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Introduction

The FY 2025 budget stands as Multnomah County's largest policy document, implementing the community's priorities and directing investments that reflect the County's shared values. The \$3.96 billion budget represents a commitment to programs and services that our community members depend on. It embodies how County leaders allocate and manage the resources generously provided by our community (locally and nationally) to deliver essential services and support.

As the largest safety net provider in our region, Multnomah County plays a pivotal role in safeguarding the well-being of our community. The Board of County Commissioners, an elected, representative body, stands as the steward of these resources, making decisions on behalf of the community to ensure an equitable and effective allocation.

In the wake of the COVID-19 pandemic and the expiration of the American Rescue Plan (ARP) funds, this budget focuses on the County's core mission: prioritizing the needs of our most vulnerable and promoting a healthy, safe and prosperous community for all. While our community continues to grapple with the lingering impacts of the pandemic, Multnomah County is in a more favorable fiscal position compared to many state and local governments. This is a testament to the prudent leadership of the Chair and the Board, coupled with strong management practices, adherence to sound policies, and robust long-term financial planning. Our low debt obligations and responsible fund balances reflect our commitment to fiscal responsibility.

However, despite these achievements, the road ahead presents challenges. One of the most pressing is the continued gap between expenditures and revenues in our County General Fund. Addressing this imbalance while maintaining critical services is a key focus of the FY 2025 budget.

This budget prioritizes maintaining direct services and strategically increases funding for safety net services. We are particularly committed to supporting the County's most vulnerable residents, including our unhoused neighbors and those grappling with behavioral health issues. Concurrently, we have ensured that public safety service levels remain intact with no reductions in jail capacity.

The FY 2025 budget also invests in our most critical capital needs. Notably, funds have been allocated for the Earthquake Ready Burnside Bridge project, reinforcing our commitment to infrastructure resilience. Additionally, support is provided for deflection and community programs that provide a pathway to behavioral health services before an arrest, or as an alternative to criminal justice system involvement, which reflects a proactive approach to addressing community needs.

In summary, the FY 2025 budget is a reflection of our community's values, priorities, and challenges. It underscores our commitment to fiscal responsibility, equity, and resilience, as we navigate the complexities of a post-pandemic landscape.

Policy Direction from the Chair

The Chair directed all departments to submit budgets that reflected a 3.0% reduction in General Fund from the amount needed to maintain current service levels, based on the County's FY 2025 General Fund forecast, the ending of the American Rescue Plan funding from the Federal government, and the gap in State funding for public safety. That provided a starting point for developing the budget, as departments could also submit requests to restore reductions made to meet the target General Fund amount and requests for new funding. (More details can be found in the Chair's Budget Guidance at www.multco.us/file/135050/download.)

Chair Vega-Pederson told department directors and elected officials:

"I ask that you look carefully at the many interconnected parts of your budget to focus on the integrity of your core services and the wisest stewardship of taxpayer dollars. Because as our community's safety-net provider, we must prioritize the stability and reliability of core services to make sure our communities stay whole in these challenging times."

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

- **Homelessness Response** - "Investments in our Homelessness Response System, which will need to be made across multiple departments and programs, should be made in keeping with direction from the Chair's office as one of the Chair's key priorities. Please be sure to look carefully at both program offers and funding mechanisms for achieving the goals that have been set out in these plans."
- **American Rescue Plan (ARP) Act Federal Funds** – "Though the needs in the community and in our organization remain high as we continue to recover from the pandemic, this funding source will not be available in FY 2025. As you prepare your department budgets, please address next steps for all ARP-funded programs. Options could include preparing for the funding to go away on June 30 or seeking other ways to maintain, sustain or sunset 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 should plan to provide a [3.3%¹] cost-of-living adjustment (COLA) for General Fund human services contractors in FY 2025, unless there are other contractual considerations. An allowance for this COLA has been included in the General Fund target allocations." This COLA amount was updated to be 3.3% in line with the actual Consumer Price Index increase in the department submitted budgets.

¹ The FY 2025 COLA was originally estimated to be 3.7%. Following the submittal of departmental budgets, the COLA amount was updated to be 3.3% in line with the actual Consumer Price Index.

Getting to the Adopted Budget

In the May 2024 forecast update, the FY 2024 Multnomah County Animal Services fine and fee revenue forecast was increased by \$525,000 due to a recovery in licensing activity. The Budget Office also identified \$100,000 in one-time-only resources and \$205,114 in ongoing resources from placeholders for Pay Equity and Salary Commission impacts that were included in the Chair's Proposed Budget. Once cost estimates for these were finalized, the remaining resources were available to be allocated by the Board. The Budget Office also identified \$2.0 million of FY 2024 contingency that was unlikely to be spent in FY 2024 and could be rolled over to fund one-time-only programming in FY 2025, and \$200,000 of additional FY 2024 American Rescue Plan (ARP) underspending that could be carried over to FY 2025.

The Board also chose to reduce funding for several programs including Phase 3 ADA ramps, Multnomah County Managers Conference, and FY 2025 Contingency funding to reallocate additional ongoing and one-time-only resources to other programs. The Board also chose to reallocate \$450,000 of Supportive Housing Services (SHS) resources.

The Board allocated these ongoing and one-time-only General Fund, American Rescue Plan (ARP), and Supportive Housing Services (SHS) resources to a variety of programs, including:

- \$217,741 for an additional gun dispossession deputy in the Sheriff's Office.
- \$350,000 for the restoration of STD Clinic Services.
- \$170,749 for a downtown addiction services pilot that comes out of the County's work during the 90 Day Fentanyl Emergency.
- \$580,000 for in-courtroom support for eviction prevention (\$330,000 of General Fund paired with \$250,000 of SHS funds)
- \$646,000 for staffing expansion in the District Attorney's Office including 4.00 additional FTE
- \$150,000 to contribute to a multi-agency project to restore flow to the Ross Island Lagoon to reduce toxic algae blooms.

The full list of Board Amendments (including the full list of program reductions to offset additional spending) and the Chair's Message which provides additional information on her policy initiatives can be found at:

[www.https://www.multco.us/budget/fy-2025-adopted-budget](https://www.multco.us/budget/fy-2025-adopted-budget).

Planning for FY 2025

Financial Context

At this time last year, the risk of recession was elevated as the Federal Reserve continued their rate increases in response to high inflation. Recessions typically follow inflation-related rate increase cycles. Now, the risk of recession seems to be fading and the Federal Reserve's hopes for soft landing may be materializing. Nationally, job growth continues to exceed expectations as inflation has fallen from its peak. Recently, inflation has shown itself to be sticky (increasing by 3.7% year-over-year in April 2024) creating uncertainty around future interest rate cuts. 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.

Locally, the economic picture is more mixed. The level of employment in Multnomah County remains below pre-pandemic levels, reflecting the reduced level of economic activity downtown. According to Census data and the PSU Population Research Center (PRC), population in the County is either slowly shrinking (Census) or slowly growing (PRC); either way, it remains well below the strong growth seen in the recent past. More concerning is the high level of vacancy in downtown office buildings and its impact on property values. Because the two property values considered in Oregon's property tax system (assessed value (AV) and real market value (RMV)) are so far apart, the County's property tax revenues generally do not experience declines during economic downturns. RMV swings while AV (which is what tax revenues are based on) remains steady. The severity of the recent downturn in downtown office property values has in some cases been enough to reduce AV and significantly increase revenue loss due to compression. Property taxes are over 60% of the County Board's discretionary revenue. Looking forward, these property value declines could be incorporated into the Assessor's property value modeling which would have a broader impact on revenues.

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 6,000 County full-time equivalent employees (FTE) providing services ranging from health care and law enforcement to bridge maintenance and elections in FY 2025.

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 Business Income Tax (BIT) reserves from 10% to 15%. The FY 2025 budget keeps both reserves at 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.

The following pages of the FY 2025 budget contain more information on the County's financial picture, and operational and investment plans. The County's budget information for FY 2025, 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 the 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. Corporate profits (the basis of the County's Business Income Tax (BIT) collections) reached record highs during the pandemic. In 2023, these profits fell but remained well above the historic trend. 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. If inflation remains at historically high levels, it will increase deficits in the future.

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 4.9% and 3.4% in the last two quarters of 2023. Economic growth remains strong, driven by increasing household consumption.

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. House prices have begun to increase again due to high income growth combined with a low level of available inventory. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices increased by 0.7% during 2023. 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, and in the summer of 2023 fell significantly further. Permitting is an early indicator of future development (and therefore property tax growth). Development is what increases property tax growth above the 3% growth allowed by the Oregon constitution. Even if permitting recovers in the near term, the pause in activity means that increasing rents will not be moderated by new apartment supply for one to two years.

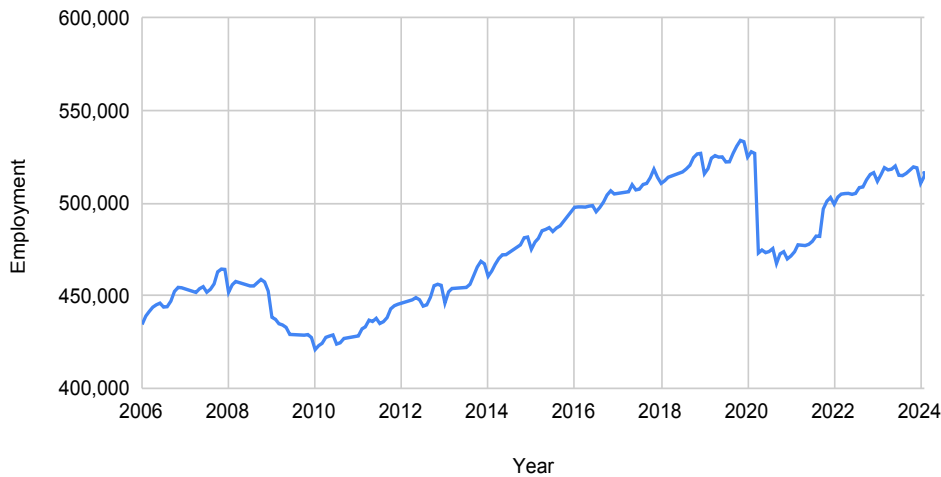
Population

According to Census data released in March 2024, in the year ending July 1, 2023, Multnomah County lost population for the third year in a row. The decline of 4,865 people was driven by domestic outmigration. For the same period, the Portland State University Population Research Center (PRC) estimates that Multnomah County's population grew by 1,728 people. The two estimates are arrived at using different methodologies, but the takeaway from both is that the period of high population growth for Multnomah County has ended. 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 2024, the U.S. unemployment rate stood at 3.9% vs. 3.6% a year earlier. For Oregon, the February 2024 rate was 4.2% vs. 3.6% a year earlier. In Multnomah County, the unemployment rate declined to 3.9% from 4.3% last year. With nonfarm employment in Multnomah County at 516,600, employment levels are roughly 21,300 or 4.0% lower than pre-pandemic levels. Like many metro core Counties, job recovery from the pandemic started later than other non-metro counties, but then experienced strong job growth. Job recovery has now plateaued in Multnomah County with some areas (downtown in particular) remaining well 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 2024 was 3.7% compared to 4.3% a year earlier. The Federal Reserve has paused rate increases, and signaled that future rate cuts (or increases if the recent inflation spike does not dissipate) will follow the data.

CPI-W West Size A



Forecasting the General Fund

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

At the beginning of the FY 2025 budget process, a \$4.1 million deficit was forecast for the General Fund, but there were significant unknown future costs related to the Behavioral Health Resource Center (BHRC) and backfilling public safety programming previously funded with State Community Corrections (SB 1145) dollars. As of November 2024, including the best estimates for ongoing funding gaps for SB 1145 and BHRC increased the forecasted deficit to \$14.0 million. The Budget Office's March 2024 five-year forecast made small changes to ongoing expenses and revenues, but significant changes to the BHRC and SB 1145 assumptions in light of new developments. The Health Department now has a plan to fully fund BHRC operations that will be implemented over the next two years, and the Oregon Legislature provided more SB 1145 funding, necessitating a smaller General Fund backfill. The March forecast assumed that the FY 2025 deficit is \$3.9 million, increasing to \$32.8 million in FY 2029. Following the publication of the Chair's Proposed Budget, the forecast was updated in May 2024 and incorporated ongoing changes made by the Chair, which closed the gap in FY 2025 to balance the budget, with the deficit increasing to \$28.2 million in FY 2029. There are several factors driving the increasing deficits:

- Property taxes make up approximately two-thirds of the County's General Fund revenues. Due to the end of the previous development cycle, property tax revenue growth had been expected to slow for several years. This decline has been made worse by declining downtown property values, which will decrease Assessed Value growth and increase compression.
- Higher than normal personnel cost growth is primarily responsible for the reduction in surpluses forecast in recent years. The annual cost of living adjustment (COLA) is tied to inflation which has declined from its pandemic-era peak but remains high by historical standards. The forecast assumes that personnel cost growth remains elevated through FY 2026.

- The forecast also assumes an increase in the Oregon Public Employees Retirement System (PERS) costs in FY 2026 due to the passage of HB 4045 which lowers the retirement age for police officers, and in FY 2028 when the amortized benefit from the County's surplus at the time of the pooling of PERS investment resources expires.

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	721,925,865	744,327,435	770,580,634	802,329,856	829,550,707
Expenditures	726,032,190	760,581,852	790,059,013	827,661,959	858,430,351
Ongoing Surplus/(Deficit)	(4,106,325)	(16,254,417)	(19,478,379)	(25,332,103)	(28,879,644)
SB 1145 Ongoing Funding Gap	(3,584,843)	(3,728,237)	(3,877,366)	(4,032,461)	(4,193,759)
November Forecast with SB 1145 Backfill	(7,691,168)	(19,982,654)	(23,355,745)	(29,364,564)	(33,073,404)
Interest Adjustment	2,000,000	0	0	0	0
PERS HB 4045 Impact	0	(1,600,000)	(1,664,000)	(1,730,560)	(1,799,782)
Actual COLA 3.3% instead of 3.7% (Personnel and Contracted Services)	1,756,724	1,826,993	1,900,073	1,976,076	2,055,119
March Forecast with SB 1145 Backfill	(3,934,444)	(19,755,661)	(23,119,673)	(29,119,048)	(32,818,067)
Chair Adjustments	3,934,444	4,091,822	4,255,495	4,425,714	4,602,743
May Forecast	0	(15,663,839)	(18,864,178)	(24,693,334)	(28,215,324)

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

More information about the forecast can be found below and at www.multco.us/budget/fy-2025-economic-forecasts-and-financial-overview.

