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Introduction

The last year presented an unprecedented set of challenges due to the COVID-19 pandemic and resulting economic recession. These challenges have forced the County to rapidly adapt to new community needs and to rethink how services are provided. As the Local Public Health Authority, the County played a key role in providing timely, life-saving information as the broader community adapted and altered behavior on what seemed like a weekly basis. As the provider of social safety-net services, the County expanded programming in response to a severe economic contraction that led to an increase in unemployment that surpassed the employment impact of the Great Recession in a matter of months. The County was able to do this while some employees served on the frontline providing services directly to the community, and others had to continue providing services while transitioning to working remotely. The vaccine rollout has created a sense of optimism and allowed the community to start to imagine what the post-pandemic world might look like, but the County is ready to continue to adapt to changing needs for the duration of the pandemic and recovery.

Thus far, Multnomah County has made it through the pandemic without having to make significant cuts to programming due to a combination of planning, observance of sound financial policies, and support from the Federal government and our regional partners. The starting point for the FY 2022 budget process was a forecasted \$9.2 million deficit. This deficit was smaller than it would have been otherwise, due to Business Income Tax (BIT) revenues above expectation in FY 2019 and FY 2020 that were used for two years of deficit reduction. By March 2021, the financial outlook had improved due to the faster-than-expected economic recovery, which reduced the expected deficit to \$2.5 million. Throughout this period, decisions were made knowing that the County had fully funded its reserves, including the additional BIT Reserve, and would have options in the event of further revenue declines. When the Federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 to provide funding for the pandemic response, the County had identified COVID-19 related community needs and was able to quickly implement new programming supported by this funding. The recently passed American Rescue Plan Act (ARP) will allow the County to continue its COVID-19 response, while recovering General Fund revenues continue to support core County services.

The State of Oregon's financial outlook has improved significantly since the beginning of the pandemic; core revenues are approaching pre-pandemic levels. However, there is still significant uncertainty around the future of State revenues. The State also received additional revenue through the American Rescue Plan (ARP), and has prioritized the health and behavioral health programs that account for the bulk of State support for County programming. Decisions from the State did not reach the County before the budget was adopted. Public Safety changes and the impact of Ballot Measure 110

(discussed in more detail later) will continue to impact County revenues, and could lead to additional budgetary adjustments.

During the pandemic, the County has prepared to expand ongoing programming supported by three new voter-approved initiatives. First, in May 2020, Metro voters approved a new business income tax and personal income tax on high-income households to support permanent supportive housing throughout the region. The FY 2022 Adopted budget includes \$52 million of new supportive housing programming in the Joint Office of Homeless Services, which will partner with other County departments and community providers on coordination and implementation. Second, in November 2020 Multnomah County voters approved a new personal income tax on high-income households to fund a universal preschool program. The preschool program will be administered by the Department of County Human Services (DCHS), and the FY 2022 Adopted budget includes \$96.3 million of new revenue to build out internal and external program capacity before children actually fill preschool slots in FY 2023. Finally, also in November 2020, Multnomah County voters approved a new General Obligation (GO) Bond providing the County with the authority to spend \$387 million for Multnomah County Library Capital projects. The funding will be used to renovate or develop eight library branches, including the creation of a new East County flagship library. The funding will also allow for the creation of a new central sorting center, automated materials handling equipment, and improvements at every Library branch.

Throughout the process of creating this budget, the County has prioritized equity. Departments were asked to fully explain equity implications of potential reductions and additions, and all funding decisions utilized the equity lens framework. The budget also continues the County's commitment to leading with race in all aspects of its work, and fully implements the Workforce Equity Strategic Plan (WESP). This focus on equity is further necessitated by the inequitable distributions of COVID-19 impacts and economic recovery. Negative economic impacts have been concentrated on low-wage industries, while employment for the Black, Indigenous, and People of Color (BIPOC) community remains well below pre-pandemic levels.

Even with all of these challenges, the County's \$2.83 billion budget reflects the County's commitment to provide services ranging from SUN schools and homeless services to elections, health care, early learning opportunities, and animal services. It provides for civic infrastructure such as bridges, courthouses, and healthcare 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:

- Maintaining funding for high-quality, culturally responsive behavioral health services for the most vulnerable, including the homeless, victims of abuse, and other marginalized communities.

- Support for the Joint Office of Homeless Services, providing shelter, outreach, and housing placement and retention services, while also addressing the impacts of the COVID-19 pandemic and supporting the implementation of substantial new work as a result of the Metro Supportive Housing Services Measure passed in May 2020.
- Increasing the County's investment in intensive behavioral health care coordination services for youth.
- Investing in the County's culturally specific addictions treatment services for justice-involved individuals.
- Maintaining funding in partnership with the school districts to support the 91 SUN schools in Multnomah County.
- Implementing Preschool for All, as directed by Measure 26-214, which was overwhelmingly supported by voters in November 2020.
- Providing funds for programs and services to help justice-involved individuals re-enter the community.
- Investing in the Sheriff's Office Equity and Inclusion Unit by adding 2.00 FTE.
- Implementing the \$387 million Library Bond project, approved by voters in November 2020, to improve and expand Library space across the County.
- Adding a Justice Integrity Unit in the District Attorney's Office that will help address historic impacts of the criminal justice system on Black, Indigenous, and People of Color (BIPOC).
- A suite of new and expanded services that address the increase in gun violence in the community.
- Investing in an expansion of the Community Healing Initiative (CHI) that will provide culturally specific, holistic, family-based, wraparound services to medium and high risk justice-involved BIPOC youth and their families to stop youth violence by addressing its root causes.
- Investing in a new Notice of Rights program to quickly provide notice of rights on sanctions to justice-involved individuals to reduce the amount of time in jail.

The budget devotes \$10.3 million of new, one-time-only General Fund resources to capital infrastructure. Capital investments include:

- Behavioral Health Resource Center - \$8.0 million, increasing the total to \$19.0 million dedicated to date (in addition to \$11.0 million already spent as of the end FY 2021 or carried over).
- Technology Infrastructure upgrades across the County - \$0.8 million.
- Establishing a \$1.5 million capital fund to be distributed to community organizations.

COVID-19 Response & American Rescue Plan (ARP) Act

Some highlights of General Fund reductions are noted below. For a full explanation and list of reductions, please see page 23.

- Administrative, support, and back-office reductions across departments.
- Elimination of Turn Self In program in the Sheriff's Office, which allowed individuals to serve sentences on nonconsecutive days, primarily weekends.
- Reduction of Community Justice juvenile detention capacity by eight beds from 64 to 56 beds as the Juvenile Services Division continues to reduce reliance on secured detention and find alternatives to detention without impacting public safety.
- Elimination of the Adult Treatment First/STOP programs due to the reduction in caseloads from the decriminalization of certain offenses and reduced funding resulting from Ballot Measure 110. Instead, these individuals will access treatment services through other community referral services.
- Reduction of the Inverness Jail East Control and kitchen deputies.

American Rescue Plan Act

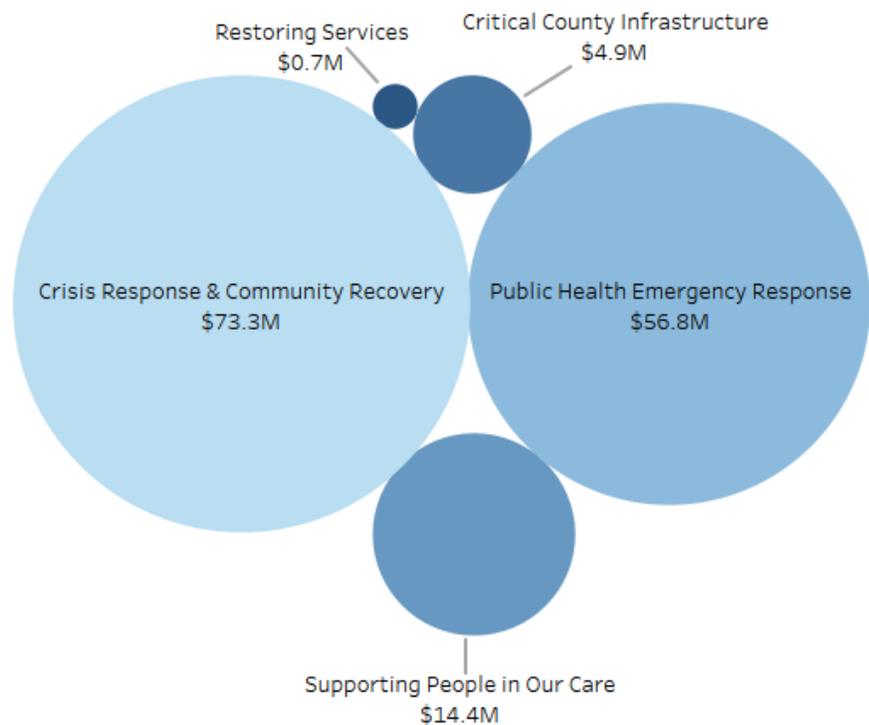
The American Rescue Plan Act of 2021 (ARP) was signed into law on March 11, 2021, and provides \$350 billion in additional funding for state and local governments navigating the impact of the COVID-19 outbreak. Funds will be distributed by the U.S. Treasury to states and eligible local governments and are to be used to cover COVID-19 related expenses and impacts from the pandemic. Of this total funding, it is expected that Multnomah County will receive a direct allocation of \$157.8 million. The ARP direct funds will be provided to the County in two tranches as follows: 50% or \$78.9 million available on May 1, 2021, and the remaining 50% no earlier than 12 months from the first payment (or when 80% of the first allocation is expended, whichever is earlier). The funds are available through December 31, 2024. Additionally, the County is continuing to learn of additional program-specific revenues that are coming to the County to fund specific activities like vaccine distribution or nutrition services for older adults. When additional Federal allocations become available, the County will be both strategic and careful in efforts to maximize these resources because the need is so great in our community.

To allocate this funding, the County established five priority areas:

- Public Health Emergency Response
- Core Services Supporting People in our Care
- Restore Services Impacted by Budget Reductions
- Crisis Response and Community Recovery
- Critical County Infrastructure

Departments submitted COVID-19 related requests, which included the continuation and expansion of COVID-19 response activities originally funded with CARES Act revenue, as well as new and innovative programs designed to increase the depth and reach of the County's response.

\$150.1 million in resources was allocated across the five priority areas, including the County's direct ARP allocation and other funding sources such as \$48.8 million of Emergency Rent Assistance, as follows:



COVID-19 response program offers are listed as a separate "division" in the Departmental sections, and are numbered to appear at the end of department program offer lists. For more information about the County's approach to allocating these resources, see the [Chair's Budget Message](http://www.multco.us/budget/fy-2022-adopted-budget) at www.multco.us/budget/fy-2022-adopted-budget.

Local Public Health Authority and Safety Net Provider

The pandemic has required the County to enhance services provided as part of several of its core functions, including acting as the Local Public Health Authority and the Safety Net Provider:

Vaccine Response

As part of the continued efforts to ensure COVID-19 vaccines reach all people and all communities, the Federal government announced a series of actions to expand access to COVID-19 vaccines to the hardest-hit and highest-risk communities across the country. With funding from the American Rescue Plan, the U.S. Department of Health and Human Services (HHS) will invest nearly \$10 billion to expand access to COVID-19 vaccines and better serve communities of color, rural areas, low-income populations, and other underserved communities in the COVID-19 response. This funding will expand access to vaccines for vulnerable populations and increase vaccine confidence.

The FY 2022 budget allocates \$23.4 million of ARP funding to vaccine distribution, improving vaccine access, addressing health disparities, and testing. Additional resources for vaccine dissemination and outreach may become available through the State or Federal channels.

Safety Net Provider

Much of the Federal assistance will go towards serving the most vulnerable people in our community, who have been disproportionately impacted by COVID-19. Throughout the crisis, Multnomah County has had the unique local responsibility of both leading the public health response to a virus we had never seen, COVID-19, and responding to the unprecedented need in the community for shelter, housing, food, and healthcare.

The County is charting a course forward, with a goal to preserve essential County services to the fullest extent possible. This includes housing stability, behavioral healthcare, and culturally specific wraparound services. These services are lifelines for individuals and families who face increased housing insecurity, food instability, trauma, and inadequate access to healthcare. The County will also continue to respond to the urgent needs surrounding the pandemic, including continuing to detect and contain cases and outbreaks, and expand vaccinations.

And, where possible, the County seeks to deepen supports for current clients and reach more individuals and families in our community who are now in need of our services. Additionally, the pandemic has created the need for expanded investments to respond to acute COVID-19 impacts, including supports for children returning to school, older adults, those experiencing domestic and sexual violence, and those impacted by increased gun violence in our community.

Continuation of Emergency Rent Assistance (ERAP)

The local eviction moratorium implemented during the pandemic has prevented a wave of evictions in response to large-scale employment loss, but renters will ultimately still owe this back rent. Throughout the pandemic, the Census Household Pulse survey reported that 10-14% of households in Oregon responded that they were worried about their ability to pay rent.

Stable housing is linked to a number of positive health and social outcomes for individuals, families, and communities. Rental assistance is a key strategy to support renters. The COVID-19 pandemic has resulted in unprecedented numbers of layoffs and furloughs, leading to even deeper racial disparities and challenges to pay rent and remain stably housed. A COVID-19 Emergency Rent Assistance program will continue into FY 2022 and includes \$48.8 million to support more households with rent assistance.

