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Introduction

The County's budget is our policy playbook, guiding how we make investments in the communities where we live, work, and raise our families. The County's budget tells our story in terms of services and community investments in a way that is not captured in technical financial reports. Our budget describes what is important to the organization, how the County envisions supporting our mission and vision, and how the funded activities provide value to the community. The budget investments reflect the County's shared values and represent a commitment to programs and services that our community members depend on.

The COVID-19 pandemic and the crisis response are receding along with the influx of Federal funding through the American Rescue Plan. The good news is that the world has seen a remarkable mitigation of the health impacts of COVID-19. The bad news is that, as the pandemic recedes, and the associated policies and funding expire, we are still facing underlying socioeconomic factors that deeply impact our community. As the economy transitions to a more normal state of affairs and other financial conditions return to their pre-COVID path, the County will continue to respond to emerging community needs. The impacts of COVID-19 and its effects on our community will linger for the foreseeable future, requiring County programming to adapt and for available resources to be used thoughtfully and efficiently.

The County's \$3.6 billion budget reflects its commitment to addressing these urgent community needs through services ranging from homeless services, health care, early learning opportunities, responding to increased gun violence, and running elections. Beyond the numbers, it reflects Multnomah County's core goal to provide our community and employees with a sense of safety, trust, and belonging.

Over the last two decades, the County has been forced to address growing community needs with declining resources. Oregon's constitutional property tax limitations prevent the County's largest source of discretionary revenues from keeping up with inflation in most years. This creates a "structural deficit," necessitating reductions in staff and services. The termination of several large Urban Renewal Areas (URAs) and the return of their associated assessed value to the tax rolls created higher than normal property tax revenue growth, which helped offset that structural deficit and provided an opportunity to expand programming. This partially came to pass with increased investments in the FY 2023 budget, but inflation and rising personnel costs have quickly changed the financial outlook for the County.

Multnomah County's starting point for the FY 2024 budget was a \$2.6 million deficit in the General Fund. To address this deficit, all departments - other than the Joint Office of Homeless Services - were directed to apply a 1.5% reduction to their current service level budgets. In addition, the Chair was limited in her ability to consider including new programs in the budget. This budget also includes a steep decline in Federal pandemic-related resources. During the pandemic, the County used Federal support to create or expand programming that the community has come to rely on. Without the Federal funding, the

most successful programs needed to be moved to the General Fund to preserve their services.

Throughout the process of creating this budget, the County has prioritized equity. Departments were asked to use an equity lens to evaluate all funding decisions. 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 budget also includes an initial investment in designing what the next phase of the WESP and the County's equity efforts will look like.

Beyond the response to the urgent issues of today, the County continues to build out programs which will transform the community in the future. FY 2024 will be the third year of both Preschool for All and the Metro Supportive Housing (SHS) voter-approved initiatives. Students began attending preschool with Preschool for All support in FY 2023, and in FY 2024 available slots will be expanded to 1,400 on the way to full universality over the next decade. Metro SHS funds will fund approximately 1,500 supportive housing units and capacity to create housing placements out of shelters and connect community members with services.

This budget also supports the County's staff and creates increased stability in anticipation of future financial challenges. The FY 2024 budget includes the second year of employee retention incentives using one-time-only (OTO) General Fund resources. This budget also allocates one-time-only resources to pay off the final year of the debt service for the County's new Enterprise Resource Planning (ERP) system, freeing up capacity for programming in both the General Fund and Other Funds. Finally, the County used one-time-only resources to increase the General Fund and Business Income Tax (BIT) Reserves to 12% of anticipated revenues. This is part of a multi-year effort to increase the reserves to 15%, which is in line with best practices and will help the County to preserve programming during future economic downturns.

Policy Direction from the Chair & Balancing the General Fund

The FY 2024 budget was developed during a transition of leadership from Chair Kafoury to newly elected Chair Vega Pederson. Both Chair Vega Pederson and Chair Kafoury hold an abiding belief that Multnomah County's values are foundational to who we are as an organization and how we show up for the people we serve. The transition in leadership had no bearing on what was expected from the department's budget proposals. The department's budget proposals were expected to clearly reflect the County's commitment to creating and advancing equity and justice; to strengthen the health, safety and stability of our community members; and to do so with integrity, creativity and wise stewardship of taxpayer dollars.

Despite the recovery of the County's revenues following pandemic impacts, the County anticipates a budget deficit for FY 2024 due to an uncertain and rapidly shifting national landscape and inflation-fueled cost increases, meaning that we will be unable to continue all of the County's current programming. And because of the dynamic environment, it is difficult to nail down the extent of the deficit. The good news, however, is that the following years look more promising as expiring Urban Renewal Areas (URAs) increase ongoing revenues. Still, the deficit immediately ahead will require the County to take a measured, strategic approach to General Fund proposals, especially in light of the expiration of Federal stimulus funds that have allowed us to reach and respond to myriad community needs that emerged during, and because of, the pandemic.

The Chair directed all departments to submit a 1.5% reduction from current service level, with the exception of the Joint Office of Homeless Services, based on the County's FY 2024 General Fund forecast and the ending of the American Rescue Plan funding from the Federal government. Departments could ask for restorations of reductions.

Key highlights and policy guidance from the Chair include the following:

- **Centering Equity** – Addressing the ever-present disparities that harm our communities is at the core of Multnomah County's work. It's essential for us to center equity and be intentional about the tools, resources and processes we use to develop our budgets. It's imperative that we use data to understand how we are meeting our goals, be thoughtful and transparent when referencing who we serve, and remain mindful of our impact. Gathering and listening to feedback from all stakeholders is key to the success of what we do. Program offers are one important way that the public is able to learn about what Multnomah County does, what we value, what we invest in and how we benefit the community. It is important that all offers are thoughtfully reviewed and not a duplicate of the previous year. To aid departments in this work, the Office of Diversity and Equity developed the Budget Equity Tool including templates and trainings.

- **American Rescue Plan (ARP) Act Federal Funds** – In FY 2023, the County allocated our second and final large tranche of ARP funding. Though the needs in the community and in our organization remain high as a result of the ongoing pandemic, this funding source will not be available at scale in FY 2024 to maintain the ARP-funded programs. There are limited underspent funds available for ramp down. As departments prepared their budgets, they were directed to plan thoughtfully about next steps for ARP-funded programs. Options included preparing for the funding to go away on June 30, pursuing a ramp down plan, or seeking other ways to maintain or sustain the work.
- **General Fund Human Services Contractors** – The COVID-19 pandemic has highlighted the critical partnerships we have with our human services contractors. We must continue to improve how we promote integrity, flexibility and equity in the ways we allocate resources and work together. Departments were instructed to provide a 5.0% cost-of-living adjustment (COLA) for General Fund human services contractors in FY 2024, unless there were other contractual considerations. An allowance for this COLA was included in the General Fund target allocations. The Chair chose to increase the COLA for General Fund Human Services Contractors by an additional 3% increasing it from from 5% to 8% (see section below for breakdown).
- **Reducing Ongoing Internal Service Costs through Countywide ERP Debt Reduction** – The Chair decided to use one-time-only General Funds to pay the final year of the \$6.7 million Enterprise Resource Planning (ERP) debt. The Department of County Assets removed the ERP debt from the FY 2024 IT rate allocations, creating ongoing countywide capacity in the General Fund and capacity for the departments in the Other Funds.
- **Investing Resources from Voter-approved Initiatives** – The County continues to develop and expand programs that are funded through the voter-approved initiatives: the Metro Supportive Housing Services Measure, Preschool for All and the Multnomah County Library General Obligation Bond. Since these funding sources involve multiple departments, the Central Budget Office created specific guidance that departments followed to ensure that the approach to these services is consistent with the overall goals for the initiatives. In addition, there was dedicated time in the budget preparation process to discuss the strategy and proposed investments for each of these funding streams.

Human Services Provider Cost of Living Adjustment (COLA)

Each year, departments are instructed to provide a cost-of-living adjustment (COLA) to human services providers that is equal to the COLA received by most County employees (4% in FY 2023 and 5% in FY 2024). The Board has taken steps to further this work by providing additional General Funds. The FY 2023 budget included one-time-only funding for General Fund human services providers to receive an additional 2%. The FY 2024 budget uses ongoing funding to provide an additional 3% COLA for providers funded by the General Fund. The General Fund amounts provided to departments for the COLA are calculated on the entire contract amount. Departments are then responsible for allocating the funding to contractors.

Department	FY 2023 4% COLA	Additional 2% COLA	Total FY 2023 6% COLA
County Human Services	1,072,288	536,144	1,608,432
Joint Office of Homeless Services	835,326	417,663	1,252,989
Health Department	517,276	258,638	775,914
Community Justice	370,942	185,471	556,413
Total	2,795,832	1,397,916	4,193,748

Department	FY 2024 5% COLA	Additional 3% COLA	Total FY 2024 8% COLA
County Human Services	1,444,047	866,428	2,310,475
Joint Office of Homeless Services	1,219,333	731,600	1,950,933
Health Department	723,317	433,990	1,157,307
Community Justice	476,707	286,024	762,731
Total	3,863,404	2,318,042	6,181,446

Getting to the Adopted Budget

In the May 2023 forecast update, the FY 2023 motor vehicle rental tax forecast was increased by \$2.0 million due increasing levels of tourism and increasing rental car prices. The Board also identified \$3.2 million of FY 2023 contingency resources that were unlikely to be needed in FY 2023, and could therefore be rolled over to FY 2024 as a one-time-only (OTO) resource.

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

- \$300,000 for a Common Application for residents seeking County services, improving County processes by providing County resources more quickly and at a lower cost.
- \$250,000 for Resilience Hub development to build infrastructure that supports communities during a disaster.
- \$45,000 for youth violence prevention programming for recreational activities for our youth with pro-social activities for them.
- \$382,456 to restore 2.00 FTE for the Multnomah County Sheriff's Office River Patrol to maintain full staffing levels.

- \$115,000 for the East County Repair Grant Program to support local small businesses that need immediate repairs as a result of physical damage resulting from vandalism.
- \$70,000 for the Compass Project, a pilot that will clear warrants and further expand access to services including expungement services, fines and fee reduction/forgiveness, warrant removal, victim services, legal education, health Insurance access, and mental health service navigation.
- \$250,000 to support for the Center for Tribal Nations.
- \$150,000 for additional services for youth experiencing a mental health crisis.

The Central Budget Office also presented an updated estimate of FY 2023 ARP underspending, which identified an additional \$4.4 million of expected underspending that could be allocated in FY 2024. The Board allocated \$4,443,455 of these ARP funds for Family Resource Navigators.

The Board also voted to reduce the SHS program offer Emergency Shelter Strategic Investment (30208B) by \$900,000 and reallocate those resources to establish four microvillages and fund a limited duration assignment (LDA) Project Manager for the project.

The Adopted budget allocates just over \$99.3 million of discretionary one-time-only (OTO) General Fund as follows:

- \$31.5 million to major capital projects, including funds to improve the Rockwood Community Health Center and strategic capital investments related to housing and homelessness.
- \$6.8 to fund the final payment for the Enterprise Resource Planning (ERP) system debt.
- \$61.1 million to a variety of costs, such as the second year of employee retention incentives, rank choice voting implementation, and theft task forces in the District Attorney's Office.

The list of Board Amendments and the Chair's Message which provides additional information can be found at www.multco.us/budget/fy-2024-adopted-budget.

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

The American Rescue Plan Act of 2021 (ARP) was signed into law on March 11, 2021, and provided \$350 billion in additional funding for state and local governments navigating the impact of the COVID-19 outbreak. Of this total funding, Multnomah County received a total direct allocation of \$157.8 million. The ARP direct funds were provided to the County in two tranches as follows: 50% or \$78.9 million available on May 1, 2021, and the remaining 50% available 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 receiving program-specific revenues to fund activities like vaccine distribution or nutrition services for older adults.

Entering into the final year of spending for the American Rescue Plan funding, we are planning for a reduction of \$109 million or 69% in both the County's direct allocation and the City, State and other Federal direct allocations which are shown in the table below.

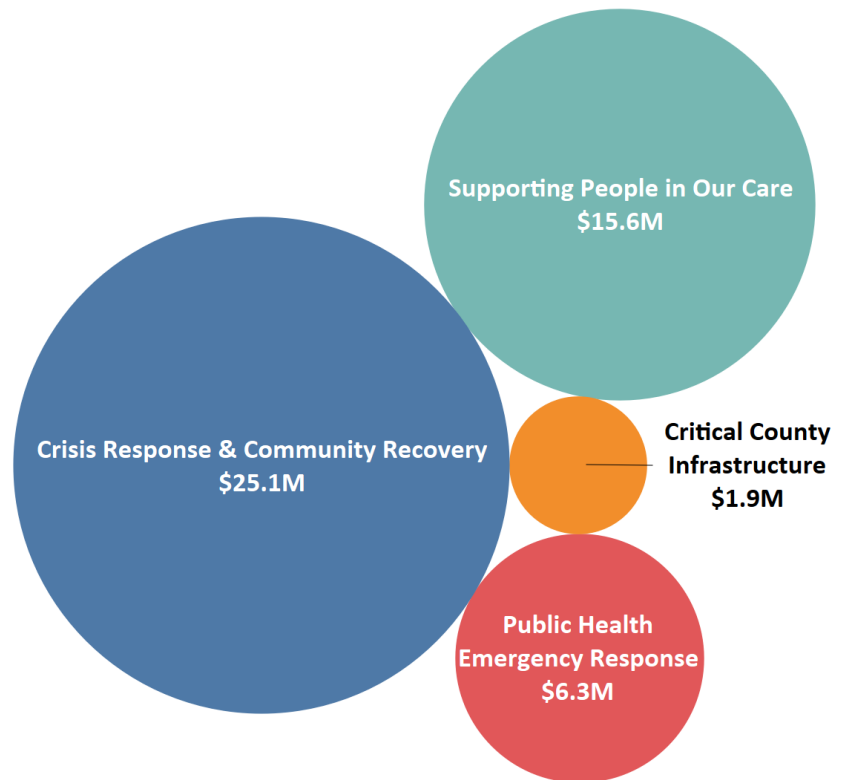
American Rescue Plan/COVID-19 Resources	FY 2023 Adopted	FY 2024 Adopted
American Rescue Plan - Direct County Allocation*	\$89,644,715	\$22,843,455
Public Health - State & Federal	8,164,835	5,299,499
Rent Assistance - Federal	5,567,357	0
Rent Assistance - State	16,489,544	0
Aging Services - Federal	754,593	577,300
Housing & Homeless Services - Federal	9,417,525	0
Housing & Homeless Services - City of Portland	8,261,000	0
Safe Rest Villages - City of Portland	3,711,333	14,864,912
American Rescue Plan - State	2,320,000	1,600,000
Energy Assistance and Weatherization - Federal	3,984,538	1,762,843
Roads & Transportation - Federal	1,580,000	1,930,000
ICS Federal Health Center Funding	<u>8,075,272</u>	<u>0</u>
Total ARP Funding	\$157,970,712	\$48,878,009

*FY 2023 included the second tranche of the Multco direct ARP plus \$10.7 million in carryover from FY 2022. The FY 2024 Multco direct ARP is underspending from FY 2023.

When allocating the Multnomah County Direct ARP funding, the County focused on five priority areas:

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

The \$48.9 million in resources, including the County's direct ARP allocation, is shown below by priority area. The FY 2024 budget does not have programs in the Restore Services area, which only had \$0.2 million budgeted in FY 2023.



Local Public Health Authority and Safety Net Provider

The pandemic 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.

Public Health Response

The County's COVID-19 response includes key activities such as outbreak response; testing and vaccination in clinical, community, and corrections settings; vaccination for County staff; crisis counseling; behavioral health services; and culturally specific isolation/quarantine support. Across the

County these efforts have been incredibly successful in mitigating the spread of the virus and controlling the impacts of COVID-19. This significantly reduces the investments in the COVID-19 specific public health response. The County will continue to focus its public health investments on long term disease management efforts.

Safety Net Provider

The majority of the final year of the Federal assistance will go towards serving the most vulnerable people in our community. These communities continue to be disproportionately impacted by COVID-19. Throughout the crisis, Multnomah County has had the unique local responsibility of both leading the public health response and responding to the unprecedented need in the community for shelter, housing, food, and healthcare. The County continues our focus on preserving essential County services to the fullest extent possible, including with one-time-only General Funds. 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. Additionally, the pandemic has created the need for expanded investments to respond to acute COVID-19 impacts, older adults, those experiencing child abuse, domestic and sexual violence, and those impacted by increased gun violence in our community.

Continuation of Emergency Rent Assistance Program (ERAP)

In the FY 2023 Adopted budget, through partnerships with the State and the City, the County provided over \$45 million in rent assistance to over 8,300 households. As this funding declines at the State and Federal level, the County is committing 60% or \$13.6 million of the total direct funding for Rent Assistance in FY 2024. 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 initially resulted in unprecedented numbers of layoffs and furloughs, leading to even deeper racial disparities and challenges to pay rent and remain stably housed.

