County priorities. In FY 2021, we are entering a new reality that includes significant revenue losses and at the same time the need to increase resources to fight against COVID-19. The County is both the public health authority leading the local response to the pandemic, and the largest safety net provider responding to an extraordinary surge in demand. The budget implications of being both are unprecedented.

At the beginning of March, the County expected a \$7.8 million General Fund deficit for FY 2021 that could be offset by new revenues from planned reforms to the County's Business Income Tax (BIT). The reforms increased the tax rate from 1.45% to 2.00%, while providing relief to 6,000 small businesses by increasing the owner's compensation deduction to \$127,000 and exempting 14,000 small businesses by increasing the gross receipts exemption from \$50,000 to \$100,000. Instead, just weeks later, the County proactively changed course and decided to plan using a severe recession scenario, resulting in anticipated FY 2021 General Fund revenues being reduced by \$37.5 million. Additionally, \$12.4 million of programmatic needs were identified, bringing the total budget shortfall to \$57.7 million. The BIT reforms and increased BIT revenues helped to close a significant portion of the deficit. The rest was closed by using the flexibility provided by a 2% reduction applied to current service levels in the departmental submissions and additional departmental reductions, freezing the cost of living adjustments (COLAs) for all non-represented employees and merit increases for non-represented employees making more than \$100,000, and using one-time-only resources for the remainder.

The State of Oregon is also projecting a \$2.0 to \$4.0 billion shortfall for the current biennium. Because Federal and State funds support 25% to 30% of the County's budget, reductions at the State will mean service reductions to clients served by the County. And because it is the final year of the State's two-year budget cycle, the reductions translate to a roughly 17% cut for the fiscal year. Proposed reductions from State departments were due to the Governor on May 8. There will be much uncertainty in the upcoming months about the reductions. The timing and the impact from the State may force the County into a mid-year budget rebalancing process.

Although the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) will provide much needed support at the state and local level, of the \$28 million of CARES funding received by the County, we expect to use \$7.0 million in FY 2020, leaving \$21 million available for the entirety of FY 2021. This funding will not fill the gap for the expanded resources needed to respond to COVID-19. We do not expect a rapid economic recovery. Historically high unemployment, diminished retirement accounts, and a dampened consumer psyche will make it difficult for consumer spending, which accounts for two-thirds of economic activity, to return to prior levels. Consequently, it has been, and will continue to be, difficult for our County leaders to balance the need for services in these difficult times with our diminished ability to pay for those services.

Multnomah County families, businesses, and non-profits continue struggling to maintain their standards of living, profitability, and services. The downturn in the global economy has brought with it unprecedented job losses, economic insecurity, and overall reductions in consumer spending. Nowhere is this more pronounced than in the rapid rise in the unemployment rate. In the four weeks after stay-at-home orders went into effect around the country, there were more than 22 million new, weekly initial unemployment claims, exceeding total job losses during the Great Recession.

In an effort to maintain critical services across the County, cost of living adjustments (COLAs) were suspended for non-represented employees, which includes management and exempt staff. Additionally, merit increases were also suspended for non-represented employees earning over \$100,000. The salary freeze for management and exempt staff generated \$5.6 million of savings countywide, with \$3.4 million of that in the General Fund. The table below highlights the savings generated by department and by fund.

Department	General Fund Savings	Other Fund Savings	Total Savings
Nondepartmental	\$395,356	\$280,244	\$675,600
Joint Office of Homeless Services	45,429	12,843	58,272
District Attorney	156,518	14,444	170,962
County Human Services	161,828	276,149	437,977
Health Department	988,239	588,383	1,576,622
Community Justice	357,961	44,014	401,975
Sheriff	474,679	18,523	493,202
County Management	529,419	93,928	623,347
County Assets	161,432	338,036	499,468
Library	0	374,411	374,411
Community Services	<u>140,040</u>	<u>115,218</u>	<u>255,258</u>
Total	\$3,410,901	\$2,156,193	\$5,567,094

Even with all of these challenges, the County's \$2.06 billion budget reflects the County's commitment to provide services ranging from SUN schools and homeless services to elections, health care, and animal services. It provides for civic infrastructure such as bridges, courthouses, and medical facilities. Beyond the numbers, it reflects Multnomah County's core goal to provide our community and employees with a sense of safety, trust, and belonging. The budget continues to address our community's needs today, including:

- Continuing to fund the Joint Office of Homeless Services, providing shelter, outreach, and housing placement and retention services to over 37,000 people.
- Continuing to provide literacy services to children and adults at Multnomah County Library Branches and online.
- Opening of the new County Courthouse. The courthouse has 17 stories and houses 44 courtrooms. It is expected to open in the second half of 2020.
- Investing in public safety by providing funds for programs and services to help justice-involved individuals reintegrate into the community.
- Preserving programmatic capacity in the District Attorney's Office, despite continuing pressure on personnel costs.
- Maintaining support for 90 SUN schools in six school districts.
- Maintaining funding for high-quality, culturally responsive behavioral health services for the most vulnerable, including the homeless, victims of abuse, and other marginalized communities.
- Preserving quality, culturally relevant health services in our clinical system for more than 65,000 unique clients experiencing barriers to health care.

The budget devotes \$17.5 million of one-time-only General Fund resources to capital infrastructure. These include:

- Behavioral Health Resource Center - \$8.8 million (carryover from prior year)
- SE Health Clinic - \$5.1 million (carryover from prior year)
- Emergency Shelter Capital - \$2.2 million (carryover from prior year)
- Justice Center Critical Electrical System Upgrade - \$0.9 million
- MCSO Radios Replacement Project - \$0.5 million

The FY 2021 budget includes a number of General Fund reductions and reallocations in addition to the wage freeze. Several of significant note are:

- The Health Department reallocated \$2.9 million of General Fund in FY 2021. This was made possible by shifting some of the budget to Beginning Working Capital (\$1.6 million) and other funding sources (\$1.3 million) on a one-time-only basis.
- Administrative, support, and back-office reductions across departments.
- A \$0.9 million reduction to the Youth Opportunity and Workforce Development program because of uncertainty caused by COVID-19.
- Due to declining utilization, the Assessment and Treatment for Youth and Families is being eliminated, resulting in a reduction of 7.00 FTE (\$964,127). Youth served in this program will be referred to community providers.

COVID-19 Response

Besides the General Fund reductions, several programs were impacted by State funding decisions that happened mid-year in FY 2020 and are now reflected in the Adopted budget. These include:

- Significant reductions in State SB 1145 funding resulted in a reduction of 19.25 FTE in the Department of Community Justice. The reduction led to the closure of the Adult Services cognitive behavior program, the Change Center. The reductions also included the loss of four probation and parole officer positions, a deputy director, and program manager.
- The Local Public Safety Coordinating Council had a \$193,000 reduction in State funding from SB 1145 and HB 3194.

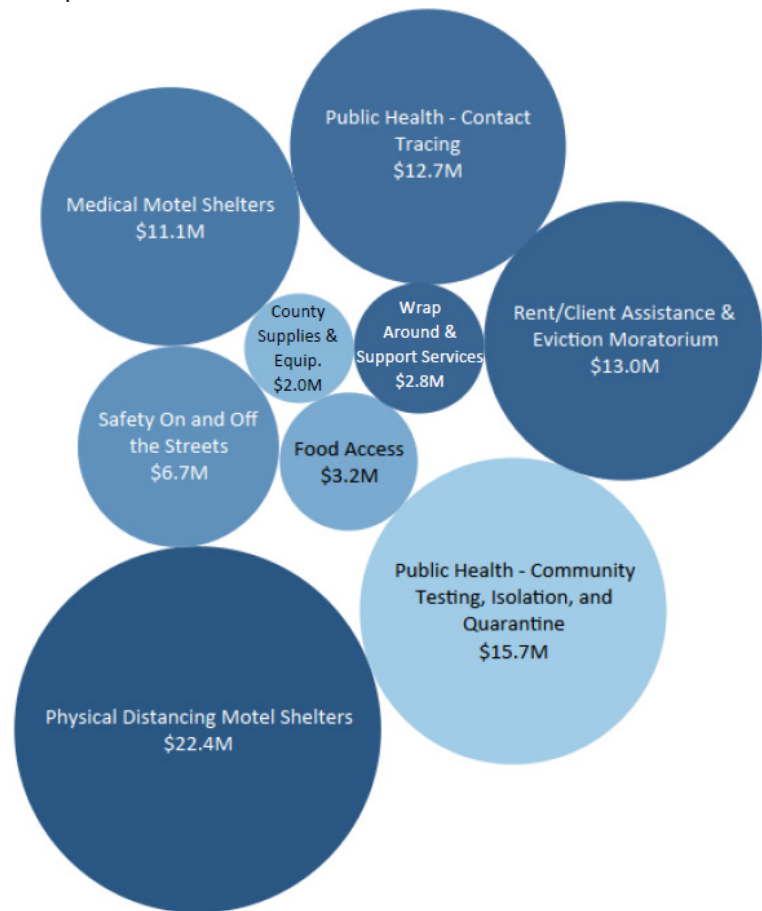
The economic impact of the COVID-19 pandemic has severely strained the County's revenues while the pandemic itself requires the County to provide expanded services as the local Public Health Authority. Departments identified just short of \$90 million in new programmatic needs related to the pandemic response, including:

- \$29.6 million for Public and Behavioral Health
- \$40.0 million of Safety On and Off the Streets
- \$17.5 million for Food Access, Rent Assistance, Wrap Around and Support Services
- \$0.50 million for Communications and Outreach
- \$2.0 million for Countywide Supplies and Equipment

To fund the pandemic response, the budget includes \$21 million of carryover (from an original \$28 million) of CARES Act funds from the Federal government, \$31.5 million City of Portland CARES funding, \$20 million of State funds and \$17 million of Federal funds. The County's response is guided by the following values:

- We recognize and care about the emotional, physical and economic impacts the current restrictions due to COVID-19 have on our community members.
- Providing excellent service and supporting people in our community is a hallmark of what we do as a government, safety net system and Local Public Health Authority.
- This is strengthened when our employees receive that same level of care.
- Centering the voices of those who will be most impacted by decisions is important for equitable decision-making.
- We are committed to inclusively leading with race.

The County's response prioritizes the needs of those who are most vulnerable to severe illness and death. This includes investing in our public health response, housing stability, support for people experiencing homelessness during the pandemic, wraparound services, and increased communication and outreach. The County will continue to develop and evolve the plan for responding to the COVID-19 crisis in FY 2021 and beyond, and will likely need to find additional resources to cover expanded costs. The graphic below highlights the areas that the County will invest in for the upcoming year to address the impacts of COVID-19.



Additionally, the Adopted budget features several measures meant to address the crisis while recognizing the uncertainty surrounding both future needs and the ability to fund those needs. These measures include:

- Temporary redeployment of staff to directly address COVID-related needs.
- Fully funding the County's emergency response capacity in both Emergency Management and Public Health.
- \$1.0 million of additional contingency to respond to COVID-related needs in FY 2021.

Financial Context

The FY 2021 budget was developed under extraordinarily difficult economic conditions, and there remains a significant degree of uncertainty. The bad economic news is likely to continue for many months, and it may get worse before it gets better. In order to manage the downside risks that still exist, the County is prepared to address any further negative economic news. To that end, the budget includes a fully-funded General Fund reserve of \$45.8 million and a \$9.3 million Business Income Tax (BIT) reserve for mitigating possible FY 2021 revenue shortfalls. If the economy worsens, our reserves will provide us with a period of stability so that we can thoughtfully prioritize our services and make further reductions.

Crucially, sound financial and budgetary practices implemented over the last several years have left the County on strong financial footing going into this crisis. The County's prudent management of its financial resources has been noted by the credit rating agencies. In November 2017, both S&P Global Ratings and Moody's Investor Services awarded Multnomah County the highest possible rating (AAA and Aaa, respectively) for our long-term debt associated with the new County Courthouse and Health Department Headquarters building. The S&P Global Rating also reflects an upgrade from AA+ to AAA on the County's full faith and credit obligations. S&P noted the County's "strong management, with good financial policies and practices" and the County's strong budgetary performance and flexibility.

Additionally, the County continues to benefit from past decisions to use revenues above what were expected for longer-term deficit reduction. The budget includes:

- The first of two years of \$6.6 million annual deficit reduction funded from BIT revenues above expectation in FY 2019/FY 2020.
- The second year of spreading \$3.2 million of one-time-only funds over five years to cover ongoing operating costs, providing deficit relief of \$630,000 in FY 2021.