Summary of Current and Future Funding

To support the services above, the FY 2022 budget includes new funding totalling \$150.1 million detailed as follows:

American Rescue Plan/COVID-19 Resources	FY 2022 Adopted Budget
American Rescue Plan (ARP) Act - Direct County Allocation	\$78,888,864
Emergency Rent Assistance Program (ERAP Direct Federal)	4,800,000
Emergency Rent Assistance Oregon Housing & Community Services (Federal thru State)	44,000,000
ARP - ICS Federal Health Center Funding	10,930,750
Public Health - Oregon Health Authority (OHA) Funding for Epidemiology & Laboratory Capacity (ELC)	5,120,750
Public Health - Oregon Health Authority (OHA) Funding - Oregon Immunization	1,379,330
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)/CARES Carryover	2,000,000
City of Portland ARP Funding for Joint Office of Homeless Services	3,000,000
Total ARP Funding	\$150,119,694

The County's direct allocation of \$78.9 million is the most flexible funding. It can be used for:

- Supporting COVID-19 response efforts to decrease virus spread
- Replacing lost revenue
- Supporting immediate economic stabilization for households and businesses
- Addressing systemic public health and economics challenges

The remaining \$21.4 million in the Coronavirus (COVID-19) Response Fund (1515) comes from the Joint Office of Homeless Services assumption that the Federal Emergency Management Agency (FEMA) will reimburse FY 2021 costs in an amount that will allow \$18.4 million of CARES funds to be carried over to FY 2022, funding one-time-only continuation of existing COVID-19 activities for the first half of FY 2022 (see programs 30090-92), and additional CARES Act carryover.

In addition to the direct County allocation, the State of Oregon will receive a \$2.6 billion American Rescue Plan allocation, of which \$780 million remains unallocated after covering funding for existing programs and establishing a reserve. Legislative leadership is currently consulting with members about options for spending this money.

The following table details out by department and program offer where the ARP funding is being invested for FY 2022. For information about a specific program, please see Volumes 2 and 3.

American Rescue Plan Funding by Department

Prog. #	Program Offer Name	FY 2022 ARP Investments
Nondepartmental		
10090A	ARP - Countywide Client Assistance	1,861,864
10091	ARP - COVID-19 Policy and Project Coordination	165,000
10092	ARP - Communications Office Public Health Emergency Response	300,000
10093A	ARP - Emergency Management (EM) Logistics	2,925,000
10093B	ARP - EM Community Personal Protective Equipment (PPE) & County Supplies	1,000,000
10094	ARP - Office of Sustainability Food Access Focus	<u>200,000</u>
Total Nondepartmental		\$6,451,864
District Attorney's Office		
15900	ARP - Domestic Violence Backlog from COVID-19	\$242,360
County Assets		
78900	ARP - Facilities Air Quality Improvements	1,000,000
78901	ARP - Staff Telework Software Bundle	<u>2,073,000</u>
Total County Assets		\$3,073,000

American Rescue Plan Funding by Department (cont...)

Prog. #	Program Offer Name	FY 2022 ARP Investments
County Human Services		
25399A	ARP - ACHP Registered Nurse	200,000
25399B	ARP - Multnomah Mothers' Trust Project (MMTP)	625,000
25399C	ARP - Domestic Violence Services	755,000
25399D	ARP - COVID-19 Response Coordination	80,000
25399E	ARP - SUN Community Schools: Family Resource Navigators	4,073,000
25399F	ARP - SUN Community Schools: Summer Support	1,456,000
25399G	ARP - Eviction Moratorium & Prevention Support	400,000
25399H	ARP - HR and Business Services Support	450,000
25399J	ARP - Peer Support Tenant Services & Housing Stability	515,000
25399K	ARP - YFS Staffing Capacity Increase	140,000
25399L	ARP - Emergency Rent Assistance	48,800,000
25399M	ARP - YFS Rent Assistance Team Staffing Capacity	230,000
25399P	ARP - DCHS Client Assistance	<u>4,856,000</u>
Total County Human Services		\$62,580,000
Joint Office of Homeless Services		
30900	ARP - COVID-19 Emergency Response - Ongoing Operations	5,100,000
30901	ARP - COVID-19 Emergency Response - Expanded Street-Based Medical Care	175,000
30902	ARP - COVID-19 Emergency Response - Expanded Hygiene Access	750,000
30903	ARP - COVID-19 Emergency Response - Culturally Specific Outreach	425,000
30904	ARP - COVID-19 Recovery - Alternative Shelter for Adults - Staffing Capacity	300,000
30905	ARP - COVID-19 Emergency Response - Outdoor Physical Distancing Shelters	<u>4,500,000</u>
Total Joint Office of Homeless Services		\$11,250,000
Sheriff's Office		
60997	ARP - MCIJ Dorm 5 & Provide Phone Calls for AIC	926,380
60998	ARP - MCIJ Dorm 13	547,040
60999	ARP - Remote Court Hearings/Software/Other Capital	<u>120,000</u>
Total Sheriff's Office		\$1,593,420
Library		
80099	ARP - Library Tech Mobile	\$500,000

American Rescue Plan Funding by Department (cont...)

Prog. #	Program Offer Name	FY 2022 ARP Investments
Health Department		
40199A	ARP - Public Health - Contact Tracing	4,913,480
40199B	ARP - Public Health - Community Testing, Vaccination, and Distribution	10,416,409
40199C	ARP - Public Health - Isolation and Quarantine	20,399,000
40199D	ARP - Behavioral Health - Continuing COVID Response	1,611,040
40199E	ARP - COVID-19 Response Health Officer	191,301
40199F	ARP - COVID-19 Response Corrections Health	470,289
40199G	ARP - COVID-19 Response Clinical Services	13,000,000
40199I	ARP - COVID-19 Response Support Services	1,359,950
40199J	ARP - Public Health Community Partners and Capacity Building Expansion	1,166,000
40199K	ARP - Public Health Communicable Disease Services Expansion	1,038,000
40199L	ARP - Nurse Family Partnership Restoration	468,595
40199M	ARP - Corrections Health Multnomah County Detention Center (MCDC) - Restoration	564,986
40199N	ARP - Client Assistance	2,225,000
40199O	ARP - Health Data Exchange	400,000
40199P	ARP - Demonstration Project for Neighborhood Focused Violence Prevention	101,000
40199Q	ARP - Gun Violence Impacted Families Behavioral Health Team	1,214,400
40199R	ARP - Culturally Specific Behavioral Health Programs	<u>620,000</u>
Total Health Department		\$60,159,450
Community Justice		
50099A	ARP - Expanded Rent Assistance of Justice Involved Individuals	500,000
50099B	ARP - Community Violence Intervention Programs	1,273,000
50099C	ARP - Enhanced Cleaning Juvenile Justice Center and East Campus	120,000
50099D	ARP - Adult Transportation Services	20,000
50099E	ARP - Client Assistance	220,000
50099F	ARP - Gun Violence Prevention Incubator Pilot	<u>300,000</u>
Total Community Justice		\$2,433,000
County Management		
72900	ARP - Federal Grant Compliance and Monitoring	160,000
72901	ARP - Future of Work Coordinator	200,000
72902	ARP - Labor Relations Expanded Support	226,600
72903	ARP - Countywide Federal Leave	<u>1,250,000</u>
Total County Management		\$1,836,600
Total Multco American Rescue Plan Funding		\$150,119,694

Financial Context

As the COVID-19 pandemic unfolded, initial job loss numbers and industry shutdowns suggested a massive economic disruption on a level not seen in most of our lifetimes. The initial economic contraction was unprecedented outside of wartime, but the ensuing recovery was significantly faster than most economists expected. The ongoing recovery has been inequitable, leaving behind specific industries and demographic groups, but Multnomah County government appears poised to make it through the pandemic without having to make significant cuts. In the FY 2021 Adopted budget, \$19 million of one-time-only resources were used to mitigate revenue shortfalls with the hope that revenues would recover enough by FY 2022 to offset the use of these one-time funds.

Revenue recovery has not been strong enough to completely prevent cuts, but the Chair's Proposed budget was created with only a \$2.5 million deficit as a starting point. Looking forward, continued revenue recovery, combined with increased property tax revenue due to the end of several large Urban Renewal Areas, should produce increasing surpluses over the next five years.

Crucially, sound financial and budgetary practices implemented over the last several years left the County on strong financial footing going into this crisis. In March 2020, the Multnomah County Board approved a series of changes to the business income tax (BIT) that increased the amount of forecasted revenue. The pandemic-driven recession had a significant impact on BIT revenues that was largely offset by the increase. 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, Health Department Headquarters building, and the Library Bond projects. 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.

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

- The second of two years of \$6.6 million annual deficit reduction funded from Business Income Tax revenues above expectation in FY 2019 and FY 2020.
- The third 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 2022.

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 Senate Bill 1049 with the possibility of additional matching funds in the future. These matching funds generate additional ongoing PERS rate relief. These side accounts, combined with the SB 1049 PERS reform measures means that County PERS rates have likely topped out. While rates are still a significant cost, PERS rate increases are no longer expected to contribute to year-over-year increases in personnel costs, which significantly contributed to the County's structural deficit.

There are encouraging signs that suggest the end of the COVID-19 pandemic is in sight, but significant uncertainty still exists in regard to County revenues, as well as the ongoing need for services. Despite this uncertainty, the essential services provided by the County are continued in this budget, with more than 5,000 County full time equivalent employees (FTE) providing services ranging from health care and law enforcement to bridge maintenance and elections in FY 2022.

The following pages of the FY 2022 budget contain more information on the County's financial picture and operational and investment plans. The County's budget information for FY 2022, as well as past years, can be found at: www.multco.us/budget.

Planning for FY 2022

Economic Climate

Relative to expectations at this time last year, the headline economic news is generally positive. In the initial months of the pandemic, American workers were filing millions of initial unemployment claims every week, and the unemployment rate shot up to a seasonally adjusted 14.8% in April 2020, as large portions of the economy were shut down in order to stop the spread of the virus and household consumption contracted due to immense uncertainty. This massive disruption was partially offset by interventions by the Federal Reserve and Federal government, which shored up aggregate demand. Crucially, the Federal intervention extended and topped up unemployment payments, and provided direct assistance to households and firms. Unemployment remained elevated during the summer, but has steadily dropped since the peak. Many industries, especially those related to tourism and leisure and hospitality, are still severely affected, but Federal intervention appears to have allowed the economy to avert the significantly worse outcomes expected at the beginning of the pandemic.

Gross Domestic Product (GDP)

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 33.4% and 4.3% in the last two quarters of 2020, after decreasing at an annual rate of -31.4% in the second quarter of 2020. The Federal Reserve continues to keep rates at low levels and has signaled that rate increases will not begin until both the unemployment rate and the rate of employment for prime working age people improves.

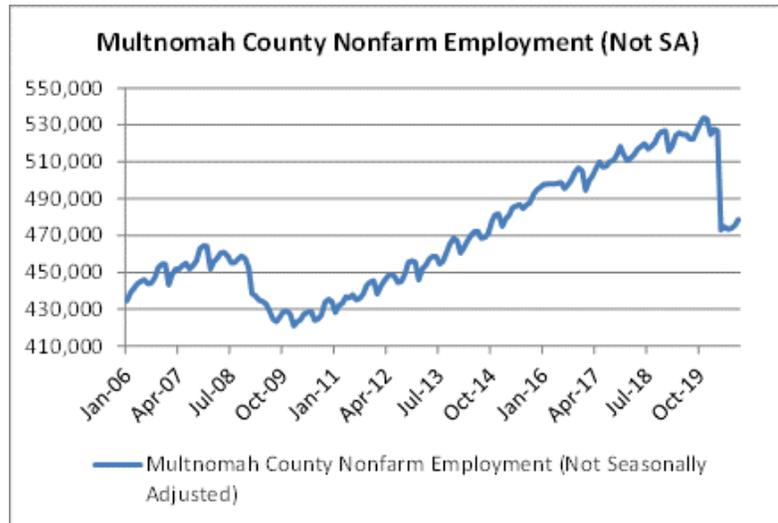
The Housing Market

Locally, the residential real estate market saw a return to quickly increasing prices, matching activity across large, western cities due to expected demographic changes combined with increased interest in having more space and home offices during the pandemic. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices increased 9.9% during 2020. Multifamily housing rents have increased in the broader Portland Metro Area, but have declined in the City of Portland during the pandemic. The local rental market continues to be affected by the local eviction moratorium. While pandemic-impacted individuals cannot be evicted, it is unclear how renter households that owe significant back rent will be expected to make payments and what level of assistance will be available to renter households and landlords.