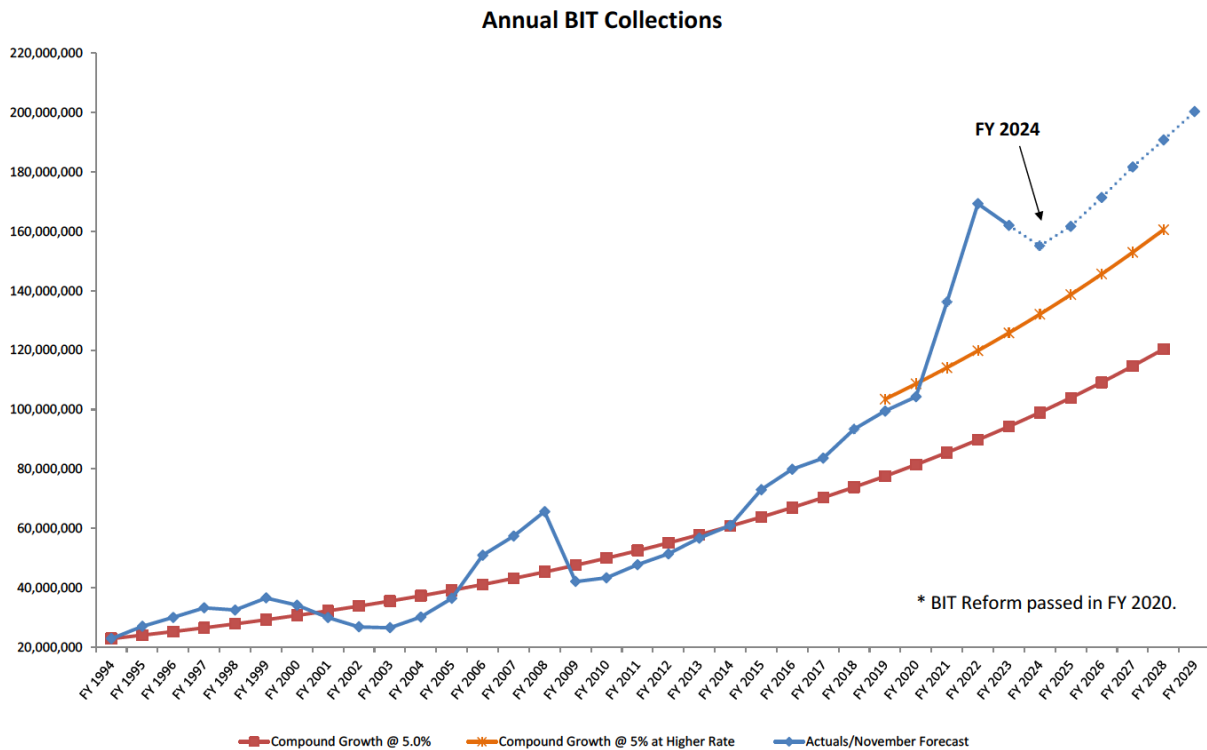
Local Revenues

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 2024 Adopted budget, ongoing General Fund resources for FY 2025 are projected to increase by 4.4%.

The FY 2025 budget assumes the following rates of growth (as measured from the FY 2024 Adopted budget) for each revenue source:

- Property Tax – An increase of 3.9%
- Business Income Tax (BIT) – An increase of 5.1%
- Motor Vehicle Rental Tax – An increase of 8.6%
- Recording Fees/CAFFA Grant – A decrease of 13.4%
- U.S. Marshal Jail Bed Rental – A decrease of 45.9%

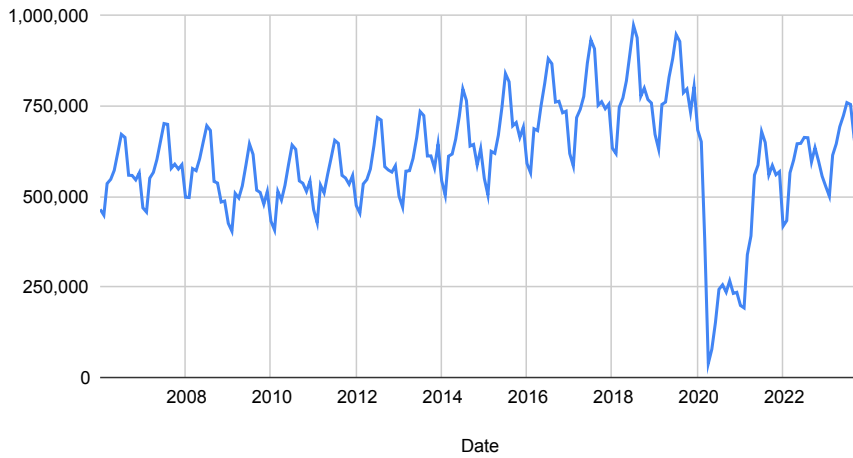
The following graph shows historical business income tax (BIT) revenues (solid blue line) and the current forecast through FY 2029 (dotted blue line). Three recessions are shown on the graph, which followed separate paths of decline (or no decline in the most recent case). The recession at the beginning 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.

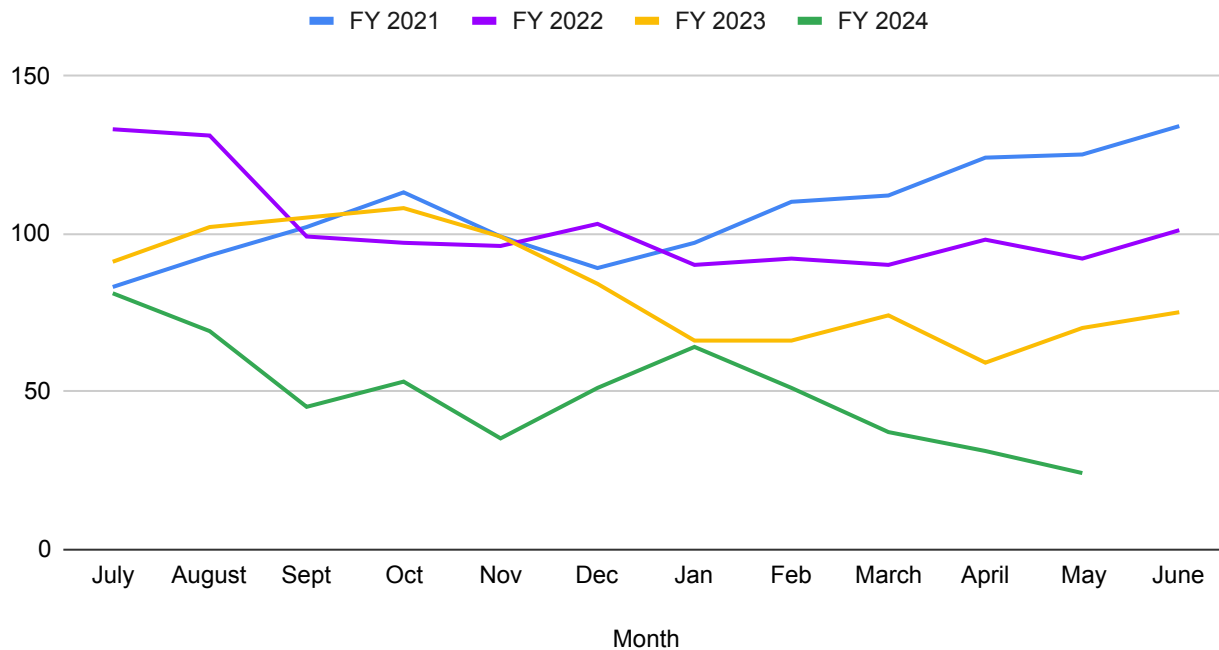
Beginning in early 2022, revenues started to rapidly improve. As of FY 2023, revenues had fully recovered even as deplaned passengers at PDX are still below pre-pandemic levels. Motor vehicle rental revenue has been helped by rental car shortages pushing up prices and overall inflation. The County also invested resources in increased compliance which added approximately \$2.0 million of ongoing revenue.

PDX Domestic Deplaned Passengers



The U.S. Marshal service rents jail beds from Multnomah County. Starting in FY 2023, U.S. Marshal (USM) bed usage at Multnomah County jails declined and has stayed at a low level. Previous USM usage assumptions were an average of 95 beds used per day. Recently, the usage has been closer to 50 beds used per day. The Sheriff's Office has requested that the U.S. Marshals reduce their usage of beds, and the lower level of usage is anticipated to continue indefinitely.

Monthly US Marshal Average Jail Bed Usage



Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.6% to 4.8% annually through FY 2029, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2025, the cost of providing current service levels is expected to grow at 5.3%. The growth is driven by personnel costs, which are forecast to grow at 5.7%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 3.3% (of base pay)
- Step/Merit Increases/Contract Adjustments: 1.9% (of base pay)
- Medical/Dental: 7.0%
- PERS: 0.15% (of base pay)

The November Forecast presentation and the departments' General Fund allocations assumed an estimated COLA of 3.7%. Based on information that was released after issuing budget instructions, the actual COLA for FY 2025 will be 3.3%. For the Chair's Proposed Budget, General Fund personnel cost assumptions were updated and this ongoing savings was incorporated into the March Forecast.

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 \$724.5 million as of the December 2022 valuation, which is significantly higher than the \$474.9 million UAL in the previous valuation thanks in part to weak investment returns.

The County's PERS rates are set biennially, and FY 2025 is the middle of the biennium. The County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and mitigate risk. For several biennia before SB 1049, PERS rates rose 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 2025, the rates charged to departments are increased by 0.15% of base pay. The County's PERS rate is made up of two pieces: PERS rates to collect funds paid into the PERS system and an internal rate to collect payments to service the County's PERS bond debt. The overall increase is due to an increase of the County's PERS rate partially offset by a decrease in the internal PERS Bond rate. Weak PERS Investment Portfolio

returns will likely increase PERS rates at the beginning of the next biennium. Following the County's PERS smoothing strategy, the County's FY 2025 PERS rates include a 1.25% increase, half of the assumed PERS increase for FY 2026. The County's internal PERS Bond rate was decreased by 1.1% for FY 2025 and beyond. 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 2025 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 2025, internal service rates (ISRs) charged to departments for items such as information technology and facilities services were assumed to increase 8.1%, which includes an increase in budgeted security costs which are passed through to departments. This year, departments received department-specific internal service inflation factors in their allocations. The Department of County Assets (DCA) has updated the methodology for allocating out facilities costs and some IT costs which led to larger than normal year over year changes for some departments. The ISR inflation factors used department specific information for Facilities and IT costs, and a countywide assumption for the other ISR costs. As the County's internal services are heavily labor dependent, the year-over-year increase is higher than normal due in part to personnel cost increases.

Overview of Additions, Reductions and Reallocations

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

Countywide Additions and Reductions

The table below shows a net (\$0.2 million) reduction of General Fund in personnel costs for the entire County in five areas detailed as follows:

- **Cost of Living Adjustment:** During the budget development period, personnel costs were estimated assuming a 3.7% Cost of Living Adjustment (COLA). After budgets were submitted in February, the actual COLA amount was determined to be 3.3%. The table below reflects the savings in the General Fund from reducing personnel costs based on the actual COLA amount.
- **Nonrepresented Wage Study:** The County studied the compensation of some nonrepresented job classifications. The table below shows the General Fund costs of implementing that study in FY 2025.
- **Local 88 Market Adjustment:** The most recent AFSCME Local 88 collective bargaining agreement includes three market studies - one in each year of the contract. The amounts below reflect the FY 2025 General Fund portion of the first year's study.
- **Salary Commission:** In every other year, the County Auditor appoints a Salary Commission that sets the salaries for the Chair of the Board of County Commissioners, the County Commissioners, the Sheriff, and the County-paid supplemental salary of the District Attorney. The budget includes \$186,290 to implement the changes recommended by the Salary Commission.
- **Pay Equity Adjustment:** The County performed an in-depth analysis of pay equity for people working comparable jobs in order to ensure compliance with Oregon's Pay Equity Law. Pay adjustments began on June 1, 2024, with departments expected to absorb the small budgetary impact of one month's changes in FY 2024. The FY 2025 budget includes \$108,596 to implement the changes.

Budget Director's Message

FY 2025 Adopted Budget

The changes shown below by department were applied to many different programs, and the departmental amounts on the following pages reflect the total budget of the programs with any applicable pay changes.

Countywide Investments	COLA Reduction from 3.7% to 3.3%	Nonrepresented Wage Study	Local 88 Market Adjustment	Salary Commission	Pay Equity Adjustment
Nondepartmental	(67,865)	0	49,768	113,574	0
District Attorney	(129,271)	8,341	0	26,666	19,564
County Human Services	(90,608)	60,050	13,993	0	34,723
Joint Office of Homeless Services	(27,369)	17,260	4,104	0	0
Health	(329,358)	116,418	47,908	0	0
Community Justice	(183,450)	43,012	186,471	0	2,877
Sheriff's Office	(435,317)	6,117	308,090	46,050	14,928
County Management	(162,450)	87,647	0	0	11,123
County Assets	(32,858)	32,535	6,262	0	0
Community Services	<u>(53,354)</u>	<u>17,775</u>	<u>2,912</u>	<u>0</u>	<u>25,381</u>
Total	(\$1,511,900)	\$389,155	\$619,508	\$186,290	\$108,596

Health and Human Services General Fund Additions

Health and Human Services added \$37.0 million General fund and 38.90 FTE. The most significant addition is \$17.5 million for emergency shelter strategic investment in the Joint Office of Homeless Services. County Human Services (DCHS) was increased by \$12.6 million and 16.90 FTE. The largest investment in DCHS is a one-time-only investment of \$7.0 million and 14.50 FTE for emergency rent assistance and eviction prevention (25133B/C). Additionally, there is \$236,655 and 1.00 FTE in ongoing General Fund for Domestic Violence Services to Highly Vulnerable Survivors (25047B) retaining a portion of the capacity previously funded with American Rescue Plan. The Health Department includes investments in the Overdose Prevention and Response plan, the Harm Reduction Street Outreach Team, and 3.00 FTE in Corrections Health.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Joint Office of Homeless Services				
30208B*	Safety off the Streets - Emergency Shelter Strategic Investment Expansion		17,500,000	
30208C	Safety off the Streets - Emergency Shelter Strategic Investment - Shelter NOFA		1,000,000	
Joint Office of Homeless Services Subtotal		0	18,500,000	0.00
County Human Services				
25003	Newcomer Support Services Pilot		1,267,000	
25047B	YFS - Domestic Violence Services to Highly Vulnerable Survivors	236,655		1.00
25121B	YFS - Climate Resilience		152,948	1.00
25121C	YFS - Cooling Kits for Summertime		50,000	
25131D	YFS - Record and Fee Expungement Program (Project Reset)		325,000	
25131E	YFS - Eviction Prevention: In Courtroom Support		330,000	
25133B	YFS - Emergency Rent Assistance		3,643,160	8.50
25133C	YFS - Eviction Prevention		3,308,738	6.00
25146	YFS - SUN Community Schools: Family Resource Navigators		3,000,000	
25147B	YFS - Food Security / Pantry Enhancement		180,000	
25156B	YFS - Bienestar Social Services Expansion	61,843		0.40
County Human Services Subtotal		298,498	12,256,846	16.90

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Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Health Department				
40000B	Overdose Prevention & Response		1,302,776	4.00
40000D	Behavioral Health System Transformation - Comprehensive Local Plan		250,000	
40004B**	Ambulance Service Plan		756,768	
40007B**	Restaurant Inspections Restoration		1,153,733	8.00
40010E	Restore STD Clinic Services		350,000	
40037B	Gas Powered Leaf Blower Project	130,000	80,000	1.00
40044B	Supplemental Data Sets Partnership with DCA		400,000	
40045B	Corrections Health Infrastructure	192,910		1.00
40059B	Additional Corrections Health Behavioral Health Staff	325,410		2.00
40061C	Harm Reduction Street Outreach Team	816,904		6.00
40105C	Downtown Addiction Services Pilot		170,749	
Health Department Subtotal		\$1,465,224	\$4,464,026	22.00
Health and Human Services Total		\$1,763,722	\$35,220,872	38.90

* This program reflects a cash transfer from County General Fund to the Joint Office of Homeless Services Capital Fund in program 78243 in the Department of County Assets.

