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Multnomah County Chair

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Friday, November 21, 2025,

Dear Directors,

I wish I had better news to share, for the sake of everyone we're working so hard to serve. But unfortunately it's no surprise that Multnomah County will continue to face a difficult road in FY 2027.

Right when it feels like demand for our services is reaching new heights, when people need us the most, we're heading into another year with a constrained budget. Our County economist is now forecasting a $10.5 million deficit in our General Fund. Meanwhile, forces outside our control are making this crisis worse. Falling property tax revenues, ongoing inflation, state budget shortfalls and federal unpredictability all mean relief may not be coming any time soon.

I know this is deeply challenging news to bear, coming after a painful budget process this spring, followed by our rebalancing work this fall. You've had to work hard — month after month after month — to find the least damaging solutions for this crisis while never wavering in your focus to preserve our most important and impactful safety net services.

And as we stare down yet another season of those kinds of decisions, I want to be clear that my staff and I will be standing right beside you. There's no escaping the reality that cuts will once again be required across the County, and that once more we will be asked to do more for our community with less.

But at the same time, this moment also presents opportunities — for innovation, collaboration, and transformation — as we resolutely fulfill our ultimate goal of delivering the highest-quality services possible for the people of Multnomah County.

To that end, this letter outlines my detailed expectations for your baseline budget proposals, and provides guidance on target allocations, personnel needs and internal service rate determinations.

Three years in as Chair, I have had the opportunity to work with each of you in this process. You have repeatedly demonstrated your expertise and leadership in the most difficult circumstances imaginable. You have my appreciation and my trust that you will continue to help Multnomah County deliver on a budget that reflects our vision, values and mission while meeting the greatest needs of our community members.

Fiscal Year 2027 Budget Principles

As has been the case throughout my tenure, work to prepare our Fiscal Year 2027 budget will be rooted in Multnomah County's values and guided by the following principles:

Equity in Budgeting

Our services must continue to prioritize our most vulnerable populations through a commitment to equity and eliminating disparities. Even as we navigate tough budget decisions and a federal administration hostile to these values, the goal of eliminating disparities and prioritizing services that focus on populations adversely affected by racism and additional socio-economic conditions must remain a core focus. This is not only the right thing to do, but it will also make the biggest impact and achieve the best outcomes for everyone we serve.

To this end, I ask that you work with the Office of Diversity and Equity as you did last year to include clear and explicit analysis detailing equity impacts in your proposed reduction packages and your transmittal letters. This analysis must specifically identify any disparate impacts on vulnerable populations to ensure equity remains central to budget decisions.

Strategic Alignment to Maximize Direct Services

Department budget proposals must be centered on the goal of maximizing direct services to Multnomah County residents, particularly those who rely on us most heavily. We will carefully examine the balance of direct service and administrative investments, with a focus on how we can increase the efficiency and efficacy of our internal and external services. I expect departments to prioritize core services and preserve front-line staff, and challenge themselves to find greater opportunities for equitable access, innovation, and efficiency.

I remain focused on aligning our work as "One County" to achieve a comprehensive understanding of all organization functions and desired outcomes. While defining outputs in your Program Offers is still valuable, the narratives in your transmittal letters must also describe Division Level Outcomes. Additionally, the SPARK Team will create an appendix table for your transmittal letters that shows which Strategic Plan Focus Areas and Outcomes your department is directly responsible for collecting, tracking, and reporting.

Comprehensive Community Engagement

Community Budget Advisory Committees (CBACs) are as important as ever to ensure our services are aligned with our community's most pressing needs. I ask that you support your CBAC and budget staff, working closely with the Office of Community Involvement (OCI) to generate collective input, improve the engagement process, and enhance participants' experience. Keep your CBAC updated on key budget issues for your department and provide accessible budget materials for teaching and learning.

My team is working with OCI and the Board of County Commissioners to create more educational and engagement opportunities to help the public better understand our budget process and share their feedback and priorities. This includes more Budget 101 trainings, district town halls and listening sessions; the community budget survey; and meetings with advisory committees and the public. I have already begun holding listening sessions with key partners of the County, such as our contracted service providers, small business owners, and leaders from local governments, community-based organizations, Tribes, and school districts.

Budget Proposal Expectations & Guidance

General Fund Allocation

Responding to our challenging budget situation is a shared responsibility. To give me a range of options to address our deficit, all departments except non-departmental offices must submit at least a 5% reduction package. Be prepared to explain your prioritization of your proposed reductions at all of your meetings with the Chair.

Departments should submit base budgets at current service levels in Questica, along with your General Fund Reduction Packages, as detailed further below. In your baseline budget, you should include a cost-of-living adjustment (COLA) of 3.3% for our General Fund human services contractors. An allowance for this COLA will be included in your General Fund target allocations.