Employment

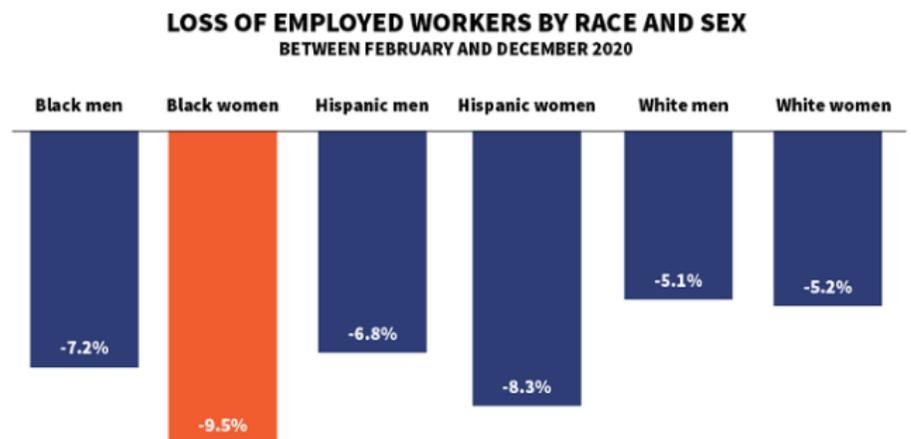
As of February 2021, the U.S. unemployment rate stood at 6.3% (after peaking at 14.8% in April 2020) vs. 3.5% a year earlier. For Oregon, the February 2021 rate was 6.1% vs. 3.5% a year earlier. In Multnomah County, the similar figures are 6.8% vs. 2.9% a year earlier. With nonfarm employment in Multnomah County at 474,500, employment levels are roughly 61,200 or 11.4% lower than

the previous year. Across the country, employment recovery has been slower in metro areas, which have tended to have more comprehensive economic shutdowns as well as a greater concentration of COVID-19-impacted industries.



Inequitable Recovery

The encouraging headline numbers hide the inequity of the recovery thus far. In all recessions, the Black, Indigenous and other People of Color (BIPOC) community tend to lose employment at a faster rate, and experience a slower economic recovery. The specifics of the pandemic-induced recession have exacerbated this trend. Tourism, leisure and hospitality, and the service sector experienced the biggest COVID-19 impacts, and these sectors tend to employ people of color at a higher rate than the economy as a whole. The following chart from the U.S. Department of Labor shows that employment for white people has recovered at a faster rate, and the employment of women of color in particular remains well below pre-pandemic levels.



Source: U.S. Census Bureau, Current Population Survey 2020

Note: Women ages 20 and over

Forecasting the General Fund

The inequity of the recovery supports comments made by the Treasury Secretary and Fed Chair that portions of the economy still have significant ground to make up, and has implications for the demand for County services for the foreseeable future.

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 are updated on a quarterly basis. The forecast helps form the basis on which Multnomah County builds its annual budget.

At the beginning of the FY 2022 budget process, a \$9.2 million deficit was forecast for the General Fund. Due to a faster than expected economic recovery, the outlook had improved by the spring. The Budget Office's March 2021 five-year forecast projected an ongoing deficit of \$2.5 million for FY 2022, which becomes a \$42.9 million surplus in FY 2026. There are four major reasons for the increasing surpluses:

- Starting in FY 2023, several large Urban Renewal Areas (URA) in the City of Portland will end, returning Assessed Value (AV) above their frozen base back to the tax roll. In FY 2023 and FY 2025, when two of the largest URAs return to the tax roll, AV growth is expected to be double what it is in a typical year.
- As previously mentioned, the Multnomah County Board voted to increase the Business Income Tax rate in 2020. The expected increase in BIT revenues was offset by the impact of the pandemic-induced recession. As the BIT recovers, almost \$30 million of additional, ongoing revenue will be generated.
- Similarly, the Motor Vehicle Rental Tax (MVRT) saw a significant decline (more than 50%) due to COVID-19. The forecast assumes that people will start to return to traveling in FY 2022, increasing those revenues back to normal.
- Finally, as previously mentioned, PERS rates are expected to be flat for the foreseeable future, eliminating a source of year-over-year personnel cost increases.

The County's normal bargaining process was disrupted by COVID-19 and the stay-at-home order. The County agreed to one-year rollovers for all of the largest bargaining units, meaning that in FY 2022 almost all represented employees will have open labor contracts.

Budget Director's Message

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	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Net November Forecast	(9,149,093)	9,995,431	24,199,603	42,425,973	47,395,712
Property Tax Adjustment		(225,000)	(485,000)	(975,000)	(975,000)
Net BIT Adjustment	7,777,500	2,860,000			
Marijuana Adjustment (BM 110)	(1,625,000)	(1,756,250)	(1,894,063)	(2,038,766)	(2,190,704)
HD Restaurant Inspections	2,000,000	1,500,000	1,000,000	1,000,000	1,000,000
Recording Fees	500,000	250,000			
Personnel Cost Increases	(2,000,000)	(2,084,200)	(2,171,945)	(2,263,384)	(2,358,672)
Net March Forecast	(2,496,593)	10,539,981	20,648,595	38,148,823	42,871,336

More information about the forecast can be found at <https://multco.us/budget/fy-2022-economic-forecasts-and-financial-overview>.

Local Revenues

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 2021 Adopted budget, ongoing General Fund resources for FY 2022 are projected to increase by 3.5%.

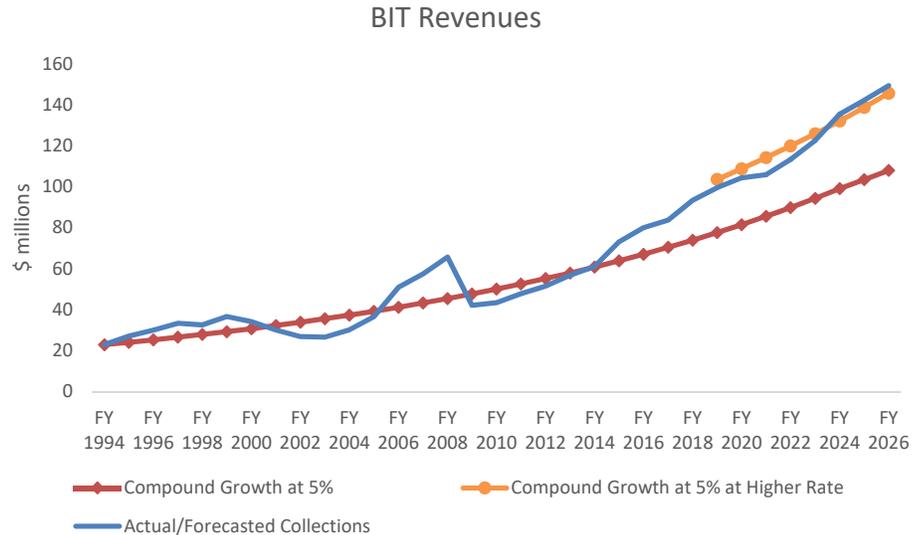
The FY 2022 budget assumes the following rates of growth (as measured from the FY 2021 Adopted budget) for each revenue source:

- Property Tax – An increase of 3.5%
- Business Income Tax – An increase of 21.4%
- Motor Vehicle Rental Tax – An increase of 9.2%
- Recording Fees/CAFFA Grant – An increase of 15.9%
- U.S. Marshal Jail Bed Rental – Expected to remain flat year-over-year

The following graph shows historical BIT revenues and the current forecast through FY 2026 (solid line). Three recessions are shown on the graph, which followed separate paths of decline (or no decline in the most recent case). 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 pandemic recession was offset by the Board's BIT rate increase (shortly before the start of the pandemic) and better than expected economic performance.

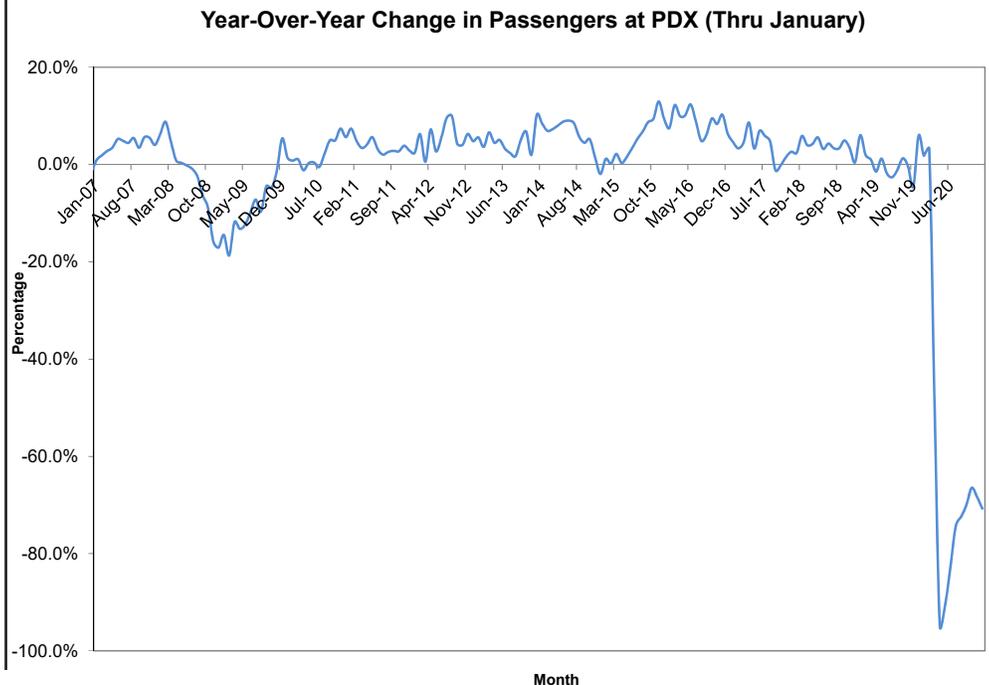
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The County revenue most directly impacted by COVID-19 was motor vehicle rental taxes, which are responsible for approximately 6% of General Fund revenues. The current estimate for revenues in FY 2021, anticipates an almost 60% decline from pre-pandemic levels.

The following graph shows the year-over-year change in deplaned passengers at the Portland International Airport, which is highly correlated with motor vehicle rental tax revenues. The FY 2022 forecast assumes these revenues will rebound quickly, as vaccinations make traveling safer and households get closer to normal activity.



Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.5% to 4.3% annually through FY 2026, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2022, the cost of providing current service levels is expected to grow at 3.6%. The growth is driven by personnel costs, which are forecast to grow at 4.3%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 1.9% (of base pay)¹
- Step/Merit Increases/Contract Adjustments: 1.6% (of base pay)
- Medical/Dental: 6.00%
- PERS: 0.8% (of base pay)

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 four basic factors, with a fifth 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 updated its mortality assumptions.
5. SB 1049 PERS reform package in the 2020 Legislative Session.

The impact of these decisions and events increased the County's unfunded liability (UAL) from \$89.2 million as of December 2013 to \$583 million as of the December 2019 valuation, which includes the SB 1049 reforms.

The County's PERS rates are set biennially, and FY 2022 is the start of a new biennium. The County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and 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 has reached its top rate in FY 2022, subject to ongoing stock market performance.

¹ The actual COLA for FY 2022 is based on the CPI-W West Size A index. The relevant information is not available until January every year, after the budget process has already begun. Therefore, departments are directed to assume a COLA forecast by the Budget Office. For FY 2022, the actual COLA will be 1.6%. The difference will be used to cover expenses associated with the new State Family Leave law, which begins implementation in 2022.

Policy Direction from the Chair and Balancing the General Fund

For FY 2022, the rates charged to departments are increased by 0.8% 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, is expected to get the County to its final, long-term PERS rate.

For FY 2022, internal service rates charged to departments for items such as information technology and facilities services are assumed to increase 3.9%. As the County's internal services are heavily labor dependent, the increase in personnel cost growth has put upward pressure on internal costs. For FY 2022, Department of County Assets (DCA) used a 1% constraint for rate-setting.

Based on the County's initial forecast in November 2020, there was a \$9.2 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 2022 budget. These reductions were estimated to generate \$9.0 million of savings if all were submitted and accepted. Departments could also propose service expansions, reduction restorations, backfill of grants, new programs and request one-time-only funds.

The Chair also directed the Department of County Assets (DCA), to prepare 1% reductions to variable internal services (costs associated with debt service, contracts, and other commitments outside of DCA's control were excluded). This resulted in a net savings of approximately \$741,346 that was passed on to departments, \$371,890 of which was in the General Fund.

The Chair also directed departments to budget for a 1.9% COLA adjustment for contracted human services providers, in line with the forecasted COLA for County employees. As with the COLA for County employees, the actual COLA will be 1.6%.

The Adopted budget allocates just over \$17.2 million of discretionary one-time-only (OTO) General Fund as follows:

- Allocating \$12.5 million to major capital projects.
- Allocating \$1.0 million of additional contingency to mitigate unforeseen financial risks like those related to the COVID-19 response.
- Allocating the remaining \$3.7 million to a variety of costs, such as youth workforce, a justice integrity pilot, and upgrades to detention facilities.

In the May 2021 forecast update, expected Recording Fee revenue was increased by \$1.0 million of one-time-only resources. After an initial decline in house sales at the beginning of the pandemic, housing activity increased significantly. This, combined with an increase in refinances due to low interest rates, led to a sharp increase in revenues in FY 2021.

The Board allocated these OTO resources to a variety of programs, including:

- \$149,000 for a demonstration project for neighborhood focused violence prevention coalition (program also receiving \$101,000 in ARP funding)
- \$160,000 for air quality improvements and wood smoke curtailment
- \$25,000 to support the Black Economic Prosperity Agenda
- \$211,000 for an expansion of Legal Service Days
- \$125,000 for an East County Service Site Expansion
- \$250,000 for community-based services for aging adults living with or affected by HIV
- \$80,000 in contingency for Reimagine Oregon

Due to an updated estimate of the cost of repairing the SE Health Clinic, the Board also reallocated \$2.2 million in resources no longer needed for the project. The capital projects are:

- \$1.5 million for a new Community Organizations Capital Fund. Organizations will be able to apply to receive these funds
- \$0.7 million budgeted in contingency for the Behavioral Health Resource Center

The Board also adopted a separate set of amendments allocating additional COVID-19 funds, including \$2.0 million in CARES carryover and \$0.9 million in unallocated ARP direct allocation funding. See page 6 for a description of how CARES/ARP funding was programmed.