The table on the next page details the FY 2024 ARP funding by department and program. It also denotes the Multnomah County (Multco) direct ARP and other local/State/Federal ARP. Additionally, ARP includes 46.43 FTE supported by this limited term funding. Typically, the County would fund temporary or limited duration positions with short term funding instead of regular FTE; however because the funding expires in December 2024 just beyond the two years designated for limited duration positions, per our labor agreements, some of the positions were converted to FTE. For information about a specific program, please see Volumes 2 and 3; the 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.

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American Rescue Plan Funding by Department

Prog. #	Program Offer Name	FY 2024 Multico Direct ARP	FY 2024 Local, State & Fed ARP	FY 2024 Total ARP Investments	Total ARP FTE
Nondepartmental					
10095	Sustainability - Wood Stove Replacement Pilot	\$0	\$500,000	\$500,000	
10096	Sustainability - Electric School Buses	0	500,000	500,000	
10097	Youth Connect	0	600,000	600,000	
Total Nondepartmental		\$0	\$1,600,000	\$1,600,000	
County Human Services					
25399B	ARP - Multnomah Mothers' Trust Project (MMTP)	1,350,000	0	1,350,000	1.00
25399C	ARP - Domestic Violence Services	813,784	0	813,784	2.00
25399E	ARP - SUN Community Schools: Family Resource Navigators	4,443,455	0	4,443,455	
25399S	ARP - YFS Food Security / Pantry Enhancement	179,235	0	179,235	
25490B	ARP - Emergency Rent Assistance	8,078,059	0	8,078,059	
25490C	ARP - YFS Rent Assistance Team Staffing Capacity	1,921,941	0	1,921,941	17.00
25491	COVID-19 Energy & Housing Services	0	1,762,843	1,762,843	
25492A	COVID-19 ADVSD OAA ARP	0	577,300	577,300	
Total County Human Services		\$16,786,474	\$2,340,143	\$19,126,617	20.00
Joint Office of Homeless Services					
30902	ARP - COVID-19 - Expanded Hygiene Access	750,000	0	750,000	
30905	ARP - COVID-19 - Outdoor Physical Distancing Shelters & Safe Rest Villages	0	14,864,912	14,864,912	3.00
30907	ARP - COVID-19 - Emergency Rent Assistance	3,611,270	0	3,611,270	
Total Joint Office of Homeless Services		\$4,361,270	\$14,864,912	\$19,226,182	3.00
Health Department					
40199B	ARP - Public Health Communicable Disease Community Immunization Program	0	1,718,068	1,718,068	8.88
40199T	Public Health CDC COVID-19 Health Disparities	0	2,623,098	2,623,098	4.50
40199U	Public Health REACH COVID-19/Flu Vaccine Supplement	0	825,000	825,000	3.05
40199X	ARP - Public Health Gun Violence	449,082	0	449,082	3.00
40199Y	Early Assessment and Support Alliance (EASA) COVID-19 Stimulus Funding	0	133,333	133,333	1.00
Total Health Department		\$449,082	\$5,299,499	\$5,748,581	20.43
Sheriff's Office					
60989	ARP - Child Abuse Team Detective	172,845	0	172,845	1.00
60990	ARP - Civil Process - Reducing Community Violence Involving Firearms	358,536	0	358,536	2.00
60997	ARP - MCIJ Dorm 5	715,248	0	715,248	
Total Sheriff's Office		\$1,246,629	\$0	\$1,246,629	3.00
Department of Community Services					
90016	Transportation Supplemental Appropriations Act (CRRSAA)	\$0	\$1,930,000	\$1,930,000	
Total American Rescue Plan Funding		\$22,843,455	\$26,034,554	\$48,878,009	46.43

Budget Director's Message

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Preserving Essential County Services

As the American Rescue Plan funding expires, we continue to see high needs in the community because of persistent impacts resulting from the pandemic and the uneven economic recovery. We also recognize that many of the programs funded with ARP are providing valuable and needed services and need to be prioritized alongside the more traditionally funded General Fund programs as part of the budget process. The County is working at the State and Federal level to ensure we pursue all avenues for ongoing funding related to mitigating the long term impacts of COVID-19 in our community - from communicable disease to housing stability.

The FY 2024 budget continues to evaluate the need for programs initially designed to serve the community during the pandemic. This has resulted in 20.64 FTE and \$30.1 million of County General Fund being invested in these critical services over the last two years. The following programs were transferred from American Rescue Plan funding to the General Fund due to the critical and long term need for the services.

Dept.	Prog. #	Program Offer Name	County General Fund	FTE	Ongoing or OTO
FY 2023 Adopted					
MCDA	15304B	Gun Violence Backlog	\$450,000	2.00	Ongoing
DCHS	25131C	YFS - Eviction Prevention Support	400,000		Ongoing
Health	40000D	COOP Emergency Coordination	155,455	1.00	Ongoing
Health	40108	IT Business System Analysts	690,852		OTO
DCJ	50041	Mental Health Treatment Outreach	762,973		OTO
DCJ	50042	Community Violence Intervention Programs	1,261,570	5.00	Ongoing
MCSO	60400B	Adults in Custody Phone Calls	120,000		Ongoing
MCSO	60430B	Program Supervisor: Adults in Custody Program Unit	129,265	1.00	Ongoing
MCSO	60430C	SE Works Program Coordinator	<u>100,000</u>		Ongoing
Total FY 2023 Adopted			\$4,070,115	9.00	
FY 2024 Adopted					
NOND	10012B/C	Logistics & Warehouse	\$1,376,842		OTO
NOND	10018B	Food Access Focus	400,000		OTO
MCDA	15102B	Domestic Violence Case Management OTO	195,805	1.00	OTO
MCDA	15304B	Unit D - Gun Violence Case Management	373,134	2.00	Ongoing
MCDA	15304C	Unit D - Gun Violence Case Management OTO	373,134	2.00	OTO
DCHS	25135B	YFS - New Day Collaborative Backfill	334,800		OTO
JOHS	30209	COVID-19 Emergency Response - Shelter Operations	17,041,210	3.00	OTO
JOHS	30210	COVID-19 Emergency Response - Culturally Specific Outreach	446,250	0.00	OTO
Health	40069B	Old Town Inreach	1,100,000		OTO
Health	40109	Behavioral Health - Continuing COVID Response	586,793		OTO
Health	40110	Gun Violence Impacted Families Behavioral Health Team	1,214,400		OTO
MCSO	60330J	MCIJ Dorm 13	905,391	3.64	Ongoing
DCM	72060	Future of Work Planning	1,500,000		OTO
DCM	72061	Labor Relations Expanded Support	<u>215,000</u>		OTO
Total FY 2024 Adopted			\$25,727,959	11.64	
Total General Fund			\$30,132,874	20.64	

Planning for FY 2024

Financial Context

The Federal Reserve's efforts to return inflation to normal levels is starting to strain the economy and expose problems that had been masked by years of low interest rates and easy money. In March 2023, Silicon Valley Bank suddenly failed. The Federal Reserve and Treasury aggressively interceded in the economy to contain further bank runs. Even after this financial disruption, the Federal Reserve still increased rates by an additional 0.25% (and signaled further increases were still to come) in a sign that reducing the rate of inflation remains the top priority. Headline inflation has declined for several months, but core inflation (rate of inflation excluding energy and food prices) remains stubbornly high and the low unemployment rate continues to give workers leverage to bargain for higher wages. In the last rate setting meeting in June 2023, rate increases were temporarily paused, but shortly afterward the Federal Reserve Chair indicated that rate increases were likely to resume soon. The likelihood of a recession resulting from increasing interest rates remains elevated.

While the macroeconomic outlook remains uncertain, the tight labor market has left households in a strong financial position. The unemployment rate has risen slightly but remains low by historical standards. Inflation has eaten into real wage gains but households have more in their bank accounts and have lower credit card debt than before the pandemic. This increase in income has led to record levels of collections for the County's income based taxes: Business Income Tax, Preschool for All Income Tax, and Metro's Permanent Supportive Housing Business and Personal Income Taxes (Multnomah County receives a portion of these collections).

Because of Oregon's Constitutional Property Tax limitations, Multnomah County is vulnerable to prolonged periods of high inflation. Property Tax is the County's largest General Fund revenue source by a significant margin, but does not grow as fast as personnel costs when inflation is high. This structural deficit means that over time, the County expects its expenses to grow faster than its revenues. With inflation at its highest levels in 40 years, this process is supercharged. The end of several large Urban Renewal Areas (URAs) in the City of Portland means that the County expects property tax growth to be significantly higher than normal over the next several years. The expected surpluses associated with this increase in revenue were offset by increases in personnel costs following the most recent round of bargaining. Sustained inflation could quickly change the outlook, and the County's structural deficit can be masked by new property tax revenues temporarily but will eventually reassert itself. The County will continue to follow sound financial planning practices in order to ensure that it continues to be capable of responding to emerging community needs. The essential services provided by the County are continued in this budget, with nearly 5,800 County full time equivalent employees (FTE) providing services ranging from health care and law enforcement to bridge maintenance and elections in FY 2024.

As the community's social safety net provider, the County relies on sound financial practices to ensure that resources are used wisely. The County's prudent management of its financial resources has been noted by the credit rating agencies. Both S&P Global Ratings and Moody's Investor Services have 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. S&P noted the County's "strong management, with good financial policies and practices" and the County's strong budgetary performance and flexibility.

Beginning in FY 2023, the County began a multi-year process of increasing both its General Fund and BIT reserves. The FY 2024 budget increases both reserves from 11% to 12%. Increasing the reserve targets has the benefit of bringing the County in line with evolving best practices and providing greater stability during economic downturns. This is part of a long-term goal to increase the reserves to 15%.

The following pages of the FY 2024 budget contain more information on the County's financial picture and operational and investment plans. The County's budget information for FY 2024, as well as past years, can be found at: www.multco.us/budget.

Economic Climate

Multnomah County revenues are tied to issues that impact the national economy as a whole, such as inflation and unemployment, but specific ways some of our revenue streams are designed mean that there will be times when our revenues increase or decrease in ways that don't follow national economic trends. As the Federal Reserve has increased interest rates and parts of the economy continue to return to normal following the pandemic, the outlook for revenue growth is strong despite the increasing likelihood of recession. Specifically, increasing interest rates will cool new property development, but Oregon's constitutional limitations on property tax collections already limit growth. New development increases property tax revenue on the margin, but the tax revenue for most properties will increase by 3% per year regardless of the amount of new development. Corporate profits (the basis of the County's Business Income Tax (BIT) collections) reached record highs during the pandemic. In 2022, these profits fell but remained well above historical standards. The employment level does not directly impact County revenues, but challenges related to worker shortages mean that firms will be motivated to push off potential layoffs for as long as possible. The macroeconomic factor that the County is most exposed to is the level of inflation. The County's labor contracts tie annual cost of living adjustments (COLAs) to official measures of inflation, and drive expenditure trends. Due to constitutional property tax limitations, property tax revenues will not keep pace with high inflation. Sustained, high inflation will push the County into deficit in the medium term.

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 3.2% and 2.6% in the last two quarters of 2022. Economic growth remains strong, driven by increasing household consumption.

The Housing Market

The increase in interest rates have directly impacted house prices across the County. Higher borrowing costs mean that potential buyers have a lower maximum offer price in order to keep monthly mortgage costs flat. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices decreased by 0.6% during 2022. The West Coast, in particular, saw a pronounced decrease in house prices last year. Applications for permits for new multifamily housing projects from the City of Portland's Bureau of Development Services decreased during the pandemic due to uncertainty. Permitting activity has started to recover but the pause in activity means that increasing rents will not be moderated by new apartment supply for one to two years.

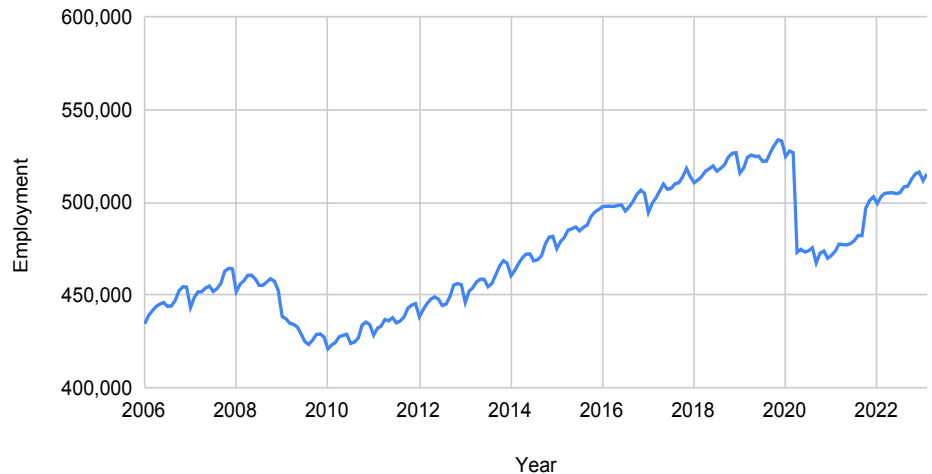
Population

According to Census data released in March 2023, in the year ending July 1, 2022, Multnomah County lost population for the second year in a row. The decline of 10,510 people was driven by domestic outmigration which was partially offset by international immigration. During the pandemic and recovery, urban cores around the country saw declines in population. Housing affordability will present a challenge to population growth recovery in the most expensive metro areas.

Employment

As of February 2023, the U.S. unemployment rate stood at 3.6% vs. 3.8% a year earlier. For Oregon, the February 2023 rate was 4.7% vs. 3.7% a year earlier. In Multnomah County, the unemployment rate remained unchanged at 4.2%, relative to last year. With nonfarm employment in Multnomah County at 518,200, employment levels are roughly 19,700 or 3.7% lower than pre-pandemic levels. Job growth in Multnomah County has been faster than the national average, but like many other metro areas around the country, employment remains below pre-pandemic levels.

Multnomah County Nonfarm Employment (Not Seasonally Adjusted)



Inflation

Oregon's constitutional limits on property tax growth make inflation an area of particular concern for the County. Personnel costs are the County's biggest expense, and the tendency of these costs to grow faster than property tax revenues create a structural deficit for County General Funds. While headline inflation (the total inflation in the economy) has decreased in response to the Federal Reserve increasing interest rates, core inflation (inflation calculated without food and energy prices, which tend to be volatile) remains stubbornly high. According to the CPI-W West Size A (which measures headline inflation in large cities in the Western U.S.), year-over-year inflation in February 2023 was 5.8% compared to 7.9% a year earlier. The Federal Reserve has slowed the rate of increases, but if the decrease in inflation slows, additional rate increases may be necessary which would increase the risk of recession.

CPI-W West Size A



Forecasting the General Fund

More information about the forecast can be found at www.multco.us/budget/fy-2024-economic-forecasts-and-financial-overview.

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 2024 budget process, a \$2.6 million deficit was forecast for the General Fund. The Budget Office's March 2023 five-year forecast was unchanged for FY 2024, and becomes a \$10.6 million deficit in FY 2028. Following the publication of the Chair's Proposed Budget, the forecast was updated in May 2023, and incorporated ongoing changes made by the Chair, which included the use of \$2.6 million of OTO resources to "bridge" to FY 2025, and an ongoing COLA increase for human service contractors above what had initially been assumed. The updated forecast assumes that the deficit increases in \$14.3 million in FY 2028. There are several factors driving forecast changes:

- 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 2024, 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.
- In FY 2023, several of the County's largest bargaining units settled on new contracts. In response to high inflation, most County employees received COLAs or market adjustments well above the previous assumptions for personnel cost increases. These personnel cost increases offset the expected surpluses.
- The forecast assumes that inflation remains higher than usual through FY 2025. Because personnel represents the County's biggest cost driver, sustained inflation would quickly change the out years of the forecast.
- In the March 2023 forecast update, the FY 2025 BIT assumption was updated to include a return to growth. The possibility and timing of a future recession would change the BIT assumptions and impact the forecast.