Additionally, the County has funded four \$25 million PERS side accounts, the third and fourth of which were used to generate matching funds of \$8.5 million provided by SB 1049 with the possibility of additional future matching funds. These matching funds generate additional ongoing PERS rate relief.

While the budget outlook remains uncertain, the essential services provided by the County are continued in this budget, with more than 5,100 County FTE providing services ranging from homeless services and health care to bridge maintenance and elections in FY 2021.

The following pages of the budget contain much more information on the County's financial picture and operational and investment plans. The County's budget information for FY 2021, as well as past years, can be found at: www.multco.us/budget.

Planning for FY 2021

Economic Climate

At the time of this writing, Multnomah County and much of the rest of the world have instituted a shutdown of broad sectors of the economy in order to slow the spread of COVID-19. As a result, Oregon and the U.S. have experienced a rapid, unprecedented increase in unemployment claims. The data is still lagging behind the reality on the ground, but a severe economic contraction in the second quarter of 2020 is all but assured. As of January 2020, the 3.1% unemployment rate in Multnomah County and 3.3% in Oregon were near historical lows, but the current rate (when published in the future) will be significantly higher. In just four weeks starting in mid-March, over 333,000 Oregonians filed initial unemployment claims.

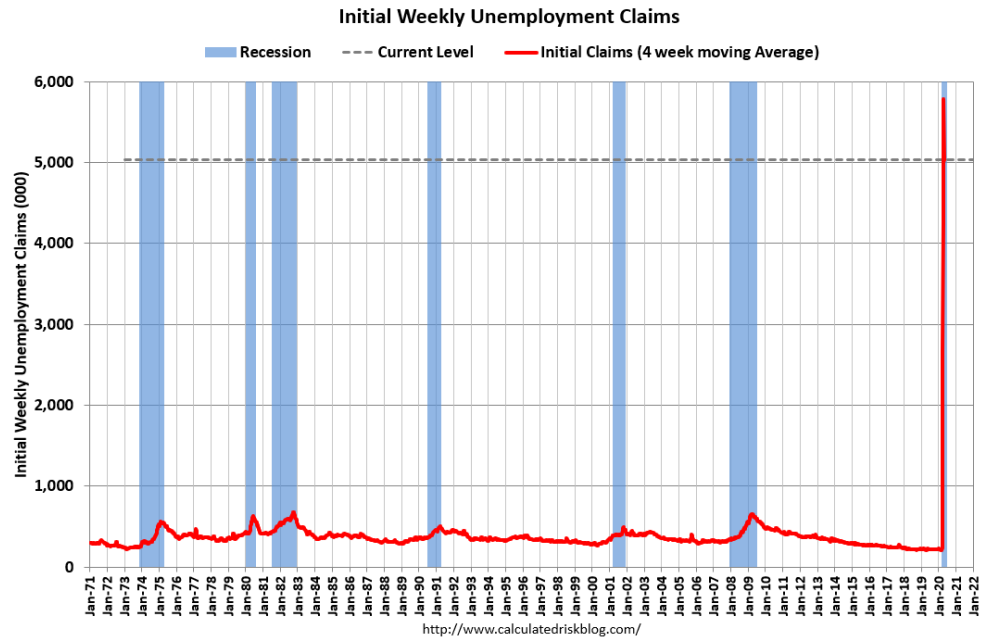
At the national level, Gross Domestic Product (GDP) – the output of goods and services produced in the U.S. – increased at an annual rate of 2.1% in the last two quarters of 2019, and decreased by 4.8% in the first quarter of 2020. Before the pandemic-related economic shutdown, the Federal Reserve Open Market Committee expected the 2020 annual growth rate to be slightly above 2%. Current forecasts produced by larger financial institutions forecast a severe economic contraction in the second quarter of 2020, with a partial recovery in the second half of the year. These forecasts are contingent on the timing of the relaxation of shelter-in-place orders.

Locally, the residential real estate market experienced continued slow growth relative to the last several years, matching activity across large, Western cities. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices increased 3.7% during 2019. Similarly, multi-family housing rents continued to be flat.

The Federal Reserve undertook two emergency rate decreases in March in response to signs of rapid economic decline. The Federal Reserve continues to make extraordinary interventions into financial markets in order to ensure their proper functioning.

As of February 2020, the U.S. unemployment rate stood at 3.5% vs. 3.8% a year earlier. For Oregon, the February 2020 rate was 3.3% vs. 4.4% a year earlier. In Multnomah County, the similar figures are 3.0% vs. 3.8% a year earlier. With nonfarm employment in Multnomah County at 527,800, employment levels are roughly 5,400 or 1.0% higher than the previous year. On March 9, Former Fed Chair Janet Yellen stated that the current national unemployment rate was probably 12-13%. Given the scale of job losses in Oregon over the last couple of weeks, unemployment rates have already returned to Great Recession levels.

The first national employment report to reflect the COVID-related economic contraction will be released in early May, and the unemployment rate is expected to rival the peaks of the Great Depression. The following graph shows the scale of initial weekly unemployment claims at the national level.



In recently released minutes from emergency Federal Reserve Open Market Committee meetings in March, the economic outlook was described as “profoundly uncertain.” The ability of the economy to recover from the current shock will depend on the ability to contain the virus, and the success of Federal Government interventions meant to mitigate economic damage to households and businesses.

Forecasting the General Fund

Multnomah County uses ongoing financial forecasting and monitoring to estimate revenues and expenditures in the General Fund, the County’s largest source of discretionary revenues. Forecasts are made for a five-year time horizon and updated on a quarterly basis. The forecast helps form the basis on which Multnomah County builds its annual budget.

The Budget Office’s March 2020 Five-Year Forecast projected an ongoing deficit of \$7.8 million for FY 2021. When the as then un-adopted BIT increase was added in, the deficit became a surplus of \$21.8 million for FY 2021, decreasing to an \$11.0 million surplus in FY 2025. Between the March forecast presentation and the creation of the Chair’s Proposed Budget, significant revisions were made to the forecast in response to deteriorating economic conditions. The BIT forecast now assumes a 24% decline (see Local Revenues section on the following page) below previous expectations, and the Motor Vehicle Rental forecast assumes a 30% decline. In total, the revenue available in the Chair’s

Local Revenues

budget was reduced by \$37.5 million. Given the economic uncertainty, the out years of the forecast remain unchanged for now, but will be updated later in 2020 as more information becomes available. Broadly, by Year 5 of the forecast the expectation is that the County's financial position will return to previously forecasted levels. The path back to that point is uncertain.

In July 2020, approximately 66% of County employees had an open labor contract. AFSCME Local 88, Physicians 88-2, and FOPPO were all open. Due to the disruption caused by the pandemic, those three unions agreed to a 2.9% COLA and a one-year contract rollover. Negotiations will restart in November 2020.

More information about the forecast can be found at www.multco.us/budget.

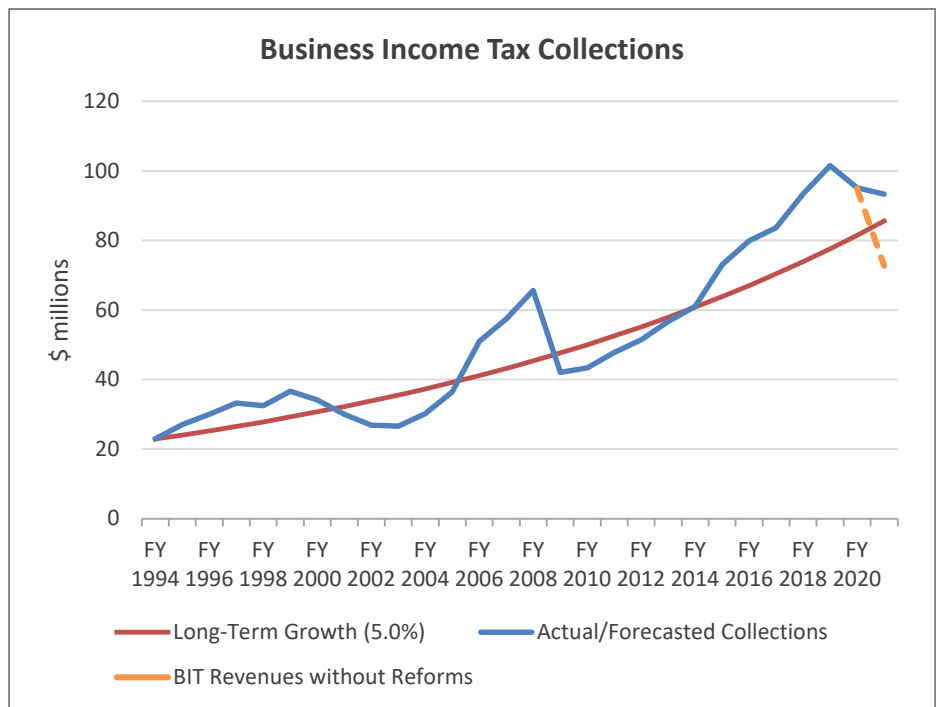
Property tax is the single largest discretionary source of revenue in the General Fund, accounting for 62% of ongoing revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. As measured from the FY 2020 Adopted budget, ongoing General Fund resources for FY 2021 are projected to increase by 1.2%.

The FY 2021 budget assumes the following rates of growth (as measured from the FY 2020 Adopted budget) for each revenue source:

- Property Tax – An increase of 3.8%
- Business Income Tax – A decrease of -3.3% (includes rate increase)
- Motor Vehicle Rental Tax – A decrease of -27.3%
- Recording Fees/CAFFA Grant – A decrease of -3.2%
- US Marshal Jail Bed Rental – An increase of 25.9%

In March 2020, the Board voted to make several reforms to the County's Business Income Tax. The Board voted to increase the rate from 1.45% to 2.00%, increase the owners compensation deduction to \$127,000, and increase the gross receipts exemption from \$50,000 to \$100,000. Additionally, the budget assumes that a portion of the new revenues are shared with the East County Cities. In the March 2020 forecast, the assumed net increase in BIT revenues was \$29.6 million bringing the total forecasted BIT to \$123.1 million. Following the post-forecast recession adjustments, the new forecasted FY 2021 BIT revenue is \$93.3 million.

The following graph shows historical BIT revenues and the current forecast for FY 2020 and FY 2021 in the solid line. There are two recessions shown on the graph, which followed two separate paths of decline. The recession at the beginning of the century played out over a longer period with the County experiencing three years of decline. The Great Recession impact occurred in one year, followed by a decade of increasing revenues. The current forecast expects a large initial impact. Without the BIT reform, following the recession adjustments the forecasted BIT revenues would have dropped by \$20.6 million (shown in the dashed portion). The out years of the forecast will be updated when more data becomes available.



The US Marshal Jail Bed Rental increase is driven by a higher rate of \$185 per bed per day, compared to a rate of \$140 per bed per day assumed in the FY 2020 Adopted budget.

Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.6% to 4.5% annually through FY 2025, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2021, the cost of providing current service levels is expected to grow at 4.7%. The growth is driven by personnel costs, which are forecast to grow at 5.48%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 3.1% (of base pay)¹
- Step/Merit Increases/Contract Adjustments: 1.9% (of base pay)
- Medical/Dental: 3.25%
- PERS: 1.0% (of base pay)

Following two years of high inflation, moderating housing prices and a decline in energy prices resulted in a lower COLA for FY 2021. Starting in November 2018, year-over-year changes in the West Size-A CPI-W (the index used to calculate County COLAs) moderated or declined, and the forecast assumes that inflation will return to normal levels (between 2 - 2.5%) in the long run. In the near term, the decline in economic activity as a result of the global pandemic should significantly slow inflation.

The budget includes COLA freezes for all non-represented employees and a merit freeze for non-represented employees earning salaries above \$100,000 in response to declining revenues. This will reduce the actual increase in personnel costs, generating \$3.4 million in savings in the General Fund and \$5.6 million in savings across All Funds.

The County's pension costs via the Public Employees Retirement System (PERS) have risen significantly over the past several budget cycles. This is due to a number of factors, which are discussed in more detail later, but are driven by five basic factors, with a sixth factor (SB 1049 PERS Reforms) offsetting the increases:

1. In April 2015, the Oregon Supreme Court in the Moro case invalidated the majority of the 2013 reforms passed by the Oregon Legislature.
2. The PERS Board has steadily reduced the assumed earnings rate from 8.0% to 7.2%.
3. The impact of using collared rates.
4. The PERS Board updating its mortality assumptions.
5. SB 1049 PERS reform package in the 2020 Legislative Session.
6. Significant decline in portfolio earnings due to global pandemic and economic impact.