The list of Board Amendments can be found at <https://www.multco.us/budget/fy-2022-departmental-and-countywide-budget-presentations>.

Per past practice, the business income tax (BIT) reserve is funded at 10% of BIT revenues (\$11.3 million) for FY 2022. This is in addition to the County's 10% General Fund revenue reserve (\$48.9 million). Consistent with past practice, the FY 2022 budget conservatively assumes that departments will fully spend their FY 2021 General Fund appropriations.

The Chair's Message provides additional information on her policy initiatives and the County's COVID-19 response. The message can be found at <https://www.multco.us/budget/fy-2022-adopted-budget>.

Overview of Additions, Reductions and Reallocations

Human Services General Fund Additions

The FY 2022 budget includes a number of General Fund and Other Funds additions, reductions, and reallocations. The following tables summarize significant changes by broad service areas. The tables include both ongoing and one-time-only (OTO) funds and do not reflect cuts that were proposed by departments but restored. These tables are focused on changes in the General Fund, but some of the more significant Other Funds changes are also included.

In addition to the General Fund changes, the FY 2022 Adopted budget includes \$52 million of new supportive housing funds in the Joint Office of Homeless Services from the Metro Supportive Housing Services Measure. Also included in the Adopted budget is \$96.3 million for the new Preschool for All Fund approved by voters in November 2020.

An additional \$7.95 million is added to support build out of the Behavioral Health Resource Center. 2.40 FTE were added to the Joint Office of Homeless Services for human resources and operational support. The Department of County Human Services adds \$642,734 and 4.00 FTE to expand staffing in the Domestic Violence Crisis Response Unit to 24 hours a day, four days a week and to add the new Fair Housing Testing program to fund audit testing in east Multnomah County. Discrimination testing is currently done within city limits by the Portland Housing Bureau, but no testing has been conducted in Gresham, Fairview, Troutdale and Wood Village.

Prog. #	Program Offer Name	General Fund Additions	FTE Additions
Countywide Contingency			
	Behavioral Health Resource Center	\$7,950,000	0.00
	Financial Risk Mitigation COVID-19	1,000,000	0.00
Joint Office of Homeless Services			
30000C	Human Resources/Operations Support	450,000	2.40
County Human Services			
25032B	ADVSD HIV Aging Support	250,000	0.00
25047B	YFS - DV Crisis Response Unit - Increase Capacity	221,636	2.00
25050B	YFS - Gateway Center Legal Supports	60,000	0.00
25131C	YFS - Legal Services Day Program Expansion	211,000	0.00
25134	YFS - Fair Housing Testing	110,000	0.00
25145B	YFS - SUN Community Schools Staff Capacity	131,098	1.00
25156B	YFS - Bienestar Social Services Youth Program Coordinator	120,000	1.00
25156C	YFS - Bienestar Social Services East County Service Site Expansion	125,000	0.00
Total		\$10,628,734	6.40

Human Services General Fund Reductions

The Department of County Human Services made some small administrative reductions across divisions as well as reductions to services that are under-utilized. This includes reductions for Options Counseling, which provides counseling and case management support to older adults, people with disabilities, and veterans. This service has been under-utilized, so the reduction will have no impact on client services (25035).

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
County Human Services			
25000A	DCHS Director's Office	(\$27,136)	0.00
25027	ADVSD Quality and Business Services	(66,506)	(0.40)
25032	ADVSD Outreach, Information & Referral	(20,000)	(0.20)
25034	ADVSD Health Promotion	(73,799)	(0.50)
25035	ADVSD Case Management & In-Home Services (non-Medicaid)	(104,132)	0.00
25130	YFS - Family Unification Program	(100,000)	0.00
25152	YFS - Early Learning Family Engagement and Kindergarten Transition	(131,098)	(1.00)
Various	IDDS Across the Division	(89,193)	0.00
Various	ADVSD Across the Division	(13,600)	0.00
Total		(\$625,464)	(2.10)

Human Services General Fund Reallocations

The reduction to ADVSD Case Management and In-Home Services represents a contract that has been under-utilized in recent years, so there will be no impact to client services.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Human Services			
Made these reductions			
25023	ADVSD Long Term Services & Supports (Medicaid)	(\$51,217)	(0.38)
25035	ADVSD Case Management & In-Home Services (non-Medicaid)	(87,801)	0.00
Various	Across IDDS Division	(44,597)	0.00
To fund these programs			
Various	YFS Division	183,615	0.00
Total		\$0.00	(0.38)

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Health Department Additions, Reductions, & Reallocations

The Health Department is one of the County's largest and most complex departments. The FY 2022 budget reflects a significant General Fund investment in critical Public Health and Behavioral Health services. The most significant additions include ongoing support for Behavioral Health Crisis Services, and new, ongoing support for two new culturally specific programs, Community Based Mental Health Services for Children and Families, and a Justice Involved Addictions Benefit Coordinator.

This budget provides additional support to the Behavioral Health Division by adding new, ongoing General Fund to support critical program areas including Crisis Services and Behavioral Health Care Coordination.

The Health Department took some small administrative reductions in certain divisions and eliminated funding for one Behavioral Health contract that was under utilized. Corrections Health made some reductions in staffing. These reductions will be evaluated, taking the jail census and the impact of the pandemic into consideration, as part of the budget process.

Health General Fund Additions

Prog. #	Program Offer Name	General Fund Additions	FTE Additions
Health Department			
40000C	Mapping Study - Services for Immigrant and Refugee Communities	\$100,000	0.00
40037B	Air Quality and Wood Smoke Curtailment	160,000	1.00
40039B	Human Resources: WESP Coordinator	88,960	0.80
40050F	Corrections Health Multnomah County Detention Center (MCDC) - Management Restructuring	196,246	1.00
40052B	Medical Examiner - Expansion	126,184	1.00
40080B	Community-Based MH Services for Children and Families- Culturally Specific Clients	160,000	1.00
40085C	Adult Addictions Treatment Continuum: Culturally Specific, Justice Involved Addictions Benefit Coordinator	186,000	1.20
40085D	LEAD Transition	252,000	0.00
40199P	Demonstration Project for Neighborhood Focused Violence Prevention	149,000	0.80
Total		\$1,418,390	6.80

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Behavioral Health Other Funds (Restored with Ongoing County General Fund)

Prog. #	Program Offer Name	General Fund Backfill	FTE Backfill
Health Department			
40069B	Crisis Services Wrap Around - State Backfill	\$104,687	0.00
40081	Multnomah County Care Coordination Restoration	295,862	2.00
Total		\$400,549	2.00

Health Department General Fund Reductions

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Health Department			
40040	Financial and Business Management Services	(\$203,187)	(2.00)
40046	Organizational Development	(56,076)	0.00
40080	Community Based MH Services for Children & Families	(49,631)	(0.10)
40098	Epidemiology, Analytics and Evaluation	(315,573)	(0.75)
Total		(\$624,467)	(2.85)

Public Safety General Fund Additions

The public safety additions were carefully considered to ensure that any new funding aligns with the County's values. The largest addition to Public Safety is for Ballot Measure 110 one-time-only transition funding, which will ensure treatment providers are able to continue to provide outpatient treatment services until the services funded by Measure 110 are implemented and accessible and to minimize the impact to our clients. Other additions focus on equity and marginalized populations. For example, the Multnomah County District Attorney added a Justice Integrity Unit that will help address historic impacts of the criminal justice system on Black, Indigenous, and People of Color (BIPOC). The Department of Community Justice is expanding its Community Healing Initiative (CHI) for culturally specific probation services for African immigrant and refugee youth. In the Sheriff's Office, the Equity and Inclusion unit was expanded.

Prog. #	Program Offer Name	General Fund Additions	FTE Additions
District Attorney's Office			
15021A	Justice Integrity Unit	\$115,537	0.44
15021B	Justice Integrity Unit Expansion	260,000	1.56
Community Justice			
50000B	Deputy Director & Mediation Services	276,442	1.00
50000C	Ballot Measure 110 Transition	550,000	0.00
50020B	Notice of Rights	209,319	2.00
50031B	Community Services - Backfill	64,544	0.34
50051B	Juvenile Detention Center Renovation	204,000	0.00
50054C	Detention Services - Juvenile Custody Services Specialist	100,421	1.00
50065B	Expansion of CHI - Culturally Specific Probation Services for African Immigrant & Refugee Youth	250,000	0.00
Sheriff's Office			
60105B	Equity & Inclusion Unit Expansion	261,500	2.00
60125	Corrections Compliance	271,171	1.00
60315	MCDC Detention Electronics	60,000	0.00
Total		\$2,622,934	9.34

Public Safety General Fund Reductions

Most of the public safety reductions are in the Department of Community Justice and the Sheriff's Office. The MCSO reductions are to the Inverness Jail East Control center and kitchen deputies, along with the Turn Self In program. Community Justice reduced two positions in conjunction with the elimination of collecting supervision fees as a part of the public safety reform approved by the County Commissioners in FY 2021. Community Justice reduced juvenile detention capacity by eight beds from 64 to 56 beds as the Juvenile Services division continues to reduce reliance on secured detention and find alternatives to detention without impacting public safety.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
District Attorney's Office			
15308A	Strategic Prosecution Unit (SPU)	(\$92,103)	(1.00)
Community Justice			
50000	Contracts & Procurement and Policy	(80,564)	(1.00)
50001	Business Services	(345,767)	(2.80)
50014	Adult Treatment First/STOP Drug Court	(902,397)	0.00
50054A/B	Juvenile Detention Services	(194,600)	(2.00)
50066	Community Interface Services	(221,550)	(1.50)
Sheriff's Office			
60330H	MCIJ East Control & Kitchen Deputies	(603,535)	(9.10)
60410D	Turn Self In Program	(279,667)	(2.00)
Various	Various personnel savings	(550,573)	0.00
Total		(\$3,270,756)	(19.40)

Public Safety State Reductions

The majority of the Other Fund reductions are due to a decrease in Senate Bill 1145 (SB 1145) Community Corrections revenue. The State Governor's budget for 2021-2023 biennium assumed that \$24.5 million statewide would be reduced due to the passage of Ballot Measure 110, which will decrease the community corrections caseload. The reduction in SB 1145 also reflects the decrease in Multnomah County's percentage of the statewide community corrections felony population from 18.12% to an estimated 17.75%.

The reduction of SB 1145 funding impacts the Department of Community Justice (DCJ) and the Sheriff's Office (MCSO). The MCSO reduction includes Dorm 11 at Inverness Jail, which reduces the budgeted jail bed capacity from 1,117 to 1,039 beds. In addition to SB 1145 reductions, the State eliminated all funding for the East Metro/Multnomah Gang Enforcement Team (EMGET) in mid-FY 2021. After the County budget was adopted, the State finalized its budget, which includes restorations of funding for Public Safety. The allocations for Public Safety will be revisited in the late summer or fall of 2021.

Public Safety General Fund Reallocations

Prog. #	Program Offer Name	State Reductions	FTE Reductions
Community Justice			
Various	Adult Services Division - SB 1145 Reductions	(\$2,142,979)	(3.18)
50060	Juvenile East Multnomah Gang Enforcement Team (EMGET)	(544,617)	0.00
Sheriff's Office			
60330F	MCIJ Dorm 11 & 2.00 FTE Corrections Counselors - SB 1145 Reductions	(1,041,741)	(7.46)
60545	Gang Enforcement Deputy - State EMGET Reductions	(544,714)	(3.00)
Total		(\$4,274,051)	(13.64)

The Multnomah County District Attorney used General Fund savings to maintain 0.74 FTE of a prosecutor position formerly funded with a grant; the position will focus on gun violence, assaults, and homicides.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
District Attorney's Office			
Made this reduction			
Various	General Fund department wide savings	(\$370,897)	0.00
To fund these programs			
15304B	Unit D - Gun Violence	203,571	0.74
15308C	Strategic Prosecution Unit - Lloyd BID Contract Backfill	75,000	0.25
15401C	Victims Assistance VOCA Backfill	92,326	0.76
Total		\$0.00	1.75

General Government General Fund Additions

The General Government additions are largely focused on the County's organizational values of leading with race and advancing equitable outcomes in communities of color. The Expanded Communications Capacity program focuses on increasing communications to hard to reach populations, as well as Spanish speaking communities. The Government Relations Tribal Relations Liaison program was added to increase engagement, consultation, and investments in the American Indian and Alaska Native community living in the County. The additions also include support to build a new Audubon Society Wildlife Center that partners with the Multnomah County Animal Shelter, which refers all public wildlife calls to the Audubon Society.