Table 1: Forecasted Ongoing General Fund Expenditures, Revenues, and Balance

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	672,116,652	704,076,479	729,283,575	756,275,443	782,092,135
Expenditures	672,204,720	701,050,741	728,417,305	755,127,457	791,117,000
Ongoing Surplus/(Deficit)	(88,068)	3,025,738	866,270	1,147,985	(9,024,865)
BHRC Ongoing Funding Gap	(2,500,000)	(5,650,000)	(5,876,000)	(6,111,040)	(6,355,482)
November Forecast with BHRC	(2,588,068)	(2,624,262)	(5,009,730)	(4,963,055)	(15,380,347)
<i>BIT Revenue Change</i>	0	8,824,745	7,725,983	6,479,882	6,803,876
<i>FY 2025 COLA Increase to 3.5%</i>	0	(1,820,646)	(1,893,472)	(1,969,211)	(2,047,979)
March Forecast with BHRC	(2,588,068)	4,379,837	822,781	(452,383)	(10,624,450)
<i>Chair Adjustments</i>	2,588,068	(3,353,650)	(3,454,260)	(3,557,888)	(3,664,624)
May Forecast with BHRC	0	1,026,187	(2,631,479)	(4,010,271)	(14,289,074)

Note: Revenues/Expenditures include video lottery, but excludes reserves and one-time resources

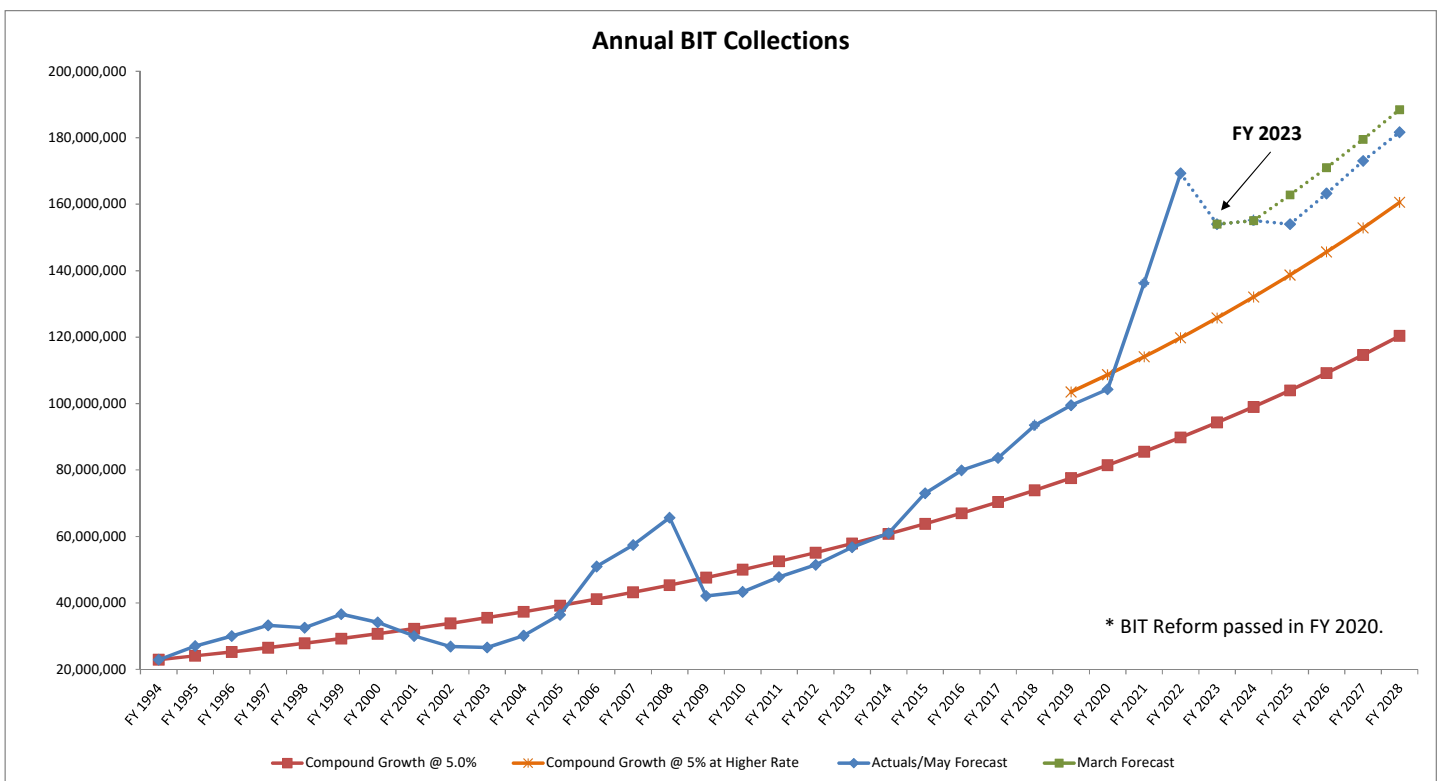
Local Revenues

Property tax is the single largest discretionary source of revenue in the General Fund, accounting for approximately 66% of ongoing corporate revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. As measured from the FY 2023 Adopted budget, ongoing General Fund resources for FY 2024 are projected to increase by 9.8%.

The FY 2024 budget assumes the following rates of growth (as measured from the FY 2023 Adopted budget) for each revenue source:

- Property Tax – An increase of 9.7%
- Business Income Tax (BIT) – An increase of 13.1%
- Motor Vehicle Rental Tax – An increase of 2.0%
- Recording Fees/CAFFA Grant – A decrease of 18.4%
- U.S. Marshal Jail Bed Rental – Unchanged

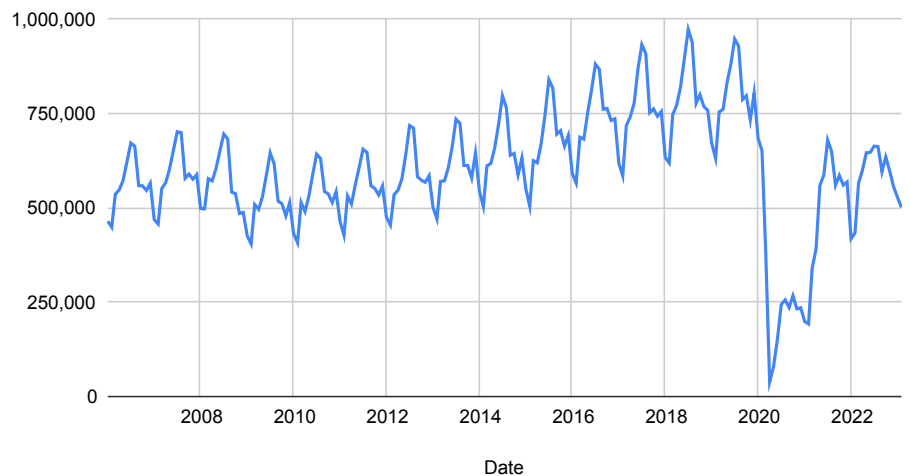
The following graph shows historical Business Income Tax (BIT) revenues and the current forecast through FY 2028 (solid line). Three recessions are shown on the graph, which followed separate paths of decline (or no decline in the most recent case). The recession at the beginning of the century played 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 did not impact BIT revenues, which actually went up during this period due to the Board passing a rate increase in February 2020.



The County revenue most directly impacted by COVID-19 was motor vehicle rental taxes (MVRT), which are responsible for approximately 6% of General Fund revenues. In the first year of the pandemic, revenues were down more than 50% relative to pre-pandemic levels. In April 2020, deplaned passengers at Portland International Airport (PDX) were down 93% relative to April 2019. The following graph shows the deplaned passengers by month at PDX, which is highly correlated with motor vehicle rental tax revenues.

Beginning in early 2022, revenues have started to rapidly improve. As of FY 2023, revenues have fully recovered. While deplaned passengers at PDX are still below pre-pandemic levels, motor vehicle rental revenue has been helped by rental car shortages pushing up prices and overall inflation.

PDX Domestic Deplaned Passengers



Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.6% to 4.8% annually through FY 2028, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2024, the cost of providing current service levels is expected to grow at 7.5%. The growth is driven by personnel costs, which are forecast to grow at 8.7%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 5.8% (of base pay)
- Step/Merit Increases/Contract Adjustments: 3.4% (of base pay)
- Medical/Dental: 6.0%
- PERS: -0.12% (of base pay)

Going into FY 2023, several of the County's largest bargaining units had open contracts. Previous contracts had capped the annual Cost of Living Adjustment (COLA) at 4.0%. With measures of inflation remaining stubbornly high, the County negotiated a higher COLA of 5% for both FY 2023 and FY 2024. The FY 2024 Adopted Budget is the first budget to reflect these higher increases. The new contracts also featured a variety of increases in premium and incentive payments across the bargaining units.

Annual increases of the County's pension costs via the Public Employees Retirement System (PERS) have moderated since the passage of SB 1049, the PERS reform bill. The County's annual PERS costs are a significant portion of overall personnel costs (over 25% of base pay), but no longer increase by 2% or more every year. This is 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 6.9%.
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 \$474.9 million as of the December 2021 valuation, which is significantly lower than the \$719.7 million UAL in the previous valuation thanks in part to strong investment returns.

The County's PERS rates are set biennially, and FY 2024 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 reached its top rate in FY 2022, subject to ongoing stock market performance.

For FY 2024, the rates charged to departments are decreased by 0.12% of base pay. The County's PERS rate is made up of two pieces: PERS rates to collect payments into the PERS system and an internal rate to collect payments to service the County's PERS bond debt. The overall decrease is due to a decrease in the internal PERS Bond rate. This rate is revisited every year to ensure that the rate of collections is on track to make escalating debt service payments. The County's Chief Financial Officer believes the rate can be lowered in FY 2024 without impacting the ability to make future debt payments.

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

For FY 2024, internal service rates charged to departments for items such as information technology and facilities services are assumed to increase 1.6%. As the County's internal services are heavily labor dependent, the increase was originally projected to be 6.3%. These cost increases were offset by using one-time-only resources to make the final debt service payment on the enterprise resource planning (ERP) system, rather than including each department's share of that payment in its rates.

Overview of Additions, Reductions and Reallocations

Countywide Additions

The budget includes a number of General Fund and Other Funds additions, reductions, and reallocations. The following tables summarize significant changes by service areas. The tables include both ongoing and one-time-only (OTO) funds. These tables are focused on changes in the General Fund and some of the more significant Other Funds.

The table below shows \$7.4 million of General Fund additions for the entire County. The Business Income Tax (BIT) reserve and General Fund reserve were increased from 11% to 12%. This is part of an effort to increase the reserves to over time to the Government Finance Officers Association (GFOA) recommended best practice of 15%.

Countywide Investments	General Fund Addition
Business Income Tax Reserve Increase to 12%	1,550,712
General Fund Reserve Increase to 12%	<u>5,809,190</u>
Total	\$7,359,902

Budget Director's Message

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Human Services General Fund Additions

The table below shows additions to Human Services General funds of \$38.5 million and 10.00 FTE. The most significant additions to the Joint Office of Homeless Services is \$17.0 million and 3.00 FTE of one-time-only General Funds for COVID-19 shelter operations, \$9.75 million of one-time-only General Fund for Housing and Homeless Capital and \$1.92 million one-time-only General Fund for Mobile Shower & Hygiene Response and Workforce Cleaning Brigade. County Human Services was increased by \$2.9 million and 4.00 FTE. It includes \$267,987 in ongoing General Fund to maintain 4 existing SUN Community School sites in the Centennial and Gresham-Barlow school districts. These sites were previously funded by Federal grants that end in June 2023. It also provides \$244,283 in one-time-only funding to fund two limited duration staff that support the Woodstove Replacement program. This is the second year of this program and it replaces wood stoves, fireplaces and fireplace inserts for cleaner, more efficient options such as new furnaces or heats pumps for people that live in Multnomah County.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Countywide Contingency				
95000	Expanded Support for Shelter Program Partners		\$405,000	
Joint Office of Homeless Services				
30005A	Equity-Focused System Development & Capacity Building		1,050,000	
30010	Housing and Homeless Capital		9,750,000	
30100A	System Access, Assessment, & Navigation		100,000	
30208A	Safety off the Streets - Emergency Shelter Strategic Investment		1,800,000	
30209	COVID-19 Emergency Response - Shelter Operations		17,041,210	3.00
30210B	Safety on the Streets - Navigation & Service Coordination		887,407	3.00
30210C	COVID-19 Emergency Response - Culturally Specific Outreach		446,250	
30400B	Supportive Housing - SHS		1,227,673	
30500B	Benefits and Entitlements Specialist Team (BEST) Expansion		250,000	
30600	Employment Programs		1,927,380	
Various	Additional 3% Contractor COLA	731,600		
Various	Nonrepresented Wage Study	<u>11,511</u>		
Joint Office of Homeless Services Subtotal		\$743,111	\$34,884,920	6.00
County Human Services				
25000B	DCHS Economic Justice Project		\$150,000	1.00
25036B	ADVSD Older Adults in Home Care Needs		75,000	
25118B	YFS - Infrastructure - Expand Staff Capacity	287,244		2.00
25121B	YFS - Woodstove Replacement		244,283	
25131D	YFS - Expungement and Legal Services Days		262,500	
25131E	YFS - Expungement and Legal Services Expansion		140,000	
25133B	YFS - Housing Stability Team: 1.00 FTE Eviction Prevention Specialist	151,437		1.00
25135B	YFS - New Day Collaborative Backfill		310,000	

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Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
County Human Services (continued)				
25145B	YFS - Maintain 4 Existing SUN Community School Sites	267,987		
25147B	YFS - Summer Meal Expansion	29,000		
25160B	YFS - SUN Database Cost Increase	78,000		
Various*	Additional 3% Contractor COLA	866,428		
Various*	Nonrepresented Wage Study	<u>39,428</u>		
County Human Services Subtotal		\$1,719,524	\$1,181,783	4.00
Human Services Total		\$2,462,635	\$36,066,703	10.00

*The additional contractor COLA and nonrepresented wage study are shown separately instead of being included in the various programs they impact.

Metro Supportive Housing Measure (SHS) One-Time-Only Funds

The table below shows instances where \$40.5 million of one-time only Metro Supportive Housing Measure (SHS) Beginning Working Capital (BWC) is being used to fund a variety of programs. The SHS measure and the intergovernmental agreement (IGA) that governs measure funding require that each County contributes to a stabilization reserve, and a contingency fund. Multnomah County's Metro Supportive Housing stabilization contingency of 5% and reserves of 10% totaling \$14.4 million are in program 30006A.

Prog. #	Program Offer Name	FY 2024 BWC Amount	Total Budget
Joint Office of Homeless Services			
30006A	Regional Coordination - Reserve and Contingency	\$14,428,539	\$14,428,539
30100A	System Access, Assessment, & Navigation	588,840	6,947,478
30208B	Safety off the Streets - Emergency Shelter Strategic Investment - SHS	2,700,000	2,700,000
30208C	Safety off the Streets - Micro Villages Project	900,000	900,000
30302B	COVID-19 Emergency Response - Placement out of Shelter	6,472,330	6,472,330
30309	Housing Placement & Retention - Incentives & Master Leases	4,366,530	4,366,530
30310	Housing Placement & Retention - Housing Multnomah Now	10,000,000	10,000,000
30400E	Supportive Housing - System Support	303,439	2,737,409
30400F	Supportive Housing - Local Bond Units and Site-Based Commitments - SHS Expansion	79,974	1,757,749
30407B	Supportive Housing - Countywide Coordination - Health Department	202,669	6,568,657
30600	Employment Programs	<u>434,005</u>	<u>4,194,238</u>
Total		\$40,476,326	\$61,072,930

Human Services General Fund Reductions

Due to an anticipated increase in Medicaid funding, the Department of County Human Services reduced the Medicaid match by \$1.3 million in the Aging, Disability, and Veterans Services Division (ADVSD). This reduction has no impact on client programs or FTE. They also eliminated the Long Term Rent Assistance (LTRA) program, funded by the General Fund at \$150,000 in FY 2023, that served eight households.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
County Human Services			
Multiple	ADVSD - All Medicaid Programs - reduce Medicaid Match	(\$1,267,519)	
N/A	YFS - Long Term Rent Assistance (LTRA)	(150,000)	
25160A	YFS - Data and Evaluation Services	<u>(177,964)</u>	<u>(1.00)</u>
Human Services Total		(\$1,595,483)	(1.00)

Budget Director's Message

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Health Department General Fund Additions

The Health Department is one of the County's largest and most complex departments. The largest investment is in the Behavioral Health Resource Center (BHRC), which will provide critical support and services to houseless individuals. The FY 2023 budget assumed the BHRC would open mid-year, and the new \$2.5 million investment in FY 2024 is needed to operate for the entire fiscal year. The budget also includes new revenue from opioid settlements, which is being used to fund the Behavioral Health Emergency Coordinating Network (BHECN) (40108) and to backfill a State cut to harm reduction funding (40061B).