**These programs were funded using the ICS set aside during the transition to the Enterprise Fund. These ongoing funds are no longer needed, they are funding the Ambulance Service Plan (40004B) and Restaurant Inspections Restoration (40007B) one-time-only in FY 2025. In FY 2026 and beyond, these funds will be returned to the Behavioral Health Resource Center (40105A/B).

Health and Human Services General Fund Reductions

The Department of County Human Services reduced the Director's Office by \$1.5 million and Data and Evaluation Services by \$0.2 million. Additionally, the Health Department made reductions across the department as shown below.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
County Human Services			
25000	DCHS Director's Office	(1,456,773)	(8.00)
25160	YFS - Data and Evaluation Services	(185,481)	(1.00)
County Human Services Subtotal		(1,642,254)	(9.00)
Health Department			
40000A	Director's Office	(262,941)	
40040	Financial & Business Management	(396,925)	
40037	Environmental Health Community Program	(113,591)	(1.35)
40070	Crisis Assessment & Treatment Center	(50,816)	
Various	Various Supplies Reductions*	(170,749)	
Health Department Subtotal		(995,022)	(1.35)
Health and Human Services Total		(\$2,637,276)	(10.35)

*This reduction reflects a one-time-only reduction that is funding a one-time-only program (40105C).

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 8% of these programs' total budget.

Prog. #	Program Offer Name	FY 2025 BWC Amount	Total Budget
40065	Behavioral Health Division Administration	764,149	4,310,521
40067	Medical Records for Behavioral Health Division	203,468	912,289
40068	Behavioral Health Quality Management	1,203,428	7,575,858
40069A	Behavioral Health Crisis Services	<u>295,905</u>	<u>18,176,726</u>
Behavioral Health Total		\$2,466,950	\$30,975,394

Health and Human Services General Fund Reallocations

Health and Human Services made a variety of reallocations. The most significant was in the Health Department, reducing the Community and Adolescent Health program.

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
County Human Services			
Made these reductions			
Various	Various - Administration Division program offers	(75,000)	
25118	YFS - Youth and Family Services Administration	(159,788)	159,788
To fund these programs			
25036	ADVSD Safety Net Program	75,000	
Total County Human Services		(\$159,788)	\$159,788
Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Health Department			
Made these reductions			
40097	Parent, Child, and Family Health Management	(234,302)	(2.00)
40060	Community and Adolescent Health	(526,925)	(4.00)
To fund these programs			
40010A	Communicable Disease Prevention and Control	234,302	2.00
40006	Tobacco Prevention & Control	94,427	
40053	Racial and Ethnic Approaches to Community Health	<u>432,498</u>	<u>4.00</u>
Total Health Department Reallocations		\$0	0.00

Public Safety General Fund Additions

General Fund Public Safety additions include \$8.2 million and 36.47 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 continuing programs focusing on prosecuting gun violence (which were partially funded by ARP and County General Fund one-time-only in previous years) and expanding the Body Worn Cameras program. The District Attorney's Office budget also includes one-time-only funding for an organized retail theft task force and an auto theft task force.

The Department of Community Justice and Sheriff's Office budgets include funding to backfill reductions in SB 1145 Community Corrections (SB 1145) funding. The budget also includes funding for three dorms that were reduced in the Department Submitted budget (60330D). By funding this restoration and backfilling the SB 1145 funding reduction, the County is maintaining the funded level of jail beds at 1,130. There is also funding for two gun dispossession deputies in the Sheriff's Office that were previously funded by ARP.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Local Public Safety Coordinating Council (LPSCC)				
10009C	Transforming Justice Implementation		<u>150,000</u>	
LPSCC Subtotal			\$150,000	0.00
District Attorney's Office				
15002D	IT - IT Consulting & MS Teams Voice - OTO		185,000	
15015B	Victim Assistant Program - 1.00 Program Specialist Position		136,126	1.00
15101B	Expand Juvenile Unit by 1.00 DDA		205,568	1.00
15201B	Unit C - Gun Violence Case Backlog		289,331	1.00
15301C	Organized Retail Theft Task Force		263,110	2.50
15301D	Auto Theft Task Force		263,110	2.50
15301E	Expand Unit A/B by 1.00 DDA, 1.00 Legal Assistant, and 1.00 Data Analyst		441,000	3.00
15403B	Body Worn Cameras - Expansion		<u>776,683</u>	<u>3.00</u>
District Attorney's Office Subtotal			\$2,559,928	14.00
Community Justice				
50017/ 50020/ 50026/ 50034A	DCJ SB1145 Backfill	974,605		4.47
50067B	Expand CHI Early Intervention & Diversion Services		<u>330,000</u>	
Community Justice Subtotal		\$974,605	\$330,000	4.47

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Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Sheriff's Office				
60200	Business Services Administration (Utilities)		238,648	
60215	Human Resources Expansion		450,000	
60330E/ 60360/ 60375A	Backfill MCIJ SB1145	2,838,356		15.00
60520B	Additional Detective		240,000	1.00
60555B	Additional Gun Dispossession Deputy - One Time Only		217,706	1.00
60555C	Gun Dispossession Deputy	<u>217,741</u>		<u>1.00</u>
Sheriff's Office Subtotal		\$3,056,097	\$1,146,354	18.00
Public Safety Total		\$4,030,702	\$4,186,282	36.47

Public Safety General Fund Reductions

Most of the public safety reductions are in the Department of Community Justice (DCJ). DCJ's reductions are in contractual services for providers experiencing decreased demand for services as well as personnel costs resulting from a reduced Justice Involved population determined by routine caseload evaluations.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Local Public Safety Coordinating Council (LPSCC)			
10009A	Local Public Safety Coordinating Council - DSSJ	(52,796)	
LPSCC Subtotal		(\$52,796)	0.00
District Attorney's Office			
15204A	Pretrial	(185,816)	(2.00)
District Attorney's Office Subtotal		(\$185,816)	(2.00)
Community Justice			
50004	DCJ Research & Planning	(77,164)	(0.50)
50011	Recovery System of Care	(69,331)	
50017	Adult Records and Administrative Services	(182,842)	(1.00)
50021	Assessment and Referral Center	(40,000)	
50022	HB3194 Justice Reinvestment	(170,894)	(1.00)
50027A	Adult Women & Family Services Unit	(120,725)	(1.00)
50029	Adult Electronic Monitoring	(75,000)	
50033	Adult Field Supervision - East	(124,341)	
50034	Assessment and Referral Center - Housing	(479,528)	
50050	Juvenile Services Management	(104,893)	(1.00)
50067	CHI Early Intervention & Prevention Services	(402,058)	
Community Justice Subtotal		(\$1,846,776)	(4.50)
Public Safety Total		(\$2,085,388)	(6.50)

Public Safety General Fund Reallocations

The District Attorney's Office was able to reallocate funding to start the Homicide Unit, which includes the most experienced prosecutors focused primarily on homicide cases. The Department of Community Justice had various smaller reallocations.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
District Attorney's Office			
Made these reductions			
Various	Various DA Programs	(491,874)	
15101	Juvenile Unit	(259,705)	(1.00)
15206	Strategic Prosecution Unit	(295,658)	(1.00)
15301A	Unit A/B - Property/Drugs/Human Trafficking	(355,488)	(1.00)
15304	Unit D - Violent Person Crimes	(556,233)	(2.00)
15003	Finance	(398,243)	(2.00)
To fund these programs			
15102	Domestic Violence Unit	210,164	1.00
15305	Homicide Unit	1,467,084	5.00
15005A	Human Resources	231,276	1.00
15015A	Victims Assistance Program	136,569	1.00
15006	Equity & Inclusion Unit	<u>312,108</u>	<u>2.00</u>
Total District Attorney's Office Reallocations		\$0	3.00
Community Justice			
Made these reductions			
50002	DCJ Business Applications & Technology	(20,000)	
50021	Assessment and Referral Center	(40,000)	
50034A	Assessment and Referral Center - Housing	(95,586)	
50057	Juvenile Diversion, Assessment, and Pre-Adjudication Unit	(14,294)	
To fund these programs			
50000	DCJ Director's Office	<u>169,880</u>	<u>1.00</u>
Total Community Justice Reallocations		\$0	1.00

General Government General Fund Additions

General Fund General Government additions include \$27.6 million and 20.00 FTE in Nondepartmental, Department of County Assets, Department of County Management, and Department of Community Services.

The most significant increase to Nondepartmental is \$2.0 million to assist with the implementation of HB 4002. This investment will support the County's work to quickly implement a deflection system.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Nondepartmental				
10000C	HB 4002 Implementation	2,000,000		
10007B	Public Records Software		300,000	
10007C	Public Records Communications Position	185,000		1.00
10010B	Office of Community Involvement (OCI) - Policy & Training Coordinator		132,500	
10010C	Community Budget Advisory Committee (CBAC) Stipends		42,000	
10010D	Civic Engagement Leadership Training		130,000	
10011B	Improved Access and Transparency for Board Materials and Procedures		100,000	
10017C	ADA Digital Accessibility	366,000		2.00
10018B	Food Access Focus		200,000	
10018C	Ross Island Lagoon Mixing Channel Project		150,000	
10021	State Mandated Expenses - Flood Safety Benefit Fee		48,000	
10030	Employee Retention Incentive Payments - Year 3		287,000	
10031	Elected Official Office Transition		100,000	
10032*	Community Vitality and Economic Opportunity Grant Pilot Program		250,000	
10033*	Economic Development for Spectator Activities and Events	50,000		
Nondepartmental Subtotal		\$2,601,000	\$1,739,500	3.00

*Funded with Video Lottery funds

The Department of County Assets has \$8.8 million of new General Fund including \$3.3 million in Information Technology projects like public website and digital services transformation and \$5.5 million in Facilities projects like the Juvenile Justice Complex security foyer and the Justice Center electrical system upgrade.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Countywide Contingency				
95000	Contingency for Hansen Complex Deconstruction		550,000	
County Assets				
78233B*	Justice Center Electrical System Upgrade - Bus Duct Replacement - Phase 2		3,812,900	
78240*	Hansen Complex Deconstruction		150,000	
78244*	Juvenile Justice Complex Security Foyer		1,000,000	

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Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
78332B*	Public Website and Digital Services Transformation		1,500,000	
78337*	Network Access Control		310,000	
78339*	DCHS Workflow Software		500,000	
78340*	Enterprise Resource Planning Historical Data Retention		<u>1,000,000</u>	
County Assets Subtotal		\$0	\$8,822,900	0.00

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

The most significant change in DCM is the organizational restructure of the Chief Operating Officer's (COO's) team to add infrastructure that will provide support for countywide problem-solving and strategic alignment.

- The Deputy COO will be more focused on internal service functions, taking on new direct reports: the DCA Director, Chief Financial Officer, Chief Human Resources Officer, and Chief Budget Officer.
- A new Strategic Planning, Performance, Agility, Reinvention and Knowledge (SPARK) Unit will focus on strategic planning and continuous improvement (72000B). The unit includes a new director to oversee a countywide strategic planning program and lead a small team. This new program is budgeted at \$1.2 million with 5.00 FTE.
- Two new Assistant COOs will supervise the County's departmental directors (72000C) with support from a new Administrative Analyst. This new program is budgeted at \$1.1 million with 3.00 FTE.

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
Countywide Contingency				
95000	Contingency for Public Campaign Finance		500,000	
County Management				
72000B	COO Organizational Redesign - SPARK Unit	1,150,997		5.00
72000C	COO Organizational Redesign - Deputy Chief Operating Officers	1,073,647		3.00
72014B	DCM Evaluation and Research Capacity to Support the WESP	172,290		1.00
72018B	Central HR Labor Relations Expanded Support	227,219		1.00
72044B	Regional Construction Workforce Diversity Funder Collaborative		200,000	
72049B	DCM/Nond Human Resources Team Increased Capacity for Nond		190,000	
72064	Countywide Strategic Planning		250,000	
72065	Multnomah County Managers Conference		114,000	
72066	DCM Tax Title Reserve Fund		5,000,000	
72067	Public Campaign Finance	500,000		1.00
72068	Recruitment and Retention Campaign		<u>310,000</u>	
County Management Subtotal		\$3,124,153	\$6,564,000	11.00

Budget Director's Message

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Department of Community Services includes \$4.7 million of new investments throughout the department. Animal Services Division, an additional 4.00 FTE and \$920,950. The majority of the additional staffing (3.00 FTE) centers on animal field services and will allow seven-days/week coverage of Animal Control Officers throughout the County. Elections division, an additional \$1,073,595 and 2.00 FTE with the majority of the investments related to Ranked Choice Voting. Other notable investments include \$2.6 million for sidewalk ramps that meet the requirements of the Americans with Disabilities Act (ADA) standards.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
Community Services				
90005B	Animal Services Professional Services - Security	130,000		
90006B	Field Service Officers	383,145		3.00
90007B	Animal Services Foster Care	107,805		1.00
90008B	Animal Health Professional Services		300,000	
90009A	Charter Reform Ranked Choice Voting (RCV)	184,219		1.00
90009B	Charter Reform RCV Voting Support		132,957	1.00
90010B	Presidential Election		180,000	
90010D	Ranked Choice Voting One Time Only		576,419	
90018B	Phase 3 ADA Ramps		2,615,000	
90021B*	Zoning Code Improvement Project		<u>140,000</u>	
Community Services Subtotal		\$805,169	\$3,944,376	6.00
General Government Total		\$6,530,322	\$21,070,776	20.00

*Funded with Video Lottery funds

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.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
Nondepartmental			
Various	Various program offers throughout Nond	(226,606)	
10040	Complaints Investigation Unit	<u>(50,000)</u>	
Nondepartmental Subtotal		(\$276,606)	
Community Services			
90000	DCS Director's Office	(74,815)	
Various	Animal Services	(85,318)	
90021A	Land Use Planning	<u>(82,357)</u>	
Community Services Subtotal		(\$242,490)	
County Management			
All DCM	Department General Fund Savings	(448,724)	
Multiple	DART reductions in various programs	(79,587)	
72059	FRM Purchasing - Contract Redesign / Process Improvement	(25,000)	
72046	FRM Workday Support - Finance	(40,000)	
72017	DCM Central HR Services	<u>(166,533)</u>	<u>(1.00)</u>
County Management Subtotal		(\$759,844)	(1.00)
County Assets			
78002	DCA Budget & Planning	(20,000)	
78102	DCA Business Services Finance	<u>(23,568)</u>	
County Assets Subtotal		(\$43,568)	
General Government Total		(\$1,322,508)	(1.00)