Prog. #	Program Offer Name	General Fund Additions	FTE Additions
Nondepartmental			
10007B	Expanded Communications Capacity	\$340,000	2.00
10010B	Charter Review Committee Support	132,810	0.00
10016B	Government Relations Tribal Relations Liaison	165,000	1.00
10017C	Employee Resource Group (ERG) Coordinator	140,000	1.00
10029C	Youth Opportunity and Workforce Development (Summerworks)	155,000	0.00
10030	Black Economic Prosperity Initiative	25,000	0.00
10031	Community Capacity Expansion: Physical Infrastructure	1,500,000	0.00
95000	Reimagine Oregon	80,000	0.00
County Assets			
78316B	DCA - Digital Access Coordinator	150,000	0.00
County Management			
72017B	College to County Interns - Expansion	261,661	0.00
Community Services			
90007B	Portland Audubon Society Wildlife Care Center Project Support	100,000	0.00
90014*	Levee Ready Columbia (IGA Obligation)	50,000	0.00
90020B	Land Use Planning Code Compliance Staffing	184,068	1.00
Total		\$3,283,539	5.00

*One-time-only funding budgeted in the Video Lottery Fund (1519)

General Government Other Funds Additions

General Government additions in Other Funds are largely driven by voter-approved measures for Preschool For All and the Library Capital GO Bond. Preschool for All Tax Administration will fund system implementation costs to accommodate necessary tax system enhancements, as well as operational collection costs. Library Capital Bond Construction funds are held in the Department of County Assets to manage the projects to develop or renovate eight library branches, including a new East County Flagship branch and the new sorting center with expansion of automated materials handling. IT Capital projects in programs 78301C-E are funded by transfers from the General Fund and fund improvements to software managing client services in Human Services.

Prog. #	Program Offer Name	Other Funds Additions	FTE Additions
County Management			
72008B	Preschool for All Tax Administration	\$13,179,841	2.00
72009B	FRM Worker's Compensation/Safety & Health B / OSHA	296,732	2.00
County Assets			
78228	Library Capital Bond Construction	385,303,161	19.00
78301C	DCHS - Technology Improvement -Long Term Care Eligibility Tracking System replacement	395,000	0.00
78301D	DCHS - Technology Improvement -SQL Server Upgrade and Migration	245,000	0.00
78301E	DCHS and Health - Technology Improvement - Non-Medical Transportation and EP&R System Replacements	205,000	0.00
78319	District Attorney's Alfresco System Stabilization and Upgrade	749,469	0.00
78319B	District Attorney's E-mail Systems and Public Records	219,803	0.00
Community Services			
90009*	Animal Health (Vet Technicians) OTO Use of Donation Funds	192,429	2.00
Total		\$400,786,435	25.00

*One-time-only reallocation from General Fund to Other funds for the two positions for one year.

General Government General Fund Reductions

The reductions in General Government are spread broadly across the General Government departments. The largest reduction in Animal Services is offset by shifting the support of the two positions for one year to Other Funds to preserve the services.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Nondepartmental			
10000/ 10011	Chair's Office and the Board Clerk	(\$38,000)	0.00
10001	BCC District 1	(14,800)	0.00
10002	BCC District 2	(14,800)	0.00
10003	BCC District 3	(14,800)	0.00
10004	BCC District 4	(14,800)	0.00
10005	Auditor's Office	(19,300)	0.00
10009A	Local Public Safety Coordinating Council - DSS-J	(16,000)	0.00
10016A	Government Relations	(22,800)	0.00
10018	Office of Sustainability	(16,210)	0.00
10040	Complaints Investigation Unit	(47,930)	0.00
County Management			
72015	DCM Business Services	(5,000)	0.00
72001	Budget Office	(55,350)	0.00
72022	Workday Support - Central Human Resources	(18,000)	0.00
72027	DART Tax Revenue Management	(11,000)	0.00
72023	Division of Assessment, Recording & Taxation Administration	(7,500)	0.00
Various	Reduced management personnel costs	(95,457)	0.00
Various	Internal services reductions	(76,598)	0.00
County Assets			
78101- 78104	Travel and training reductions	(24,206)	0.00
Community Services			
90008*	Animal Services Animal Health	(192,429)	(2.00)
Various	Cross-departmental budgetary alignments.	(58,887)	0.00
Total		(\$763,867)	(2.00)

*Positions and functions are restored and moved to Other funds for one year.

General Government General Fund Reallocations

This reallocation moves a 1.00 FTE position from Payroll to Workday Support Central HR and some additional smaller reductions to align the budget with how the support work is managed.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Management			
Made these reductions			
72007	FRM Payroll/Retirement Services	(\$111,452)	(1.00)
72046	FRM Workday Support - Finance	(25,000)	0.00
72017A	Central HR Services; Reduction in supplies	(16,411)	0.00
To fund this program			
72022	Workday Support-Central Human Resources	152,863	1.00
Total		\$0.00	0.00

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 2022 is \$2.83 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 2022 net budget of \$2.3 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 2021 Adopted budget to the FY 2022 Adopted budget at the fund level. Year-over-year, the budget (including internal charges, transfers, and loans) has increased by 37.5%. The largest increase is due to revenues from the new Metro Supportive Housing Services Measure, Preschool for All, Library Bond, and American Rescue Plan.

FY 2022 Budget	
Direct Department Expenditures	\$2,247,592,595
Contingency (All Funds)	<u>\$59,144,084</u>
Total Net Budget	\$2,306,736,679
Service Reimbursements	\$223,279,435
Internal Cash Transfers	\$6,556,270
Reserves	<u>\$290,050,248</u>
Total Budget	\$2,826,622,632

Budget Director's Message

fy2022 adopted budget

Fund Comparison: Year over Year

Fund	Fund Name	FY 2021 Adopted	FY 2022 Adopted	Change	% Change	Description
1000	General Fund	\$692,550,222	\$721,650,471	\$29,100,249	4.2%	
1501	Road Fund	71,582,078	70,336,550	(1,245,528)	-1.7%	
1503	Bicycle Path Construction Fund	587,886	681,476	93,590	15.9%	
1504	Recreation Fund	51,265	50,000	(1,265)	-2.5%	
1505	Federal/State Program Fund	394,742,664	411,151,020	16,408,356	4.2%	
1506	County School Fund	80,300	80,300	0	0.0%	
1508	Animal Control Fund	3,793,950	4,292,080	498,130	13.1%	Beginning Working Capital increase due to increased donations
1509	Willamette River Bridge Fund	21,326,707	45,408,378	24,081,671	112.9%	Ramp-up of Burnside Bridge replacement preparation
1510	Library Fund	92,222,142	95,972,034	3,749,892	4.1%	
1511	Special Excise Taxes Fund	51,234,050	30,187,210	(21,046,840)	-41.1%	Tax revenue decrease based on estimate
1512	Land Corner Preservation Fund	4,584,279	4,787,919	203,640	4.4%	
1513	Inmate Welfare Fund	1,341,617	1,183,702	(157,915)	-11.8%	
1515	Coronavirus (COVID-19) Response Fund	95,049,292	171,543,054	76,493,762	80.5%	Additional ARP Funding and CARES Act carryover
1516	Justice Services Special Operations Fund	6,562,478	8,579,415	2,016,937	30.7%	Service charges increase from TriMet Transit Police Expansion
1518	Oregon Historical Society Levy Fund	3,410,591	3,444,440	33,849	1.0%	
1519	Video Lottery Fund	6,988,338	6,123,382	(864,956)	-12.4%	Impact of COVID-19 on video lottery revenues
1521	Supportive Housing Fund	4,300,000	55,887,500	51,587,500	1199.7%	First year of Metro SHS funding
1522	Preschool for All Program Fund	0	96,250,000	96,250,000	NA	
2002	Capital Debt Retirement Fund	37,467,339	33,499,106	(3,968,233)	-10.6%	
2003	General Obligation Bond Sinking Fund	0	50,435,797	50,435,797	NA	
2004	PERS Bond Sinking Fund	53,392,433	62,226,220	8,833,787	16.5%	Beginning Working Capital increase
2500	Downtown Courthouse Capital Fund	9,000,000	6,078,931	(2,921,069)	-32.5%	Building is open and project nearing completion
2503	Asset Replacement Revolving Fund	130,686	138,179	7,493	5.7%	
2504	Financed Projects Fund	935,000	0	(935,000)	-100.0%	
2506	Library Capital Construction Fund	5,981,446	7,507,807	1,526,361	25.5%	

Budget Director's Message

fy2022 adopted budget

Fund Comparison: Year over Year (Continued)

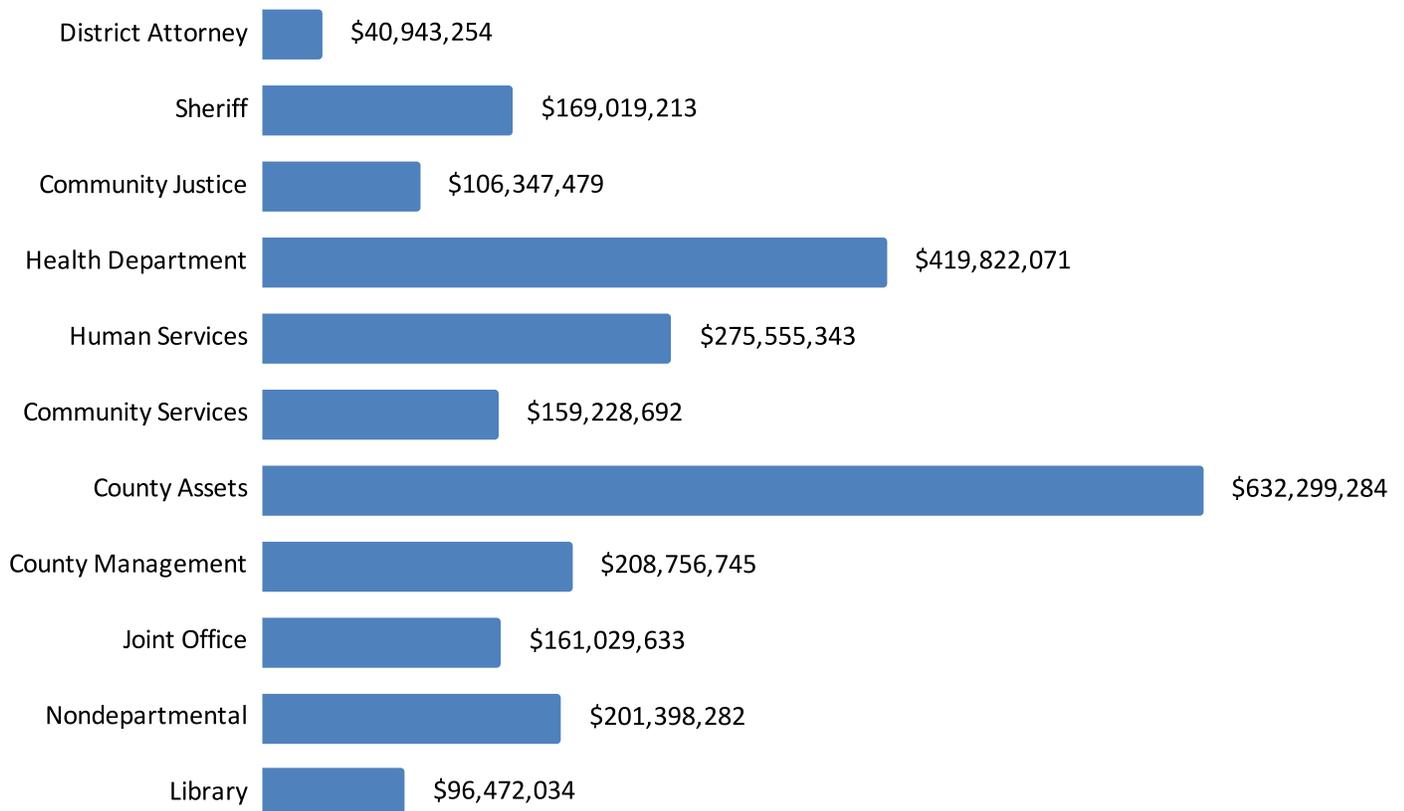
Fund	Fund Name	FY 2021 Adopted	FY 2022 Adopted	Change	% Change	Description
2507	Capital Improvement Fund	25,977,835	23,082,966	(2,894,869)	-11.1%	
2508	Information Technology Capital Fund	5,539,471	5,494,122	(45,349)	-0.8%	
2509	Asset Preservation Fund	24,050,296	29,405,586	5,355,290	22.3%	Financing Sources increase for Southeast Health Center
2510	Health Headquarters Capital Fund	5,500,000	1,600,000	(3,900,000)	-70.9%	Building is open and project nearing completion
2511	Sellwood Bridge Replacement Fund	10,226,131	9,067,929	(1,158,202)	-11.3%	
2512	Hansen Building Replacement Fund	3,358,765	1,377,869	(1,980,896)	-59.0%	Capital project near completion
2513	ERP Project Fund	2,607,791	0	(2,607,791)	-100.0%	Project was finalized
2515	Burnside Bridge Fund	30,033,483	23,558,042	(6,475,441)	-21.6%	BWC decrease from spend down of bond
2516	Behavioral Health Resource Center Capital Fund	1,700,000	0	(1,700,000)	-100.0%	\$13.7M is budgeted in General Fund contingency and will be allocated during FY 2022
2517	Multnomah County Library Capital Construction Fund	0	436,041,796	436,041,796	NA	Voters approved GO Bond in November 2020
3002	Behavioral Health Managed Care Fund	3,895,444	1,816,997	(2,078,447)	-53.4%	In 2020, the County transferred the administration of Mental Health insurance benefits for individuals on Medicaid to Health Share of Oregon
3500	Risk Management Fund	220,958,112	242,193,184	21,235,072	9.6%	
3501	Fleet Management Fund	6,692,232	6,686,586	(5,646)	-0.1%	
3502	Fleet Asset Replacement Fund	10,166,839	9,766,523	(400,316)	-3.9%	
3503	Information Technology Fund	73,170,526	73,501,445	330,919	0.5%	
3504	Mail Distribution Fund	4,385,610	4,025,854	(359,756)	-8.2%	
3505	Facilities Management Fund	<u>70,791,677</u>	<u>71,508,762</u>	<u>717,085</u>	1.0%	
	Total	\$2,056,368,975	\$2,826,622,632	\$770,253,657	37.5%	

Department Expenditures All Funds (\$2.47 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, total \$2.47 billion in FY 2022 vs. \$1.83 billion in FY 2021.