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Countywide Contingency				
95000	LEAD Diversion Pilot Implementation Contingency		\$200,000	
Health Department				
40040D	Behavioral Health Finance Billing		228,142	
40052B	Medical Examiner State Backfill	125,000		
40061B	Harm Reduction - Opioid Settlement Investment	280,000		1.00
40069B	Old Town Inreach		1,100,000	
40069C	Family Crisis Stabilization Services Enhancements		150,000	
40105C	Behavioral Health Resource Center (BHRC) - Day Center CGF Support	2,500,000		
40107	Corrections Health Staff Augmentation	1,211,108		6.60
40108	BHECN - Behavioral Health Emergency Coordinating Network	2,000,000		
40109	Behavioral Health - Continuing COVID Response		586,793	
40110	Gun Violence Impacted Families Behavioral Health Team		1,214,400	
40111	Culturally Specific Mental Health Workforce Development		150,000	
Various*	Additional 3% Contractor COLA	433,990		
Various*	Nonrepresented Wage Study	56,648		
	Health Total	\$6,606,746	\$3,629,335	7.60

*The additional contractor COLA and nonrepresented wage study are shown separately instead of being included in the various programs they impact.

Health Department General Fund Reductions

The table below shows where reductions were taken across the Health Department. The reductions include the Healthy Home Asthma Services and Head Start Nurse consultation (40055). The asthma services are incorporated into the other home visiting programs in Public Health.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Health Department			
40000	Director's Office	(\$94,650)	
40040A	Financial & Business Management	(209,269)	(2.00)
40046	Operations	(51,352)	
40050A	Corrections Health Multnomah County Detention Center (MCDC)	(39,440)	(1.00)
40060	Community and Adolescent Health	(124,710)	
40065	Behavioral Health Division Administration	(180,000)	
40085	Adult Addictions Treatment Continuum	(150,890)	
Various	Home and Community Based Consulting	<u>(509,816)</u>	<u>(3.00)</u>
Health Total		(\$1,360,127)	(6.00)

Behavioral Health Other Funds One-Time-Only Funds

The table below shows instances where one-time Beginning Working Capital (BWC) is being used to fund ongoing programs in the Behavioral Health division. The BWC funds 22% of these programs' total budget.

Prog. #	Program Offer Name	FY 2024 BWC Amount	Total Budget
Health Department			
40065	Behavioral Health Division Administration	\$753,578	\$4,156,435
40068	Behavioral Health Quality Management	<u>1,102,651</u>	<u>4,237,604</u>
Total		\$1,856,229	\$8,394,039

Health Department General Fund Reallocations

The Health Department made a variety of reallocations. The most significant was reducing Corrections Health's overtime and temporary budgets to fund 10.00 FTE to prevent instances of mandatory overtime.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Health Department			
Made these reductions			
40000	Director's Office	(\$14,909)	
40039	Human Resources	(238,706)	(2.00)
40046	Operations	(185,790)	(1.00)
40050A	Corrections Health MCDC	(98,632)	(1.00)
40051	Corrections Health MCIJ Clinical Services	(286,090)	(0.80)
Various	Corrections Health Temporary and Overtime	(1,487,791)	
40060	Community and Adolescent Health	(259,965)	(1.75)
40070	Mental Health Crisis Assessment & Treatment Center	(92,000)	
40077	Mental Health Medication and Treatment for Uninsured	(500,000)	
40097	Parent, Child, and Family Health Management	(113,029)	(1.00)
To fund these programs			
40002 & 40052	Health Officer/Medical Examiner	231,797	1.00
40040	Financial & Business Management	443,680	3.00
40041	Medical Accounts Receivable	262,572	2.00
40046	Operations	466,287	2.00
40050A	Corrections Health MCDC	151,689	1.00
Various	Corrections Health Community Health Nurses	1,487,791	10.00
40065	Behavioral Health Division Administration	51,012	0.10
40080	Community Based Mental Health Services for Children & Families	<u>182,084</u>	<u>1.00</u>
Total Health Reallocations		\$0	12.55

Public Safety General Fund Additions

General Fund Public Safety additions include \$13.5 million and 22.64 FTE across the District Attorney's Office, Department of Community Justice, Sheriff's Office, and the Local Public Safety Coordinating Council (LPSCC).

Additions to the District Attorney's Office include General Fund backfill to continue programs focusing on prosecuting gun violence and domestic violence, which have seen a significant increase since the beginning of the COVID-19 pandemic. The District Attorney's Office budget also includes new one-time-only funding for an organized retail theft task force, an auto theft task force, and a replacement case management software system.

The Department of Community Justice's budget includes one-time-only funding to continue the Stabilization and Readiness Program (SARP) pilot, which focuses on services for individuals with severe and persistent mental illness. Additional one-time-only funding is included for pro-social recreational programming, HEAT program stipends for participants, and architectural plans to enhance safety and security at the Juvenile Justice complex. The budget also includes ongoing funding for an additional Victim Advocate for the Victim and Survivor Services program.

The Sheriff's Office budget includes new funding for the Facility Security Unit. It also funds Dorm 13 with ongoing General Fund as part of regular operations. This dorm was previously funded with American Rescue Plan funds for physical distancing. This dorm will offset jail beds lost when top bunks were removed from various dorms.

The budget includes \$6.0 million of one-time-only General Fund contingency to backfill Senate Bill 1145 Community Corrections (SB 1145) funding if it's not restored by the State. The Governor's budget resulted in a significant shortfall for public safety in Multnomah County. If the State revenue is not increased, the contingency can be used to operate programs for one more year or provide a slow ramp down. However, other ongoing solutions will need to be assessed for FY 2025 and beyond.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Local Public Safety Coordinating Council (LPSCC)				
10009C	Transforming Justice Implementation		\$150,000	0.00
10009E	Diversion Planning & Development Pilot		120,000	0.00
LPSCC Subtotal			\$270,000	0.00
District Attorney's Office				
15002C	Information Technology - Case Tracking System - OTO		\$916,251	
15102B	Domestic Violence Case Management OTO		195,805	1.00
15207C	Expand MAAP by 1.00 FTE DDA3 in North Portland		274,000	1.00
15207D	COMPASS Pilot Program		70,000	
15301C	Organized Retail Theft Task Force		209,044	1.00
15301D	Auto Theft Task Force		209,044	1.00

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Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
District Attorney's Office (continued)				
15304B	Unit D - Gun Violence Case Management	373,134		2.00
15304C	Unit D - Gun Violence Case Management OTO		373,134	2.00
Various*	Nonrepresented Wage Study	<u>\$5,672</u>		
District Attorney's Office Subtotal		\$378,806	\$2,247,278	8.00
Community Justice				
50003B	DCJ Victim and Survivor Services Staff Expansion	\$108,277		1.00
50027B	Pro-Social Recreation Programming		45,000	
50032B	HEAT Unconditional Cash Stipend		100,000	
50041	DCJ Stabilization and Readiness Program (SARP)		703,965	5.00
50051B	Juvenile Justice Center - Safety & Security		175,000	
Various*	Additional 3% Contractor COLA	\$286,024		
Various*	Nonrepresented Wage Study	<u>\$43,500</u>		
Community Justice Subtotal		\$437,801	\$1,023,965	6.00
Sheriff's Office				
60330J	MCIJ Dorm 13	\$905,391		3.64
60415D	Facility Security - Additional Positions	562,877		5.00
Various*	Nonrepresented Wage Study	<u>\$28,511</u>		
Sheriff's Office Subtotal		\$1,496,779		8.64
Countywide Contingency				
95000	Dorm 10 - SB 1145 Backfill		\$832,760	
95000	Dorm 11 - SB 1145 Backfill		786,220	
95000	Dorm 12 - SB 1145 Backfill		1,353,563	
95000	Ballot Measure 114		203,826	
95000	DA Statewide Uniformed PERS		700,000	
95000	DA Body Worn Cameras		726,000	
95000	DCJ - SB1145 Backfill		<u>3,000,000</u>	
Countywide Contingency Subtotal			\$7,602,369	0.00
Public Safety Total		\$2,313,386	\$11,143,612	22.64

*The additional contractor COLA and nonrepresented wage study are shown separately instead of being included in the various programs they impact.

Public Safety General Fund Reductions

Most of the public safety reductions are in the Department of Community Justice (DCJ) and the Sheriff's Office (MCSO). MCSO reductions include the Work Crews and the In-Jail Human Trafficking sergeant. DCJ's reductions are primarily to the Director's Office, Women & Family Services, Juvenile Court & Community Services, and Research & Planning programs. DCJ's budget also reduces juvenile detention capacity by 8 beds from 56 to 48 beds due to Clackamas and Washington Counties decreasing their bed funding contracts.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Local Public Safety Coordinating Council (LPSCC)			
10009A	Local Public Safety Coordinating Council	<u>(\$16,000)</u>	
LPSCC Subtotal		(\$16,000)	0.00
District Attorney's Office			
15105B	Misdemeanor Trial Unit - Restoration of DDA 1	(\$174,898)	(1.00)
15204B	Pretrial - Restoration of DDA 1 Position	<u>(181,346)</u>	<u>(1.00)</u>
District Attorney's Office Total		(\$356,244)	(2.00)
Community Justice			
50000	DCJ Director's Office	(\$227,866)	(1.00)
50004	DCJ Research & Planning	(175,426)	(0.80)
50005	DCJ Human Resources	(32,849)	
50016	Adult Services Management	(1,832)	
50017	Adult Records and Administrative Services	(105,707)	(1.00)
50026	Adult Domestic Violence Supervision	(148,467)	(1.00)
50027	ASD Women & Family Services Unit	(544,281)	(4.00)
50029	Adult Electronic Monitoring	(40,856)	
50032	Adult Gang and African American Program	(157,114)	(1.00)
50054A	JSD Detention & Residential Services - 32 Beds	(102,471)	(1.00)
50056	Juvenile Shelter & Residential Placements	(26,498)	
50057	Juvenile Adjudication	(125,560)	(1.00)
50058	Juvenile Field Probation	<u>(133,172)</u>	<u>(1.00)</u>
Community Justice Total		(\$1,822,099)	(11.80)
Sheriff's Office			
60432B	Restore - MCIJ Work Crews	(\$877,518)	(4.00)
60521	In Jail Human Trafficking	<u>(240,126)</u>	<u>(1.00)</u>
Sheriff's Office Total		(\$1,117,644)	(5.00)
Public Safety Total		(\$3,311,987)	(18.80)

Public Safety General Fund Reallocations

The District Attorney's Office was able to reallocate savings from staff turnover to pay for increased Internal Services - Records expenses and to add a system administration position within IT. The Department of Community Justice reallocated personnel funding throughout the Director's Office division to fund a Finance Supervisor position in Business Services.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
District Attorney's Office			
Made this reduction			
Various	Various	(\$373,413)	
To fund these programs			
Various	Internal Service - Records expense increase	200,000	
15002	Information Tech - System Administration	<u>173,413</u>	<u>1.00</u>
Total District Attorney's Office Reallocations		\$0	1.00
Community Justice			
Made these reductions			
50000, 50004, 50005	Director's Office, RAP, and Human Resources	(\$130,543)	(0.90)
50027	Adult Women & Family Services Unit	(80,200)	(0.10)
50029	Adult Electronic Monitoring	(35,000)	
To fund these programs			
50001	DCJ Business Services	130,543	1.00
50017	Adult Records and Administrative Services	100,200	
50016	Adult Services Management	<u>15,000</u>	
Total Community Justice Reallocations		\$0	0.00
Sheriff's Office			
Made these reductions			
60213	Logistics Unit Sgt Position	(\$228,115)	(1.00)
60305B	Gresham Temp Holding	(167,973)	
To fund these programs			
60213	Logistics Unit Manager	177,219	1.00
Various	Materials & Supplies	50,896	
Various	Overtime	<u>167,973</u>	
Total Sheriff's Office Reallocations		\$0	0.00

Public Safety Other Fund Reductions

The majority of the Other Fund reductions are due to a State decrease in Senate Bill 1145 (SB 1145) Community Corrections revenue. The reduction of SB 1145 funding impacts the Department of Community Justice (DCJ) and the Sheriff's Office (MCSO). The MCSO reduction includes Dorms 10, 11, and 12 at Inverness Jail, which would reduce the budgeted jail bed capacity by 215 beds. The reduction in DCJ impacts a broad array of services as shown in the table below. The budget includes \$6.0 million of one-time-only General Fund contingency to backfill Senate Bill 1145 Community Corrections (SB 1145) funding if it's not restored by the State. However, other ongoing solutions will need to be assessed for FY 2025 and beyond.

Prog. #	Program Offer Name	Other Fund Reductions	FTE Reductions
District Attorney's Office			
15104	Child Support Enforcement	(\$287,983)	(2.00)
15206A	Strategic Prosecution Unit (SPU)	<u>(62,677)</u>	<u>(0.31)</u>
District Attorney's Office Total		(\$350,660)	(2.31)
Community Justice			
50002	DCJ Business Applications & Technology	(\$141,565)	(1.00)
50017	Adult Records and Administrative Services	(572,902)	(5.00)
50020	Adult Parole/Post Prison Violation Hearings	(283,100)	(2.00)
50021	Assessment and Referral Center	(436,981)	(3.00)
50022	HB3194 Justice Reinvestment	(327,938)	(2.00)
50023	Adult Field Supervision - West	(541,843)	(3.00)
50025	Adult Sex Offense Supervision & Treatment	(52,500)	
50026	Adult Domestic Violence Supervision	(157,114)	(1.00)
50027	Adult Women & Family Services Unit	(713,954)	(4.00)
50031	Community Service	(350,353)	(3.00)
50034	Transition Services - Housing	(453,255)	
50054A	Juvenile Detention Services - 32 Beds	(307,413)	(3.00)
50055	Community Monitoring Program	(205,585)	
50056	Juvenile Shelter & Residential Placements	(139,112)	
50057	Juvenile Adjudication	<u>(143,883)</u>	<u>(1.00)</u>
Community Justice Total		(\$4,827,498)	(28.00)

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Public Safety Other Fund Reductions (cont.)

Prog. #	Program Offer Name	Other Fund Reductions	FTE Reductions
Sheriff's Office			
60330F	Dorm 11	(\$786,220)	(5.46)
60330G	Dorm 12	(1,353,563)	(5.46)
60330I	Dorm 10	(832,760)	(5.46)
60330I	2.00 FTE Corrections Counselors	(301,200)	(2.00)
60330I	1.00 FTE Records Technician	<u>(116,848)</u>	<u>(1.00)</u>
Sheriff's Office Total		(\$3,390,591)	(19.38)
Public Safety Total		(\$8,568,749)	(49.69)

Public Safety Other Fund Additions

The District Attorney's Office is adding 2.00 FTE from service contracts with the Port of Portland, Gresham Police Department, and Portland Police Bureau. Additionally, the District Attorney's Office is adding 3.00 FTE with funding from the City of Portland to support the Organized Retail Theft (15301C) and Auto Theft (15301D) Task Forces. The funding for these positions are treated as Other Funds but budgeted in the General Fund to align with best accounting practices.

Prog. #	Program Offer Name	Other Fund Additions	FTE Additions
District Attorney's Office			
15206B*	Strategic Prosecution Unit - Port of Portland Contract Funded FTE	\$313,467	1.00
15207B*	MCDAs Access Attorney Program (MAAP) - Gresham PD & Portland Police Contract Funded FTE	274,000	1.00
15301C*	Organized Retail Theft Task Force - City of Portland Funding	175,000	1.50
15301D*	Auto Theft Task Force	<u>175,000</u>	1.50
District Attorney's Office Total		\$937,467	5.00

*These programs appear in the General Fund even though they are funded by other agencies.

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General Government General Fund Additions

General Fund General Government additions include \$47.6 million and 18.00 FTE in Nondepartmental, Department of County Management, Department of County Assets, and Department of Community Services.

The most significant increase to Nondepartmental is \$14.3 million in one-time-only General Fund for the Employee Retention Incentive Payments. In FY 2023 several bargaining units completed successor bargaining that included retention incentives that would be paid out in two lump-sum payments. The Chair chose to extend the retention incentives to most County employees. This is the second year of the retention incentive payment, to be paid out in July 2023. This is the countywide amount with the exception of Library employees that are covered by Library District funding and budgeted in Library program offers. The Chair's Office adds a new 1.00 FTE Deputy Chief of Staff. Over the past few years new voter approved initiatives have led to new funding for supportive housing services, Preschool for All, and an overhaul of the library facilities, enlarging the scale and scope of the County's work significantly. This new position will support the County Chairperson and their Chief of Staff. And lastly, a new, voter approved 1.00 FTE Ombudsperson is added. In November 2022, more than 85% of Multnomah County voters passed a County Charter amendment establishing the ombudsperson as a role reporting to the County Auditor.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Nondepartmental*				
10000B	Deputy Chief of Staff	\$240,000		1.00
10000C	Countywide Visioning Renewal Process		250,000	
10005B	Ombudsperson - Charter Review	257,800		1.00
10007B	Public Records Software		200,000	
10010B	OCI - Policy & Training Coordinator		122,000	
10012B	Logistics & Warehouse		604,842	
10012C	Logistics & Vehicles		772,000	
10017C	WESP Planning and Engagement	240,000		1.00
10018B	Food Access Focus		400,000	
10018C	Tree Memorial		32,200	
10018D	Resilience Hub East County		250,000	
10021B	Courthouse Security		191,100	
10026**	Capital Debt Retirement Fund		6,783,000	
10030	Employee Retention Incentive Payments - Year 2		14,303,913	
10031	Elected Official Office Transition		20,000	
10032	Center for Tribal Nations		250,000	
10040B	Resolution & Development Coordinator	196,400		1.00
Various***	Nonrepresented Wage Study	<u>13,112</u>		
Nondepartmental Subtotal		\$947,312	\$24,179,055	4.00

*LPSCC is included in Public Safety

**Funded by General Fund but cash transferred to Other Funds

***The nonrepresented wage study is shown separately instead of being included in the various programs it impacts.

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General Government General Fund Additions (cont.)