¹ A COLA of 3.1% was assumed in the Departmental General Fund allocations. The actual COLA will be 2.9%.

The impact of these decisions and events increased the County's unfunded liability (UAL) from \$89.2 million as of December 2013 to \$690 million as of the December 2018 valuation, although the SB 1049 reforms were not included in the most recent estimate.

The County's PERS rates are set biennially, and FY 2021 is the middle of the biennium. The County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and to mitigate risk. For the last several biennia, PERS rates have risen steadily and there was some amount of certainty about the need to increase rates over time due to the large unfunded liability. During the 2020 Oregon Legislative Session, SB 1049 was passed which was intended to slow the growth of PERS rates. Based on these reforms, the County expected to reach its top rate in FY 2022.

For FY 2021, the rates charged to departments are increased by 1.0% of base pay. This internal rate increase, combined with the establishment of PERS side accounts and matching funds provided by the State as part of SB 1049 reforms, was expected to address just less than half of the anticipated FY 2022 rate increase. At the time of the writing, the value of the PERS investment portfolio was down 7.8% for the year. Poor performance will increase the unfunded liability and create the need for additional rate increases. Rate collaring will limit the magnitude of rate increases in any given biennium, but the path of County PERS rate increases is uncertain at this point.

For FY 2021, internal service rates charged to departments for items such as information technology and facilities services are assumed to increase 5.48%. As the County's internal services are heavily labor dependent, the increase in personnel cost growth has put upward pressure on internal costs.

Policy Direction from the Chair and Board & Balancing the General Fund

Based on the County's initial forecast in November 2019, there was a \$3.2 million General Fund deficit to address. The Chair directed all departments to submit General Fund budgets that reflected a 2% reduction from current service level budgets as a starting point for the FY 2021 budget. These reductions were estimated to generate \$9.1 million of savings if all were submitted and accepted. Departments could also propose service expansions, restoration of reductions, backfill of grants, and new programs. Departments were also able to request one-time-only funds.

During 2019 and in consultations with Department Directors and Business Managers, the Chair also directed the Department of County Assets (DCA), which provides internal services, to prepare 2% reductions to variable internal service allocations (costs associated with debt service, contracts, and other commitments outside of DCA's control were excluded). This resulted in a net savings of approximately \$1.7 million that was passed on to departments.

The Chair also directed departments to provide a 3.1% COLA adjustment for contracted Human Services providers, in line with the forecasted COLA for County employees.

The Financial Challenge: the Budget, a Recession and the Uncertainty of COVID-19

The March 2020 Forecast update incorporated the beginnings of the COVID-19 economic impacts and increased the expected FY 2021 deficit to \$7.8 million. Within weeks, forecasted revenues were reduced by an additional \$37.5 million due to the deteriorating economic situation brought on by the pandemic.

The Chair identified an additional \$12.4 million needed for programs that were new or restored because they were proposed to be unfunded in the department submissions, bringing the total budget shortfall to \$57.7 million.

Closing a \$58 million budget gap

To close the gap, the Board implemented the BIT reforms mentioned above, resulting in a net increase in revenue of \$29.6 million. The Chair used the flexibility provided by the 2% constraint on current service levels required in departmental submissions (\$7.7 million*) and saved another \$1.1 million by making additional departmental cuts.

COLA freezes were implemented for all non-represented employees, and non-represented employees making more than \$100,000 will not receive a merit adjustment. Taken together, this generated \$3.4 million in savings. \$15.8 million in OTO resources were used to cover the remaining gap. Under normal circumstances, using OTO resources to fund ongoing programs would be discouraged. However, since the County is forecasting that revenues will start to recover in FY 2022, the County should be able to fund these programs on an ongoing basis. If revenues remain weak in FY 2022, additional cuts will be needed. The table on the next page shows how the General Fund was balanced.

*\$7.7 million is the actual savings generated by the 2% constraint that was submitted by departments.

How We Balanced the General Fund	
Deficit	
March Forecast Deficit	(\$7,827,691)
Post-Forecast COVID-19 Adjustment	(37,513,701)
Total Deficit	(45,341,392)
Additional Programmatic Needs	(12,391,440)
Total Budget Gap to Fill	(\$57,732,832)
Actions Taken to Close the Gap	
<i>Increased Revenue</i>	
BIT Adjustment (net of Owners Comp, Gross Receipts adjustments, and transfer to East County Cities)	\$29,640,658
<i>Programmatic Reductions</i>	
2% Constraint applied to Dept. Current Service Level	7,745,534
Merit Freeze for Non-Represented making more than \$100,000/ Non-Represented COLA Freeze	3,407,161
Additional Programmatic Reductions	1,113,000
<i>OTO Resources Used to Balance</i>	<u>15,826,479</u>
Total	\$57,732,832

The budget allocates just over \$31.7 million of discretionary one-time-only (OTO) General Fund as follows:

- Allocating \$18.4 million to major capital projects.
- Allocating \$1.0 million of additional contingency for COVID-19 response.
- Allocating the remaining \$12.3 million to a variety of costs, such as rent assistance, student health centers, and legal aid.

In the May 2020 forecast update, expected Motor Vehicle Rental Tax revenue was reduced by an additional \$3.2 million due to the ongoing travel disruption caused by COVID-19. This was largely offset by the transfer of leftover project funds from the completed Health Department Headquarters and DCJ East County projects.

The Board also chose to reduce Adult Supervision Fees, and transfer the programs previously funded by these fees to the General Fund. Additionally, the Board identified public safety program reductions including the closure of a jail dorm, elimination of vacant positions and decreased overtime in MCSO, and the elimination of positions in the DA. For an overview of the public safety reductions, see the Chair's Message.

The Board reallocated the resources from the Public Safety reductions to several program restorations and expansions, including:

- Providing \$502,000 for Stabilization Treatment Program Expansion for Culturally-Specific Clients
- Providing \$180,000 to add employment services to housing and reentry programs.
- Providing \$125,000 to expand Legal Services Day programming.
- Providing \$250,000 for the expansion of community-centered partnerships for families of youth on probation.
- Providing \$225,000 for a pilot to offer culturally-specific mobile behavioral health and peer support services for individuals leaving prison or jail.
- Providing \$55,000 for a SUN School Expansion at the Kairos School site.
- Providing over \$121,000 for the restoration of the Healthy Birth Initiative and \$150,000 for Youth Opportunity Workforce Development Programs.
- Providing \$100,000 for the expansion of the REACH program.
- Rolling over \$135,000 in BWC for 2020 Census Outreach.

The Board also set aside approximately \$140,000 of additional contingency to be allocated in FY 2021. The list of Board Amendments can be found here: <https://multco.us/file/89832/download>.

The Board also adopted a separate set of amendments related to the County's COVID-19 response. County departments identified almost \$90 million in new programmatic needs for FY 2021. Funding came from multiple sources:

- Multnomah County direct CARES Act allocation (\$21 million)
- City of Portland CARES Act Support - Safety On/Off the Streets (\$16.5 million)
- City of Portland CARES Act Support - Public Health Response (\$15 million)
- Emergency Solutions Federal Grant for Shelter (\$17 million)
- State of Oregon Rent Assistance (\$10 million)
- State of Oregon/Oregon Health Authority Testing Support (\$10 million)

A summary of how the Board allocated these funds can be found on page 6 of the Budget Director's Message.

Per past practice, the Business Income Tax reserve is funded at 10% of BIT revenues (\$9.3 million) for FY 2021. This is in addition to the County's 10% General Fund revenue reserve (\$45.8 million). The FY 2021 budget conservatively assumes that departments will fully spend their FY 2020 General Fund appropriations.

The Chair's budget message provides additional information on her policy initiatives. The following sections of the Budget Director's Message provide more detail on the County's spending and one-time-only resources.

Overview of Additions, Reductions and Reallocations

Human Services Additions

The FY 2021 budget includes a number of General Fund additions, reductions, and reallocations. In light of COVID-19, some additions and reallocations may shift purposes to respond to pressing needs for clients and the community. The following tables summarize these by broad service areas. Investments in infrastructure have been included by the most relevant service area.

The tables include both ongoing and one-time-only (OTO) funds and do not reflect cuts that were proposed by departments but restored in the Chair's Proposed budget. They do not include Tax Title funds restricted by Oregon Law.

Several tables also show how allocated General Fund resources were reallocated to higher priorities.

There are additions in Human Services intended to address calls for public safety reform by increasing support for community programs, including expanding the Legal Services Day program (25131B) and adding a SUN site in North Portland (25145B). The homeless services budget also includes \$1.0 million in new funding for culturally specific services (10051B) and \$250,000 for transgender and non-binary individuals (10052J).

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
Countywide			
	SE Health Clinic (Contingency)	\$5,120,000	0.00
	Behavioral Health Resource Center (Contingency)	8,750,000	0.00
	COVID-19 (Contingency)	1,022,000	0.00
Joint Office of Homeless Services			
10051B	Adult System Redesign - Culturally Specific Services	1,000,000	0.00
10052J	Safety off the Streets - Trans Specific Services	250,000	0.00
County Human Services			
25028B	ADVSD Multi-Disciplinary Team Scale	40,000	0.00
25050B*	YFS - Domestic Violence Immigration Legal Services at the Gateway Center	30,000	0.00
25130B	YFS - Family Unification Program Scale	200,000	0.00
25131*	YFS - Legal Services Day	125,000	0.00
25131B	YFS - Legal Services Day expansion	125,000	0.00
25136*	YFS - Culturally Specific Navigation Services for Immigrant Families	250,000	0.00
25139B*	YFS - Multnomah Stability Initiative - Community Legal Clinics	100,000	0.00
25145B	YFS - SUN School Expansion - Portland Public Kairos School Site	55,000	0.00
25153A*	YFS - Preschool for All	75,000	0.00
Total		\$17,142,000	0.00

*Maintains capacity of programs funded with OTO in FY 2020

Human Services Reductions

The largest General Fund reductions in the Human Services area are administrative, with most in the Department of County Human Services.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Joint Office of Homeless Services			
	Non-Represented Wage Freeze	(\$45,429)	0.00
County Human Services			
25023	ADVSD Long Term Services & Supports (Medicaid)	(96,129)	0.00
25027*	ADVSD Administration	(60,620)	(1.00)
25032*	ADVSD Outreach, Information and Referral	(18,803)	(0.50)
25036	ADVSD Safety Net Program	(31,192)	0.00
25038	ADVSD Advocacy & Community Program Operations	(24,535)	0.00
25118	YFS - Youth & Family Services Administration	(101,082)	(1.00)
25133	YFS - Housing Stabilization for Vulnerable Populations (HSVP)	(237,500)	0.00
Multiple	Department Administration	(27,081)	0.00
Multiple	Youth & Family Services Division (YFS) Materials & Supplies and Travel/Training	(7,669)	0.00
Multiple	Aging, Disability & Veterans Services Division (ADVSD)	(46,126)	0.00
Multiple	Intellectual and Developmental Disabilities Services Division (IDDSD)	(87,464)	0.00
	Non-Represented Wage Freeze	(161,828)	0.00
	Total	(\$945,458)	(2.50)

*For County Human Services programs 25027 and 25032, the FTE reductions reflect the entirety of the positions being reduced, which were also supported by Other Funds not listed in this table.

Human Services Reallocations

County General Funds of \$128,300 previously allocated for camp clean-ups in East County are reallocated to address the needs related to displacements and supporting related services. This reallocation aligns those investments with the A Home for Everyone (AHFE) priorities and services delivery values. County Human Services is reallocating General Fund match from Intellectual and Developmental Disability Services to multiple programs to obtain Medicaid billable hours.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Joint Office of Homeless Services			
Made this reduction			
10053A	Housing Placement & Retention - Adults & Women Households (camp clean-ups)	(\$128,300)	0.00
To fund this program			
10053A	Housing Placement & Retention - Adults & Women Households (East County outreach)	128,300	0.00
Total		\$0.00	0.00

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Human Services			
Made these reductions			
Multiple	Youth & Family Services Division (YFS)	(\$165,692)	0.00
Multiple	Intellectual and Developmental Disabilities Services Division (IDDSD) General Fund Match	(506,215)	0.00
To fund these programs			
25118	YFS - Youth & Family Services Administration	165,692	0.00
Multiple	Intellectual and Developmental Disabilities Services Division (IDDSD)	506,215	0.00
Total		\$0.00	0.00

Health Department Additions, Reductions, & Reallocations

Additions

The Health Department is one of the County's largest and most complex departments. The FY 2021 budget reflects a substantial amount of Health Department reallocations within the General Fund and funding shifts from the General Fund to Other Funds. It also reflects the impact of the transfer of the administration of the Mental Health insurance benefit for individuals on Medicaid to CareOregon.