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.

The Library GO Bond capital projects and the actual GO Bond financing are budgeted in the Department of County Assets and Nondepartmental (respectively), greatly increasing the size of those departments' budgets.

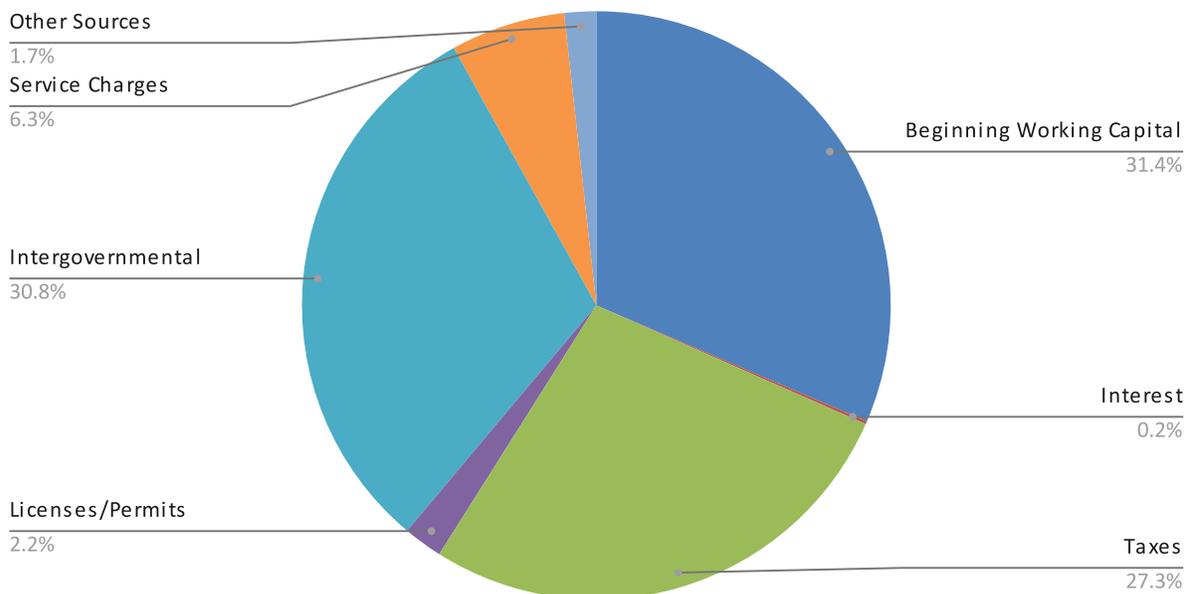


Department Revenues All Funds (\$2.42 billion)

Total direct resources, or "revenues," for FY 2022 are \$2.42 billion vs. \$1.66 billion in FY 2021 (excluding service reimbursements and cash transfers between funds). Intergovernmental revenues are the County's second largest revenue category at \$745.6 million or 30.8%. This reflects a \$151.5 million or 25.5% increase from FY 2021. The increase is mainly due to the Metro Supportive Housing Services revenue and the American Rescue Plan. Intergovernmental revenues include 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 Weatherization.

Taxes constitute the next largest revenue source at 27.3% and include property tax, Business Income Tax, Motor Vehicle Rental Tax, Transient Lodging Tax, and County gas tax. For FY 2022, tax collections are anticipated to increase 31.6% from \$502.4 million in FY 2021 to \$661.1 million.

Beginning working capital (BWC) is the County's largest resource for FY 2022, at \$760.3 million or 31.4%. In dollar terms, BWC increased by \$419.3 million from \$341.0 million in FY 2021 to \$760.3 million in FY 2022. The large increase is due almost exclusively to the new Multnomah County Library Capital Construction Fund. The Library Capital Bonds were issued in January 2021 and most of the bond proceeds will be rolled over to FY 2022.

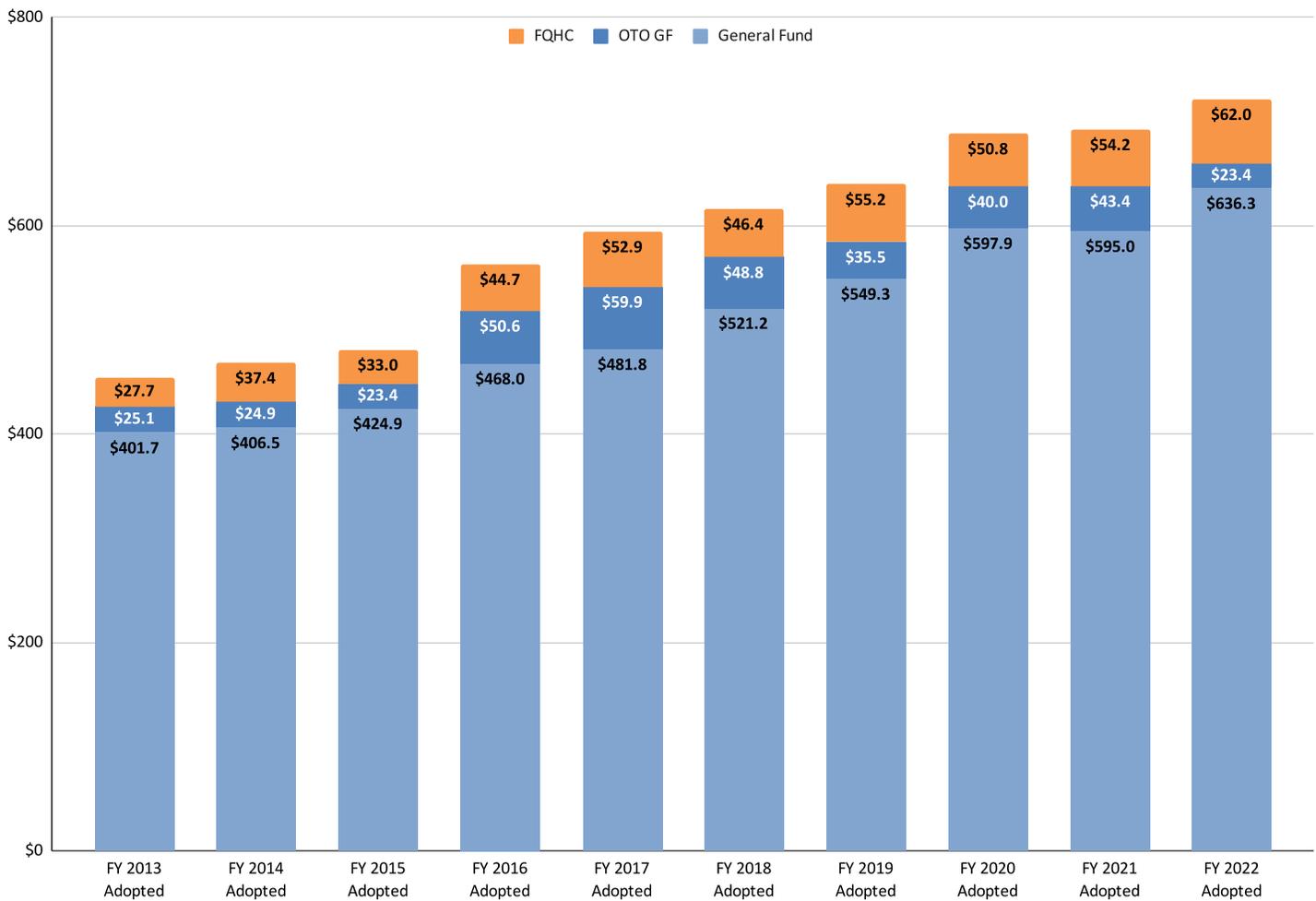


The General Fund

General Fund Expenditures and Reserves (\$721.7 million)

The \$721.7 million General Fund comprises one-quarter 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 in the Health Department and Tax Title Affordable Housing funds in the Joint Office of Homeless Services.

The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2013 through FY 2022. The graph also shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund from FY 2013 to FY 2022. Combining each segment provides the total General Fund.

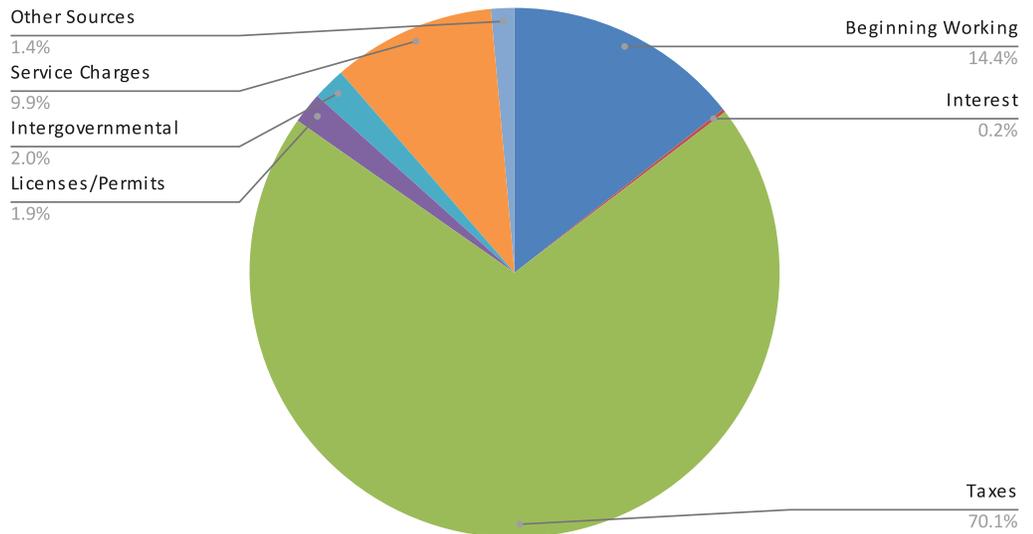


(In Millions)

General Fund Revenues

General Fund resources for FY 2022 (excluding service reimbursements and cash transfers) have increased from FY 2021. Direct resources are budgeted at \$676.5 million – a \$29.2 million or 4.5% increase over FY 2021. Ongoing taxes are budgeted to increase by \$33.4 million or 7.6%, while one-time-only BWC is projected to be \$6.5 million or 6.2% lower.

As the graph below shows, taxes make up the majority of General Fund revenues. If one excludes BWC, service reimbursements, and the \$62.0 million of budgeted FQHC and prospective health payments, taxes account for nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for \$335.9 million, are budgeted to increase by \$11.4 million or 3.5%. Business Income Taxes, accounting for \$113.3 million, are budgeted to be up \$20.0 million or 21.4%, mainly due to economic recovery from the recession. Motor Vehicle Rental Taxes, accounting for \$25.0 million, are budgeted to increase by \$2.1 million or 9.2%.



Use of One-Time-Only (OTO) Funds

The FY 2022 budget contains just under \$23.4 million of one-time-only General Fund resources (not including the BIT Reserve at \$11.3 million, included in the table below) after fully funding the General Fund reserve and the BIT reserve. These funds include:

- \$13.0 million of additional BWC in FY 2021 from departmental underspending and higher revenues in FY 2020, while FY 2021 revenue changes have been netted out.
- \$1.0 million of remaining resources from the completed Health Department Headquarters Project.
- \$6.2 million of Behavioral Health Resource Center and SE Health Clinic carryover for the ongoing projects.
- \$3.2 million in new FY 2021 Recording Fee revenue and funds no longer needed for SE Health Clinic repairs due to updated project estimates.

Budget Director's Message

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

Prog #	Program Name	Dept.	FY 2022 General Fund	FY 2022 Other Funds
10009C	Local Public Safety Coordinating Council Strategic Planning Contract	Nond	\$0	\$200,000
10010B	Charter Review Committee Support	Nond	132,810	0
10018B	Multnomah County's Fossil Fuel Infrastructure Study - Phase 1	Nond	0	50,000
10029B	Youth Opportunity and Workforce Development - Restoration	Nond	140,000	0
10029C	Youth Opportunity and Workforce Development - OTO Restoration	Nond	155,000	0
10030	Black Economic Prosperity Initiative	Nond	25,000	0
10031	Community Capacity Expansion: Physical Infrastructure	Nond	1,500,000	0
10035	Neighborhood Prosperity Initiative	Nond	225,000	0
15021B	Justice Integrity Unit Expansion	MCDA	260,000	0
25032B	ADVSD HIV Aging Support	DCHS	250,000	0
25131C	YFS – Legal Services Day Program Expansion	DCHS	211,000	0
25156C	YFS – Bienestar Social Services East County Service Site Expansion	DCHS	125,000	0
30208A	Safety off the Streets - Emergency Shelter Strategic Investment	JOHS	2,050,000	2,000,000
Various*	City of Portland commitment to ongoing JOHS programs	JOHS	0	6,338,897
40000C	Mapping Study - Services for Immigrant and Refugee Communities	Health	100,000	0
40037B	Environmental Health - Air Quality and Wood Smoke Curtailment	Health	160,000	0
40085D	Law Enforcement Assisted Diversion (LEAD) Transition	Health	252,000	0
40199P	ARP-Demonstration Project for Neighborhood Focused Violence Prevention	Health	149,000	101,000
50051B	Juvenile Detention Center Renovation	DCJ	204,000	0
50000C	Ballot Measure 110 Transition	DCJ	550,000	0
60315	MCDC Detention Electronics	MCSO	60,000	0
72017B	College to County Interns - Expansion	DCM	261,661	0
72025B	DART County Clerk Carryover	DCM	141,100	0
78000B	Digital Access Coordinator	DCA	150,000	0
90009	Veterinary Services OTO Use of Donation Funds	DCS	0	192,429
90014**	Levee Ready Columbia (IGA Obligation)	DCS	50,000	0
90007B	Portland Audubon Society Wildlife Care Center Project Support	DCS	100,000	0

* This table primarily shows OTO resources for OTO programs; this row is included because the City's \$35.4 million funding for ongoing JOHS programs includes \$6.34 million of OTO resources or 18% of the funding.