The Department of County Management includes \$8.9 million of new General Fund support, which includes future of work planning, contracting redesign and process improvement, Workday system analysis, recruiter training, workplace security operations center, and County Charter implementation.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
County Management				
72000B	County Charter Amendment Implementation		\$190,000	
72005B	FRM Purchasing - Contracting Redesign / Process Improvement	532,411		2.00
72008B	FRM Motor Vehicle Tax		175,000	
72017B	Recruiter Training & Capacity Building		511,500	
72017D	Central HR Electronic Personnel Files		290,000	
72044B	Regional Construction Workforce Diversity Funder Collaborative		200,000	
72049B	DCM/Nond Human Resources Team - Increased Capacity		177,000	
72053	Workday Support - Review & Recommend		1,000,000	
72055	Contractor Capacity Review		125,000	
72056B	Workplace Security - Security Operations Center		260,000	
72057	Small Business Repair Fund East County		115,000	
72060	Future of Work Planning		4,550,000	
72061	Labor Relations Expanded Support		215,000	
72063	Common Application Enhancement		460,000	
Various*	Nonrepresented Wage Study	80,728		
County Management Subtotal		\$613,139	\$8,268,500	2.00

*The nonrepresented wage study is shown separately instead of being included in the various programs it impacts.

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General Government General Fund Additions (cont.)

The most significant investments in the Department of Community Services include \$1.73 million of General Fund and Video Lottery Fund for ADA ramps. To better serve the community and animal care and enrichment, the budget invests \$1,116,335 and 10.00 FTE of new ongoing General Fund in Animal Services. The additional staffing focuses on animal care and support animals receive while in the shelter. Voters approved Charter Reform for Rank Choice Voting for elections. Implementation includes a one-time-only investment of \$781,000 and 2.00 FTE and associated costs with rank choice voting for voter education and outreach, technology & maintenance and customer service.

The Department of County Assets includes \$9.3 million of new General Fund including \$3.3 million in Information Technology projects like the financial data mart, radio system replacement, and a website digital service transformation strategy and \$5.5 million in Facilities projects including the Rockwood Community Health Center and the Justice Center electrical system upgrade.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Community Services				
90004	Vance Vision Next Steps		\$150,000	
90005C	Animal Services Client Services - Two Office Assistants Seniors	216,000		2.00
90007B	Animal Services Animal Care Staffing	786,335		7.00
90008B	Animal Services Animal Health - Dispatcher	114,000		1.00
90009A	Charter Reform Rank Choice Voting Implementation		463,000	
90009B	Charter Reform Rank Choice Voting: Voter Education and Outreach Staffing		318,000	2.00
90010B	Elections Infrastructure	133,000		
90010C	Elections Voters Pamphlet	59,000		
90010E	Elections - Special Elections		700,000	
90014*	Levee Ready Columbia (IGA Obligation)		50,000	
90018B*	Tier 2 ADA Ramps		1,735,000	
90021C	Land Use Planning capacity building resources for on-call support		50,000	
Various***	Nonrepresented Wage Study		<u>11,570</u>	
Community Services Subtotal		\$1,319,905	\$3,466,000	12.00
County Assets				
78202B**	Facilities Machine Guards		\$445,000	
78233B**	Justice Center Electrical System Upgrade - Bus Duct Replacement Phase 2		1,510,000	
78237**	Rockwood Community Health Center - Priority 1		740,535	
78238**	Rockwood Community Health Center - Priority 2		1,210,250	
78239**	Rockwood Community Health Center - Priority 3		1,621,500	
78304C**	Radio System Replacement (Phase 2)		1,400,000	
78329**	Financial Data Mart Phase 2		1,200,000	
78332**	Website Digital Service Transformation Strategy		300,000	
78334**	Health - Supplemental Data sets for Analytics and Reporting		400,000	
Various***	Nonrepresented Wage Study		\$9,944	
County Assets Subtotal		\$9,944	\$8,827,285	0.00

*Funded with Video Lottery funds

**Funded by the General Fund but cash transferred to the respective Other Funds.

***The nonrepresented wage study is shown separately instead of being included in the various programs it impacts.

General Government General Fund Reductions

The table below shows where reductions were taken across the General Government departments. The reductions are spread broadly and have no impact on current service level or FTE.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Nondepartmental			
10000	Chair's Office	(\$32,000)	
10001	BCC District 1	(12,260)	
10002	BCC District 2	(12,260)	
10003	BCC District 3	(12,260)	
10004	BCC District 4	(12,260)	
10005A	Auditor's Office	(42,500)	
10012	Office of Emergency Management	(35,800)	
10017A/B	Office of Diversity and Equity	(32,140)	
10018	Office of Sustainability	(20,000)	
10040A	Complaints Investigation Unit	<u>(18,040)</u>	
Nondepartmental Total		(\$229,520)	
Community Services			
90000	DCS Director's Office	<u>(\$50,233)</u>	
Community Services Total		(\$50,233)	
County Assets			
78101	Business Services Procurement & Contracting	<u>(\$20,013)</u>	
County Assets Total		(\$20,013)	
General Government Total		(\$299,766)	

General Government Reallocations

The Department of County Assets (DCA) reallocated within the Director's Office, Records Management, and Information Technology programs to fund 2.00 FTE to expand the analytics capacity within DCA, and to onboard staff from multiple departments to the electronic document records management system.

The Department of Community Services budget includes a one-time-only reallocation of \$169,000 and 1.00 FTE (Program Communication Coordinator) from General Fund to Animal Services donation funds for one year.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Assets			
Made this reduction			
78000A	DCA Director's Office	(\$119,131)	
78404A	Records Management	(36,171)	
78317	IT Data Center & Technical Services	(108,871)	
To fund this program			
78000B	DCA Director's Office Analyst Position	119,131	1.00
78404B	Records Management Content Manager Position	<u>145,042</u>	<u>1.00</u>
Total County Assets Reallocations		\$0	2.00

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
Community Services			
Made this reduction			
90005A	Animal Services Client Services	(\$169,000)	
To fund this program			
90005A	Animal Services Client Services		<u>169,000</u>
Total Community Services Reallocations		(\$169,000)	\$169,000

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 2024 is \$3.6 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 2024 net budget of \$2.8 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.

FY 2024 Budget	
Direct Department Expenditures	\$2,616,784,054
Contingency (All Funds)	<u>\$140,870,001</u>
Total Net Budget	\$2,757,654,055
Service Reimbursements	\$251,138,536
Internal Cash Transfers	\$19,584,942
Reserves	<u>\$522,635,864</u>
Total Budget	\$3,551,013,397

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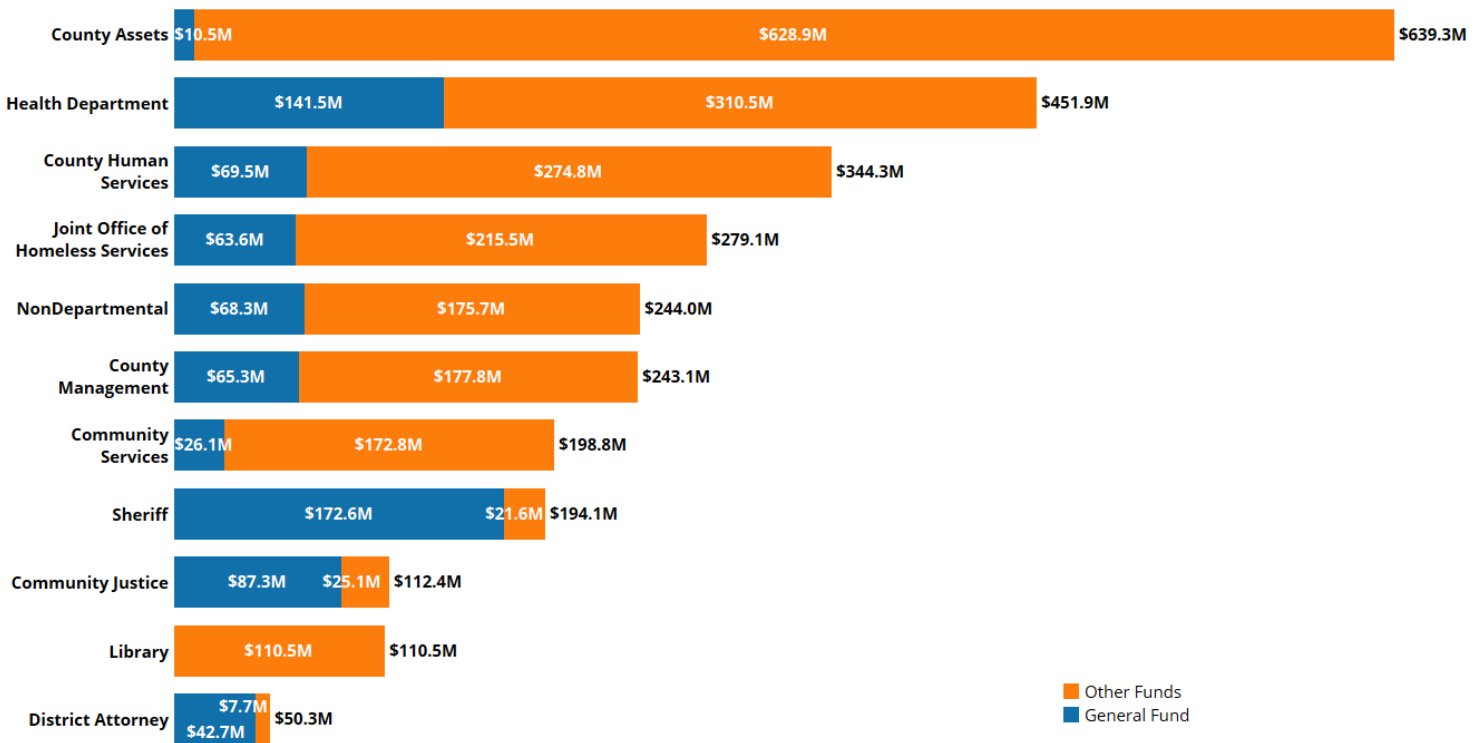
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Department Expenditures All Funds (\$2.87 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, increased to \$2.9 billion year over year.

The bar chart below shows appropriations by department in millions of dollars for both the General Fund and Other Funds. These figures include internal service payments, and thus represent some double-counting.

The Library General Obligation (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.

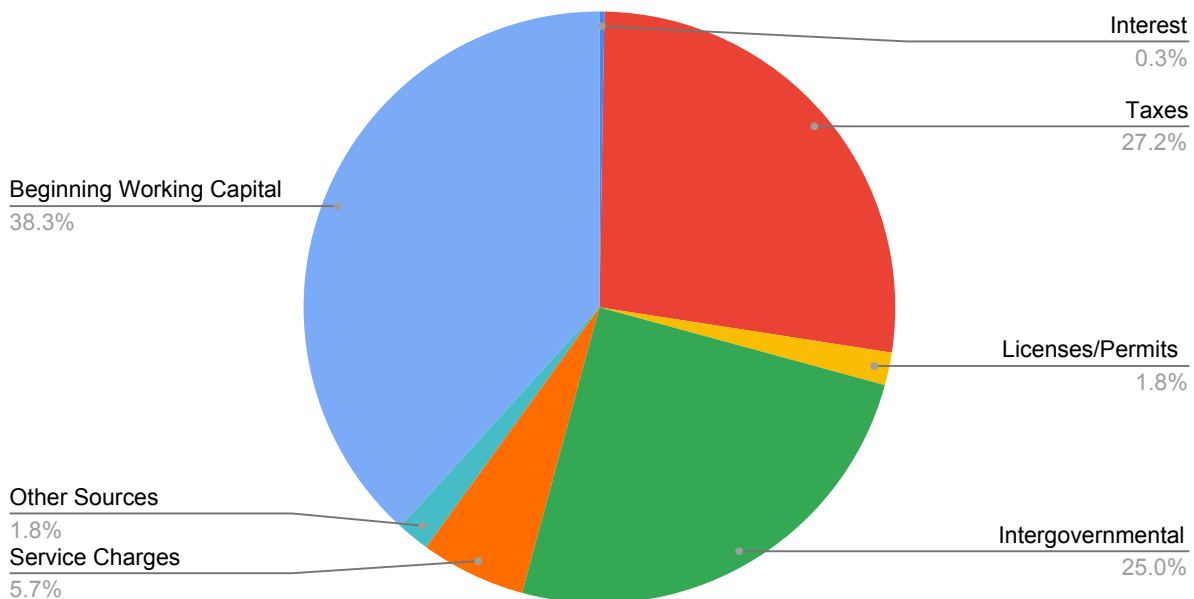


Department Revenues All Funds (\$3.1 billion)

Total direct resources, or “revenues,” for FY 2024 are \$3.1 billion vs. \$2.8 billion in FY 2023 (excluding service reimbursements and cash transfers between funds). The County’s two main resources for ongoing expenditures are intergovernmental revenues and taxes, while beginning working capital (i.e. funds that were not spent in a prior fiscal year) is also a significant resource. Intergovernmental revenues are the County’s third largest revenue category at \$768.6 million or 25.0%. This reflects a \$85.4 million or 10.0% decrease from FY 2023. The decrease is mainly due to the expiration of the American Rescue Plan funding. 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 second largest revenue source at 27.2% and include property tax, Business Income Tax, Motor Vehicle Rental Tax, Transient Lodging Tax, and County gas tax. For FY 2024, tax collections are anticipated to increase 13.8% from \$734.9 million in FY 2023 to \$836.3 million. The increase is driven by additional property tax collections from the return of Urban Renewal Area Assessed Value, and an increase in Preschool for All Personal Income Tax revenue.

Beginning working capital (BWC) is the County’s largest resource for FY 2024, at \$1.2 billion or 38.3%. In dollar terms, BWC increased by \$220.7 million from \$956.9 million in FY 2023. This is the third year in a row of large increases due mainly to rolling over Revenue Smoothing dollars in the Preschool for All Fund, and another year of high departmental underspending in the General Fund in FY 2022. Overall, the amount remains at higher than normal levels due to the carryover from the Library Capital Bonds. The Library Capital Bonds were issued in January 2021 and most of the bond proceeds will be rolled over to FY 2024. This balance will decrease as project spending increases.



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The following table provides details on the budgeted amounts by revenue type for the FY 2023 Adopted budget as compared to the FY 2024 Adopted budget.

Revenue Type	FY 2023 Adopted	FY 2024 Adopted	Change from FY 2023	% Change
Beginning Working Capital	\$956,915,597	\$1,177,581,428	\$220,665,831	23.06%
Taxes	734,930,939	836,346,565	101,415,626	13.80%
Intergovernmental	853,962,918	768,573,949	-85,388,969	-10.00%
Service Charges	160,798,031	176,700,124	15,902,093	9.89%
Fees, Permits & Charges	56,609,612	55,048,474	-1,561,138	-2.76%
Other/Miscellaneous	76,234,839	54,774,339	-21,460,500	-28.15%
Interest	<u>3,255,089</u>	<u>8,273,118</u>	<u>5,018,029</u>	154.16%
Total Revenue	\$2,842,707,025	\$3,077,297,997	\$234,590,972	8.25%

Fund Comparison: Year over Year

The FY 2024 Adopted budget (including internal charges, transfers, and loans) has increased by 6.8% over the FY 2023 Adopted budget. The increases are due to a variety of factors, the most notable of which are greater than usual Beginning Working Capital (BWC) in the General Fund, Preschool for All Fund, Supportive Housing Fund, and the Health Department FQHC Fund, increased revenue assumptions, and an increase in interest earnings across several funds due to rising interest rates. These increases are offset by declines in intergovernmental revenues due to the end of American Rescue Plan (ARP) funding. A few changes worth noting include:

- Supportive Housing Fund: 26.3% increase due to \$40 million of beginning working capital, offset by a decrease of \$11 million in intergovernmental funds, resulting in a net increase of \$29 million. Beginning working capital increased due to underspending in FY 2023 which is being carried over, and actual FY 2023 revenue collections coming in higher than initially forecast.
- Preschool for All Program Fund: 89.5% increase due to \$130.6 million of beginning working capital and an additional \$40.6 million in tax revenue.
- COVID-19 Response Fund: 69.1% decrease due to the ending of ARP funding (the County budgeted \$158 million of ARP funds in FY 2023, but only \$49 million in FY 2024).
- Behavioral Health Resource Center Capital Fund: 94.5% decrease now that the BHRC is open and the capital funds are largely spent down, going from a budgeted \$21.7 million in FY 2023 to \$1.2 million in FY 2024.