General Government Reallocations

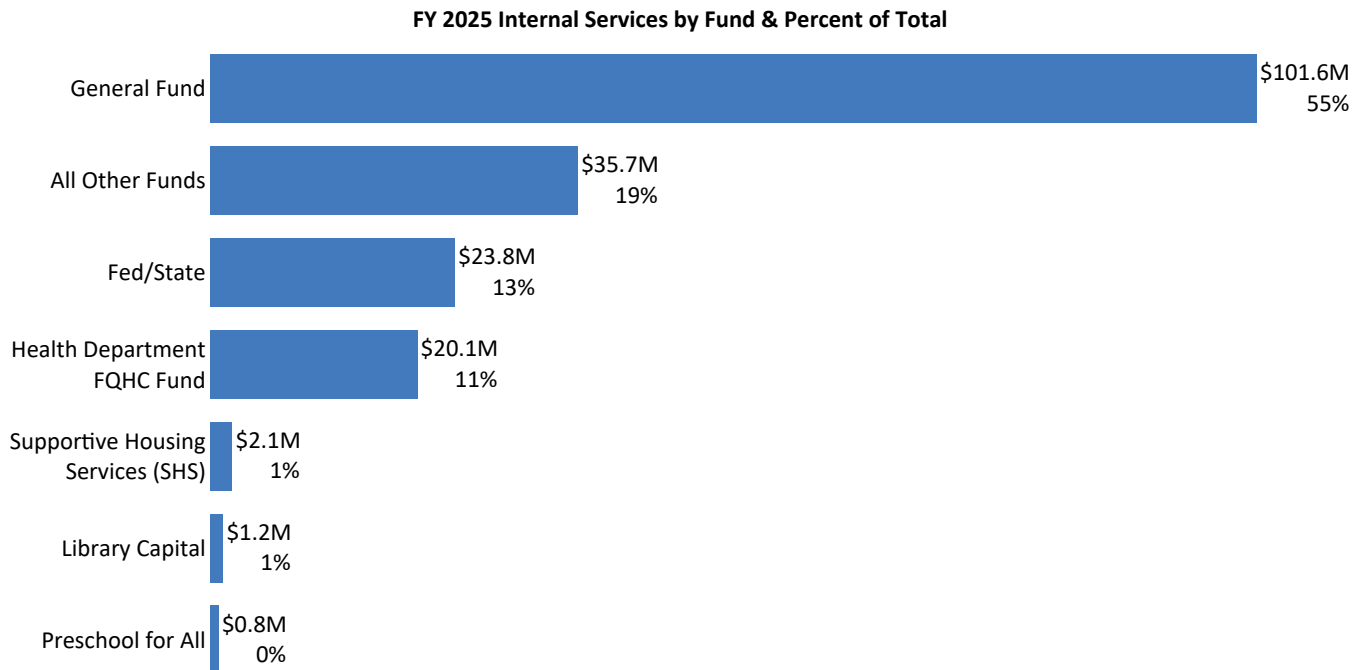
The Department of Community Services reallocated 1.00 FTE from the Director's Office to the Transportation division, which reflects the focus of work for the position. The Department of County Management reallocated \$121,210 and 1.00 FTE to increase support for the Classification and Compensation unit in Central Human Resources.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Management			
Made these reductions			
72017	Central HR Services	(21,809)	
72050	Central HR Classification & Compensation	(27,591)	
72016	Central HR Administration	(71,810)	(0.50)
To fund this program			
72050	Central HR Classification & Compensation	<u>121,210</u>	<u>1.00</u>
Total County Management Reallocations		\$0	0.50

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
Community Services			
Made this reduction			
90000	DCS Director's Office	(202,000)	
To fund these programs			
90019	Earthquake Ready Burnside Bridge		101,000
90015	Bridge Services		50,500
90013	Road Services		<u>50,500</u>
Total Community Services Reallocations		(\$202,000)	\$202,000

Internal Service Fund Additions and Reductions

The Department of County Assets examines countywide internal service needs, including facilities, IT, fleet, motor pool, mail/distribution, and records/archives, at the beginning of the annual budget cycle. This results in strategic investments and reductions to internal service fund budgets that determine the internal service rates paid by all County departments. Departments pay for internal services using a variety of funding sources, and changes to internal service fund budgets have a countywide impact. As seen in the chart below, the General Fund pays for 55% of internal services:



The tables below show the additions and reductions from the FY 2025 internal service process, which resulted in the addition of 5.00 FTE and a net \$0.7 million in ongoing additions to internal service funds.

Reductions to internal service funds include \$1.5 million, a significant portion of which the Department of County Assets identified as activity being phased out or in areas with historical underspending. The following table summarizes these reductions by division:

Division	Other Funds Reductions	FTE Reductions
Information Technology	(1,102,248)	
Facilities and Property Management	(192,805)	
Fleet, Records, Distribution & Motor Pool	(140,697)	
Directors Office, Business Services	(61,069)	
Total Reductions to Internal Service Funds	(\$1,496,819)	0.00

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Additions to internal service funds include \$2.2 million and 5.00 FTE in the Facilities and Property Management and Information Technology divisions as follows:

Prog. #	Program Offer Name	Other Funds Additions	FTE Additions
78203	Facilities Client Services	190,626	
78203	Facilities Client Services	134,000	
78306	IT Network Services	208,000	1.00
78309	IT Portfolio Services: Health, Sheriff's Office, District Attorney, Enterprise	234,000	1.00
78312	IT Data & Reporting Services	48,000	
78314	IT Enterprise and Web Application Services	701,000	2.00
78316	IT Division Administration	225,000	1.00
78317	IT Data Center & Technical Services	107,816	
78304A	IT Telecommunications Services	<u>308,000</u>	
Total Additions to Internal Service Funds		\$2,156,442	5.00

A late-breaking change to internal services was identified for FY 2025 due to the increasing cost of utilities countywide. This amendment increased countywide internal service expenses by \$452,431. Across all departments, the General Fund paid \$452,431, or 95% of this increase. The department most impacted by this change was the Sheriff's Office, for which the Board provided additional one-time-only General Fund of \$238,431. This will be taken into consideration in FY 2026 budget development.

Budget Overview All Funds

The County's Total Budget is our legal budget, totaling \$4.0 billion in FY 2025. We are required by Oregon Budget Law to report the budget at this level. It includes all of the resources that we know about and balances our expenses against these total resources. The County will always provide budget information at this level because of our legal obligations, but doing it this way overstates what we actually plan to spend on programming in the fiscal year. The total budget includes unappropriated balances (which is how we budget reserves), contingencies (funds that we will hopefully not have to use), and cash transfers from one fund to another (which counts the same resource twice - once in each fund).

This budget document will often focus on the Operating Budget (a subset of the total budget) because it avoids some double counting and provides a clearer picture of what the County or a department expects to spend in a year. The operating budget excludes unappropriated balances, contingencies, and cash transfers. At the countywide level, the operating budget does not completely eliminate double counting because it reflects costs when one department provides a service to another ("internal service reimbursements") - although looking at the operating budget for a single department will not have such double counting. In addition, the County budgets all of the resources for major capital projects in the relevant capital fund, even if they will be spent down over several years.

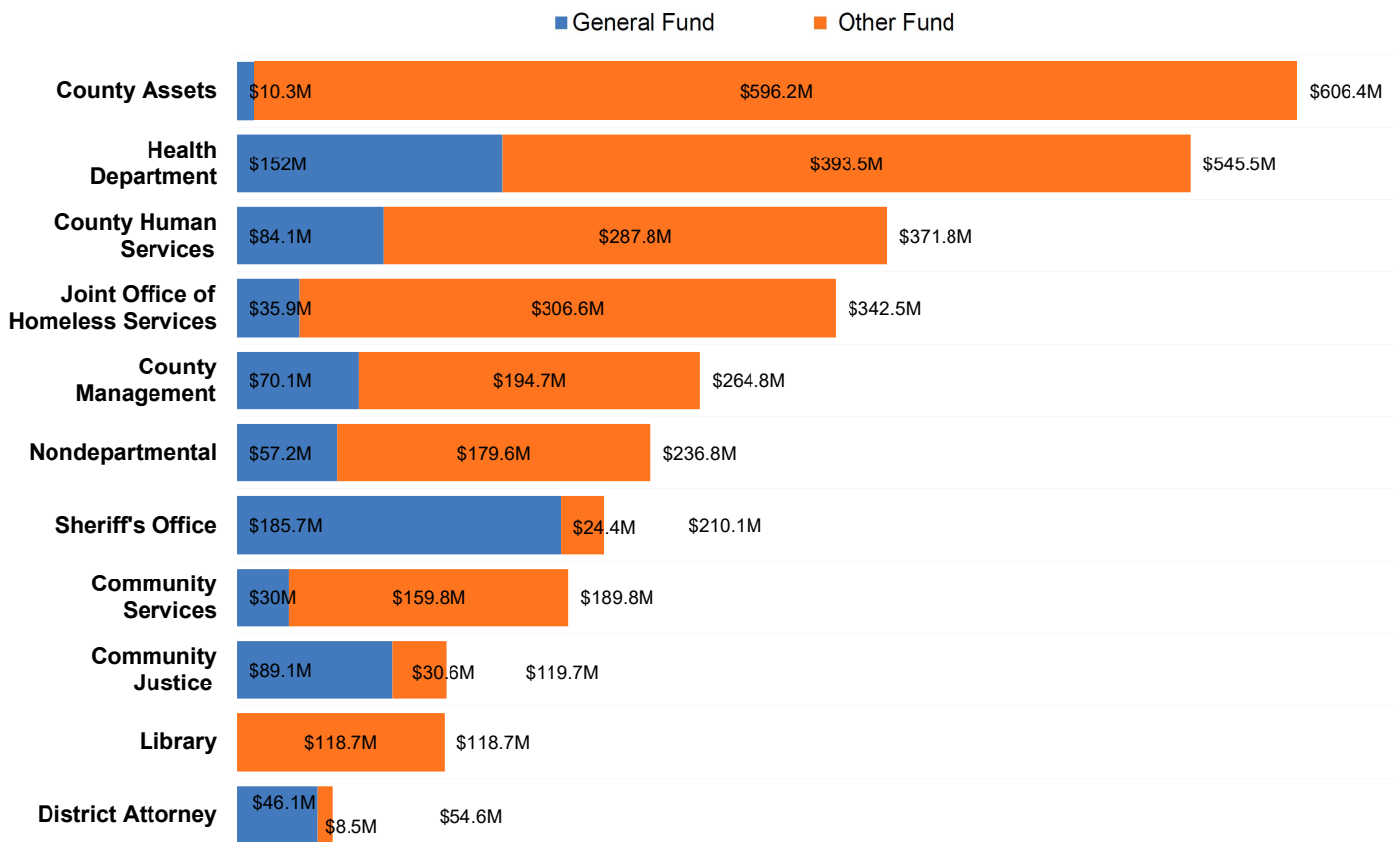
FY 2025 Budget	
Operating Budget	3,060,659,093
Contingency (All Funds)	168,050,368
Internal Cash Transfers	36,015,845
Reserves (Unappropriated Balances)	<u>718,939,271</u>
Total Budget	\$3,983,664,577

Department Expenditures All Funds (\$3.1 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, increased to \$3.1 billion from \$2.9 billion in the FY 2024 Adopted Budget.

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 (\$255.0 million) and the actual GO Bond (\$55.4 million) financing are budgeted in the Department of County Assets and Nondepartmental (respectively), greatly increasing the size of those departments' budgets. The Health Department's budget includes \$200.7 million in the Federally Qualified Health Center (FQHC) enterprise fund that accounts for the County's community health clinics.



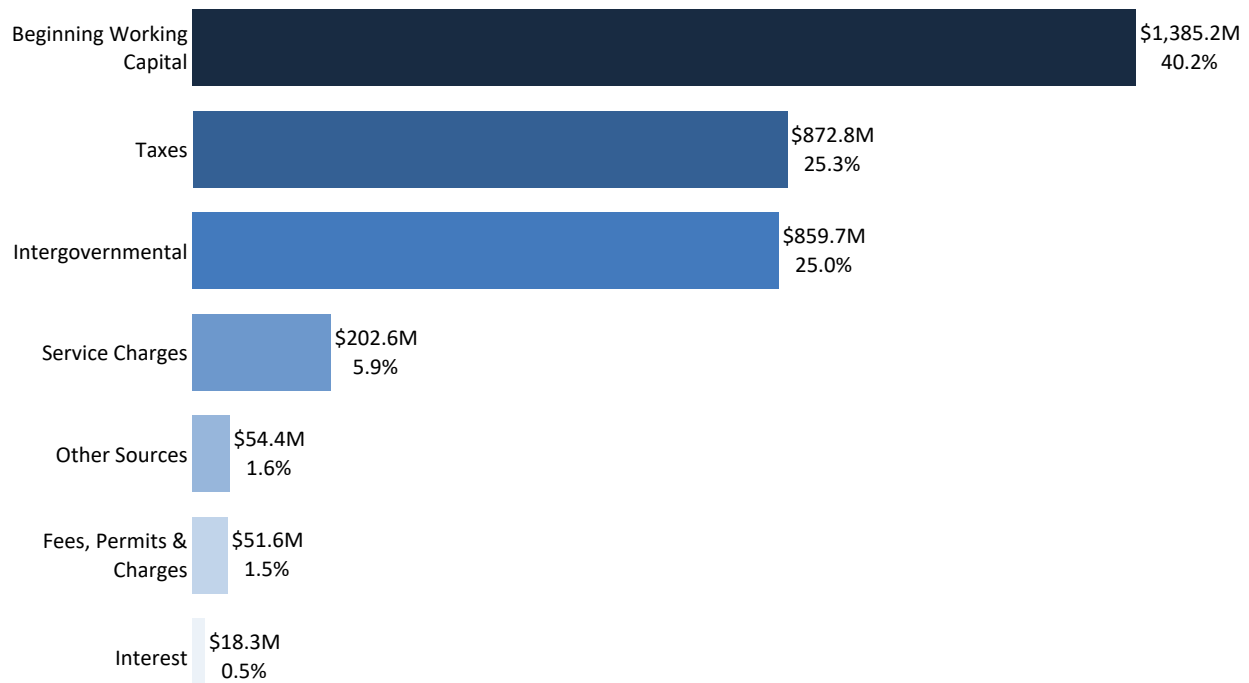
Department Revenues All Funds (\$3.4 billion)

Total direct resources, or “revenues,” for FY 2025 are \$3.4 billion vs. \$3.1 billion in FY 2024 (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 \$859.7 million or 25.0%. This reflects a \$91.1 million or 11.9% increase from FY 2024. The increase is mainly due an upward forecast adjustment for Metro SHS funds, additional funding for the Earthquake Ready Burnside Bridge replacement, and \$25 million State funding for a deflection program. 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 25.3% and include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, Transient Lodging Tax, and County Gas Tax. For FY 2025, tax collections are anticipated to increase 4.4% from \$836.3 million in FY 2024 to \$872.8 million. The increase is driven by additional property tax collections from the return of Urban Renewal Area Assessed Value from the Interstate Corridor, and an increase in Preschool for All Personal Income Tax revenue.

Beginning working capital (BWC) is the County’s largest resource for FY 2025, at \$1.4 billion or 40.2%. BWC increased by 16.9% from \$1.2 billion in FY 2024 to \$1.4 billion in FY 2025. This increase is mainly due to rolling over Dedicated Savings dollars (\$421.3 million) in the Preschool for All Fund, rolling over unspent SHS revenue, and another year of high departmental underspending in the General Fund in FY 2023. Overall, the amount remains at higher than normal levels due to the carryover from the Library Capital Bonds (\$244.9 million). The Library Capital Bonds were issued in January 2021 and most of the bond proceeds will be rolled over to FY 2025. This balance will decrease as project spending increases.



Budget Director's Message

FY 2025 Adopted Budget

The following table provides details on the budgeted amounts by revenue type for the FY 2024 Adopted budget as compared to the FY 2025 Adopted budget. Interest revenue represents a small portion of total revenues but has increased significantly due to increasing interest rates. Most of the year-over-year increase is in the General Fund (\$8.2 million in FY 2025 vs. \$1.2 million in FY 2024).