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

Budget Director's Message

fy2022 adopted budget

One-Time-Only Resources Spent on One-Time-Only Programs (cont.)

Prog #	Program Name	Dept.	FY 2022 General Fund	FY 2022 Other Funds
95000	General Fund Contingency	Countywide		
	~Behavioral Health Resource Center		13,700,000	0
	~Additional Contingency to Mitigate Financial Risks like COVID-19		1,000,000	0
	~Southeast Health Center (78215/95000)		500,000	0
	~Reimagine Oregon		80,000	
95000	General Fund Cash Transfers	Countywide		
	~DCHS Long-Term Care Eligibility Tracking System (78301C)		395,000	0
	~DCHS Non-Medical Transport and EP&R System Replacements (78301E)		205,000	0
	~SQL Server Upgrade and Migration (78301D)		245,000	0
95000	BIT Reserve at 10%		11,330,000	0
Total One-Time-Only			\$34,706,571	\$8,882,326

General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2022, 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 2022 budget fully funds the General Fund reserves at \$48.9 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 2022 budget continues to maintain a 10% BIT Stabilization Reserve of \$11.3 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

COVID-19

American Rescue Plan (ARP)

Gun Violence and Community Prevention

The FY 2022 Adopted budget is based on the best information available at the time of development. While we are not creating this budget during the unfolding of a once-in-a-century pandemic, uncertainty remains related to both the ongoing public health response to COVID-19 and the Federal response. The recently passed American Rescue Plan (ARP) Act will provide an influx of resources, and the process of allocating these funds will be ongoing.

COVID-19

As the local Public Health Authority, Multnomah County plays a leading role in the COVID-19 response. In addition to the work of coordinating the response, COVID-19 and the associated economic impacts have increased the demand for County safety net services, while also disrupting County operations. The Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan have provided resources to support this work, but ultimate impact and duration of the pandemic are still unknown.

Both the health and economic impacts of COVID-19 have fallen disproportionately on communities of color. The County's response has been culturally-specific and has targeted resources to communities hardest hit by both the virus and the economic contraction. The County will continue to provide an equity lens to all policy decisions. The County will remain diligent and focused on serving the most vulnerable in our community and maintain essential services

American Rescue Plan Act (ARP)

In March 2021, Congress passed the American Rescue Plan (ARP), which will provide resources to the County to continue its COVID-19 response. Because of the timing of the bill's passage, there are still many unknowns. The County will receive \$157.8 million in a direct allocation, which must be spent by December 2024. The County will receive an initial allocation of \$78.9 million, and can apply for the remainder after spending a significant portion of the initial allocation. The County also expects to receive additional funding for vaccine distribution, rent assistance, and other County services through existing allocation mechanisms or indirectly from other government entities.

For more information about the County's approach to allocating these resources, see the [Chair's Budget Message](#).

Multnomah County, like much of the rest of the country, has experienced a sharp increase in gun violence dating back to the beginning of the pandemic. The County has committed to using a public health framework to address gun violence, which focuses on the underlying contributors and root causes. Additional investments in SUN Community Schools, the Multnomah Stability Initiative, and Bienestar de la Familia are being made to address these root causes, in addition to early intervention programs in SUN Youth advocacy programs, Multnomah County's Community and Adolescent Health program, and the Community Healing Initiative Early Intervention program.

New Funding Streams

Downstream interventions seek to address trauma caused by gun violence and break the cycles of violence that perpetuate themselves. \$250,000 in new funding will expand the Community Healing Initiative (CHI) model to serve additional BIPOC communities. \$1.3 million in ARP funding will expand HEAT, ELEVATE, and fund community health specialists who will work in collaboration with the Health Department and DCHS. Going forward, the County's approach will include collaboration across departments and jurisdictions, creating a comprehensive set of interventions.

New Funding Streams

Over the past 12 months, local voters passed two new taxes and approved a GO Bond that will increase revenues and expand services for key County programs.

Metro Supportive Housing Services Measure

Metro Supportive Housing Services Measure - \$52 million

Metro voters passed a new business income tax and personal income tax on high-income households that will fund an expansion of permanent supportive housing programs. The FY 2022 Adopted budget includes \$52 million of new supportive housing programming in the Joint Office of Homeless Services (JOHS), which will partner with other County departments and community providers on coordination and implementation. These revenues are expected to increase to over \$100 million annually over the next couple of years. These revenues will fund an expansion of behavioral health/medical housing for the most vulnerable, expand placement and retention services for families, and help to better coordinate services across agencies. In light of the ongoing and planned future growth of the JOHS, largely due to the increased funds for supportive housing services, the Board increased the visibility of the office by establishing it as a County Department as of FY 2022.

Preschool for All

Preschool for All - \$96.3 million

Multnomah County voters also passed a new personal income tax on high-income households to fund universal preschool. The FY 2022 budget includes \$96.3 million in new funding. In its first year, the program will focus on building out capacity and program infrastructure (both internally and in the community) with the program paying for preschool slots for students in FY 2023. Eligibility will expand over the course of several years, before reaching universal coverage.

Multnomah County Library GO Bond

Multnomah County - Library GO Bond \$387 million

Multnomah County voters passed a General Obligation Bond that will fund capital projects for Multnomah County Libraries. Voters approved over \$387 million in new bonding capacity, which will fund eight Library renovations and redevelopments including a new East County Flagship Library. The Bond will also fund the creation of a new Central Sorting Center, the expansion of Automated Materials Handling (AMH) in the Library branches, and improvements in all Library branches.

State of Oregon Funding

State of Oregon Funding

At the outset of the pandemic, the State of Oregon was forecasting a massive drop in revenues, setting up the need for immediate cuts. Federal interventions, in particular the expanded unemployment benefits, prevented the worst outcomes from being realized. Following the initial dire forecast update, revenue estimates have been adjusted upward. While revenue expectations still remain below pre-pandemic levels in some cases, the County's State Funding shortfall has been more mild than initially expected. Two areas of concern are funding through the Senate Bill 1145 program and changes in funding structures due to Ballot Measure 110 (BM 110).

State Ballot Measure 110

State Ballot Measure 110

Ballot Measure 110 decriminalizes the possession of small amounts of a variety of drugs and rededicates various State funding streams to drug treatment programs. The ballot measure directly impacts County revenues by decreasing the State's marijuana revenue distribution to counties, but also changes the funding structure of the existing treatment system. The County is still analyzing the implications for County services and funding.

State of Oregon - American Rescue Plan

State of Oregon - Rescue Plan Funding

The State of Oregon will receive a \$2.6 billion ARP allocation, of which \$780 million remains unallocated after covering funding for existing programs and establishing a reserve. Legislative leadership have polled their members asking for suggestions on funding. It is unlikely that decisions on this funding (and what portion of it would support programming in Multnomah County) will be made before the County budget is adopted.

Homelessness & Housing Affordability

Homelessness and Housing Affordability

The County partners with the City of Portland through the Joint Office of Homeless Services (JOHS) to implement a collective approach to preventing and ending homelessness. In response to the COVID-19 pandemic, the Joint Office has taken on additional critical work leading efforts to protect people experiencing homelessness from the potentially devastating impact of the pandemic. Working with County Public Health and Emergency Management, the Joint Office is:

1. Providing substantial financial and technical assistance to its contractors to support their ability to continue services;
2. Dramatically expanding coordinated outreach and supply distribution (survival gear and personal protective equipment) to the unsheltered population;
3. Re-organizing and expanding the emergency shelter system to allow for physical distancing and non-congregate motel sheltering of individuals at high-risk of serious illness or death from COVID-19; and
4. Operating voluntary isolation motels for individuals who become infected with COVID-19 or need to quarantine.

This work is expected to continue into FY 2022, as 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 2022.

Despite significant investment by both the City and the County, Multnomah County had a serious shortage of affordable housing even before the pandemic. The Metro Supportive Housing Services Measure (SHS Measure) mentioned above will provide long-term rental assistance that can help address the need for affordable housing. The FY 2022 budget also includes \$11.8 million of SHS Measure funding focused on strategies to recover from the impacts of COVID-19, including placements out of emergency shelter, alternative shelter options, emergency rental assistance to prevent a new wave of households from becoming homeless, and low-barrier employment opportunities.

In addition, the American Rescue Plan has dedicated funding for rent assistance as well as flexible funding to support the Joint Office's broader mission.

Workforce Equity Strategic Plan (WESP)

Workforce Equity Strategic Plan (WESP)

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 Black, Indigenous and other 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.

In March 2021, the County's Inclusively Leading with Race Design Team presented a letter to the Board that summarized their work, outlined the continued need to lead with race in the County's transformation process, and suggested specific steps that departments and employees can take to incorporate these practices into their work.

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 2022 budget continues the prioritization 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

Transportation Funding

At the beginning of the pandemic, vehicle miles traveled decreased as people transitioned to working from home and social activities were limited. This caused a \$5.4 million funding gap for the Department of Community Services (DCS) resulting from drops in gas tax revenues, delays in vehicle registration sales, and capital project overruns. DCS worked with an outside consultant to complete a mid-year budget adjustment in FY 2021, and developed a framework to align revenues and programs for the longer term. State vehicle registration facilities have reopened and vehicle miles traveled are approaching pre-pandemic levels, which should lead to revenue recovery.

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 Cost of Living Adjustments (COLA) of 1.9% (based on the forecasted COLA before the actual number was available) and merit or step increases, for all represented labor groups as outlined in the County's labor contracts. The actual FY 2022 COLA will be 1.6%. The difference between the budgeted and actual COLA will be used to address costs associated with the new State Family Leave law, which begins implementation in January 2022.

Public Employees Retirement System (PERS)

The County participates in the Public Employees Retirement System (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 rates taking effect July 1, 2021 based on the December 31, 2019 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, 2019 valuation, the County's unfunded actuarial liability was \$583 million due to these reforms not being upheld. In the 2020 Oregon Legislative Session, a PERS reform package (Senate Bill 1049) was passed that changed the path of expected PERS rate increases. From a forecasting perspective, SB 1049 has two provisions that were intended to significantly reduce PERS rate increases: re amortization 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 latest General Fund forecast assumes the County has reached its top rate in FY 2022, subject to ongoing PERS investment portfolio performance.

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 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 matching 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>.

Pay Equity Analysis

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, 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. An updated analysis will be conducted in FY 2022, which could impact on ongoing personnel costs.

Investing in Infrastructure

The Board of County Commissioners approved County Ordinance 1277 in 2019. The ordinance, effective January 1, 2021, increases the current vehicle registration fee (VRF) from \$19 per registration year of the two year registration period to \$56 per registration year of the two year registration period. The VRF is expected to increase by \$10.8 million per year. The fee is dedicated toward maintaining six Willamette River Bridges.

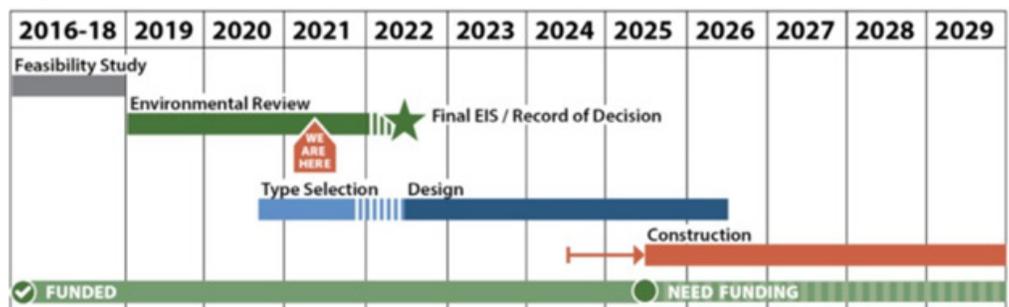
Burnside Bridge

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 needs rehabilitation or replacement in order to meet the obligations as the lifeline corridor. In response, the Board approved Resolution 2018-114 to create a seismically resilient Burnside Bridge project.

In FY 2021, the Replacement Long Span bridge was identified as the preferred design type. In November 2020, Metro voters did not approve a transportation measure that would have provided funding for the bridge replacement. County staff are working to identify additional funding opportunities and cost saving measures. The FY 2022 Earthquake Ready Burnside Bridge program (90019) supports the completion of the National Environmental Policy Act (NEPA) phase of the project, bridge type selection, and the beginning of the design phase. More project information can be found at <https://multco.us/earthquake-ready-burnside-bridge>.