The table below shows the year over year change by fund type, while a detailed table in the Financial Summaries tab of Volume 1 shows the year over year change by individual fund (Fund Comparison: Year over Year).

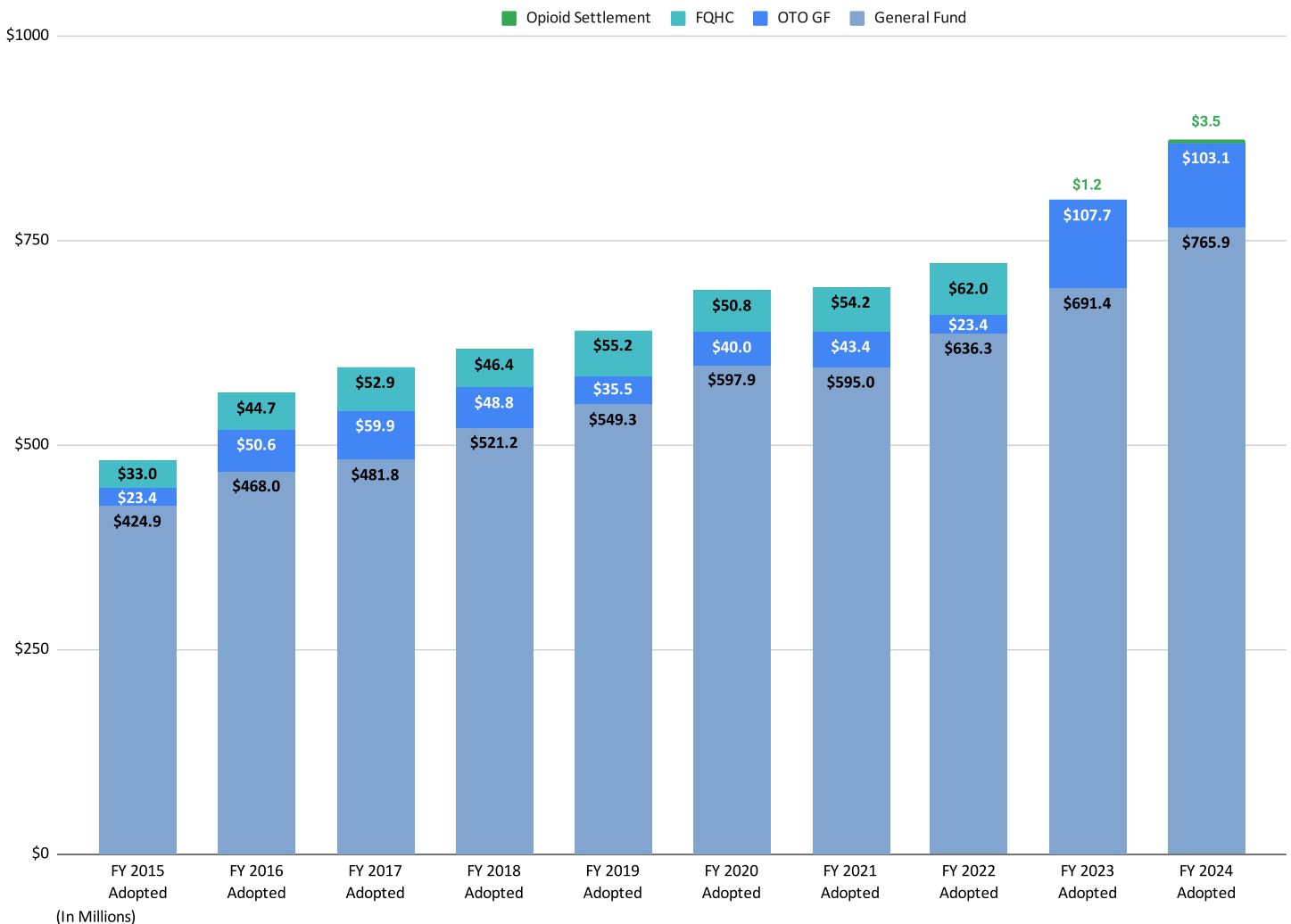
Fund Type	FY 2023 Adopted	FY 2024 Adopted	Change from FY 2023	% Change
General Fund	\$800,344,569	\$872,516,492	\$72,171,923	9.0%
Special Revenue Funds	1,133,561,744	1,291,820,022	158,258,278	14.0%
Debt Service Funds	180,197,136	163,717,807	(16,479,329)	-9.1%
Capital Projects Funds	593,793,267	530,762,400	(63,030,867)	-10.6%
Enterprise Funds	169,881,534	228,359,767	58,478,233	34.4%
Internal Service Funds	<u>446,633,162</u>	<u>463,836,909</u>	<u>17,203,747</u>	3.9%
Total Revenue	\$3,324,411,412	\$3,551,013,397	\$226,601,985	6.8%

The General Fund

General Fund Expenditures and Reserves (\$872.5 million)

The \$872.5 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 (BIT), motor vehicle rental taxes, interest earnings, State shared revenues, and beginning working capital. The General Fund also includes Tax Title Affordable Housing funds in the Joint Office of Homeless Services and Opioid Settlement Funds in the Health Department.

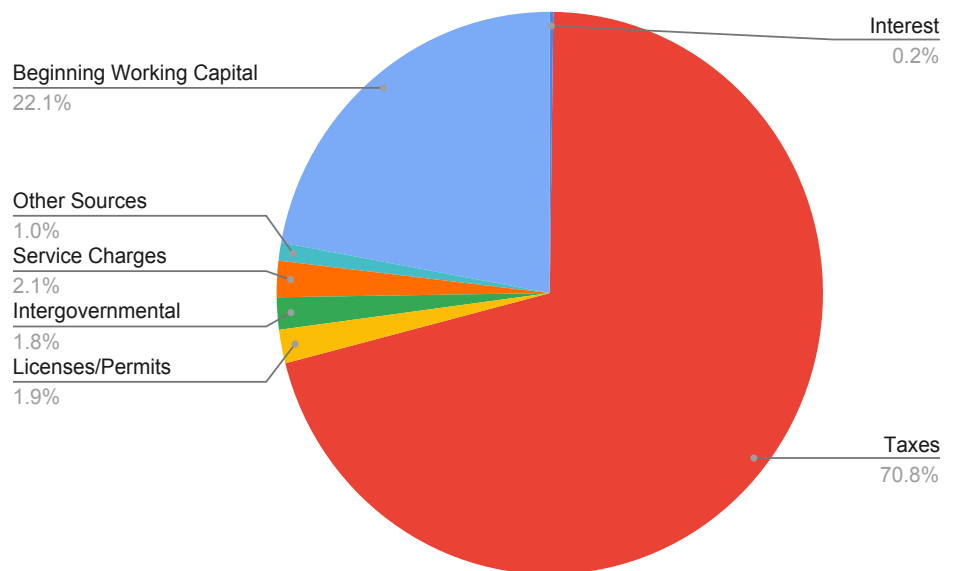
The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2015 through FY 2024. The graph also shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund from FY 2015 to FY 2024. Combining each segment provides the total General Fund. The FY 2022 Adopted budget was the last year that the General Fund also included Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds. In mid-FY 2022, these funds, along with all other FQHC-related funding, were moved to the newly created Health Department FQHC Enterprise Fund for easier reporting. Starting in FY 2023, resources from Opioid Settlements have been added to the General Fund.



General Fund Revenues (\$816.9 million)

General Fund resources for FY 2024 (excluding \$55.6 million of service reimbursements and cash transfers) have increased from FY 2023. Direct resources are budgeted at \$816.9 million – a \$65.8 million or 8.8% increase over FY 2023. The majority of the increase is due to increases in tax revenue from property tax and BIT forecast increases.

As shown in the pie chart below, taxes make up the majority of General Fund revenues. If one excludes Beginning Working Capital (BWC) and service reimbursements, taxes account for nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for \$388.7 million, are budgeted to increase by \$34.5 million or 9.7% due to the end of a large Urban Renewal Area and the return to the tax roll of Assessed Value (AV) above the frozen base. Business income taxes (BIT), accounting for \$155.1 million, are budgeted to be up \$17.9 million or 13.0% due to record high corporate profits. While the total BIT budgeted in FY 2024 is \$155.1 million, this includes \$1.1 million of potential additional collections due to the City's new tax collection software. If these revenues do materialize, they will be paid to the City as part of the County's contribution to the software upgrade costs. Therefore, the amount of discretionary BIT revenue available to the County is \$154.0 million. Motor vehicle rental taxes (MVRT), accounting for \$33.8 million, are budgeted to increase by \$0.6 million or 1.8%. MVRT experienced a significant decline due to the pandemic's impact on travel. Collections so far in FY 2023 show that MVRT collections have fully recovered.



General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2024, reserves in the General Fund are increased to 12% (from 11%) of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes.

The FY 2024 budget fully funds the General Fund reserves at \$71.1 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 2024 budget also increases the Business Income Tax (BIT) reserve to 12% at \$18.6 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.

The County continuously reexamines its financial policies and strives to remain in line with best practices related to financial stability. FY 2024 will be the second year of a multi-year project to raise the level of General Fund reserves to 15%.

Use of One-Time-Only (OTO) Funds

The tables on the next pages summarize the \$117.9 million in one-time-only (OTO) investments for FY 2024. The tables are in the following order:

- One-Time-Only for Capital Projects
- One-Time-Only for One-time Expenditures
- One-Time-Only for Ongoing Programs

After excluding the Business Income Tax (BIT) Reserve and Video Lottery Fund investments from the table, there are a total of \$99.3 million in new, one-time investments after fully funding the County's General Fund reserves. In FY 2024, OTO resources were used to increase the County's General Fund Reserve to 12% and \$2.6 million was used to "bridge" ongoing programming to FY 2025, when the financial picture improves. As a result, the OTO investments in this table do not reconcile to the total OTO resources available. The major sources of OTO revenues include:

- \$72.8 million of additional BWC in FY 2023 from departmental underspending and higher revenues in FY 2022.
- \$24.1 million in November 2022 Forecast adjustments, mainly from upward Property Tax and BIT revisions, offset by a \$4.0 million decrease in March 2023 Forecast adjustments.
- \$15.0 million of remaining resources budgeted in FY 2023 for Housing and Homelessness Capital.
- \$10.4 million in property tax revenue from the Interstate Corridor and Eastside URAs returning Assessed Value to the tax rolls one year earlier than anticipated. This revenue was already assumed in FY 2025, and the forecast anticipates growing deficits so this revenue was allocated as OTO.
- \$5.2 million of additional BWC from an adjustment to the FY 2023 Motor Vehicle Rental Tax Forecast and rolling over unspent FY 2023 contingency, which was allocated as part of the FY 2024 Amendment process.

Budget Director's Message

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One-Time-Only Resources for Capital Projects (per financial policy)

Prog #	Program Name	Dept.	FY 2024 General Fund	FY 2024 Other Funds
10007B	Public Records Software	NOND	\$200,000	
10018D	Resilience Hub East County	NOND	250,000	
15002B	Information Technology - Case Tracking System - DCA Cash Transfer	DA	643,257	
15002C	Information Technology - Case Tracking System - OTO	DA	916,251	
30010	Housing and Homeless Capital Fund	JOHS	9,750,000	
30100A	Coordinated Access Assessment Tool	JOHS	100,000	
30208A	Safety off the Streets - Emergency Shelter Strategic Investment	JOHS	1,800,000	5,145,685
50051B	Juvenile Justice Center - Safety & Security	DCJ	175,000	
72017D	Central HR Electronic Personnel Files	DCM	290,000	
72053	Workday Support - Review & Recommend	DCM	1,000,000	
72056B	Workplace Security - Security Operations Center	DCM	260,000	
72060	Future of Work Planning	DCM	4,550,000	
72063	Common Application Enhancement	DCM	460,000	
78003	Countywide Safety and Security Infrastructure	DCA	500,000	
78335	Preschool For All - Preschool Early Learning	DCA		411,386
80025	Library Special Projects	Library		1,362,411
90004	Vance Vision Next Steps	DCS	150,000	
90018B*	Tier 2 ADA Ramps	DCS	623,190	1,111,810
95000	General Fund Cash Transfers	Countywide	500,000	500,000
	~ Facilities Machine Guards (78202B)	DCA	445,000	
	~ Justice Center Electrical System Upgrade - Bus Duct Replacement Phase 2 (78233B)**	DCA	1,510,000	880,000
	~ Rockwood Community Health Center - Priority 1 (78237)	DCA	740,535	
	~ Rockwood Community Health Center - Priority 2 (78238)	DCA	1,210,250	
	~ Rockwood Community Health Center - Priority 3 (78239)	DCA	1,621,500	
	~ Radio System Replacement (Phase 2) (78304C)	DCA	1,400,000	
	~ Financial Data Mart Phase 2 (78329)	DCA	1,200,000	
	~ Website Digital Service Transformation Strategy (78332)	DCA	300,000	
	~ Health - Supplemental Data sets for Analytics and Reporting (78334)**	DCA	400,000	400,000
	~ Willamette Shelter Project (78243)	DCA	975,000	
Total One-Time-Only for Capital Projects			\$31,469,983	\$9,311,292

*Includes Video Lottery funds

**Only the amount shown in the General Fund column is a cash transfer. The remainder is budgeted in Other Funds.

Budget Director's Message

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One-Time-Only Resources for One-Time Expenditures

Prog #	Program Name	Dept.	FY 2024 General Fund	FY 2024 Other Funds
10000C	Countywide Visioning Renewal Process	NOND	\$250,000	
10009C	Transforming Justice Implementation	NOND	150,000	
10009E	Diversion Planning & Development Pilot	NOND	120,000	
10010B	OCI - Policy & Training Coordinator	NOND	122,000	
10012B	Logistics & Warehouse	NOND	604,842	
10012C	Logistics & Vehicles	NOND	772,000	
10018B	Food Access Focus	NOND	400,000	
10018C	Tree Memorial	NOND	32,200	
10021B	Courthouse Security	NOND	191,100	
10030	Employee Retention Incentive Payments - Year 2	NOND	14,303,913	
10031	Elected Official Office Transition	NOND	20,000	
10032	Center for Tribal Nations	NOND	250,000	
10095	Sustainability - Wood Stove Replacement Pilot	NOND		500,000
10096	Sustainability - Electric School Buses	NOND		500,000
10097	Youth Connect	NOND		600,000
15102B	Domestic Violence Case Management OTO	DA	195,805	
15207D	COMPASS Pilot Program	DA	70,000	
15301C**	Organized Retail Theft Task Force	DA	209,044	175,000
15301D**	Auto Theft Task Force	DA	209,044	175,000
15304C	Unit D - Gun Violence Case Management OTO	DA	373,134	
25032B	Regional Health and Human Services Contact Center	DCHS		1,300,000
25036B	ADVSD Older Adults in Home Care Needs	DCHS	75,000	
25121B	YFS - Woodstove Replacement	DCHS	244,283	
25131D	YFS - Expungement and Legal Services Days	DCHS	262,500	
25131E	YFS - Expungement and Legal Services Expansion	DCHS	140,000	
25133C	YFS - Rent Assistance	DCHS		5,474,036
30005A	System-wide Investments in New & Expanding Organizations	JOHS	1,080,000	
30209	COVID-19 Emergency Response - Shelter Operations	JOHS	17,041,210	
30210B	Safety on the Streets - Navigation & Service Coordination	JOHS	899,553	887,405
30210C	COVID-19 Emergency Response - Culturally Specific Outreach	JOHS	446,250	
30400B	Supportive Housing	JOHS	1,262,749	

Budget Director's Message

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One-Time-Only Resources for One-Time Expenditures (cont.)