There are a number of additions in the Health Department addressing the call for public safety reform by funding community programs, including investing in supports for Black/African American individuals exiting the criminal justice system (40084B and 40088B). Additional funding was provided to expand the Racial and Ethnic Approaches to Community Health (REACH) program (40053B), support the ramp up of operations at the Reynolds High School Student Health Center (40024B), and provide ongoing funding for the Law Enforcement Assisted Diversion (LEAD) program (40085B, previously funded as one-time-only).

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
Health Department			
40024B	Reynolds Student Health Center Ramp Up	\$156,991	0.57
40053B	Racial and Ethnic Approaches to Community Health-Expansion	100,000	0.00
40084B	Mobile Behavioral Health & Peer Support (pilot)	225,000	0.00
40085B	Law Enforcement Assisted Diversion (LEAD)	360,000	0.00
40088B	Stabilization Treatment Program Expansion-Culturally Specific Clients	502,000	0.00
40096B	Suicide Prevention	100,000	0.50
40100	Trauma Intervention Services	50,000	0.00
Total		\$1,493,991	1.07

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the Health Department reductions table for details).

Health Department Reductions

The most significant Health Department reductions reflect cost savings in certain Behavioral Health Adult Addictions programs, shifts in personnel, including retirements, and reduced caseloads in the Maternal, Child, and Family Health Management Program (MCHM). The MCHM reductions do not represent service reductions.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Health Department			
40004	Ambulance Services (Emergency Medical Services)	(\$55,789)	0.00
40037	Environmental Health Community Programs	(98,427)	(1.00)
40054	Nurse Family Partnership	(172,493)	(1.00)
40085	Adult Addictions Treatment Continuum	(397,783)	0.00
40097	Maternal Child Family Health Management	(155,405)	(1.00)
40098	Epidemiology, Analytics and Evaluation	(21,699)	0.00
	Non-Represented Wage Freeze	(633,936)	0.00
	Total	(\$1,535,532)	(3.00)

Health Department Fund Shifts

General Fund to Beginning Working Capital

The following tables show instances where the Health Department was able to shift funding from the General Fund to Beginning Working Capital and other funding sources such as grants, avoiding reductions in department infrastructure. The BWC is being used as "bridge funding," to give the department time to assess the long term need, and seek out other funding sources, while avoiding reductions in service. The FTE shifted reflect entire positions shifted some of which are supported by Other Funds.

Prog. #	Program Offer Name	General Fund Shifted	FTE Shifted
Health Department			
40019	North Portland Health Clinic	(\$35,686)	0.00
40020	Northeast Health Clinic	(13,953)	0.00
40022	Mid County Health Clinic	(30,000)	0.00
40023	East County Health Clinic	(17,671)	0.00
40026	La Clinica de Buena Salud	(32,525)	0.00
40027	Southeast Health Clinic	(13,872)	0.00
40032	Lab and Medical Records	(87,068)	(1.00)
40034	ICS Admin, Operations, and Quality Assurance	(436,428)	(4.00)
40065	Behavioral Health Division Administration	(43,863)	(1.00)
40067	Medical Records for Behavioral Health Division	(45,032)	(1.00)
40068	Behavioral Health Quality Management	(53,519)	(0.40)
40069A	Behavioral Health Crisis Services	(198,000)	0.00
40074	Mental Health Residential Services	(652)	0.00
40080	Community Based MH Services for Children & Families	(387,341)	(2.90)
40083	Mental Health First Aid	(38,251)	0.00
40089	Addictions Detox & Post Detox Housing	(148,687)	0.00
Total		(\$1,582,548)	(10.30)

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Health Department Fund Shifts (cont.)

General Fund to Other Funds

Prog. #	Program Offer Name	General Fund Shifted	FTE Shifted
Health Department			
40001	Public Health Admin & Quality Management	(\$602,297)	(4.76)
40004	Ambulance Services (Emergency Medical Services)	(94,544)	0.00
40018	Women, Infants, and Children (WIC)	(516,000)	0.00
40053	Racial and Ethnic Approaches to Community Health	(95,710)	0.00
Total		(\$1,308,551)	(4.76)

Health Department Additions from Reallocations & Funding Shifts

The fund shifts and reductions listed previously were used, in part, to fund increased General Fund expenses throughout the Department. The following is a high level list of those expenses and emerging needs.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
Health Department			
Various	Replacement of Federal Funds Used to Support Finance	\$250,000	0.00
Various	Positions Added During FY 2020	1,882,276	12.00
Various	COLA on positions added in FY 2020	82,959	0.00
Various	Other Increased Personnel Costs	582,483	0.00
Various	Miscellaneous adjustments to Internal Service charges (shifting more General Fund to areas with unplanned higher cost in Internal Services)	643,761	0.00
Various	Miscellaneous Increases in Expense (Backfilled Grant Revenue, etc.)	847,266	0.00
Total		\$4,288,745	12.00

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the Health Department reductions table for details).

Public Safety Additions

There are a number of additions in Public Safety intended to address calls for reform. The largest such addition results from the County ending supervision fees for adults, which requires backfilling the \$1.0 million revenue that would otherwise have been collected. Other additions related to public safety reform include adding employment services to a housing/reentry program (50021C) and expanding community-centered partnerships for families of youth on probation (50065C). The largest addition in Public Safety backfills a reduction of State SB 1145 funding. This backfill allows the County to keep the 73 single cell beds in Inverness Jail Dorm 15 open. When combined with the reduction in Dorm 13, there will be 1,117 jail beds, a reduction of 75 beds from the FY 2020 Adopted budget.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
County Assets			
78233	Justice Center Critical Electrical System Upgrade	\$900,000	0.00
District Attorney's Office			
15017	SB1008 Evaluations	40,000	0.00
15102B	Domestic Violence DDA - VAWA	71,319	0.40
Community Justice			
50014B	Adult Treatment First PPO	129,546	1.00
50021C	Pretrial Services Expansion (adding employment services)	180,000	0.00
50027B	Diane Wade House	546,920	0.00
50050B	Juvenile Detention Behavior Management Training	90,000	0.00
50065C	Community Healing Initiative Expansion	250,000	0.00
Various	Reduce Adult Supervision Fees and transfer expenses to General Fund	1,000,000	4.55
Sheriff's Office			
60302	Jail Radios	577,625	0.00
60315*	MCDC Detention Electronics	441,640	0.00
60330I	MCIJ Dorm 15 Restored	1,084,251	7.28
60415F	East County FSO's Restored	184,608	2.00
60535**	Community Resource Officer Program	199,091	1.00
Total		\$5,695,000	16.23

*Currently funded with OTO in FY 2020

**Funded by the City of Troutdale

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the Public Safety reductions table for details).

Public Safety Reductions

There are several reductions designed to address calls for public safety reform, including closing 75 jail dorm beds (60330B), reducing funding for jail booking (60305A), and reducing the District Attorney's budget around prosecuting misdemeanor offenses (15202A and 15204B). In addition, there are a number of reductions due to the Department of Community Justice adjusting contracted services to match the actual use of services and anticipated reimbursable services being paid for by insurance instead of the County. The other reductions in public safety are mostly administrative.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
District Attorney's Office			
15202A	Misdemeanor Trial Unit	(\$175,000)	(1.00)
15204B	Pretrial - Deputy District Attorney and Office Assistant (2.00 FTE)	(231,281)	(2.00)
15401B	Victims Assistance Program - Restitution Clerk (1.00 FTE)	(101,082)	(1.00)
	Non-Represented Wage Freeze	(156,518)	0.00
Community Justice			
50000	DCJ Director's Office	(5,036)	0.00
50001	DCJ Business Services	(21,657)	(0.20)
50002	DCJ Business Applications & Technology	(33,985)	0.00
50004	DCJ Research & Planning Unit	(138,172)	(1.00)
50011	Recovery System of Care/Adult Residential Treatment Services	(791,713)	0.00
50012			
50051	Juvenile Services Support	(104,087)	(1.00)
50054A	Juvenile Detention Services - 48 Beds	(60,000)	0.00
50064	Juvenile Assessment & Treatment for Youth & Families (ATYF)	(309,171)	(3.00)
	Non-Represented Wage Freeze	(357,961)	0.00
Sheriff's Office			
60305A	Booking & Release	(465,000)	(3.64)
60310A 60330B 60430	MCDC Core Jail & 4th Floor/MCIJ Dorm 13/ Inmate Programs	(1,200,000)	(4.64)
60535	School & Community Resource Officer Program	(57,000)	(0.35)
	Non-Represented Wage Freeze	(474,679)	0.00
Total		(\$4,682,342)	(17.83)

Public Safety Reallocations

The Department of Community Justice (DCJ) made additional reductions to fund other priorities. The budget adjusts contracted services to match the actual use of services and reimbursable services being paid for by insurance rather than the County. Also, a new limited duration program manager will provide technical assistance and billing compliance with community providers and ensure providers are maximizing billing. The Sheriff's Office eliminated a 1.00 FTE Corrections Lieutenant to fund the Gun Dispossession/VRO Detail.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Community Justice			
Made these reductions			
50002	DCJ Business Applications & Technology	(\$148,431)	(1.00)
50011	Recovery System of Care	(298,728)	0.00
50012	Adult Residential Treatment Services	(371,746)	0.00
50051	Juvenile Services Support/Behavioral		
50063	Rehabilitation (BRS) Assessment & Evaluation/	(654,956)	(4.00)
50064	Assessment, Treatment Youth & Families (ATYF)		
Various	Miscellaneous Reductions	(40,426)	0.00
To fund these programs			
50000	DCJ Director's Office	181,679	0.00
50001	DCJ Business Services	92,824	1.20
50004	DCJ Research & Planning Unit	89,423	1.00
50017	Adult Support Services	50,000	0.00
50021A/B	Assessment and Referral Center	216,501	1.00
500024	Adult Mental Health - Supervision & Treatment	358,616	0.00
50027A	Adult Women & Family Services Unit	85,323	1.00
50030	Adult START Court Program	9,667	0.05
50057	Juvenile Intake, Assessment, Informal &		
50058	Adjudication (IAIA)/Juvenile Field Probation	332,094	3.00
50058	Juvenile Field Probation	98,160	1.00
Total		\$0.00	3.25

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Sheriff's Office			
Made this reduction			
60310A	MCDC Core Jail & 4th Floor	(\$196,760)	(1.00)
To fund this program			
60555	Gun Dispossession/VRO Detail Restoration	196,760	1.00
Total		\$0.00	0.00

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the Public Safety reductions table for details).

General Government Additions

The General Government additions are mainly in the Department of County Management (DCM) and continue to respond to two primary priorities and needs: meeting the commitments of the Workforce Equity Strategic Plan (WESP) and supporting County infrastructure, especially through the conversion of existing Workday support from OTO to ongoing.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
Nondepartmental			
10012B	Emergency Management - Training Position	\$125,000	1.00
10035	Complete Count Census 2020	135,000	0.00
County Management			
72000	DCM Director's Office (separates DCM Director & County Chief Operating Officer)	362,400	1.00
72005C*	FRM Labor Compliance	163,779	1.00
72005D	FRM Clean Air Construction Standards	53,000	0.00
72017B*	Leadership Development and Accountability	182,310	1.00
72017C*	WESP - Conflict Mediation & Resolution	167,163	1.00
72022B*	Workday Support - Central Human Resources - Convert to Ongoing	1,026,463	5.00
72046B*	FRM Workday Support - Finance - Convert to Ongoing	272,797	1.00
Community Services			
90010B	Presidential Election	450,000	0.00
90014*	Levee Ready Columbia (IGA Obligation)	50,000	0.00
Total		\$2,987,912	11.00

*Maintains capacity of programs funded with OTO in FY 2020; 90014 is budgeted in Video Lottery Fund (1519)

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the General Government reductions table for details).