Revenue Type	FY 2024 Adopted	FY 2025 Adopted	Change from FY 2024	% Change
Beginning Working Capital	1,177,581,428	1,385,242,137	207,660,709	17.6%
Taxes	836,346,565	872,784,775	36,438,210	4.4%
Intergovernmental	768,573,949	859,678,575	91,104,626	11.9%
Service Charges	176,700,124	202,631,036	25,930,912	14.7%
Fees, Permits & Charges	55,048,474	51,567,403	(3,481,071)	-6.3%
Other/Miscellaneous	54,774,339	54,359,215	(415,124)	-0.8%
Interest	<u>8,273,118</u>	<u>18,260,500</u>	<u>9,987,382</u>	120.7%
Total Revenue	\$3,077,297,997	\$3,444,523,641	\$367,225,644	11.9%

Fund Comparison: Year over Year

The FY 2025 Adopted budget (including internal charges, transfers, and loans) has increased by 12.2% over the FY 2024 Adopted budget. The increases are due to a variety of factors, the most notable of which are increases in Beginning Working Capital (BWC) in the following: Preschool for All Fund, Supportive Housing Fund, and the Health Department FQHC Fund. Other factors include increased revenue assumptions, an increase in intergovernmental transfers in the Earthquake Ready Burnside Bridge replacement, and an increase in interest earnings across several funds due to rising interest rates. A few changes worth noting include:

- **Supportive Housing Fund:** 119% increase due to \$148.3 million of beginning working capital and increase in intergovernmental revenue. Metro revised the SHS forecast from \$96.2 million to \$149.0 million due to higher than expected revenue collections in FY 2024. For FY 2025, Metro is forecasting \$156.5 million of ongoing revenue.
- **Preschool for All Program Fund:** 57.8% increase due to \$199.3 million of additional beginning working capital (mostly related to the Dedicated Savings strategy) and an additional \$10.4 million in tax revenue.
- **Capital Funds:** 28.4% decrease in the Multnomah County Library Capital Construction (GO Bond) fund due to the spend down of \$102.6 million. This decrease is offset by the following increases: \$15.0 million in the Joint Office of Homeless Services Capital Fund, \$10.4 million in the Capital Improvement Fund, and \$6.3 million in the Justice Center Capital Fund.

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).

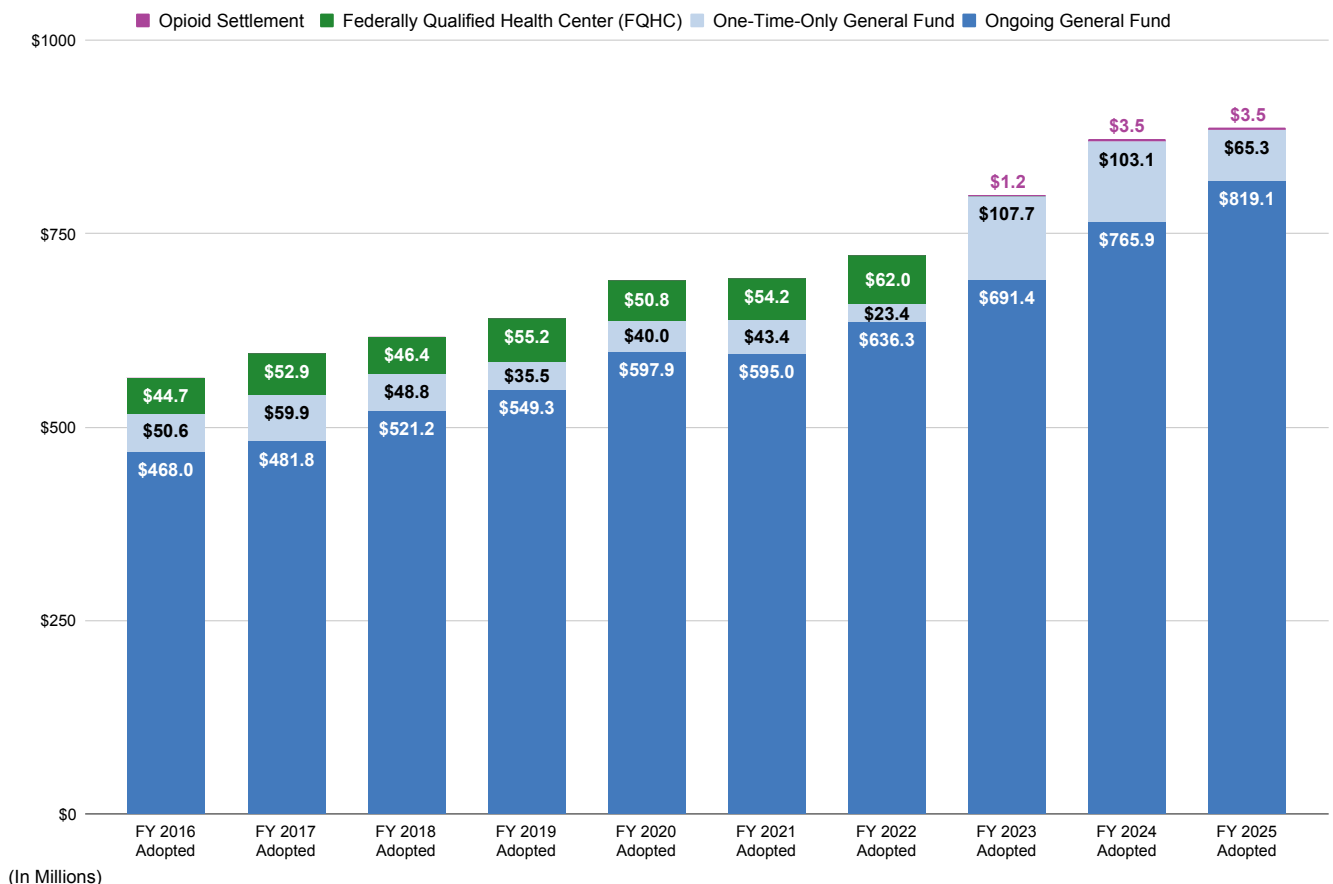
Fund Type	FY 2024 Adopted	FY 2025 Adopted	Change from FY 2024	% Change
General Fund	872,516,492	887,924,932	15,408,440	1.8%
Special Revenue Funds	1,291,820,022	1,695,504,132	403,684,110	31.2%
Debt Service Funds	163,717,807	165,741,041	2,023,234	1.2%
Capital Projects Funds	530,762,400	467,146,250	(63,616,150)	(12.0%)
Enterprise Funds	228,359,767	266,708,241	38,348,474	16.8%
Internal Service Funds	463,836,909	\$500,639,981	36,803,072	7.9%
Total Revenue	\$3,551,013,397	\$3,983,664,577	\$432,651,180	12.2%

The General Fund

General Fund Expenditures and Reserves (\$887.9 million)

The \$887.9 million General Fund comprises 22.3% 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, the Business Income Tax (BIT), motor vehicle rental taxes, interest earnings, State shared revenues, and beginning working capital (BWC). The General Fund also includes a new \$5.0 million one-time-only (OTO) investment in the Tax Title Affordable Housing subfund in response to a Supreme Court decision (see the Policy Issues and Opportunities section for detail) and Opioid Settlement Funds in the Health Department.

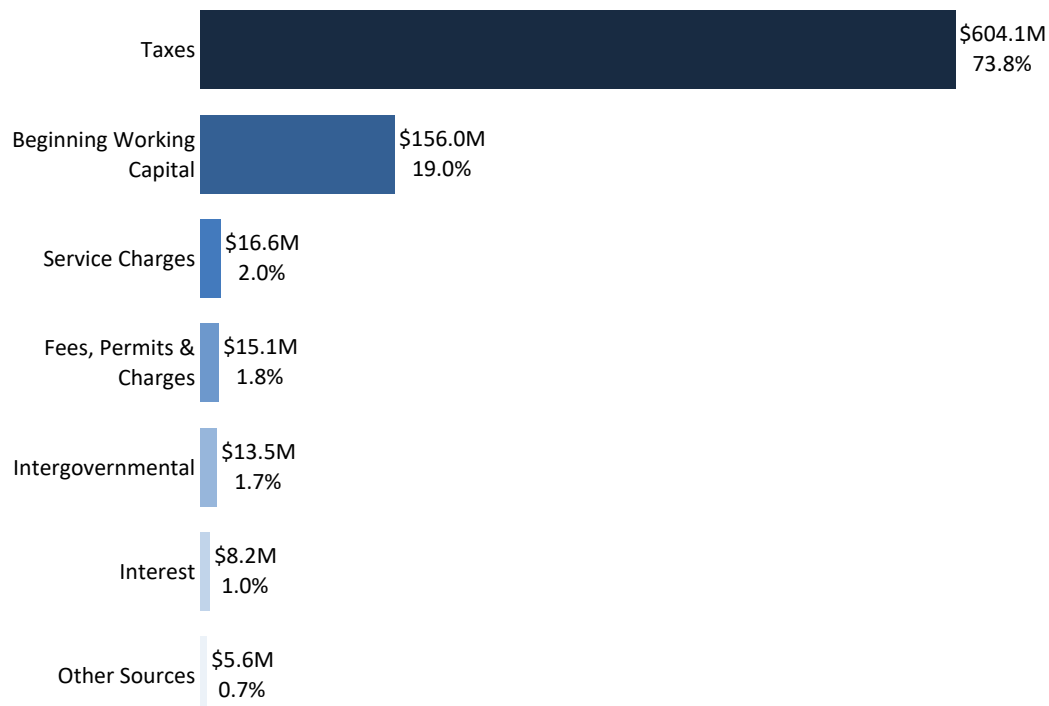
The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2016 through FY 2025. The graph details how much one-time-only (OTO) and ongoing funding was budgeted. Combining each segment provides the total General Fund. The FY 2022 Adopted budget was the last year that the General Fund included Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds. In mid-FY 2022, these funds were moved to the newly created Health Department FQHC Enterprise Fund for easier reporting. Starting in FY 2023, resources from Opioid Settlements were added to the General Fund.



General Fund Revenues (\$819.0 million)

General Fund resources for FY 2025 (excluding \$68.9 million of service reimbursements and cash transfers) have increased only slightly from FY 2024. Direct resources are budgeted at \$819.0 million – a \$2.1 million increase over FY 2024 (or three-tenths of 1%).

As shown in the 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 \$403.9 million, are budgeted to increase by \$15.2 million or 3.9%. Underlying Assessed Value (AV) growth is expected to slow considerably due to slowing development and declining downtown property values, but this is offset by returning AV from the last portion of the Interstate Corridor urban renewal area (URA). Business income taxes (BIT), accounting for \$163.0 million, are budgeted to be up \$7.9 million or 5.1% due to continued strong corporate profits. While the total BIT budgeted in FY 2025 is \$163.0 million, this includes \$1.3 million of potential additional collections due to the City of Portland'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 \$161.7 million. Motor vehicle rental taxes (MVRT), accounting for \$36.7 million, are budgeted to increase by \$2.9 million or 8.5%. Most of this increase is due to enhancements in compliance which has identified new payers in the County.



General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2025, reserves in the General Fund are 12% of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes.

The FY 2025 budget fully funds the General Fund reserves at \$75.1 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 2025 budget also includes the Business Income Tax (BIT) reserve at \$19.6 million (12% of BIT revenues). 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. The County is engaged in 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 \$86.0 million in one-time-only (OTO) General Fund investments and highlights \$8.2 million in significant OTO Other Funds investments for FY 2025. The tables are in the following order:

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

After excluding the Business Income Tax (BIT) Reserve and Video Lottery Fund investments from the table, there are a total of \$66.0 million in new, one-time investments after fully funding the County's General Fund reserves. The major sources of OTO revenues include:

- \$49.2 million of additional Beginning Working Capital (BWC) in FY 2024 from departmental underspending and higher revenues in FY 2023.
- \$9.1 million in November 2023 Forecast adjustments, mainly from upward property tax and interest revisions.
- \$1.8 million in additional interest revenue from the March 2024 Forecast update.
- \$2.7 million of additional revenue from the May 2024 Forecast update and rolling over unused FY 2024 General Fund Contingency
- \$3.1 million in dedicated funds for planning design of a new Animal Services facility.

Budget Director's Message

FY 2025 Adopted Budget

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

Prog #	Program Name	Dept.	FY 2025 General Fund	FY 2025 Other Funds
10007B	Public Records Software	NOND	300,000	
10018B	Food Access Focus	NOND	200,000	
30208C	Safety off the Streets - Emergency Shelter Strategic Investment - Shelter NOFA	JOHS	1,000,000	
40044B/ 78334*	Supplemental Data Sets Partnership with DCA	HD	400,000	400,000
90018B	Phase 3 ADA Ramps	DCS	2,615,000	
95000	General Fund Contingency	Countywide		
	~ Hansen Deconstruction Earmark		550,000	
General Fund Cash Transfers				
95000	~Justice Center Electrical System Upgrade - Bus Duct Replacement - Phase 2 (78233B)		3,812,900	2,687,100
95000	~New Animal Services Facility - Design Phase (78234)		3,110,421	
95000	~ Hansen Deconstruction (78240)		150,000	
30208B	~Safety off the Streets - Emergency Shelter Strategic Investment Expansion (78243)		17,500,000	
95000	~Juvenile Justice Complex Security Foyer (78244)		1,000,000	
95000	~Public Website and Digital Services Transformation (78332B)		1,500,000	
95000	~Network Access Control (78337)		310,000	
95000	~DCHS Workflow Software (78339)		500,000	
95000	~Enterprise Resource Planning Historical Data Retention (78340)		1,000,000	
95000	~ Vance Vision (78210B)		100,000	
Total One-Time-Only for Capital Projects			\$34,048,321	\$3,087,100

*The \$400,000 in Other Funds is from Integrated Clinical Services in program offer 40103 FQHC - Quality Assurance.