Prog #	Program Name	Dept.	FY 2024 General Fund	FY 2024 Other Funds
30500B	Benefits and Entitlements Specialist Team (BEST) Expansion	JOHS	250,000	
30600	Emplyment Programs -Mobile Shower & Hygiene Response Workforce Cleaning Brigade	JOHS	1,982,448	
40040D	Behavioral Health Finance Billing	HD	228,142	
40069B	Old Town Inreach	HD	1,131,429	
40069C	Family Crisis Stabilization Services Enhancements	HD	150,000	
40109	Behavioral Health - Continuing COVID Response	HD	586,793	
40110	Gun Violence Impacted Families Behavioral Health Team	HD	1,229,587	
40111	Culturally Specific Mental Health Workforce Development	HD	154,286	
50027B	Pro-Social Recreation Programming	DCJ	45,000	
50032B	HEAT Unconditional Cash Stipend	DCJ	100,000	
50041	DCJ Stabilization and Readiness Program (SARP)	DCJ	703,965	
72000B	County Charter Amendment Implementation	DCM	190,000	
72017B	Recruiter Training & Capacity Building	DCM	511,500	
72044B	Regional Construction Workforce Diversity Funder Collaborative (Year 2 of 5)	DCM	200,000	
72049B	DCM/NonD Human Resources Team - Increased Capacity	DCM	177,000	
72055	Contractor Capacity Review	DCM	125,000	
72057	Small Business Repair Fund East County	DCM	115,000	
72061	Labor Relations Expanded Support	DCM	215,000	
90009A	Charter Reform Rank Choice Voting Implementation	DCS	463,000	
90009B	Charter Reform Rank Choice Voting: Voter Education and Outreach Staffing	DCS	318,000	
90010E	Elections - Special Elections (March and August)	DCS	700,000	
90014*	Levee Ready Columbia (IGA Obligation)	DCS		50,000
90021C	Land Use Planning capacity building resources for on-call support	DCS	50,000	
95000	General Fund Contingency	Countywide		
	~ District Attorney's Office Body Worn Cameras		726,000	
	~ LEAD Diversion Pilot Implementaiton		200,000	
	~ Expanded Support for Shelter Impacts		405,000	
	~ SB 1145/State Impacts		5,972,543	

Budget Director's Message

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One-Time-Only Resources for One-Time Expenditures (cont.)

Prog #	Program Name	Dept.	FY 2024 General Fund	FY 2024 Other Funds
95000	General Fund Contingency (cont.)	Countywide		
	~ Deputy District Attorneys move to uniformed PERS (Statewide Legislation)		700,000	
	~ Ballot Measure 114		203,826	
	~ Additional Contingency for Uncertainty		2,201,914	
95000	General Fund Cash Transfers			
	~ Capital Debt Retirement Fund (ERP Debt Payment) (10026)	NOND	6,783,000	
95000	BIT Reserve at 12%		<u>18,608,542</u>	
Total One-Time-Only			\$85,151,602	\$9,661,441

*Includes Video Lottery funds

**The amount shown in Other Funds represents funding from the City of Portland, but it is budgeted in the General Fund for accounting purposes.

Budget Director's Message

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One-Time-Only Resources for Ongoing Programs

Prog #	Program Name	Dept.	FY 2024 General Fund	FY 2024 Other Funds
15207C	Expand MAAP by 1.00 FTE DDA3 in North Portland	DA	\$274,000	
25000B	DCHS Economic Justice Project	DCHS	150,000	
25135B	YFS - New Day Collaborative Backfill	DCHS	334,800	
60515B	Restore River Patrol	MCSO	382,456	
72008B	FRM Motor Vehicle Tax	DCM	<u>175,000</u>	
Total One-Time-Only			\$1,316,256	

Policy Issues and Opportunities

COVID-19

The FY 2024 Adopted budget is based on the best information available at the time of development. The budget document lays out the County's plan to address community needs within budgetary limits, but there are issues that cannot be addressed in one year, or emerging issues that the County is tracking when planning for the future.

As the Local Public Health Authority, Multnomah County played 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. Frontline County employees continue to work directly with the community, while employees who had switched to teleworking began either returning to the office or piloting a more permanent teleworking structure in October 2021. The Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan provided resources to support the COVID-19 work, but the disruption caused by the pandemic and economic contraction will continue beyond this new funding.

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 apply 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.

Community Violence Intervention and Prevention

To address the local increase in gun violence, the FY 2024 budget includes investments using a public health approach, which focuses on identifying root causes, leveraging community strengths, leaning on partnerships with the community, and recognizing the role of systemic racism in who community violence impacts most. The programs focus on upstream interventions designed to reduce risk factors and support individuals, families, and communities most impacted.

Voter Approved Initiatives (Year 3)

In 2021, local voters passed two new taxes and approved a General Obligation (GO) Bond that increased revenues and expanded services.

Voter Initiative	Operating Budget	Reserves, Contingencies, & Revenue Smoothing	Total Budget
SHS Measure	\$131,934,613	\$14,731,978	\$136,666,591
Preschool for All	\$87,325,263	\$275,286,947	\$362,612,210
Library Capital Bond	\$335,564,572	\$20,487,753	\$356,052,325

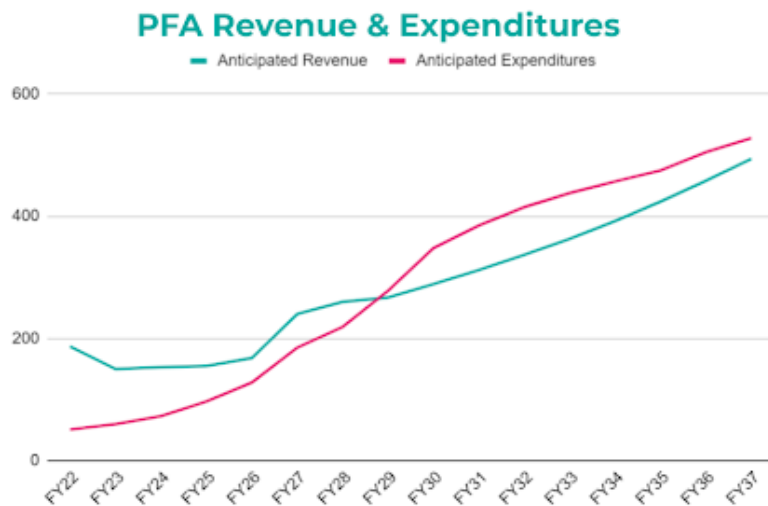
Metro Supportive Housing Services Measure (SHS Measure) - \$136.7 million

FY 2024 is the third year of a new Metro business income tax and personal income tax on high-income households that funds an expansion of permanent supportive housing programs for a ten year time span. The FY 2024 budget includes \$136.7 million (including contingencies, reserves) of SHS Measure-funded supportive housing programming in the Joint Office of Homeless Services (JOHS). The JOHS partners with other County departments and community providers on coordination and implementation serving our houseless neighbors. The FY 2024 budget includes \$96.2 million in projected ongoing revenues and \$40.5 million of one-time-only carryover that will fund critical shorter-term, equity-focused investments in outreach, shelter, and prevention services; maintain housing capacity and expand investments in cross-departmental housing-focused programming in other County departments.

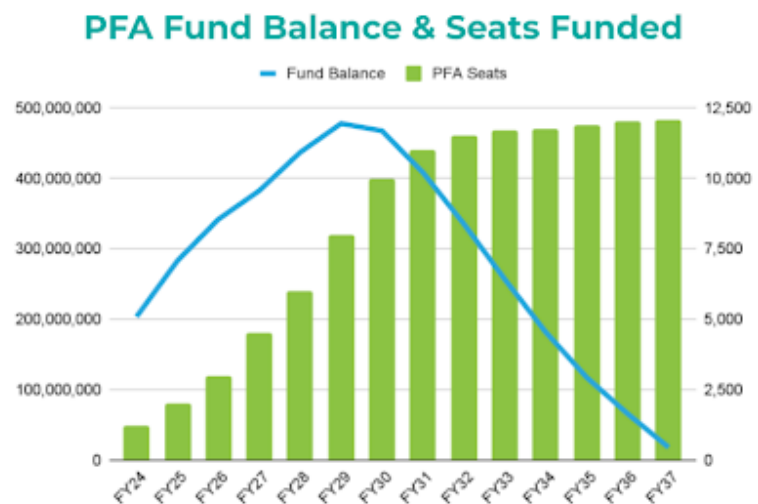
Preschool for All (PFA) - \$362.6 million funding 1,400 preschool slots

Multnomah County voters also passed a new personal income tax on high-income households to fund universal preschool. The FY 2024 Adopted budget includes \$152.6 million in new funding from FY 2024 tax collections. The remaining resources come from carryover from previous fiscal years (\$210.0 million) which seeds the program's revenue smoothing set aside to address expected future deficits, and program contingencies and reserves. The reserve and contingency funds are long-term financial stability strategies. Revenue smoothing is a limited-term strategy that addresses a specific challenge. As program implementation progresses, expenditures start to outpace annual revenue. Based on current revenue and cost estimates, there will be a 10-year period during Fiscal Years 2029-2038 when costs are higher than the anticipated revenue. This happens right as the program nears universal preschool access. Over time, the gap between revenues and expenses narrows as the pace of slot growth slows. In Fiscal Year 2039, projected revenue catches up with anticipated expenses.

The following graph shows anticipated Preschool for All revenue and expenditures. In the early years of the program, revenues are higher than expenses. The money set aside during the early years of Preschool for All implementation when slot numbers remain lower will be used as “revenue smoothing” dollars to ensure that PFA can provide consistent levels of high-quality preschool experiences for Multnomah County families. These revenue smoothing resources will be used to offset an anticipated operational deficit between FY 2029 and FY 2038 of over \$400 million.



Over the full implementation of the program, revenues and expenses are aligned, but there are individual years in which expenses are expected to exceed revenues. The money saved during the early years of Preschool for All (PFA) implementation, when slot numbers remain lower, will be used as “revenue smoothing” dollars. The graph below shows the anticipated build up and spend down of revenue smoothing dollars over the program's implementation. Applications for the first round of preschool slots opened in Spring 2022 and the first students were in classrooms in FY 2023. Eligibility will expand over the course of several years, before reaching universal coverage.



Multnomah County - Library GO Bond \$356.1 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 major Library projects, including renovations, redevelopments, and the construction of 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. The total budget includes the contingency funds available through the bond issuance process which are not currently anticipated to be used but are available to use in the event of unexpected costs.

For more information about individual bond projects and timelines, see the Capital Budget section of the FY 2024 Adopted Budget.

Opioid Settlement Revenue

In FY 2023, Multnomah County began receiving revenue from settlement agreements related to multi-state litigation involving the opioid industry. The first group of settlements is estimated to provide approximately \$25 million over a period of 18 years. A second group of settlements is estimated to provide \$18 million over 8 years. Because the first settlement group has an inconsistent payment distribution, the County is balancing the bulk of the payments over an 11-year period with an assumed 2.5% inflationary factor. The second settlement group is being balanced over an 8 year period with an assumed 2.5% inflationary factor. The table below shows the opioid settlement revenue that was budgeted in FY 2023 and FY 2024.

Settlement Group	FY 2023	FY 2024
Group 1	\$1.1 million	\$1.4 million
Group 2	\$0	\$2.1 million
Total	\$1.1 million	\$3.5 million

In FY 2023, the opioid settlement revenue was used for the Adult Addictions Treatment Continuum program (40085). By applying the revenue to that program, it allowed the new Peer Support Capacity program (40065B) to be funded with new, ongoing County General Fund. In FY 2024, the new opioid settlement revenue was used for BHECN - Behavioral Health Emergency Coordinating Network (40108) and Harm Reduction - Opioid Settlement Investment (40061B).

State of Oregon Funding

The State's Adopted Budget for the FY 2023-2025 biennium includes a lower allocation for Community Corrections Senate Bill 1145 (SB 1145) funding than in the FY 2021-2023 biennium. The majority of the impact is in the Sheriff's Office (MCSO) and the Department of Community Justice (DCJ). When the revenue reduction is combined with inflationary pressures, the County is facing a significant shortfall in public safety. The Sheriff's Office cut \$3.4 million, including Dorms 10, 11, and 12 at Inverness Jail (215 beds). DCJ cut \$4.0 million, including 24.00 FTE in various programs. The budget includes \$6.0 million in one-time-only General Fund contingency to mitigate the risk. This is a short-term solution, and future year solutions will need to be determined.

Behavioral Health Resource Center (BHRC)

The BHRC opened and started to serve the community as a low-barrier day space, behavioral health shelter, and transitional housing site for homeless individuals living with behavioral health issues in late 2022. The FY 2023 budget included \$7.5 million towards its operation, which consisted of \$2.2 million of General Fund and \$5.3 million of Other Funds (\$4.3 million in the Health Department and \$1.0 million of Supportive Housing Services funding in the Joint Office of Homeless Services).

At the beginning of the FY 2024 budget process, the Health Department anticipated a \$2.5 million funding shortfall for the BHRC that grows to a \$6.4 million shortfall in FY 2028. The FY 2024 budget allocates \$2.5 million of new ongoing resources to close the FY 2024 funding gap, but additional resources will need to be found in future years.

Charter Reform

The Multnomah County Home Rule Charter (our version of a constitution) provides that every six years a Charter Review Committee (MCCRC) will be convened to study the charter and, if the committee chooses, submit Charter amendments to County voters. In November 2022, six Charter Amendments were approved by the voters:

- Measure 26-230, Replaces Gender Binary Pronouns in Charter with Gender Neutral Terms,
- Measure 26-232, Ranked-Choice Voting for County Officials,
- Measure 26-233, Annual Jail Inspections by County Commissioners,
- Measure 26-234, Establishes Ombudsperson Function in County Auditor's Office,
- Measure 26-235, Auditor Unrestricted Access to Information, Requires "Right-to-Audit" Clause in County Contracts, and
- Measure 26-236, Changes Charter Review Committee Qualifications, Appointment, Length; Requires Public Engagement.

Workforce Equity Strategic Plan (WESP)

More information about this work is available at www.multco.us/safety-trust-and-belonging-workforce-equity-initiative.

Burnside Bridge Replacement

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. The FY 2024 Adopted budget includes funding to begin planning for the next phase of WESP work, as the work of the first phase comes to an end.

Built in 1926, the Burnside Bridge has been designated as an official emergency transportation lifeline route by Metro. As such, it is the Transportation Division's highest priority to ensure that the bridge meets seismic standards to withstand the anticipated magnitude 9.0 Cascadia Subduction Zone event that the Oregon Department of Geology and Mineral Industries has calculated as having a 27% chance of occurring before 2065. The bridge is not up to current seismic standards and needs rehabilitation or replacement in order to ensure it can meet its obligation to serve as the lifeline corridor. In response, the Board approved Resolution 2018-114 to create a seismically resilient Burnside Bridge project.

Earthquake Ready Burnside Bridge (90019) will support the completion of the National Environmental Policy Act (NEPA) phase of the project in the summer/fall of 2023 and the beginning of the design phase with a goal of 30% design completion by the end of FY 2024, and the initiation of right of way (ROW) phase of the project. Current estimated costs to complete 100% design are \$128 million. The Department of Community Services Transportation division continues to track Federal, State and regional potential funding options for this project as significant funding gaps remain. More project information can be found at www.multco.us/earthquake-ready-burnside-bridge and Department of Community Services program (90019).

Personnel Costs

Future Budget Pressure

Merit, Step, and COLA Wage Increases

The backbone of the County has been and continues to be its workforce, which rose to the occasion during the pandemic and continued to provide critical services in the community. 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 5.0% or 4.0% (dictated by each bargaining unit's contract) and merit or step increases for all represented labor groups. The County is currently in negotiations on four labor contracts. Changes to the status quo assumptions will impact the personnel cost increases in FY 2024 and beyond.

Revenue

The County's property tax revenue is inherently stable, but the pandemic impacts will continue to work through the system for several years. The assessed Value (AV) growth rate began to decline in FY 2023 due to a combination of factors, including a decrease in large-scale construction projects across the City of Portland, but this is more than offset by the increase in AV due to the end of several large Urban Renewal Areas. Looking forward, the slow recovery of Portland's Downtown represents a revenue risk. As of Spring 2023, there are several office buildings downtown for sale, but there have not been big sales post-pandemic. Over the next 2-5 years, as leases expire, the decline in rental revenue will motivate current property owners to sell at lower prices which will lower Real Market Values (RMV) on the County's tax rolls. Many buildings downtown have AV/RMV ratios of 0.5 or less, meaning RMV must fall by a large amount to directly impact tax collections but decreasing RMV will increase compression. Additionally, the County relies on new development to push AV growth above 3%. Weakness in the downtown office market will most likely slow development over the next several years. The business income tax (BIT) revenues were unaffected by the pandemic. Revenue collections have become increasingly concentrated, and the County is reliant on a smaller number of large corporations. The forecast assumes that the current level of corporate profits is unsustainable and that FY 2023 revenues will be slightly below FY 2022 collections, and will remain flat in FY 2024.

Personnel and Healthcare Costs

Inflation declined over the last several months but still remains well above the historical norm. Due to Oregon's property tax structure, a period of sustained, high inflation will quickly change the financial outlook. The forecast assumes that inflation remains elevated through FY 2024 before returning to normal levels. 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 2024 healthcare costs increased by 6.0%, and we are involved in negotiating four labor contracts.

Budget Notes

American Rescue Plan Funding

The following Budget Notes were adopted by the Board of County Commissioners on June 8, 2023. 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.