General Government Reductions

The reductions in the General Government area are spread broadly. They include a \$0.9 million reduction to the Youth Opportunity and Workforce Development Program (10029) because of uncertainty caused by COVID-19.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Nondepartmental			
10000	Chair's Office	(\$37,213)	0.00
10007	Communications	(36,060)	0.00
10009A	Local Public Safety Coordinating Council	(15,693)	0.00
10011	Office of the Board Clerk	(19,403)	0.00
10012A	Office of Emergency Management	(39,981)	0.00
10016	Government Relations Office	(23,138)	0.00
10018A	Office of Sustainability	(15,957)	0.00
10029	Youth Opportunity and Workforce Development	(884,095)	0.00
10040	Complaints Investigation Unit	(141,272)	(1.00)
	Non-Represented Wage Freeze	(395,356)	0.00
County Management			
Various	All Division Programs	(25,885)	0.00
Various	Central Human Resources Division	(150,500)	0.00
Various	Finance & Risk Management Division	(217,073)	0.00
	Non-Represented Wage Freeze	(529,419)	0.00
County Assets			
78101	Administration Hub Procurement & Contracting	(17,000)	0.00
78103	Administration Hub Human Resources	(9,034)	0.00
78104	Countywide Strategic Sourcing	(15,000)	0.00
	Non-Represented Wage Freeze	(161,432)	0.00
Community Services			
90000	Director's Office		
90002	Business Services	(76,456)	0.00
90021	Land Use Planning		
	Non-Represented Wage Freeze	(140,040)	0.00
Total		(\$2,950,007)	(1.00)

General Government Reallocations

The Department of County Management made a number of internal reallocations to fund higher priority needs.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Management			
Made these reductions			
72003*	FRM Chief Financial Officer	(\$113,830)	(1.00)
72008A	FRM - Treasury and Tax Administration	(35,777)	0.00
To fund this program			
72007	FRM - Payroll/Retirement Services	117,813	1.00
Made this reduction			
72012	FRM Fiscal Compliance	(143,569)	(1.00)
To fund these programs			
72012	FRM Fiscal Compliance	137,821	1.00
72046A	FRM Workday Support - Finance	37,542	0.00
Made these reductions			
72034	DART Residential Property Appraisal	(89,464)	(1.00)
Various	DART Division programs	(39,676)	0.00
To fund these programs			
72023	Assessment, Recording & Taxation Administration	129,140	1.00
72017A	Central HR Services	0	0.20
Total		\$0.00	0.20

*For program 72003, the FTE reduction reflects the entire position including a small portion supported by Other Funds.

General Fund add amounts for existing program offers may not reflect the impact of the non-represented wage freeze (see the General Government reductions table for details).

Budget Overview All Funds

Local budget law requires that Multnomah County report the “total” budget. The total budget reflects the actual resources needed by the County, plus internal charges, transfers, loans, and accounting entities. The total budget for FY 2021 is \$2.06 billion. When adopted, the budget sets the legal appropriation.

Because the total budget overstates what is actually spent, the County often refers to the net budget. The FY 2021 net budget of \$1.7 billion is a more accurate statement of the money the County actually plans to spend on operations during the year. The net budget (shown in the table below) subtracts all internal charges, transfers, and loans from one fund to another. Internal transactions between funds are typically the result of one department providing a service to another, such as information technology or facilities services. It also removes all reserves for future years to more accurately reflect the ongoing operating budget.

The table on the following page compares the FY 2020 Adopted budget to the FY 2021 Adopted budget at the fund level. Year-over-year, the budget (including internal charges, transfers, and loans) has increased by 1.8%. While most operating funds have increased, spending out funds allocated for major projects, such as the new Courthouse have declined.

FY 2021 Budget	
Direct Department Expenditures	\$1,611,607,892
Contingency (All Funds)	<u>\$52,584,997</u>
Total Net Budget	\$1,664,192,889
Service Reimbursements	\$214,651,879
Internal Cash Transfers	\$12,509,465
Reserves	<u>\$165,014,742</u>
Total Budget	\$2,056,368,975

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Fund Comparison: Year over Year

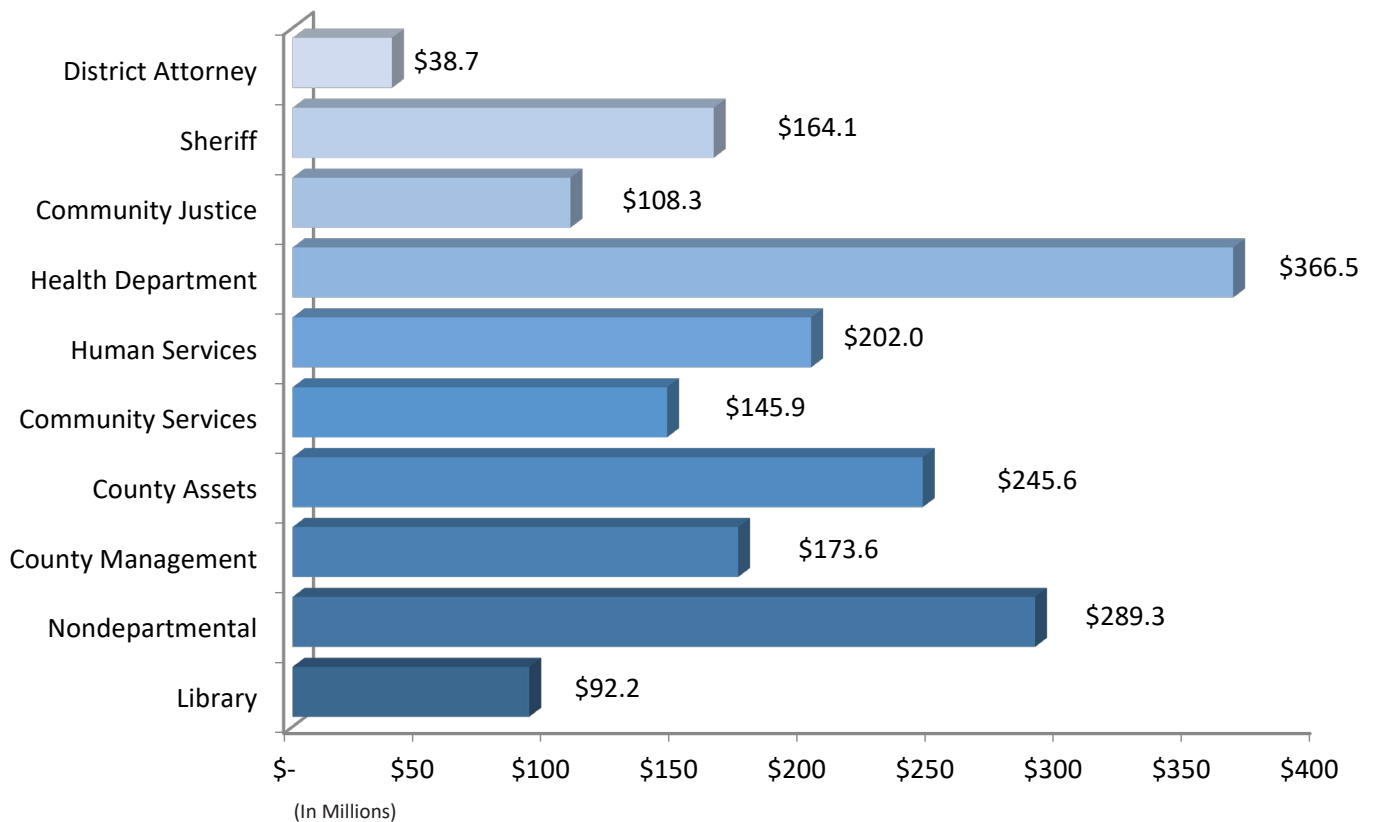
Fund	Fund Name	FY 2020 Adopted	FY 2021 Adopted	Change	% Change
1000	General Fund	\$688,660,729	\$692,550,222	\$3,889,493	0.6%
1501	Road Fund	69,272,503	71,582,078	2,309,575	3.3%
1503	Bicycle Path Construction Fund	475,735	587,886	112,151	23.6%
1504	Recreation Fund	51,400	51,265	(135)	-0.3%
1505	Federal/State Program Fund	356,683,180	394,742,664	38,059,484	10.7%
1506	County School Fund	80,300	80,300	0	0.0%
1508	Animal Control Fund	3,055,051	3,793,950	738,899	24.2%
1509	Willamette River Bridge Fund	12,147,590	21,326,707	9,179,117	75.6%
1510	Library Fund	89,853,519	92,222,142	2,368,623	2.6%
1511	Special Excise Taxes Fund	44,094,044	51,234,050	7,140,006	16.2%
1512	Land Corner Preservation Fund	3,456,206	4,584,279	1,128,073	32.6%
1513	Inmate Welfare Fund	1,290,660	1,341,617	50,957	3.9%
1515	Coronavirus (COVID-19) Response Fund	0	95,049,292	95,049,292	n/a
1516	Justice Services Special Ops Fund	7,528,126	6,562,478	(965,648)	-12.8%
1518	Oregon Historical Society Levy Fund	3,460,788	3,410,591	(50,197)	-1.5%
1519	Video Lottery Fund	6,205,234	6,988,338	783,104	12.6%
1521	Supportive Housing Fund	750,000	4,300,000	3,550,000	473.3%
2002	Capital Debt Retirement Fund	37,180,692	37,467,339	286,647	0.8%
2004	PERS Bond Sinking Fund	63,525,637	53,392,433	(10,133,204)	-16.0%
2500	Downtown Courthouse Capital Fund	111,742,337	9,000,000	(102,742,337)	-91.9%
2503	Asset Replacement Revolving Fund	127,671	130,686	3,015	2.4%
2504	Financed Projects Fund	1,386,360	935,000	(451,360)	-32.6%
2506	Library Capital Construction Fund	5,332,881	5,981,446	648,565	12.2%
2507	Capital Improvement Fund	30,030,262	25,977,835	(4,052,427)	-13.5%
2508	Information Technology Capital Fund	5,841,785	5,539,471	(302,314)	-5.2%
2509	Asset Preservation Fund	17,643,700	24,050,296	6,406,596	36.3%
2510	Health Headquarters Capital Fund	7,500,000	5,500,000	(2,000,000)	-26.7%
2511	Sellwood Bridge Replacement Fund	21,002,562	10,226,131	(10,776,431)	-51.3%
2512	Hansen Building Replacement Fund	4,255,896	3,358,765	(897,131)	-21.1%
2513	ERP Project Fund	6,500,000	2,607,791	(3,892,209)	-59.9%
2515	Burnside Bridge Fund	16,747,679	30,033,483	13,285,804	79.3%
2516	Behavioral Health Resource Center Capital Fund	0	1,700,000	1,700,000	n/a
3002	Behavioral Health Managed Care Fund	41,649,542	3,895,444	(37,754,098)	-90.6%
3500	Risk Management Fund	204,771,071	220,958,112	16,187,041	7.9%
3501	Fleet Management Fund	6,615,737	6,692,232	76,495	1.2%
3502	Fleet Asset Replacement Fund	9,018,925	10,166,839	1,147,914	12.7%
3503	Information Technology Fund	68,955,930	73,170,526	4,214,596	6.1%
3504	Mail Distribution Fund	4,333,285	4,385,610	52,325	1.2%
3505	Facilities Management Fund	68,289,792	70,791,677	2,501,885	3.7%
	Total	\$2,019,516,809	\$2,056,368,975	\$36,852,166	1.8%

Department Expenditures All Funds (\$1.83 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, total \$1.83 billion in FY 2021 vs. \$1.82 billion in FY 2020.

The bar chart below shows appropriations by department in millions of dollars across all funds. This figure includes internal service payments, and thus represents some double-counting.

Large-scale capital projects are budgeted in the Department of County Assets, greatly distorting the size of its budget.



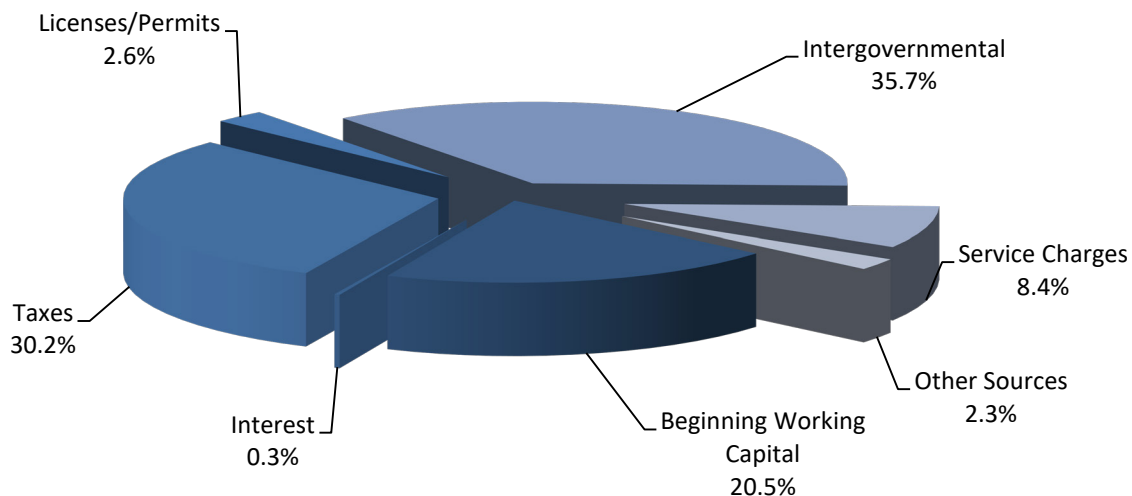
Department Revenues All Funds (\$1.66 billion)

Total direct resources, or "revenues," for FY 2021 are \$1.66 billion vs. \$1.64 billion in FY 2020 (excluding service reimbursements and cash transfers between funds). Intergovernmental revenues are the County's single largest revenue category at \$594.1 million or 35.7%. This reflects a \$57.3 million or 10.7% increase from FY 2020. Intergovernmental revenues includes any revenue transferred from another government entity to the County to support County-provided services. These revenues fund a variety of services from Bridge Operations and HIV Harm Reduction, to Nutrition Assistance and the County's COVID-19 response.