Budget Director's Message

FY 2025 Adopted Budget

One-Time-Only Resources for One-Time Expenditures

Prog #	Program Name	Dept.	FY 2025 General Fund	FY 2025 Other Funds
10009C	Transforming Justice - Cully Reimagining Justice Project	NOND	150,000	668,848
10010B	OCI - Policy & Training Coordinator	NOND	132,500	
10010C	Community Budget Advisory Committee (CBAC) Stipends	NOND	42,000	
10010D	Civic Engagement Leadership Training	NOND	130,000	
10011B	Improved Access and Transparency for Board Materials and Procedures	NOND	100,000	
10018C	Ross Island Lagoon Mixing Channel Project	NOND	150,000	
10021	State Mandated Expenses - Flood Safety Benefit Fee	NOND	48,000	
10030	Employee Retention Incentive Payments - Year 3	NOND	287,000	500,000
10031	Elected Official Office Transition	NOND	100,000	
10032*	Community Vitality and Economic Opportunity Grant Pilot Program	NOND	250,000	
15002D	IT Consulting & MS Teams Voice - OTO	DA	185,000	
15015B	Victim Assistant Program - 1.00 Program Specialist Position	DA	136,126	
15101B	Expand Juvenile Unit by 1.00 DDA	DA	205,568	
15201B	Unit C - Gun Violence Case Backlog	DA	289,331	
15207A	MCDA Access Attorney Program (MAAP)	DA	848,473	
15207B	MAAP - Restoration of 2.00 DDAs	DA	509,600	
15301C**	Organized Retail Theft Task Force	DA	263,110	175,000
15301D**	Auto Theft Task Force	DA	263,110	175,000
15301E	Expand Unit A/B by 1.00 DDA, 1.00 Legal Assistant, and 1.00 Data Analyst	DA	441,000	
15403B	Body Worn Cameras - Expansion	DA	776,683	
25003	Newcomer Support Services Pilot	DCHS	1,267,000	
25121B	YFS - Climate Resilience	DCHS	152,948	
25121C	YFS - Cooling Kits for Summertime	DCHS	50,000	
25131D	YFS - Record and Fee Expungement Program (Project Reset)	DCHS	325,000	
25131E	YFS - Eviction Prevention: In Courtroom Support	DCHS	330,000	
25133B	YFS - Emergency Rent Assistance	DCHS	3,643,160	2,000,000
25133C	YFS - Eviction Prevention	DCHS	3,308,738	
25146	YFS - SUN Community Schools: Family Resource Navigators	DCHS	3,000,000	
25147B	YFS - Food Security / Pantry Enhancement	DCHS	180,000	
40000B	Overdose Prevention & Response	HD	1,302,776	

Budget Director's Message

FY 2025 Adopted Budget

Prog #	Program Name	Dept.	FY 2025 General Fund	FY 2025 Other Funds
40000D	Behavioral Health System Transformation - Comprehensive Local Plan	HD	250,000	
40004B	Ambulance Service Plan	HD	756,768	
40007B	Restaurant Inspections Restoration	HD	1,153,733	
40010E	Restore STD Clinic Services	HD	350,000	
40037B	Gas Powered Leaf Blower Project	HD	80,000	
40105C	Downtown Addiction Services Pilot	HD	170,749	
40110	Gun Violence Impacted Families Behavioral Health Team	HD	1,222,614	
50067B	Expand CHI Early Intervention & Diversion Services	DCJ	330,000	
60200B	Business Services Administration (Utilities)	MCSO	238,648	
60215B	Human Resources Expansion	MCSO	450,000	
60520B	Additional Detective	MCSO	240,000	
60555B	Additional Gun Dispossession Deputy - One Time Only	MCSO	217,706	
72009B	FRM Workers' Compensation/Safety & Health Emergency Response Capacity	DCM		185,000
72044B	Regional Construction Workforce Diversity Funder Collaborative	DCM	200,000	
72049B	DCM/NonD Human Resources Team Increased Capacity for NOND	DCM	190,000	
72064	Countywide Strategic Planning	DCM	250,000	
72065	Multnomah County Managers Conference	DCM	114,000	
72066	DCM Tax Title Reserve Fund	DCM	5,000,000	
72068	Recruitment and Retention Campaign	DCM	310,000	
80025	Library Special Projects	LIB		1,452,985
90008B	Animal Health Professional Services	DCS	300,000	
90009B	Charter Reform RCV Voting Support	DCS	132,957	
90010B	Presidential Election	DCS	180,000	
90010D	Ranked Choice Voting One Time Only	DCS	576,419	
90010G	Voters Pamphlet	DCS	127,000	
90021B*	Zoning Code Improvement Project	DCS	140,000	
95000	General Fund Contingency	Countywide		
	~ Public Campaign Finance Earmark (budgeted in subfund 10050)		500,000	
95000	BIT Reserve at 12%		<u>19,554,427</u>	
Total One-Time-Only			\$51,902,144	\$5,156,833

*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.

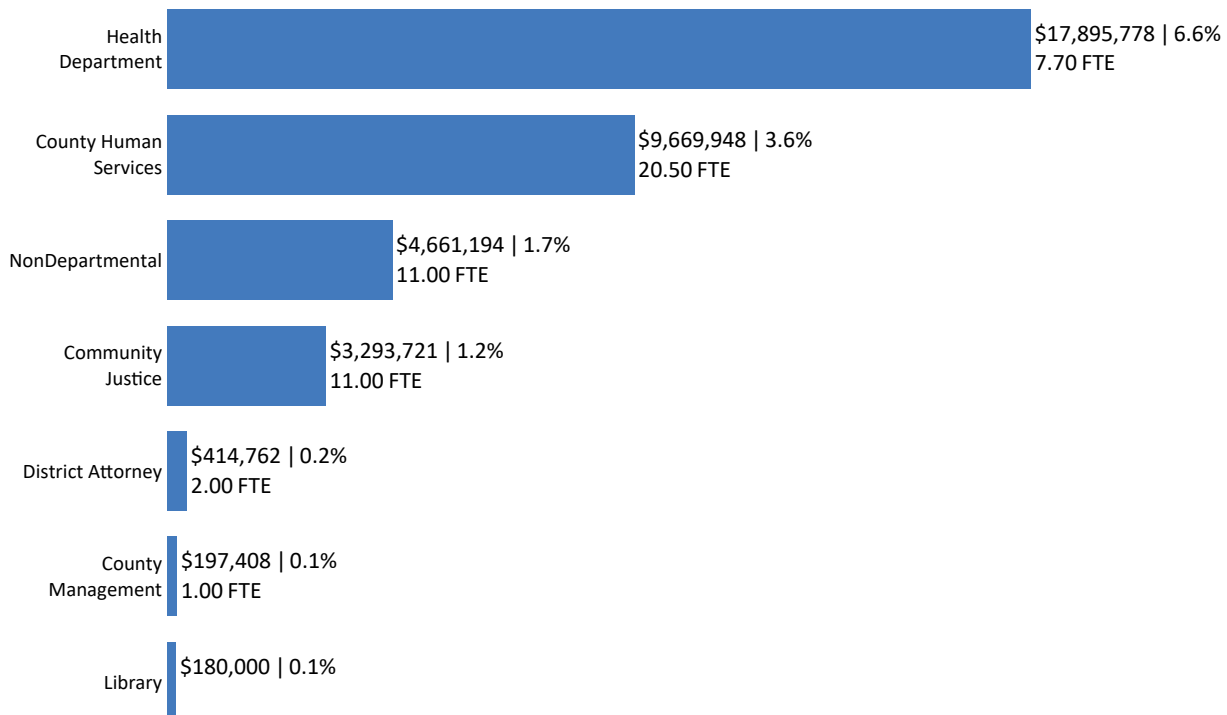
Voter Approved Initiatives (Year 4)

In 2021, local voters passed two new taxes and approved a General Obligation (GO) Bond detailed below.

Voter Initiative	Operating Budget	Reserves, Contingencies, & Dedicated Savings	Total Budget
Supportive Housing Services (SHS) Measure	269,522,683	33,286,856	304,809,539
Preschool for All	106,310,092	465,962,827	572,272,919
Library Capital Bond	254,975,980	0	254,975,980

Metro Supportive Housing Services Measure (SHS Measure) - \$304.8 million

FY 2025 is the fourth year of a 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 budget includes \$304.8 million (including \$33.3 million of contingencies and reserves) of SHS Measure-funded programming. The Joint Office of Homeless Services (JOHS) partners with other County departments and community providers on coordination and implementation serving our houseless neighbors. Prior to FY 2024, the entire SHS budget was housed in the Joint Office of Homeless Services. In FY 2025, department budgets have a direct allocation of Supportive Housing funding. This transfer reflects the collaboration between County departments and the Joint Office to establish a unified approach in addressing homelessness. The budget appropriations included with the various department partners are shown in the bar chart and table below. Of the \$269.5 million SHS operating budget, \$233.2 million (86.5%) is budgeted in JOHS and \$36.3 million (13.5%) budgeted in partner departments.



Budget Director's Message

FY 2025 Adopted Budget

Supportive Housing Services - Partner Departments

Prog. #	Program Name	SHS Fund	General Fund	Other Funds	Total Cost	SHS FTE
Nondepartmental						
10000B	Homelessness Response System - Supportive Housing Services	728,358			728,358	3.00
10012C	Logistics - Supportive Housing Services	1,599,956			1,599,956	8.00
10012D	Countywide Severe Weather Shelter - Supportive Housing Services	<u>2,332,880</u>			<u>2,332,880</u>	
Total Nondepartmental		\$4,661,194	\$0	\$0	\$4,661,194	11.00
District Attorney						
15107	Community Reinvestment Coalition - Supportive Housing Services	\$414,762	\$0	\$0	\$414,762	2.00
County Human Services						
25000	DCHS Director's Office	187,076	3,478,738		3,665,814	1.00
25011	IDDS Budget and Operations Support	163,526	626,111	7,241,940	8,031,577	1.00
25012	IDDS Services for Adults	302,084	1,501,672	9,419,150	11,222,906	1.00
25029B	ADVSD Transition & Diversion - Supportive Housing Services	1,066,706			1,066,706	6.00
25050B	YFS - Domestic Violence Housing Support - Supportive Housing Services	733,631			733,631	2.00
25118	YFS - Youth & Family Services Administration	177,476	2,631,589		2,809,065	1.00
25131E	YFS - Eviction Prevention: In Courtroom Support	250,000	330,000		580,000	
25133C	YFS - Eviction Prevention	1,798,107	3,308,738		5,106,845	6.00
25139B	YFS - Multnomah Stability Initiative (MSI) - Supportive Housing Services	4,779,560			4,779,560	1.00
25160	YFS - Data and Evaluation Services	<u>211,782</u>	<u>1,958,616</u>	<u>0</u>	<u>2,170,398</u>	<u>1.50</u>
Total County Human Services		\$9,669,948	\$13,835,464	\$16,661,090	\$40,166,502	20.50
Health						
40010D	Supportive Housing Services for Communicable Disease Clients - Supportive Housing Services	337,033			337,033	1.00
40044A	Health Data and Analytic Team	199,881	3,527,009	0	3,726,890	1.00
40069B	Old Town Inreach - Supportive Housing Services	1,100,000			1,100,000	0.00
40069C	Behavioral Health Crisis Services - Supportive Housing Services	1,570,911			1,570,911	1.00

Budget Director's Message

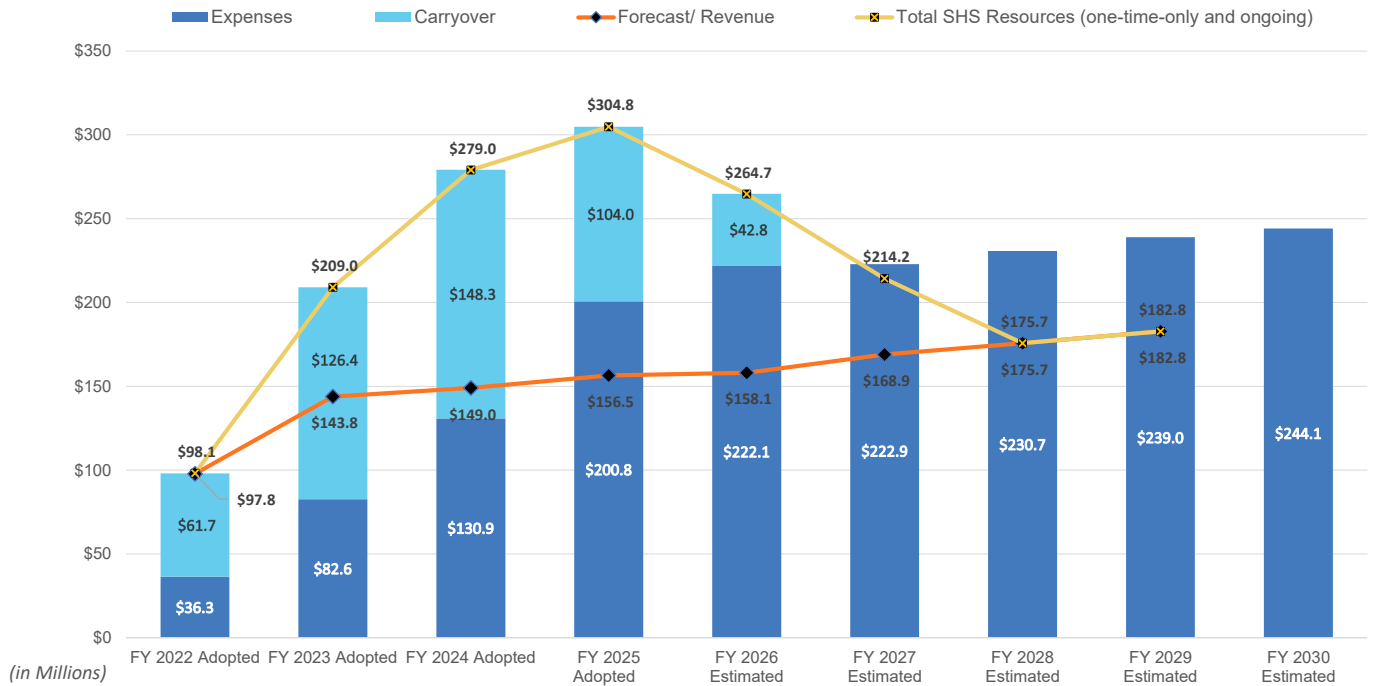
FY 2025 Adopted Budget

Prog. #	Program Name	SHS Fund	General Fund	Other Funds	Total Cost	SHS FTE
40074B	Mental Health Residential Services - Supportive Housing Services	667,160			667,160	
40084C	Culturally Specific Mobile Outreach and Stabilization Treatment Program- Supportive Housing Services	542,325			542,325	
40085B	Adult Addictions Treatment Continuum - Supportive Housing Services	2,258,689			2,258,689	
40101B	Promoting Access To Hope (PATH) Care Coordination Continuum - Supportive Housing Services	1,011,589			1,011,589	4.70
40105A	Behavioral Health Resource Center (BHRC) - Day Center	1,400,000	3,017,819	873,427	5,291,246	
40105B	Behavioral Health Resource Center (BHRC) - Shelter/Housing	1,084,650	891,684	1,890,000	3,866,334	
40112	Shelter and Housing - Supportive Housing Services	<u>7,723,540</u>			<u>7,723,540</u>	
	Total Health	\$17,895,778	\$7,436,512	\$2,763,427	\$28,095,717	7.70
Community Justice						
50034B	Assessment and Referral Center - Housing - Supportive Housing Services	1,768,887			1,768,887	3.00
50041	DCJ Stabilization and Readiness Program (SARP) - Supportive Housing Services	<u>1,524,834</u>			<u>1,524,834</u>	<u>8.00</u>
	Total Community Justice	\$3,293,721	\$0	\$0	\$3,293,721	11.00
County Management						
72012B	FRM Fiscal Compliance Supportive Housing Services	\$197,408	\$0	\$0	\$197,408	1.00
Library						
80027	Library Peer Support Specialists - Supportive Housing Services	\$180,000	\$0	\$0	\$180,000	0.00
	Total All Partner Departments	\$36,312,811	\$21,271,976	\$19,424,517	\$77,009,304	53.20

Budget Director's Message

FY 2025 Adopted Budget

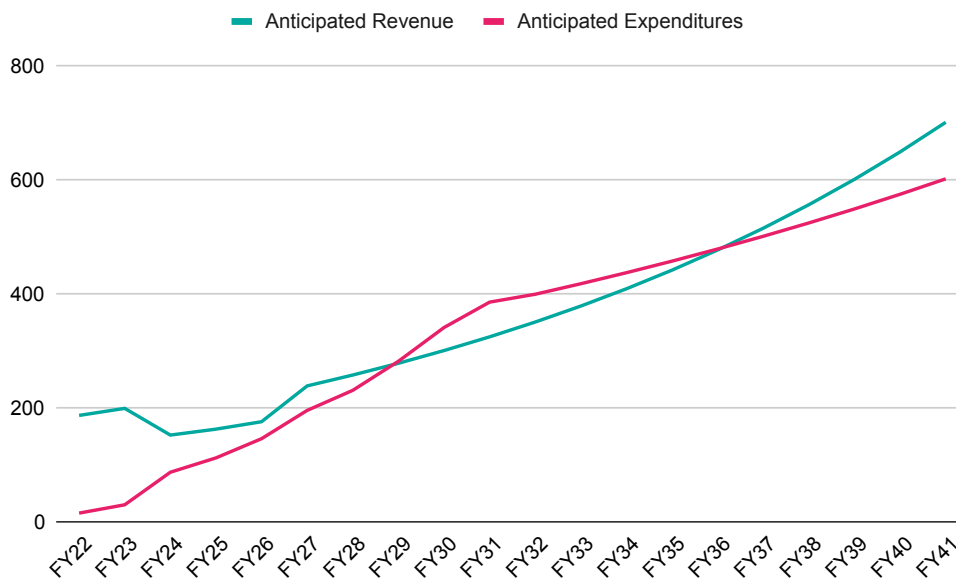
FY 2025 total Metro Supportive Housing revenue for Multnomah County is \$304.8 million, of which \$156.5 million is ongoing revenue (based on Metro's most recent forecast) and \$148.3 million of beginning working capital (BWC). Midway through FY 2024, Metro revised the SHS forecast from \$96.2 million to \$149 million due to higher than expected revenue collections. In FY 2026, the Metro SHS forecast is estimated at \$158.2 million, which is a revenue growth rate of 1% for Multnomah County. Revenue growth for FY 2026 will be lower than expenditure growth and likely lead to a deficit and potential reduction in ongoing services.