To ensure that the American Rescue Plan funding aligns with the County's identified priorities, the Board will continue to focus any identified FY 2023 year end American Rescue Plan underspending on five priority areas:

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

The Board acknowledges that the majority of the final year of the Federal assistance has been programmed towards serving the most vulnerable people in our community because these communities continue to be disproportionately impacted by COVID-19. Throughout the crisis, Multnomah County has had the unique local responsibility of both leading the public health response and responding to the unprecedented need in the community for shelter, housing, food, and healthcare. These services are lifelines for individuals and families who face increased housing insecurity, food instability, trauma, and inadequate access to healthcare. Additionally, the pandemic has created the need for expanded investments to respond to acute COVID-19 impacts, older adults, those experiencing child abuse, domestic and sexual violence, and those impacted by increased gun violence in our community.

A core component of the Board's strategy will continue to be Emergency Rent Assistance. As this funding declines at the State and Federal level, the County remains committed to Emergency Rent Assistance because we know that housing is linked to a number of positive health and social outcomes for individuals, families, and communities and that the COVID-19 pandemic initially resulted in unprecedented numbers of layoffs and furloughs, leading to even deeper racial disparities and challenges to pay rent and remain stably housed.

The Budget Office is directed to notify the Board of the final American Rescue Plan balance as soon as the 2023 fiscal year is finalized with the Chief Financial Officer's office.

Financial and Budget Reporting

Financial monitoring is important to ensure that the financial, operational and capital plans that were developed and approved for implementation as part of the budget process are being implemented. Financial monitoring is crucial for accountability. Recognizing the Board of County Commissioners needs more routine and standardized financial information related to year end spending and budget-to-actuals reporting, the Board directs the Budget Office to coordinate with departments to create a report mid-fiscal year that provides a summary of the FY 2024 one-time-only General Fund budget, American Rescue Plan budget and projected expenditures.

Also, in alignment with the Chair's Mission, Vision, and Values revisioning work, the Budget Office, in partnership with the Chief Operating Officer, the County departments and the Office of the Chief Financial Officer, will explore options to coordinate and develop countywide budget-to-actuals reports. While those reports currently exist within each department and at the highest countywide level during the annual processes, the Board is interested in exploring how to access the data in new and updated formats. The Budget Office will identify potential barriers and propose solutions that will facilitate the review.

Multnomah County Animal Services Staffing

The Board requests a briefing from Multnomah County Animal Services (MCAS) to report on progress made in hiring staff to fill the 10.00 FTE positions added in the FY 2024 budget as part of an update to the Board about the implementation phase of the MCAS review currently in progress. Phase 1 of the MCAS review included budget and staffing recommendations, reflected in MCAS' requested budget, which are anticipated to support MCAS' ability to meet minimum care standards for feeding, cleaning, enrichment, and to maintain essential shelter operations and services. The briefing requested by this budget note should provide the Board with an update on hiring, outstanding vacancies, and measurable improvements associated with increased staffing. This briefing may be combined with a briefing to the Board at the conclusion of Phase 3 of the MCAS review on or before November 30, 2023.

Deputy District Attorney Uniformed PERS

Deputy District Attorneys (DDAs) are frequently statutorily defined as "law enforcement" throughout Oregon. However, unlike other law enforcement personnel including police officers, parole officers, corrections officers, firefighters, and 9-1-1 dispatchers, DDAs do not receive Uniformed PERS benefits. Oregon PERS may include DDAs in the Uniformed PERS classification in the future, which will increase personnel costs for Multnomah County. The FY 2024 budget includes \$700,000 in one-time-only General Fund contingency to cover increased personnel costs. If Oregon PERS elects to include DDAs in the Uniformed PERS classification, this budget note requests the District

Body Worn Cameras

Attorney's Office report back to the Board of County Commissioners on the impacts. The briefing must be completed within 3 months of the Oregon PERS' decision. Upon implementation, these ongoing costs will be factored into the County's five year General Fund Forecast.

The Multnomah County District Attorney's (MCDA) Office currently reviews body worn camera footage for all cases referred by partner law enforcement agencies including Gresham PD, Port of Portland PD, and PSU Police. The Portland Police Bureau (PPB) is set to begin a body worn camera pilot program including 165 cameras in FY 2024, which will significantly increase the District Attorney's Office's review workload. In addition, the Multnomah County Sheriff's Office anticipates implementing a body worn camera pilot during FY 2024. The FY 2024 budget includes \$726,000 of one-time-only general fund contingency to support increased staffing as necessary to accommodate increased workload. The Board of County Commissioners requests the District Attorney's Office provide a report on the status of both the Portland Police Bureau and Multnomah County Sheriff's Office body worn camera programs, their impact to County personnel, and updated budget estimates and impacts for FY 2025 and beyond.

Expanded Support for Shelter Program Partners

The Board of County Commissioners placed \$405,000 in the General Fund Contingency dedicated to a pilot for Expanded Support for Shelter Program Partners. This funding would support a provider or coalition of providers offering services in close proximity to a Joint Office of Homeless Services (JOHS) shelter program in development. As Multnomah County expands shelter programs, we have prioritized meaningful engagement with communities surrounding sites under development as a key to the long-term success of those programs. This funding would support deeper partnership and collaboration by proactively building capacity in community partners, which can enhance the success of JOHS shelter programs and better meet the needs of the surrounding community. The Board requests that JOHS further explore the feasibility of this concept, and report back to the Board on or before December 31, 2023 with a recommendation.

Innovative Transitional Housing Projects

One of the primary obstacles to moving people off the streets is the lack of a wide array of housing models that suits people with different needs, including people in recovery, people experiencing mental health challenges, elders that would benefit from co-housing, and people who need additional on-site services to address the issues created by long periods of unsheltered homelessness. And we need new models for providing housing as quickly and affordably as possible.

Strategic investments in innovative housing models are an excellent use of one-time-only funds. This use will yield long-term benefit – by providing additional inventory, filling gaps left by existing models, and creating a template for additional development.

The JOHS development team will assess available options and make recommendations for deployment of capital funds. The team will include internal partners and may also include external experts in real estate and/or development.

The following areas outline possible directions for the team:

1. Capital purchase of residential home, motel, hotel, co-housing, or other building to serve (a) individuals who are exiting homelessness and receiving some form of behavioral health treatment, including people in recovery; (b) individuals who are involved in the criminal legal system; or (c) elders or other individuals who have experienced long periods of homelessness and would benefit from housing alternatives not currently available.
2. Capstone funding for an affordable housing project to provide the final amount needed to complete a purchase or renovation. Priority could be given to those projects which have made significant progress in the permitting and design process, have a swift timeline to completion, and provide units at a relatively low cost.

The Joint Office will provide the Board of County Commissioners a detailed report and recommendation by December 31, 2023.

Purchasing and contracting is an essential part of the work of Multnomah County. It is the lever that we use to partner with community based organizations, vastly expanding the amount of work that the County can achieve. The volume of contracting we do has expanded dramatically over the years, including over just the past three years; and it is clear that our contracting infrastructure and practices have not kept up.

Many of our nonprofit partners are challenged with our procurement rules and regulations and often experience fiscal challenges due to our reimbursement and other contract management practices. Smaller organizations are unable to partner with us at all because they cannot carry the cost of the work until the County reimburses them. And on the other end of the process, once contracts are issued, our monitoring and compliance practices are inadequate to the task of ensuring that our partners are delivering what we have contracted for. These issues go hand-in-hand. If contracts aren't appropriately structured, with realistic cost structures,

Progress Report on Contracting Practices

SUN Program

expectations, and outcomes, it is also not realistic to expect those outcomes to be delivered.

These contracting issues have existed for a long time, but they have become even more challenging over the course of the pandemic. And they have recently been spotlighted by the substantial levels of underspending of Supportive Housing Services Measure funds in the Joint Office. Contracted service providers have pointed to the County's contracting practices as one of the impediments to service delivery and spend-down of allocated funds.

In FY 2023, the County worked with a consultant, Civic Initiatives, to review existing procurement and contracting structures. The report received from Civic Initiatives includes a Transformation Roadmap with recommendations for the County on procurement and contracting. In addition, the Chair has advised that she will be meeting with houselessness service providers to hear directly from them about the issues they have faced.

These are important steps. It is incumbent upon us as a board to move Civic Initiatives' recommendations forward in an expedient way so that we can better meet the needs of our partners and constituents.

This budget note requests a briefing from the Department of County Management on our County contracting practices, what we've learned and how we are going to address the recommendations from the reports. This briefing is requested to take place by January 31, 2024.

This budget note requests a briefing from the Department of County Human Services (DCHS) on the Schools Uniting Neighborhoods (SUN) Request for Proposal (RFP) and how program evaluation and redesign were incorporated into the process, by August 31, 2023.

The briefing is to include:

- A description of the current program design;
- Community engagement conducted and incorporated into the program redesign, including specific issues raised by community members (including school districts and community based organizations) and how those were addressed;
- Results of the Nonprofit Wage Study recently conducted, policy considerations raised by the study, and how the findings of the study have been incorporated into the proposed program design;
- Results from work to assess true cost of programming, and implications;
- Significant program design changes proposed;
- Potential impacts or incorporation of related programs, such as Family Resource Navigators and Successful Families 2020.

This briefing is requested before the procurement process begins.

Frequent User Systems Engagement (FUSE) Pilot

FUSE (Frequent Users Systems Engagement) is a proven model developed by the Corporation for Supportive Housing (CSH) that helps communities identify the people who often cycle in and out of healthcare, criminal justice, and shelters and provide them with long-term solutions, namely supporting housing. Connecting frequent systems users with supportive housing has been shown to significantly drop their emergency room visits, jail bookings, and hospitalizations.

Multnomah County commissioned a FUSE analysis in 2018 that was the catalyst for a County-led FUSE pilot project that launched in FY 2023 and will continue in FY 2024. There is a need to ensure the County's pilot project maintains the fidelity of the FUSE model and is adequately resourced to meet the intensive needs of the FUSE population.

Because the success of FUSE can have such important ramifications to multiple systems- including homelessness, criminal justice and healthcare - it should be closely monitored by the Board. The Board of County Commissioners requests an initial briefing on FUSE, including the plan for the program, how it differs from current supportive housing approaches, how individuals will be selected for the program, where they will be placed, and what are the goals and desired outcomes, within three months of adoption of the FY 2024 budget. Updates should be provided to the Board at six and nine months.

Mental Health System of Care Strategic Plan

The mental health care system is complex and it functions across many systems. As a result, it is important that resources are aligned so that people who need to access services can navigate seamlessly through the system and get the help they need in an effective manner. As the Local Mental Health Authority and Community-based Mental Health Program, Multnomah County's Behavioral Health Division (BHD) is charged with delivering recovery-based mental health and addiction services to Multnomah County's adults, children and families.

Though the purview of BHD is large, the services offered by BHD are only one part of the larger network of mental health services available in Multnomah County. Mental health services are also provided by hospitals and health systems, nonprofit organizations, educational institutions, law enforcement and corrections systems, and others. BHD invests hundreds of millions of dollars, yet to date no comprehensive plan has been shared with the Board. Accordingly, please provide the following information in one or more briefings to the Board:

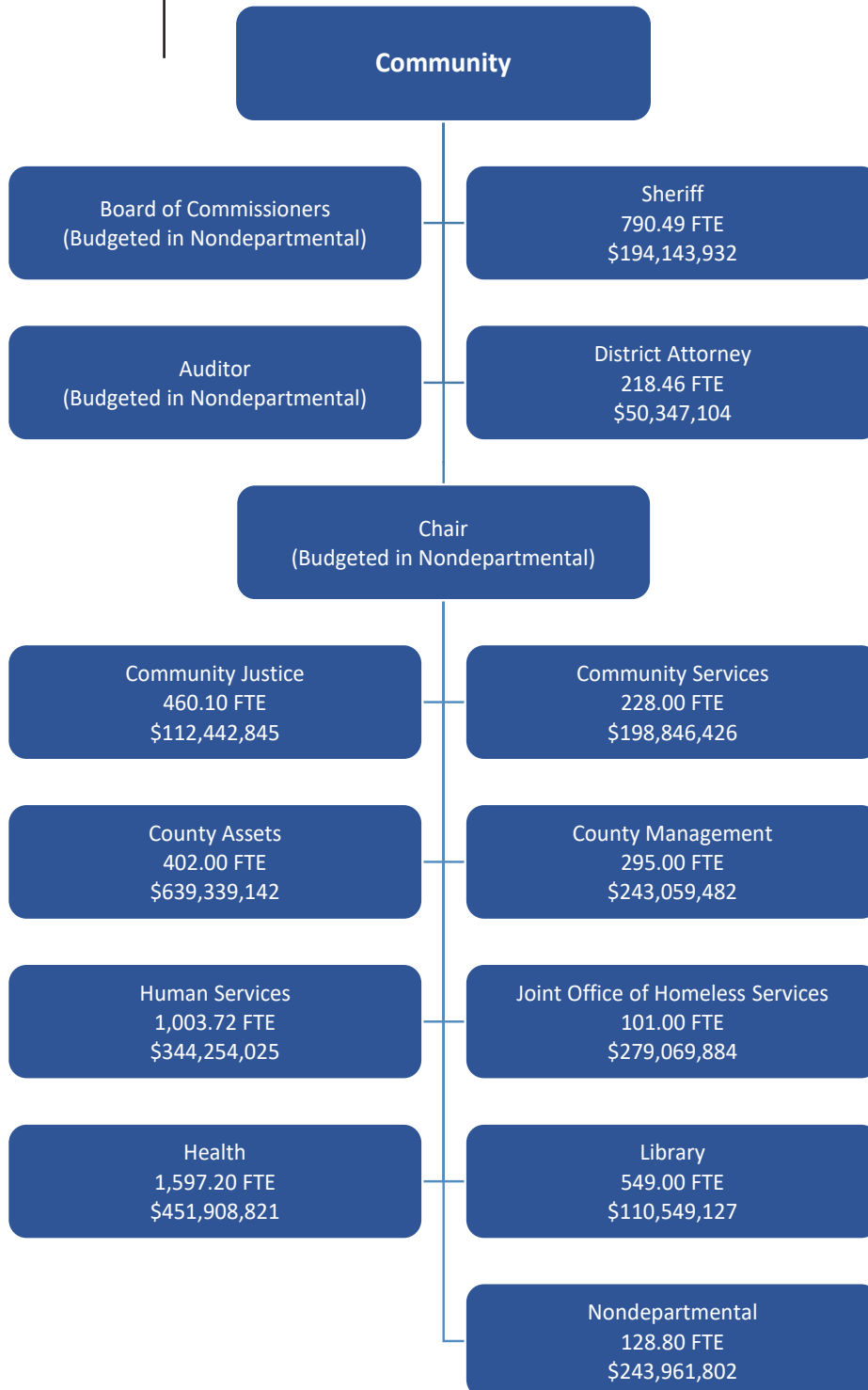
1. A Comprehensive Behavioral Health Plan has been required to be submitted to the State by all counties in Oregon until recently. Please tell

us the last time it was required, and what was submitted. What are we doing in lieu?

2. Please provide the Board with a briefing on the current state of behavioral health care for Multnomah County, including:
 - a. Statistics around those being currently served compared with estimated levels of need.
 - b. What the continuum of care looks like for Multnomah County, including for adults, youth, and elders.
 - c. What is the status of the County's Behavioral Health crisis system?
 - d. What is the status of the County's Community-based Mental Health Program? What are current utilization rates?
 - e. What is the County's interface with Certified Community Behavioral Health Clinics (CCBHCs) and what is the status of Multnomah County referrals to CCBHCs?
 - f. What is the status of Multnomah County's Aid and Assist system, including impacts of the Mosman decision.
 - g. What specifically has BHD been doing to build relationships and coordinate with Behavioral Health Resource Networks (BHRNs)?
3. Identify the ways the County has been connecting with the State around major behavioral health priorities:
 - a. Adoption of 988 (including interface with Lines for Life)
 - b. Aid and Assist
 - c. Regularly scheduled meetings through the Oregon Health Authority

Multnomah County Organization Chart

Multnomah County delivers its services through 11 departments, including two managed by independently elected officials: Nicole Morrisey O'Donnell, Sheriff; Mike Schmidt, District Attorney; and Jennifer McGuirk, County Auditor whose office resides in Nondepartmental. There are 5,773.78 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 would like to personally thank each and every one of you for your contributions and to our community members who take time to participate in our budget process and shape our services. Particularly, I want to thank the leadership in the Chair's Office - County Chair Jessica Vega Pederson and Chief of Staff Chris Fick, and the County's Chief Operating Officer Serena Cruz. I also want to extend my sincere appreciation to the department leaders and constitutional officers, along with their budget teams and staff, for their hard work, cooperation and flexibility.

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, Leah Isaac, Dianna Kaady, Aaron Kaufman, Pari Magphanthong, Ashlye Manning, Jeff Renfro, Erin Russell, Andy Wheeler, Chris Yager, and to the Evaluation and Research Unit: Jillian Girard, Timothy Ho, and Alison Sachet.

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

Christian Elkin
Multnomah County Budget Director