Taxes constitute the next largest revenue source at 30.2% and include property tax, business income tax, motor vehicle rental tax, transient lodging tax, and County gas tax. For FY 2021, tax collections are anticipated to increase 1.4% from \$495.7 million in FY 2020 to \$502.4 million.

Beginning working capital (BWC) is the County's third largest resource for FY 2021, at \$340.7 million or 20.5%. In dollar terms, BWC decreased by \$46.1 million from \$386.8 million in FY 2020 to \$340.7 million in FY 2021. Several significant changes include:

- A \$11.1 million decrease in the PERS Bond Sinking Fund.
- A \$4.9 million decrease in the General Fund.
- A \$59.0 million decrease in the Downtown Courthouse Capital Fund.
- A \$2.0 million decrease in the Health Headquarters Capital Fund.
- A \$12.5 million increase in the Risk Management Fund.

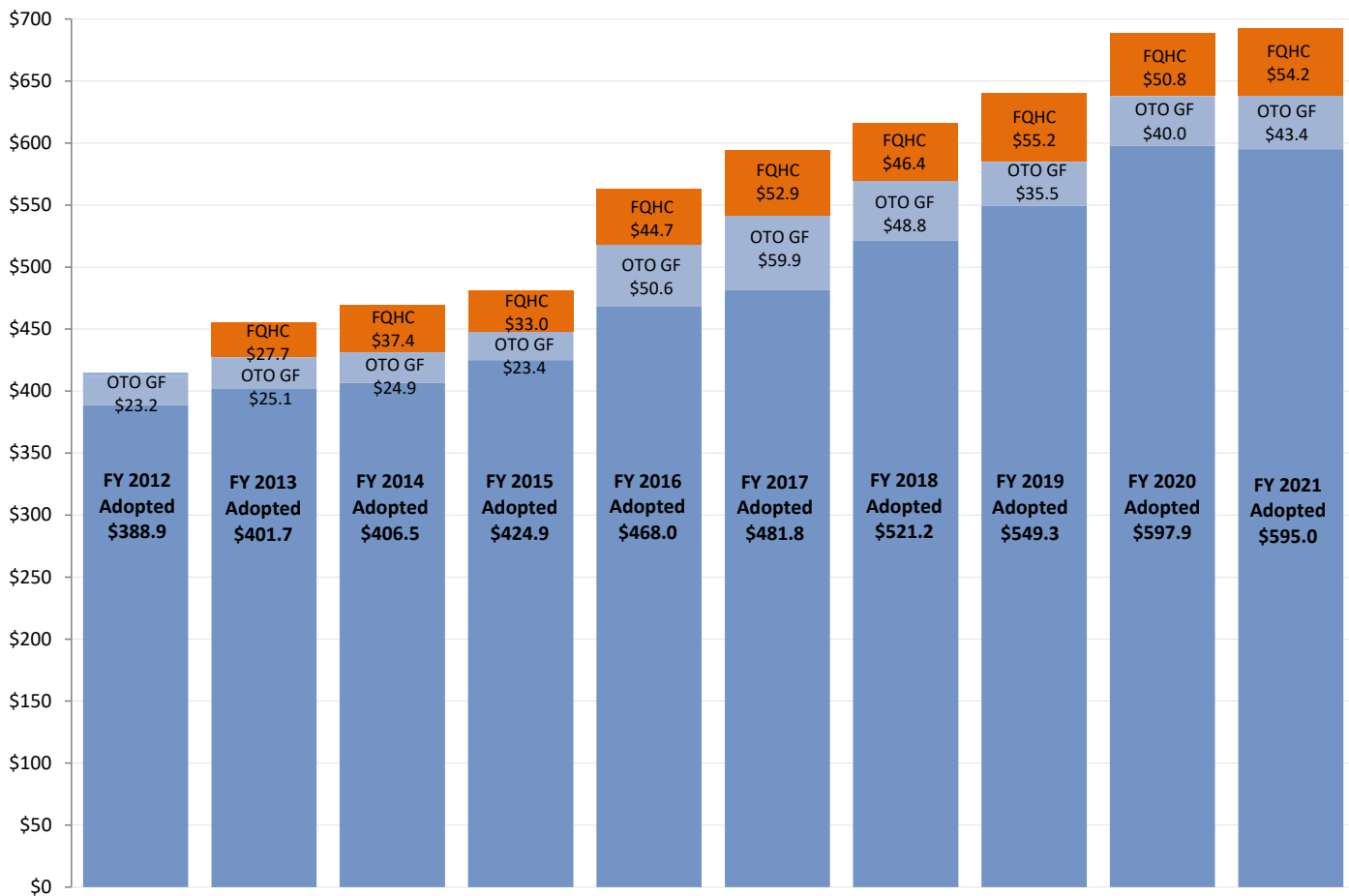


The General Fund

General Fund Expenditures and Reserves (\$692.5 million)

The \$692.5 million General Fund comprises one-third of the County's budget. It is the largest pool of discretionary funds that the Board of County Commissioners can allocate. Resources include property taxes, business income taxes, motor vehicle rental taxes, interest earnings, State shared revenues, and beginning working capital. The General Fund also includes Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds, and Tax Title Affordable Housing funds.

The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2012 through FY 2021. The graph also shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund from FY 2012 to FY 2021. Combining each segment provides the total General Fund.

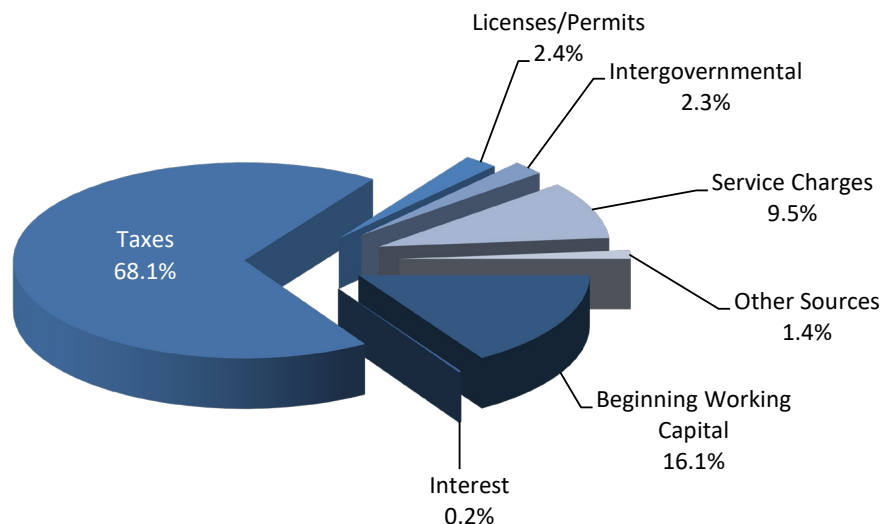


(In Millions)

General Fund Revenues

General Fund resources for FY 2021 (excluding service reimbursements and cash transfers) have increased from FY 2020. Direct resources are budgeted at \$647.3 million – a \$2.7 million or 0.4% decrease over FY 2020. Ongoing taxes are budgeted to decrease by \$0.2 million or 0.1%, while one-time-only BWC is projected to be \$4.9 million or 4.5% lower.

As the graph below shows, taxes make up the majority of General Fund revenues. If one excludes BWC, service reimbursements, and the \$54.2 million of budgeted FQHC and prospective health payments, taxes account for nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for \$324.5 million, are budgeted to increase by \$11.7 million or 3.7%. Business income taxes, accounting for \$93.3 million, are budgeted to be down \$3.2 million or 3.3%. This is after an increase in the BIT rate as part of the BIT reforms and significantly lower than originally forecasted in March 2020. Motor vehicle rental taxes, accounting for \$22.9 million, are budgeted to decrease by \$8.8 million or 27.8%.



Use of One-Time-Only (OTO) Funds

The FY 2021 budget contains approximately \$47.1 million of one-time-only General Fund resources after fully funding the General Fund reserve. These funds include:

- \$11.6 million of additional BWC in FY 2020 from departmental underspending and higher revenues in FY 2019, while FY 2020 revenue reductions have been netted out.
- \$13.9 million of remaining resources from earmarked projects.
- \$3.7 million of unspent funds from the DCJ East Campus and Courthouse.

Of these OTO resources, \$19.5 million are dedicated to closing the County's FY 2021 budget gap. The underlying assumption is that revenues will recover enough by FY 2022 to allow for this to be considered temporary bridge funding of ongoing programs. The table on the following page shows how the County plans to use one-time-only resources on one-time-only programs. The portion of the \$19.5 million used to close the FY 2021 ongoing budget gap is not included in the table.

Budget Director's Message

fy2021 adopted budget

One-Time-Only Resources Spent on One-Time-Only Programs

Prog #	Program Name	Dept.	FY 2021 TOTAL General Fund	Other Funds	OTO General Funds
10018B	Multnomah County's Fossil Fuel Infrastructure Study - Phase I	NOND	40,000	50,000	40,000
10027	Neighborhood Prosperity Initiative	NOND	600,000	0	600,000
10029	Youth Opportunity & Workforce Development Program	NOND	820,660	0	150,000
10035	Complete Count Census 2020	NOND	135,000	0	135,000
10053L	Housing Placement & Retention - Family System OTO Rent Assistance Restoration	JOHS	435,000	0	435,000
10058	Emergency Shelter Strategic Investment	JOHS	2,200,000	0	2,200,000
15017	SB1008 Evaluations	MCDA	40,000	0	40,000
25050B	YFS - Domestic Violence Immigration Legal Services at the Gateway Center	DCHS	30,000	0	30,000
25153A	YFS - Preschool for All	DCHS	75,000	0	75,000
40024B	Reynolds Student Health Center Ramp Up	Health	156,991	0	156,991
50050B	Juvenile Detention Services Behavior Management Training	DCJ	90,000	0	90,000
60302	Jail Radios	MCSO	577,625	0	500,000
60315	MCDC Detention Electronics	MCSO	441,640	0	441,640
72025B	DART County Clerk Carryover	DCM	48,410	0	48,410
90010B	Presidential Election	DCS	450,000	0	450,000
90014	Levee Ready Columbia (IGA Obligation)*	DCS	50,000	0	50,000
95000	Cash Transfers	Countywide			
	~Partial Transfer of Edgefield Proceeds for Animal Shelter FAC-1 (90007)		300,000	0	300,000
	~Justice Center Critical Electrical System Upgrade (78233)		900,000	0	900,000
	~Repayment to Road Fund for Work Performed (91013)		48,091	0	48,091
95000	General Fund Contingency	Countywide		0	
	~SE Health Clinic		5,120,000	0	5,120,000
	~Behaviorial Health Resource Center		8,750,000	0	8,750,000
	~COVID-19 Contingency		1,022,000	0	1,022,000
95000	BIT Reserve at 10%	Countywide	9,333,975	0	9,333,975
Total One-Time-Only			\$31,664,392	\$50,000	\$30,916,107

* The OTO funds for this program are budgeted in Video Lottery Fund (1519)

General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2020, reserves are maintained in the General Fund equal to 10% of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes. The FY 2021 budget fully funds the General Fund reserves at \$45.8 million and is in compliance with the Financial and Budget Policies. The level of General Fund reserves is considered a fundamental measure of financial health.

The FY 2021 budget continues to maintain a 10% BIT Stabilization Reserve of \$9.3 million. This stabilization reserve is in addition to the General Fund reserve and is specifically intended to mitigate the risk of an unexpected downturn in the regional economy as the BIT is a volatile revenue source.