Project Timeline



Behavioral Health Resource Center

Investing in Information Technology

Behavioral Health Resource Center

The FY 2022 Adopted budget allocated \$8.0 million toward construction of a new downtown Behavioral Health Resource Center, which is in addition to the \$10.95 million already allocated to the project. In December 2020, the Portland Design Commission approved alterations to 333 SW Park Ave, which will allow the County to move forward with construction on the building, and development of the adjoining parking lot. The Center will be a comprehensive resource center serving as a low-barrier day space, behavioral health shelter, and transitional housing site for homeless individuals living with behavioral health issues. Construction is scheduled to start in Spring 2021 and the County plans to have the building open and offering services in 2022.

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 County 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 that conduct building permit review and inspections will eliminate the need for applicants to hand deliver materials to multiple locations and streamline the approval process.

The project is scheduled for an implementation date of the fourth quarter of FY 2022. As a cloud-based system, it will be accessible from publicly available and personal computers, which will reduce barriers to obtaining information and conducting business. Current Planning staff will be heavily involved in the development of workflows and configuration of the system throughout FY 2022. The total project cost is estimated at \$550,000 not including any ongoing maintenance or support costs.

Supportive Housing and Homeless Services

The Joint Office of Homeless Services (JOHS) and Portland Housing Bureau (PHB) are working toward the transition of Homeless Management Information System (HMIS) responsibilities for the Multnomah County Continuum of Care (CoC) from the Portland Housing Bureau (PHB) to the

JOHS in FY 2022. PHB currently acts as the "HMIS Lead" for the CoC, as well as the HMIS administrator for nearly the entire state. However, the upcoming launch of a new HMIS implementation by Oregon Housing and Community Services (OHCS) will mean that most of the State's CoCs will move to OHCS's system. That circumstance, along with forthcoming system expansion related to the Metro Supportive Housing Services Measure - and the JOHS's role in that expansion - means that the JOHS is best suited to take on the HMIS Lead and regional HMIS administrator responsibilities. The transition of these responsibilities to the JOHS presents an opportunity to further coordinate and develop local and regional data collection, reporting, analysis, evaluation, and data governance. In FY 2022, the JOHS has budgeted \$512,000 and 3.50 FTE to support this regional data management and coordination (30002B/30003B).

In FY 2022, HMIS data will be connected to the County's Service Coordination Portal Engine (SCoPE) project, which is a multi-departmental data sharing application. Through SCoPE, the JOHS will be able to see services that other County departments are offering to clients, along with contact information, so that County providers can collaborate on services and care. In FY 2022, \$150,000 and 1.00 FTE will be focused on this work (30003B).

Long Term Care Eligibility Tracking System Replacement

Replaces the Long Term Care Eligibility Tracking system used to manage all requests that are made by clients requesting Long Term Assistance to determine eligibility. The system also helps managers to manage the caseload, determine the demographics and assign workers from the right branches, manage an equitable distribution of referrals among the staff and to monitor and get metrics on eligibility outcomes and improve service. This system is used by the Department of County Human Services.

SQL Server Upgrade and Migration

A large-scale upgrade to Multnomah County's SQL Server platform. This platform supports all of the County's critical and custom-developed applications including those in Health, Human Services, and Community Justice.

Non-Medical Transportation and Emergency Preparedness & Response (EP&R) System Replacements

This project will replace two aging systems used by the Health and County Human Services departments: 1) Non-Medical Transportation allows Case Managers to authorize, track and report on client usage of the Non-Medical Transportation program where clients can use various modes of transportation to get from point A to point B within the County for non-medical reasons. 2) Emergency Preparedness and Response Application used by the Health Department's Emergency Preparedness & Response Program to track emergency roles and Incident Management Team (IMT) assignments along with training and experience qualifications.

Future Budget Pressure

The uncertainty surrounding the ongoing 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. The current forecast assumes that delinquency will be elevated and remain elevated through FY 2024, while compression is expected to increase in FY 2022 as some pandemic-impacted property classes are reassessed. Assessed Value (AV) growth rate is expected to decline starting in FY 2023 due to a combination of factors, including a decrease in large-scale construction projects across the City of Portland. Business Income Tax (BIT) revenues are expected to remain below pre-pandemic levels until FY 2024. FY 2021 forecast updates have increased expected BIT revenues in FY 2022 and FY 2023 due to faster than expected economic recovery. Motor Vehicle Rental Tax (MVRT) is correlated with passengers deplaning at the Portland Airport, which was down more than 90% year-over-year at the beginning of the pandemic, and its recovery is contingent on virus mitigation. 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. FY 2022 healthcare costs increased by 6.0% which is greater growth than the last several fiscal years.

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.

Budget Notes

Sheriff's Office Trimet Transit Police

The following Budget Notes were adopted by the Board of County Commissioners on June 3, 2021. Board discussion and deliberation is an integral part of the County budget process. Budget notes are used to request future policy discussions, identify areas that the Board would like to explore in depth during the year, and identify funding placed in General Fund contingency for future investments. Budget notes can also be used to document discussions and decisions made by the Board during 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 TriMet on the implementation planning for a transit crisis response team. The briefing will cover the progress to date to inform and develop an implementation plan, relevant partnerships developed, the elements of planning including but not limited to: scope of work, timeline, budget implications and any other relevant updates. The briefing is requested no later than December 31, 2021, to present this work, with a follow up briefing no later than June 30, 2022, that will complete the planning process .

Sheriff's Office Trimet Transit Police

The Board of Commissioners requests that MCSO and Trimet report back to the Board about implementation of the intergovernmental agreement (IGA) passed in 2021. Content of the report will include community safety and law enforcement metrics as defined by MCSO, an update on the creation and work of the community advisory group. These reports will be at public meetings to the Board of Commissioners every six months for the first year, the first one being no later than September 30, 2021. Unless otherwise requested by the Board of Commissioners, such public reports to the Board will continue on an annual basis after the first year.

Sheriff's Office Jail Labor Work Group

The Board of Commissioners requests the creation of a work group, including staff from District 2, the Chair's Office, MCSO, and relevant community partners, to develop a proposal to end the practice of paying adults in custody less than minimum wage for work while in custody. This work group will meet monthly, beginning in July of 2021, and present policy choices to the Board of Commissioners so that budget impacts are included in the FY 2023 budget. Potential questions include:

- How will other jurisdictions participate?
- What are the existing needs (internal to jails like food and laundry) vs external work opportunities (trash cleanups, etc). How do they impact the budgeted expenses vs fee for services revenue?
- Are there any legislative restrictions/laws that need to be changed?

Alternative Shelter

The Board of County Commissioners requests that the Joint Office of Homeless Services return to the Board no later than September 30, 2021, to report on the development of “safe rest villages” in partnership with the City of Portland.

Turn Self in Program

The Local Public Safety Coordinating Council, in partnership with its jurisdictional partners, shall conduct a retrospective analysis of the Turn Self In Program no later than ten months after the passage of the FY 2022 budget. This analysis should include data from a previous fiscal year, specifically: charges, race/ethnicity, age, and gender for all participants of TSI in that time period, and shall compare that data with charging and booking data from FY 2022. The intent of this analysis is to provide a better understanding of the impact of the elimination of the TSI program on jail bed usage.

Wraparound Services for “Safe Rest Villages”

The Board of County Commissioners requests a briefing from the Office of Government Relations, the Joint Office of Homelessness Services, and the Behavioral Health Division no later than December 31, 2021, on any new State or Federal funding for behavioral health and housing and homelessness services received by Multnomah County. The briefing should include information on funding sources that could support wraparound services on site at new “safe rest villages” to be developed by the City of Portland.

Homeless Outreach Programs

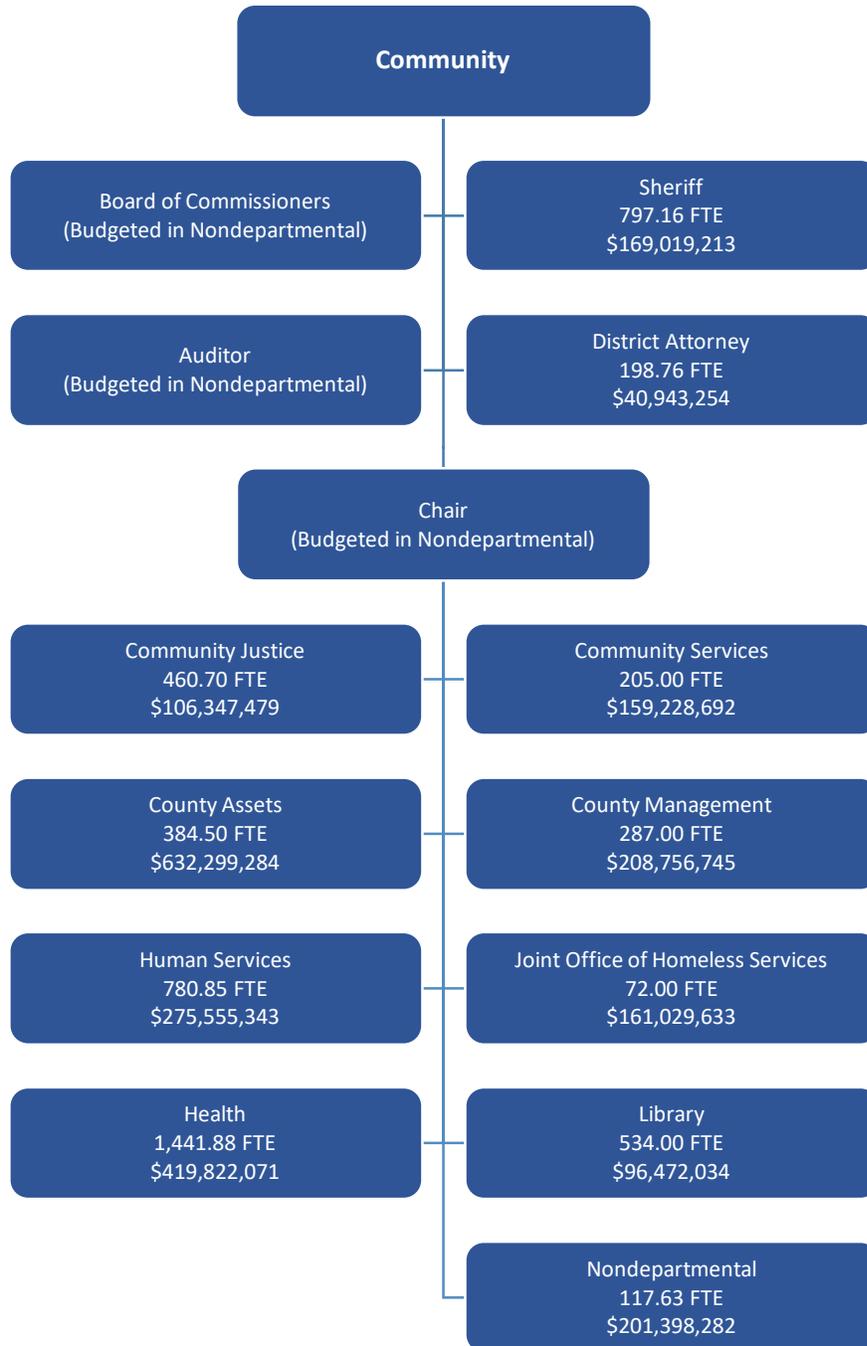
The Board of County Commissioners requests a briefing from the Joint Office of Homeless Services no later than December 31, 2021, on behavioral health, case management, navigation, and any other outreach services provided to individuals experiencing homelessness. The briefing should include information on (1) the function of each team and the measured outcomes of their work; (2) the number of people served annually; (3) the cost for each team; and (4) the funding source for each team.

Reimagine Oregon

The Board of County Commissioners placed \$80,000 in the General Fund Contingency to support the Reimagine Oregon Project. Funding will support staff capacity, community outreach and engagement, and other organizational needs such as technology and supplies. Multnomah County is a participating jurisdiction in the policy work of Reimagine Oregon, committed to several specific legislative and funding goals. Providing direct funding to support the working capacity of Reimagine Oregon further demonstrates Multnomah County's commitment and accountability to this community-led work.

Multnomah County Organization Chart

Multnomah County delivers its services through 10 departments, including three managed by independently elected officials: Mike Reese, Sheriff; Mike Schmidt, District Attorney; and Jennifer McGuirk, County Auditor. There are 5,279.48 full time equivalent (FTE) positions in this budget.



Appreciation

Every year, the budget document is the product of many hours of work and analysis by County agencies and their staff. I fully recognize the ongoing challenges and stress people face not only in preparing the budget but also having to do that work while responding to and living through a pandemic. Over the past year, operations across the County have been disrupted and employees have had to figure new ways to serve our community. 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 and Chief of Staff Kim Melton. I also want to extend my sincere appreciation to the County Commissioners, the Auditor, Sheriff and the District Attorney and their respective staff. I would also like to recognize all the County department leaders 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, Dianna Kaady, Ashlye Manning, Jeff Renfro, Erin Russell, Chris Yager, and Trista Zugel-Bensel, and to the Evaluation and Research Unit: Jillian Girard and Alison Sachet.

It is an honor to work with the dedicated people who serve our County.

Christian Elkin
Multnomah County Budget Director