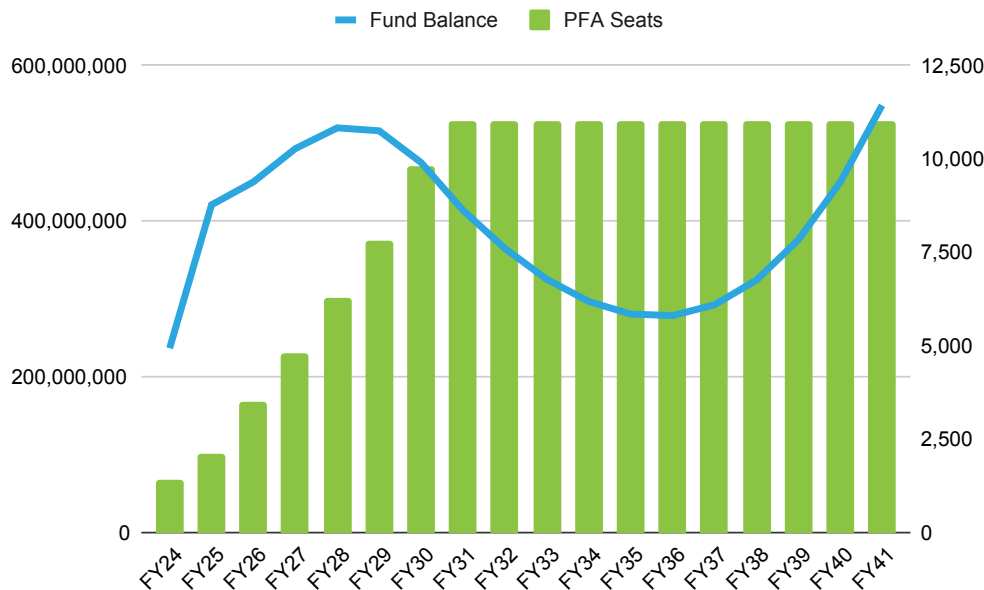
Preschool for All (PFA) - \$572.3 million, 2,100 preschool slots

FY 2025 is the fourth year of a voter-approved personal income tax on high-income households to fund universal preschool. The FY 2025 budget includes \$163.0 million in new funding from FY 2025 tax collections. The remaining resources come from carryover from previous fiscal years (\$409.3 million) which seeds the program's Dedicated Savings set aside to address expected future deficits, and program contingencies and reserves. The reserve and contingency funds are long-term financial stability strategies. Dedicated Savings is a limited-term strategy which will be used to address the challenge of expenditures outpacing annual revenue beginning in FY 2029. Based on current revenue and cost estimates, there will be an 8-year period from FY 2029 to FY 2036 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.

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 seat numbers remain lower will be used as Dedicated Saving dollars to ensure that PFA can provide consistent levels of high-quality preschool experiences for Multnomah County families. These Dedicated Savings resources will be used to offset an anticipated operational deficit between FY 2029 and FY 2036 of over \$240 million. In the longer term, the modeling shows that once the program hits universality, revenues are expected to grow faster than expenditures. Updated demographic modeling assumes that the number of three- and four-year olds in Multnomah County will level off and the number of PFA seats will remain constant. In the PFA Fund Balance graph below, this shows up as an increasing fund balance after FY 2036. The Multnomah County Board has the authority to make adjustments to the program to better align revenues and expenditures, but given the uncertainty of forecasting beyond five years, the forecast will likely continue to develop and change as more data becomes available.



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 seat numbers remain lower, will be used as Dedicated Savings dollars. The graph below shows the anticipated build up and spend down of these dollars over the program's implementation. Applications for the first round of preschool seats opened in spring 2022 and the first students were in classrooms in FY 2023. The number of preschool seats will grow every year until 2030 when publicly funded preschool will be universal.



Multnomah County - Library General Obligation Bond - \$255.0 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 (opened in FY 2024), 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, not all of which are currently allocated but are available to use in the event of unexpected costs.

For more information about individual bond projects and timelines, see DCA Program Offers 78228A-J.

Expiring American Rescue Plan Act (ARP)

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.

Entering into the final year of spending for the American Rescue Plan funding, the County has the final \$2.5 million of our direct allocation to spend. The funding is allocated as follows:

- \$2,000,000 for Emergency Rent Assistance (25133B)
- \$500,000 for Employee Retention Incentives (10030)

As the American Rescue Plan funding expires, we continue to see high needs in the community due to persistent impacts resulting from the pandemic and the uneven economic recovery. We also recognize that many of the programs funded with ARP provide valuable and needed services and need to be prioritized alongside the more traditionally funded General Fund programs as part of the budget process.

The FY 2025 budget continues to evaluate the need for programs initially designed to serve the community during the pandemic. This has resulted in 18.50 FTE and \$11.0 million of County General Funds and \$6.3 million of Supportive Housing Services funding being invested in these critical services. The following programs were transferred from American Rescue Plan funding to the General and Supportive Housing Services Funds due to the critical need for the services.

Dept.	Prog. #	Program Offer Name	County General Fund	Supportive Housing Services Fund	FTE	Ongoing or OTO
MCSO	60520B	Additional Detective	240,000		1.00	OTO
MCSO	60555B	Additional Gun Dispossession Deputy - One-Time-Only	217,706		1.00	OTO
MCSO	60555C	Gun Dispossession Deputy	217,741		1.00	Ongoing
DCHS	25047B	YFS - Domestic Violence Services to Highly Vulnerable Survivors	236,655		1.00	Ongoing
DCHS	25133B	YFS - Emergency Rent Assistance	3,643,160		8.50	OTO
DCHS	25133C	YFS - Eviction Prevention	3,308,738	1,798,107	6.00	OTO
DCHS	25146	YFS - SUN Community Schools: Family Resource Navigators	3,000,000			OTO
DCHS	25147B	YFS - Food Security / Pantry Enhancement	180,000			OTO
JOHS	30210A	Safety on the Streets		774,750		OTO
JOHS	30304	Housing Placement & Retention - Emergency Rent Assistance		<u>3,268,845</u>		OTO
Total			\$11,044,000	\$5,841,702	18.50	

Policy Issues and Opportunities

The FY 2025 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.

Community Violence Intervention and Prevention

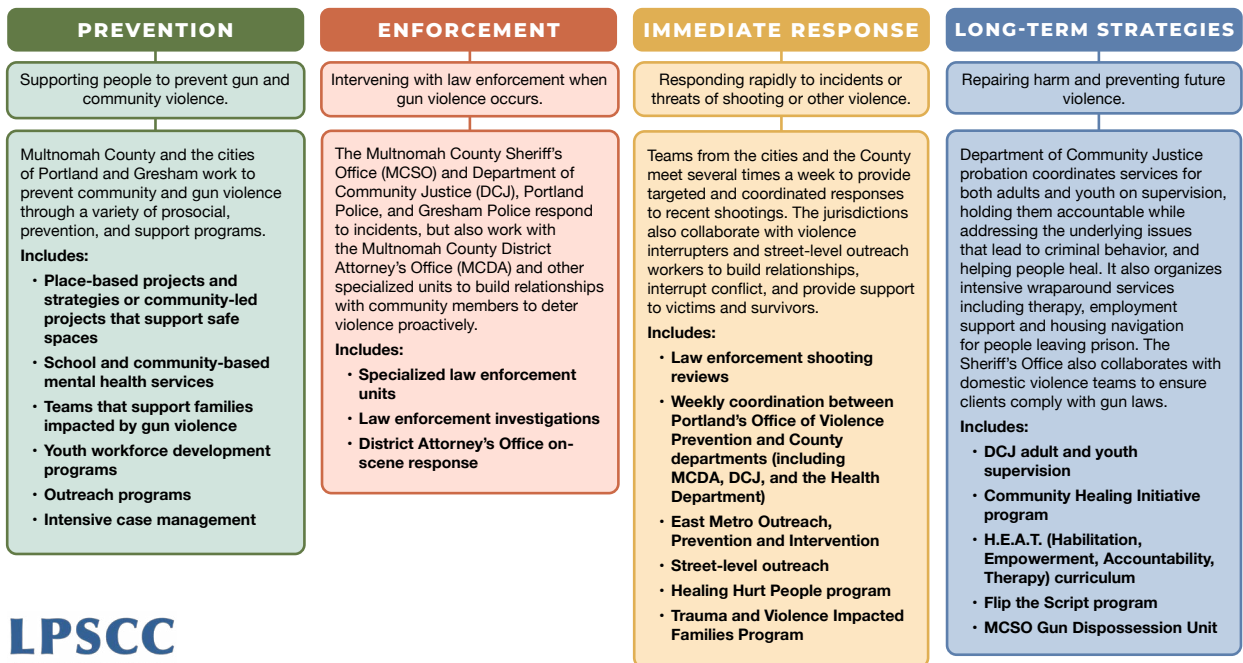
Multnomah County and the cities of Portland and Gresham experienced consecutive record-breaking years of gun violence rates in 2021 and 2022 because of factors and conditions exacerbated by the pandemic. As federal dollars that supported many of these new violence prevention investments begin to sunset, the local public safety system must examine how it can remain committed to effective programs. In the past, investments in anti-violence programs were curtailed or removed once they started showing results.

Multnomah County's gun violence prevention efforts are guided by three themes:

1. Gun violence is preventable
2. Strategies and approaches inclusively lead with race
3. Responses require collaboration and coordination across a continuum of strategies

Multnomah County and the cities of Portland and Gresham, alongside numerous partners, together address the risks and impacts of community violence through a continuum of strategies designed to address both the underlying contributors to violence and its downstream impacts. These strategies are organized around the pillars of Prevention, Enforcement, Immediate Responses to Violence and Long-term Strategies.

How the County, Cities, and community work together to address gun violence



For more information, please go to www.multco.us/addressing-gun-violence.

State of Oregon Funding

Senate Bill 1145

The State's Adopted Budget for the FY 2023-2025 biennium included 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 faced a significant shortfall beginning in the FY 2024 budget. In FY 2024, one-time-only funding was used to backfill the State reduction. In the 2024 State legislative session, the State increased the SB 1145 funding for Multnomah County by \$2.6 million, which doesn't fully cover the reduction. The FY 2025 budget includes new ongoing General Fund investment of \$2.8 million in the Sheriff's Office (60330E) and \$1.0 million in DCJ (50046) to backfill the State reduction.

House Bill 4002 and HB 5204

The State of Oregon passed House Bill 4002, and the related appropriation bill House Bill 5204, which creates changes to Measure 110 that will affect many systems within the county and jurisdictional partners. Measure 110 originally decriminalized the possession of small amounts of a variety of drugs and rededicated various State funding streams to drug treatment. This new HB 4002 and 5204 investment will support the County's work to quickly implement a deflection system, collaborate with inter-governmental partners on shared policy goals, phased plan, and understanding of success. Multnomah County will clearly articulate the phasing of its response to this new law and its associated requirements in partnership with justice and law enforcement partners, other jurisdictional partners, and internal county departments. Currently, the FY 2025 budget includes the following funding to support a deflection system.

Dept.	Prog. #	Program Offer Name	County General Fund	Other Funds
NOND	10000C	HB 4002 Implementation	2,000,000	
HD	40000C	Deflection Program - State Funding		25,000,000
HD	40000C	Deflection Program - City of Portland Funding		1,900,000
HD	40000C	State Funding - Improving People's Access to Community-Based Treatment (IMPACT)		3,865,152
HD	40000C	State Funding - County Financial Assistance Agreement		1,800,000
			\$2,000,000	\$32,565,152

Deflection Program

The 2024 State legislative session included \$25 million for a deflection program (\$15 million from SB 5701 and \$10 million from HB 5204). The City of Portland is also contributing \$1.9 million. Per HB 4002, a deflection program is a collaborative program between law enforcement agencies and behavioral health entities that assists individuals who may have substance use disorder, another behavioral health disorder or co-occurring disorders, to create community-based pathways to treatment, recovery support services, housing, case management or other services outside of the justice system. The County's program will include a physical location, outreach, and other services that meet the definition of a deflection center or program. More information can be found in the Health Department's Deflection Center program (40000C).

More information can be found at www.multco.us/lpscc/hb4002-implementation.

Ambulance Service Plan

The Health Department's Emergency Medical Services (EMS) is the designated administrator of the Ambulance Service Plan (ASP) which contracts, coordinates, regulates and provides medical direction in Multnomah County. The scope and approach of emergency medical services provided by the County is established in the ASP and approved by both the Board of County Commissioners (BOCC) and the Oregon Health Authority (OHA). In mid-FY 2024, the County began undertaking a full review of the Ambulance Service Plan, including staffing. The FY 2025 budget includes \$0.8 million of one-time-only General Fund to continue this assessment (40004B).

Overdose Prevention & Emergency Fentanyl Response

On January 30, 2024, the State of Oregon, Multnomah County and City of Portland each declared a 90-day state of emergency and launched a unified approach to address the fentanyl crisis in Portland's City Center. The tri-government approach is a first-of-its-kind strategy to better coordinate City, State and County efforts for short term and long term success. As of February 26, there are at least 46 staff assigned either full or part time in the incident management team. There are also hundreds of first responders, outreach workers and frontline staff working daily with those most impacted by the crisis.

As part of the 90-Day Fentanyl Emergency, the Health Department has released a series of [fentanyl dashboards](#) that can be found at www.multco.us/multnomah-county/fentanyl-state-emergency.