Policy Issues and Opportunities

The FY 2021 budget is based on the best information available at the time of development. This year more than ever, there is a level of uncertainty that will need to be addressed as we move through the budget process and beyond. Future decisions range in complexity from determining what will be needed to address COVID-19 to impacts from reduced State revenues.

Organization-wide Issues

COVID-19

The County is on the frontlines of the COVID-19 crisis and is facing three simultaneous challenges: unprecedented short term economic shocks resulting in declining revenues, increased need for public assistance, and the legal obligation to balance our budget. The economic recession wrapped up in a larger public health pandemic faced by our nation in the months ahead will strain the County's budget by increasing the need for safety net programs and, at the same time, decreasing our revenues to provide those services.

The County's approach will stress the need for adequate health system capacity, a major increase in contact tracing, and resources (including rent and food assistance) for individuals required to quarantine. The impact of COVID-19 is falling disproportionately on Communities of Color. The County's response will be culturally-specific and target resources to communities hardest hit by both the virus and the economic contraction.

There is a high degree of uncertainty about what it will take to respond to the pandemic and for how long. That uncertainty also extends to the depth and length of the economic recession. The County will need to remain diligent and focused on serving the most vulnerable in our community and maintain essential services.

Coronavirus Aid, Relief, and Economic Security Act (CARES)

Congress passed two bipartisan emergency packages directing billions of dollars to Coronavirus response and relief efforts. In April, the County received \$28.0 million in direct CARES funding, \$21.0 million was budgeted in FY 2021. While this effort is much needed, the funds come with significant limitations including:

- The funds will expire on December 31, 2020.
- The funds cannot be used to cover budget shortfalls or pay for items which were already budgeted as of March 27, 2020, even if the revenue to support those expenditures decreased due to the sudden economic downturn.
- The existing Federal funding structures to distribute the funds are misaligned with the government entity that is responsible for addressing the frontline response.

Our costs and responsibilities will continue to grow throughout the crisis and our partnerships with the City, State and Federal governments will be crucial.

State of Oregon Funding

On April 24, 2020, Governor Brown ordered State agencies to plan for nearly \$2.0 billion in budget cuts for the current biennium. This translates into a 17% cut in an agency's allocated State General Fund because the two year budget cycle is half over. Each State agency submitted proposals for their reductions by May 8, 2020. The State of Oregon is heavily dependent on personal income taxes, making it especially sensitive to economic conditions, and in particular, to employment levels. With unemployment likely increasing to levels not seen since the great recession, it is anticipated the State revenue picture will deteriorate rapidly. State revenues support County programs in nearly every department, and range from parole and probation to support for mental health programs. Those programs that are especially reliant on State funding are exceptionally vulnerable to anticipated reductions. As the County provides many State-funded services, it is reasonable to expect that the State's shortfall will translate into additional cuts to County programs. Depending on the timing for the State process, the County may not know the extent of the impact until post adoption. This would require the County to undertake a mid-year budget process to rebalance the budget and address further reductions.

State Funds for Public Safety

The State Community Corrections SB 1145 funding for the FY 2019-2021 biennium was much lower than was anticipated in the FY 2020 Adopted budget. As a result, the County had to reduce its FY 2020 budget by \$3.5 million and 26.53 FTE in mid-FY 2020. The budget was eliminated for the Change Center program and several other positions (19.25 FTE) in the Department of Community Justice and Inverness Jail Dorm 15 (7.28 FTE) in the Sheriff's Office. In FY 2020, the Board of County Commissioners approved one-time General

Fund contingency funding to keep Dorm 15 and its 73 jail beds open through the rest of the year. The FY 2021 budget includes \$1.1 million in General Fund backfill for Inverness Jail Dorm 15 on an ongoing basis.

Homelessness and Housing Affordability

Like other communities across the country, Multnomah County has experienced significant increases in homelessness and decreases in housing affordability over the last decade. The January 2019 point-in-time count found 4,015 people experiencing homelessness in our community (unsheltered, in shelter, or in transitional housing). This was a slight decrease overall from the count done in 2017, including decreases in the number of families with children and women experiencing homelessness. Despite the overall decrease, increases were seen in the number of people living unsheltered, the number of people experiencing chronic homelessness, and in the percentage of individuals from communities of color.

The Joint Office of Homeless Services, a partnership between the City of Portland and Multnomah County, has served a record number of families and individuals. Last year alone, over 37,000 individuals received services ranging from emergency shelter to permanent supportive housing.

Despite significant investments by both the City and the County, substantial community needs remain, including in the areas of affordable housing and supportive services. Given the recent economic impacts associated with the COVID-19 public health crisis, we can expect added pressure on the individuals and families most at risk of homelessness, including disproportionate impacts on Communities of Color. In addition, COVID-19 will likely require a continuation of physical distancing in shelter environments and provision of medical isolation sites for some or all of FY 2021.

The FY 2021 Adopted budget addresses some of these factors by including \$41.9 million of one-time-only COVID-19 response funding for the Joint Office, which will support physical distancing and medical isolation shelters, partner agencies (including additional rent assistance, supplies, and personnel), and outreach for individuals who are unsheltered.

In addition, in May 2020 regional voters approved Measure 26-210 after a successful campaign led by Here Together, a coalition of service providers, business leaders, elected officials, leaders from communities of color and faith, and community advocates. The measure will provide additional funds for supportive housing services in the region and in Multnomah County. The Joint Office will coordinate countywide planning related to the implementation of this measure, but funds are not expected to be available until FY 2022.

Workforce Strategic Equity Strategic Plan

During FY 2018, the County adopted a Workforce Equity Strategic Plan; a set of goals, standards, and performance measures meant to eliminate employment barriers and create safety, trust, and belonging for all County employees, with a focus on People of Color and other marginalized groups. During FY 2019, this plan was updated to include a suite of recommendations from the Jemmott Rollins Consulting group that are intended to strengthen the strategies and performance measures in the original plan.

Workforce equity requires that the County identify and address structural and policy barriers to equal employment opportunities faced by our employees and communities because of their race, ethnicity, national origin, disability, gender and gender identity, sexual orientation and other protected classes. County employees across the organization have stepped forward to develop a strategic plan and help create a workplace where everyone can reach their full potential, and the FY 2021 budget continues the priority this organization has placed upon creating an environment of Safety, Trust, and Belonging for all employees. More information about this work is available at <https://multco.us/safety-trust-and-belonging-workforce-equity-initiative>.

Transportation Funding

The Department of Community Services (DCS) Director's Office is engaging in a strategic planning process to look at the current and future budget situation for County Transportation. Existing transportation funding has not kept pace with system needs. The process will include engaging with staff internally; externally engage with key stakeholders; and developing a plan for short and long term financial decision making. The process will rely on principles and best practices of budget planning, asset management, the equity lens, understanding the work and mandates, and engagement with local transportation partners. DCS goal is to have a long term plan ready by late August.

Personnel Costs

Merit, Step, and COLA Wage Increases

The backbone of the County has been and continues to be its workforce, which absorbed increased workloads and achieved increased efficiencies during the last economic downturn. A key driver of the County's underlying structural deficit is personnel costs that tend to increase at a faster rate than General Fund revenues. The budget provides for COLAs of 3.1% (actual COLA will be 2.9%) and merit or step increases for all represented labor groups as outlined in the County's labor contracts. COLA freezes have been implemented for all non-represented employees and non-represented employees making more than \$100,000 will not receive a merit increase. In the near term, the COVID-19 caused recession will most likely keep inflation (and therefore COLAs) low, but as the economy recovers the structural deficit will eventually re-emerge.

Public Employees Retirement System

The County participates in PERS, a cost-sharing, multi-employer, defined benefit pension plan administered by the State of Oregon. PERS rates are established biennially, with the most recent set of rates taking effect July 1, 2019 based on the December 31, 2017 valuation.

As noted in the cost driver section, the reforms made by the Oregon Legislature in 2013 were largely invalidated by the Oregon Supreme Court on April 30, 2015. As of the December 31, 2018 valuation, the County's unfunded actuarial liability was \$690 million due to these reforms not being upheld.

In the 2020 Oregon Legislative Session, a PERS reform package (SB 1049) was passed which changed the path of expected PERS rate increases. From a forecasting perspective, SB 1049 has two provisions which were intended to significantly reduce PERS rate increases: reamortization of the existing unfunded liability, and the creation of individual employee stability funds. In the November 2019 economic forecast, the Budget Office shared scenarios for future rate increases that assumed the County was close to reaching its top rate. The still-developing economic damage caused by COVID-19 is likely to increase the unfunded liability and lead to additional rate increases.

The County has also established four \$25 million PERS side accounts in FY 2017, FY 2018, FY 2019 and FY 2020. Additionally, the County has already received \$8.5 million in matching funds established by SB 1049 based on FY 2019 and FY 2020 side account contributions and could receive additional matchings funds in the future. Rate relief from the matching funds begins in FY 2022.

More information on PERS can be found at www.oregon.gov/PERS, in the County's Comprehensive Annual Financial Report, and in staff's PERS Briefing to the Board, which is located at <https://multco.us/finance/financial-reports>.

Investing In Infrastructure

Pay Equity

In FY 2020, a countywide analysis was completed in order to meet the requirements of Oregon's Pay Equity Law (HB 2005, 2017). The new law prohibits employers from seeking past salary information, expands the protected classes covered by the pay equity law in Oregon, and confirms that each instance of unequal pay is a continuing violation. While Multnomah County has reviewed pay equity in the past, the law required an updated analysis to help ensure that people who do similar jobs and have similar levels of education, experience, seniority, merit, training, and working conditions are paid similarly. As predicted in the pay equity research, the County's union environment and existing classification and compensation structure already limited pay variations to some degree. Approximately 200 employees received pay adjustments, which is just under 4% of the workforce.

The Board of County Commissioners approved County Ordinance 1277 in 2019. The ordinance increases the current vehicle registration fee from \$19 per registration year of the two year registration period to \$56 per registration year of the two year registration period. The fee is dedicated toward maintaining six Willamette River Bridges and takes effect January 1, 2021.

Burnside Bridge

Built in 1926, the Burnside Bridge has been designated as an official emergency transportation lifeline route by Metro. The bridge is not up to current seismic standards and is in need of rehabilitation or replacement in order to ensure it can meet its obligation to serve as a lifeline corridor in an emergency.

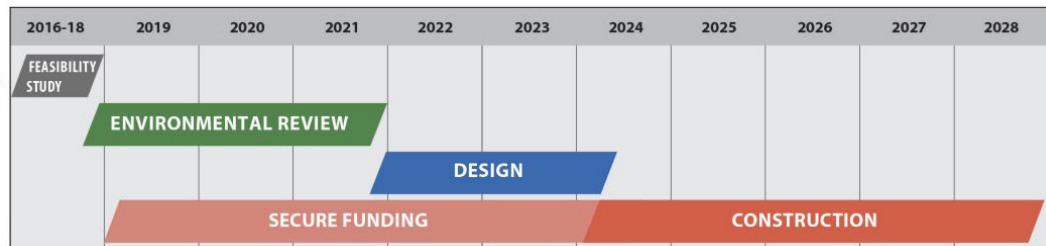
The County Board approved resolution 2015-116 on November 5, 2015 authorizing a \$3.0 million internal loan for funding a feasibility study for the seismic rehabilitation or replacement of the Burnside Bridge. The County has been talking with community members and a team of experts to better understand what should be considered. To date, the project has considered over 100 Burnside crossing options. After two rounds of screening, the list has been narrowed down to two groups that represent over 20 remaining options for further evaluation: Enhanced Seismic Retrofit and Replacement. The feasibility study was presented to the Board on November 1, 2018. The Board also approved resolution 2018-114 to create a seismically resilient Burnside Bridge project.

Investing in Infrastructure (Continued)

In September 2019, the County issued \$16.1 million in a Series 2019 direct placement loan to fund the National Environmental Policy Act (NEPA) phase and to repay the internal loan for the feasibility study. Repayment of the Series 2019 loan will be made from Vehicle Registration Fees (VFR). The environmental phase of the project is anticipated to be completed in 2021.

More project information can be found at <https://multco.us/earthquake-ready-burnside-bridge>

Earthquake Ready Burnside Bridge Project Timeline



New Central Downtown Courthouse

The County partnered with the State of Oregon, as well as other stakeholders, to plan and design a new 17-floor, 44-courtroom courthouse at the corner of SW First Ave and SW Madison street, near the west end of the Hawthorne Bridge.