Unified Command is guided by the following objectives:

- Leverage the city, state and county's resources to improve livability in Portland's city center.
- Enhance coordination and accessibility of housing, treatment, and recovery services in Portland.
- Combine health, law enforcement, and other data into a countywide dashboard for better response and monitoring.
- Identify housing, health and law enforcement gaps and obstacles, then make specific policy recommendations to leaders and lawmakers for better coordination.

- Develop a 90-day plan to expand and improve response efforts, with focus on both short-term and long-term needs.

The Multnomah County Health Department works to reduce overdoses and overdose deaths in our county. We have four key areas of focus:

- Prevention
- Harm reduction and intervention
- Treatment
- Ongoing recovery support

Our commitment is to our communities. Each of us deserves dignity, choice, and support. This means meeting people where they are, with compassion, cultural humility, and without judgment.

This work is outlined in the 2024 Overdose Prevention and Response Plan that can be found at www.multco.us/file/135885/download.

Along with the existing work of the County, the FY 2025 budget invests new funding in the amount of \$1.3 Million for Overdose Prevention and Response (40000B). The budget also includes \$0.8 million for a Harm Reduction Street Outreach Team (40061C).

Tax Title Supreme Court Case

In response to the U.S. Supreme Court's Tyler v Hennepin decision, the budget includes \$5.0 million of one-time-only General Funds in the Tax Title reserve fund (72066) that can be used to fund potential refunds owed by the County.

As a result of the decision, a portion of Oregon law directing the distribution of property tax foreclosure sale proceeds is invalid. Oregon's legislature was unable to pass a bill in the current session in response. With a statewide workgroup meeting to find consensus, the State's 2025 session could result in a new direction of tax foreclosure proceeds going forward and for past years. For now, the County may owe some property owners partial refunds on the proceeds of properties that were auctioned following nonpayment of property taxes.

Climate Resilience

In July 2023, 125 volunteers partnered with the counties to map differences in temperature throughout Multnomah, Washington, and Clackamas Counties. By using special equipment attached to their cars, volunteers collected more than 269,000 temperature readings in neighborhoods across the three counties. The same method has been used globally and was deployed in a cohort of communities organized by National Oceanic and Atmospheric Administration (NOAA) in summer 2023. The Portland metro project is the largest in the world to date, covering over 400 square miles. The study's results will inform both immediate and long-term actions by the three counties including work related to emergency management, public health, homelessness, human services, land use, urban planning and infrastructure design.

Homelessness Response Action Plan (HRAP)

The [Homelessness Response Action Plan](#) is a path to provide more people with safer options off our streets that meet their needs. It will strengthen and refocus existing systems of care to better ensure that when someone leaves their tent or shelter bed for a home, they can remain in that home. The plan emphasizes work to address racial disparities in homelessness. And, it commits to providing clear and expanded access to the range of services someone needs to leave homelessness or never have to experience it in the first place.

The HRAP has identified the following goals for the next two years:

- House or shelter 2,700 more people
- Add 1,000 beds of shelter capacity (an increase of 39%)
- Increase the number of adults leaving shelter for permanent housing by 15%
- Making sure 75% of people placed in permanent supportive housing are still there 24 months after placement
- Increase the supply of affordable housing through regulatory changes, building conversations and new construction funding

More information can be found at www.multco.us/multnomah-county/homelessness-response-action-plan.

Leaning into the One County Initiative

Restructuring the Office of the Chief Operating Officer (COO)

Last summer and fall, the County worked with a consultant to assess the roles, duties and organizational structure of the Office of the Chief Operating Officer (COO). The COO's office sits at the nexus between elected officials and the County departments that deliver critical services every day. The COO oversees all eight of the County's major departments and serves as the DCM Director. The consultant found a number of strengths to the County's current model, they also highlighted several challenges:

- The COO spends a lot of time responding to urgent matters, limiting time to lead countywide strategic planning and goal setting.
- The COO has a large span of managerial obligations and many direct reports.
- The dual DCM Director/COO role is, in many ways, two jobs. This position is expected to be an equitable advocate for departments wearing the COO hat while also managing and securing resources for DCM.

To address these challenges, the COO has proposed an organizational restructure that is in line with the recommendations. The primary goal is to reduce the scope of managerial responsibilities and direct reports so that the COO's office can spend less time responding to urgent issues, making space to focus on the County's top initiatives and prioritizing continuous quality improvement across the organization.

Countywide Strategic Planning

In FY 2025, the County will continue the work from FY 2024 to update and refresh our Mission, Vision, Values with a new investment in a Countywide Strategic Planning (72064) effort. This program will support departments in the development or alignment of their strategic plans with the new countywide strategic plan, informed by the renewed countywide mission, vision, and values. By aligning strategic plans the County can identify and advance key countywide priorities based on shared values. This work will be supported by the new investments in the Chief Operating Officer's programs including the SPARK Unit (Strategic Planning, Performance, Agility, Reinvention, and Knowledge). SPARK (72000B) will support countywide transformation, driving strategic focus, continuous improvement, and innovative solutions to meet the evolving needs of our communities.

2024-2028 Workforce Equity Strategic Plan (WESP)

The [2024-2028 Workforce Equity Strategic Plan](#) (WESP) offers a road map for renewing and growing the County's internal equity efforts over the next four years, embracing a forward-looking strategy to continue building a more equitable workplace environment and experience.

The County's first Workforce Equity Strategic Plan (WESP), adopted in 2018 and amended the year after, recommended focus areas and recommendations aimed at meaningfully addressing inequities, employee experiences and organizational practices that harm employees of color and other marginalized groups. The newly adopted plan builds on the infrastructure, practices and other improvements established in accordance with the first plan. It consists of 33 action benchmarks across eight categories to be implemented over the course of a four-year cycle.

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

Public Campaign Finance

In 2016, Multnomah County voters approved limits on campaign contributions and expenditures for candidates seeking the positions of Multnomah County Chair, Commissioner, Auditor, and Sheriff. In 2020, the Oregon Supreme Court upheld the limits on campaign contributions, but struck down the limits on expenditures. As a result, candidates for elected office in Multnomah County are limited to accepting no more than \$568 from an individual or political committee, however there is no comparable limit on the amount of money that can be expended by a campaign, leading to inequities in the ability to seek elected office, particularly for candidates from historically underrepresented communities, and making it challenging for candidates who cannot self-finance their campaign or carry over funds from prior campaigns to compete for elected office.

The County will explore the possibility of establishing a partnership between Multnomah County and the City of Portland's Small Donor Elections program to establish a public campaign finance program for candidates seeking Multnomah County's elected offices.

Burnside Bridge Replacement

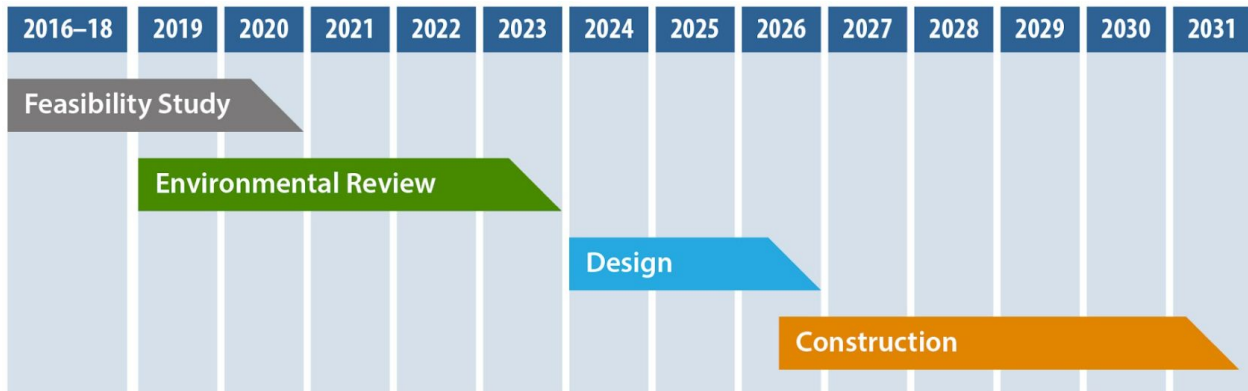
Built in 1926, the Burnside Bridge has been designated as an official emergency transportation lifeline route by Metro. As such, it is the Transportation Division's highest priority to ensure that the bridge meets seismic standards to withstand the anticipated magnitude 9.0 Cascadia Subduction Zone event 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.

In FY 2024, The National Environmental Policy Act (NEPA) phase of the project was completed and the design phase began (with a goal of 30% design completion by the end of FY 2025). It is estimated to cost \$128 million to complete the 100% design phase (FY 2023 – FY 2027). In FY 2025, the County will finalize the type of bridge.

The project received \$20 million funding from the State via HB 5030 and will be available in the spring of 2025. 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. The program does not assume any debt issuance in FY 2025. More project information can be found at www.multco.us/earthquake-ready-burnside-bridge. The current project timeline is below.



Overall Project Timeline



Budget Audit Recommendations

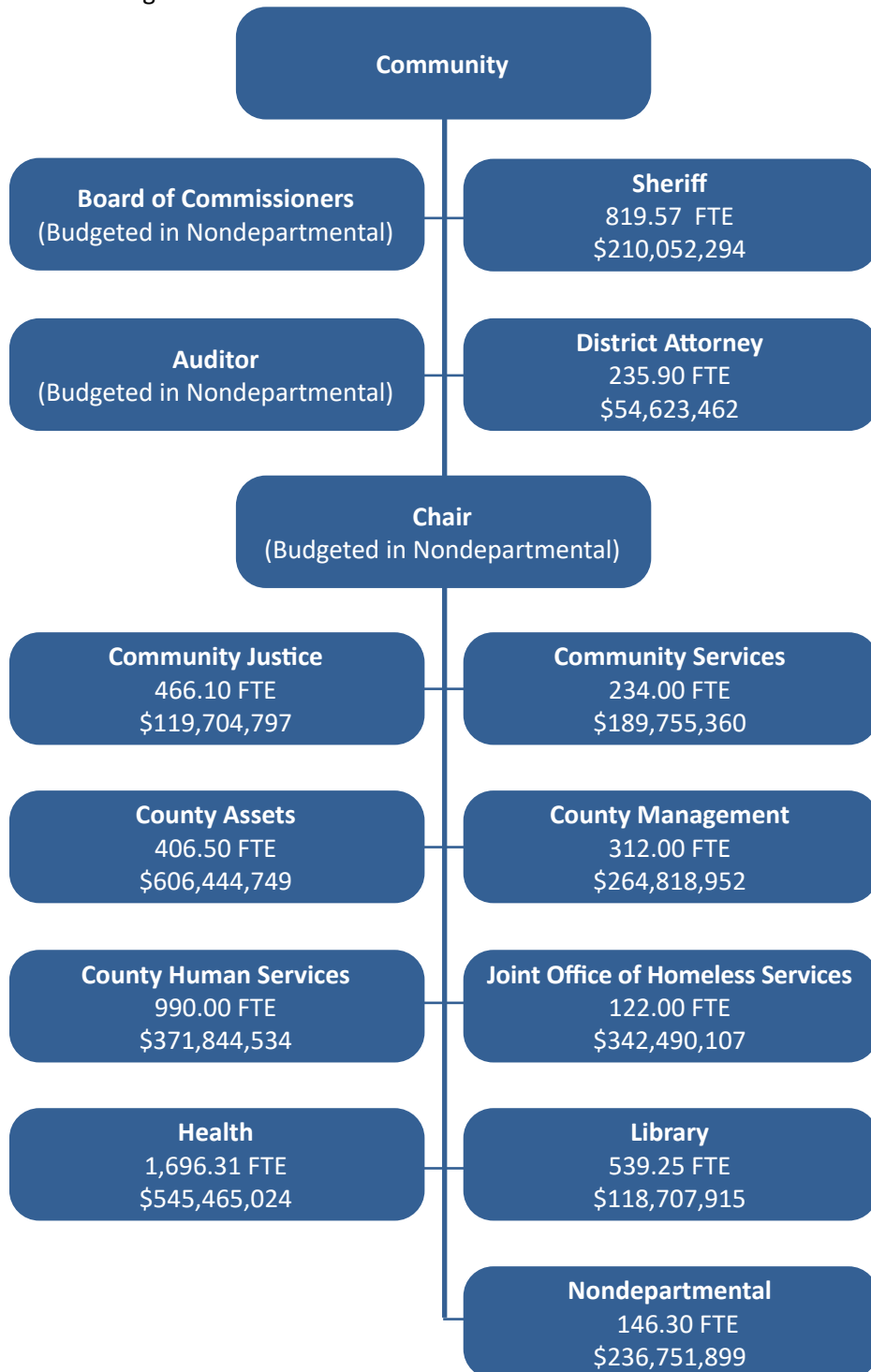
The Multnomah County Auditor's Office published a report on the budget process in October 2023, and presented the findings to the Board on November 21, 2023. While the audit noted that many of the County's budget processes are consistent with best practices, it also identified areas of concern and made specific recommendations. Below are a summary and updates for the four recommendations:

- **Recommendation 1: Improve transparency by reporting on budget to actuals expenditures.** In December 2023, the Budget Office released the [FY 2024 Budget Monitoring Dashboard](#), which is linked on the Budget Office website, www.multco.us/budget. It includes department historical spending information.
- **Recommendation 2: Develop a policy requiring departments to report to the Board of County Commissioners when they intend to make expenditures in a way that the Board defines as materially different from how they propose to spend funds in program offers.** Determining the right thresholds for a material difference will be key to ensure the County balances the need for transparency with the added workload within departments, the Budget Office and for the Board. The Chief Operating Officer, County Budget Director and the Chief Financial Officer will research best practices and bring policy recommendations to the Board for consideration.
- **Recommendation 3: Early engagement with the community budget advisory committees.** In the [Chair's Budget Guidance to Directors](#), sent December 2023, she asked the County to engage Community Budget Advisory Committees (CBACs) earlier in the FY 2025 budget process so that their comments, thoughts, and priorities had more time to be addressed before the release of the Proposed budget. The guidance is linked on the Budget Office website, www.multco.us/budget.
- **Recommendation 4: The Board of County Commissioners should study whether the county should budget on an annual or biennial process and report on the results of this study.** FY 2025 will be the second year the Budget Office hosts a Hatfield Resident Fellow, who will take the lead in researching a report weighing the possibilities and risks of developing a biennial budget.

For additional details, please see the [report](#) and [response letter](#), which are in a single pdf at www.multco.us/file/134266/download.

Multnomah County Organization Chart

Multnomah County delivers its services through 11 departments, including two managed by independently elected officials, Nicole Morrisey O'Donnell, Sheriff, and Mike Schmidt, District Attorney; and Jennifer McGuirk, County Auditor (whose office resides in Nondepartmental). There are 5,967.93 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 departments, offices, 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, Chief of Staff Jenny Smith, Deputy Chief of Staff Stacy Borke, and Director of Budget & Strategic Projects Tabitha Jensen - 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: Anisha Govindankutty, Althea Gregory, Ching Hay, Leah Isaac, Dianna Kaady, Aaron Kaufman, Ashlye Manning, Jeff Renfro, Erin Russell, Chris Yager, and to the Evaluation and Research Unit: Jillian Girard, Timothy Ho, Kai Rose, and Alison Sachet.

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

Christian Elkin

Multnomah County Budget Director

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Finance Technician
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July 01, 2023

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to Multnomah County for its annual budget. In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.