The new Courthouse is estimated to cost \$324.5 million and will be paid for jointly by Multnomah County and the State of Oregon. Legislation passed by the State of Oregon allows it to provide 50% of the construction cost for State court related functions, subject to appropriation of funds from the State Legislature. The project assumes a total of \$125 million from the State.

The County is funding its share of the project with \$86.1 million of mostly one-time-only General Fund resources contributed in prior fiscal years plus another \$13.3 million in FY 2020 from the sale of the existing Courthouse (which closed in FY 2019). This additional amount fully funds the project and eliminates the need for a second bond sale. The first \$90 million of bonds were sold in December 2017. The Board also allocated \$10 million from the sale of the Morrison Bridgehead property to the project.

Debt payments will be covered by \$3.5 million of ongoing County General Fund resources built into departmental allocations starting in FY 2020, as well as a \$5 surcharge on Circuit Court parking and traffic violations legislatively authorized by HB 4093.

The courthouse is scheduled to open in fall of 2020. More information can be found at: www.multco.us/central-courthouse

Investing in Information Technology

Online Applicant Services and Information System

In 2013, County IT identified PR Navigator, a software used by the Land Use Division in the Department of Community Services (DCS), as the second highest technology risk for the entire County. The proposed program replaces the PR Navigator software and expands it to include permits administered by County Service Districts and the Transportation Division, as well as Code Compliance cases. Approximately 20,000 unique visitors per year seek information for code compliance cases and permits issued by DCS.

Modernizing this permitting software will offer 24/7, mobile-friendly, online permitting to improve access for community members who find it challenging to travel long distances during fixed business hours. The system can be accessed from publicly available computers to further reduce barriers that often result in non-compliance and non-permitted activity. Applicants will also be able to continue to make paper submittals. Improved coordination with agencies who conduct building permit review and inspections will eliminate the need for applicants to hand deliver materials to multiple locations and streamline the approval process.

Future Budget Pressure

The uncertainty surrounding the developing public health crisis and resulting recession creates future budgetary pressure on both revenues and expenses.

Revenue – The County's Property Tax revenue is inherently stable, but will be impacted by the economic decline. Based on the timing of the development cycle and the certification of tax rolls, delinquency is expected to increase in FY 2021, compression is expected to increase in FY 2022, and the AV growth rate is expected to decline starting in FY 2023. The current forecast assumes BIT revenues will be 24% below prior expectations in FY 2021. The data required to inform BIT forecasting decisions is still lacking, and the depth and duration of the BIT decline is currently unknown. Motor Vehicle Rental Tax (MVRT) is correlated with passengers deplaning at the Portland Airport, which is down more than 90% year-over-year. The ability of people to travel (and rent cars) will be dictated by the ability of communities to control the pandemic. Stay-at-Home orders have depressed home sales in urban areas around the County. This is currently being offset by a surge in refinancing, but when refinances return to normal levels, Recording Fees will decline. By the end of the five-year forecast period, the expectation is that revenues will have returned to normal levels but the speed of economic recovery is uncertain.

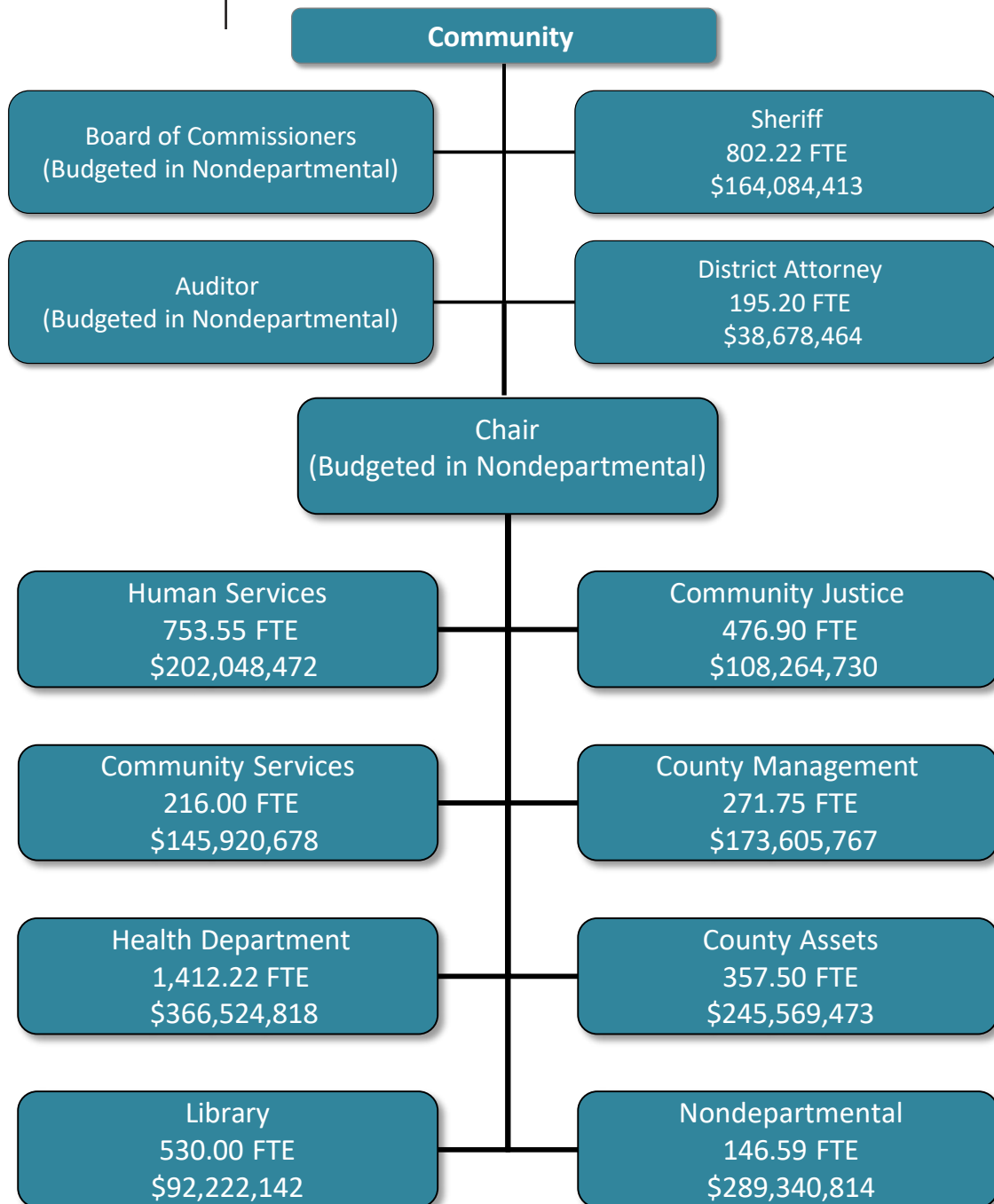
Personnel and Healthcare Costs – Inflation (and the associated COLA) are generally lower during a recession and its early recovery, which should provide some expense relief. While the rate of growth in County healthcare costs has been relatively modest in recent years, a return to previous rates of growth would put significant pressure on County costs. An increase in COVID-19 cases could put upward pressure on internal County healthcare rates.

Pension and Post-Employment Benefit Costs – See page 13 for a summary of recent PERS reforms and uncertainty related to the pandemic.

Technology – As technology becomes more prevalent in day-to-day County operations, the associated infrastructure and support costs also increase. The most problematic issue tends to be semi-routine replacements of IT applications. There is currently no ongoing funding stream to pay for these replacements or new technological investments.

Multnomah County Organization Chart

Multnomah County delivers its services through 10 departments, including three managed by independently elected officials: Mike Reese, Sheriff; Rod Underhill, District Attorney; and Jennifer McGuirk, County Auditor. There are 5,161.93 full time equivalent (FTE) positions in this budget.



Budget Notes

Sheriff's Office Training Unit

The following Budget Notes were adopted by the Board of County Commissioners on June 23, 2020. Board discussion and deliberation is an integral part of the County budget process. Budget Notes document policy discussions and decisions made by the Board of County Commissioners during the budget worksessions and provide direction to departments in achieving the Board's policy goals during the fiscal year.

The Board of Commissioners requests a board briefing from the Multnomah County Sheriff's Office and community and public safety partners on program offer 60250, the officer training program. The briefing will cover the training programs, policies, and practices employed by MCSO, as well as best practices and analysis around the need for de-escalation training, the use of force, the demilitarization of public safety officers, and community policing efforts.

As part of the briefing, the board would specifically like to hear about how training related to trauma, bias and racial justice, behavioral health crisis, or mental or physical disability, is developed, offered and assessed for effectiveness. The board requests data on the sheriff's office's use of force and drawing of weapons, both among corrections and deputy sheriff officers, over the last five (5) years. The briefing is requested no later than October 2020.

Electronic Monitoring

The Board of Commissioners requests a board briefing from the Department of Community Justice and community and public safety partners on program offer 50029, adult electronic monitoring.

This briefing will include a description of how electronic monitoring is utilized; a demographic breakdown of individuals in the program; recidivism rates and other measurements of effectiveness; and alternatives to electronic monitoring. This briefing will take place no later than October 31st, 2020.

Jail Labor

The Board of Commissioners requests a board briefing from the Multnomah County Sheriff's Office and community and public safety partners on jail labor expenses.

The briefing will include how much inmates are paid for their labor, both on an hourly basis and in total, whether by the Sheriff's Office or by a contractor; what kind of labor is performed; how much revenue or cost saving is derived by the Sheriff's Office; and any other information relevant to policy and budget discussion of either eliminating or paying minimum wage for jail labor. This briefing is to take place no later than October 31st, 2020.

Equity Focused Budgeting

The Board of Commissioners requests that budget offers in FY 2022 and beyond include metrics that demonstrate program impact on racial equity. An inclusive task force of County employees - from the elected offices, budget offices and others as needed - will be formed to provide recommendations regarding the types of metrics that could be provided to meet this objective. They could include, for example, outputs and outcomes disaggregated by race and ethnicity. The task force will be formed no later than September 1st, 2020 and will provide recommendations with the goal of full implementation in the FY 2023 budget cycle.

Mobile Crisis Services

The Board of Commissioners requests that the Behavioral Health Division work with the County's contracted service provider, Cascadia Whole Health Care, to review Mobile Crisis Outreach services and provide a briefing to the Board. Mobile Crisis and Outreach services are included with other behavioral health crisis services in program offer 40069A.

The review should include:

- Overview of the program performance measures and reporting required in the Behavioral Health Division's contract with Cascadia;
- Data about Mobile Crisis services for the past 3 years. Data should be disaggregated by race and ethnicity and should include but not be limited to:
 - Total number of client contacts (specify new/unduplicated clients and total client contacts including follow up contacts);
 - Percentage of initial and follow up client contacts involving law enforcement co-response; and
 - Breakdown of intervention type(s) delivered and client outcomes, including referrals to other social service providers.
- Overview of how Mobile Crisis Outreach teams connect with other crisis/outreach teams and services;
- Evaluation of the effectiveness of the Mobile Crisis program including review of the performance measures currently used to assess effectiveness;
- Presentation of alternative Mobile Crisis models implemented locally or in other communities; and
- Assessment and proposal for aligning Mobile Crisis services with proposed Portland Street Response program.

The briefing is requested by spring of 2021. The Department will come back to the Board in the fall of 2020 with a timeline and proposal for completing the project.

Appreciation

Every year, the budget document is the product of many hours of work and analysis by County agencies and their staff. This year, our budget process, like most of the work at the County, was dramatically impacted by the COVID-19 crisis. Nonetheless, everyone stepped up and continued the hard work of the County. I would like to personally thank each and every one of you for your contributions. Particularly, I want to thank the leadership in the Chair's Office: County Chair Deborah Kafoury; Chief of Staff Kim Melton; and interim Chief Operating Officer Peggy Brey. I also want to extend my sincere appreciation to the department heads and constitutional officers, along with their budget teams and staff, for their hard work, cooperation and flexibility in these uncertain times.

Finally, I want to acknowledge the remarkable teamwork by the people in the Central Budget Office who were instrumental in putting this budget together: Althea Gregory, Shannon Gutierrez, Ching Hay, Mike Jaspin, Dianna Kaady, Ashlye Manning, Jeff Renfro, Jennifer Williams, Chris Yager, and Trista Zugel-Bensel, and to the Evaluation and Research Unit: Jillian Girard, Anna Plumb, and Allison Sacht.

It is a privilege to work with the dedicated people who serve our County.
Christian Elkin
Multnomah County, Budget Director