Reductions in your FY 2027 requested budget should use the following best practices:

- Reductions or eliminations must be ongoing and not one-time-only.
- Related internal service costs should be included when entire programs or significant portions of programs are eliminated. Please work directly with the Department of County Assets (DCA) to determine any internal service reductions.
- Administrative constraints should be commensurate with the proposed reductions.

How Internal Service Rates are determined

Early this fall I asked DCA to take a 6% reduction on any of their budget line items that can be constrained, which is the largest cut to this department in recent historical budgets. Without those cost reductions, our deficit would be even larger. Their $7.1 million in reductions reflects the least impact to services across the County. My office is partnering with DCA and the Central Budget Office to ensure departments have a clear line of sight into the changes by providing detailed explanations of inflationary factors and the changes to the unconstrained portions of DCA's budget. Additionally, we're working with DCA on a multi-year strategy for improved efficiencies on countywide initiatives: telephony consolidation, continued transitioning from Microsoft to Google, right-sizing our fleet and motorpool to meet our climate goals, consolidating our building footprint to maximize space, and updating our software strategy. As a reminder, the decisions departments make greatly influence DCA's budget. I've charged DCA to look for One County solutions wherever possible.

New Ongoing Requests

New ongoing budget requests should be prioritized within a department's base current service level budgets by reallocating funding. If it's a high enough priority to be requested in this constrained financial environment, we're assuming that it's also a higher priority than some of the services you are currently providing. There will be limited exceptions to this guidance where new requests can be made through an add package. However, these exceptional requests must be justified based on how they contribute to our larger County priorities and they must be tied directly to improving outcomes.

New One-Time-Only Requests

One-time-only (OTO) resources available for FY 2027 are significantly less than in the last several years. After adjusting to fully fund our reserves, we estimate having $25.4 million of available OTO resources (with half of those funds going to facilities/IT projects and half allocated to other use, per Board policy). Departments can request new one-time-only General Funds through designated add packages, with the understanding that I will be able to include few such requests in my proposed budget.

Internal Service Additions

Departmental requests to add internal services from DCA will be treated similarly to requests for new General Fund resources. These items, and plans to financially support them, should be included in discussions by the department receiving the service with the Chair's Office, after confirming DCA would have the capacity to provide the service.

Resources from Voter-Approved Initiatives

The County continues to develop programs funded through voter-approved initiatives: the Metro Supportive Housing Services (SHS) Measure, Preschool for All (PFA) and the Multnomah County Library General Obligation Bond. Because these funding sources involve multiple departments, the Central Budget Office has created specific guidance that departments must follow to ensure that our approach to these services remains consistent with the goals voters approved. In addition, we will have dedicated time in the budget preparation process to discuss the strategy and proposed investments for each funding stream.

Achieving universal tuition-free preschool — as mandated by over two-thirds of Multnomah County voters — remains one of my highest priorities. We remain on track to reach universal coverage by 2030 as planned. PFA is now providing over 3,800 tuition-free seats across more than 220 locations, exceeding our post-COVID annual goal by 27%. And we are expanding while maintaining our core values of equity, with 74% of children enrolled from lower-income families, and 65% identifying as Black, Indigenous, or Children of Color.

Homelessness Response System

Our homelessness crisis persists because of socioeconomic factors and federal policies beyond our control — in spite of the fact that we are sheltering and housing more people locally than ever before.

Addressing homelessness remains a top concern for those we serve and for my administration — and the work ahead will involve investing in the right balance of services to ensure the number of people leaving our homelessness system finally outpaces the number of people who enter it. The Homelessness Response System (HRS) recognizes that the varied services required to meet this goal are not exclusively within the Homeless Services Department. In line with our "One County" approach, HRS coordinates our response across departments and in partnership with jurisdictional partners like the City of Portland, the City of Gresham and the State of Oregon.

Similar to last year, I expect your budget plans to include the priorities and goals set out in the Homelessness Response Action Plan (HRAP). We must continue to focus on this issue with resources coordinated across the County to do our part, alongside our partners, to meet the plan's objectives and outcomes. In your department transmittal letter, please highlight HRAP priorities (if relevant) so they are clearly and explicitly marked.

Strategic Workforce & Resources Evaluation

- Departments must evaluate and analyze their **current ratios** of management to non-management as well as represented to non-represented employees.
- The COO's office is responsible for a report to the Board of Commissioners on **span of control** in January, and I expect them to work with your department for alignment with the report when department budgets are submitted.
- Departments must analyze all **vacant positions**, including the length of time each position has been vacant. Proposals should justify the continued need for all long-term vacant positions.
- Departments must evaluate the current level of and need for **administrative programs** and the proportional relationship of these programs to programs that **directly deliver services to the community**. Proposals should demonstrate that administrative functions are streamlined and optimally support frontline service delivery.
- Departments must evaluate the **necessity and efficacy of Training, Professional Services and Materials and Supplies Budgets** in relation to maximizing service delivery to the community. Justify all expenditures in these areas as directly supporting core service delivery and mandated requirements.

I am grateful for your leadership and commitment through this critical process — made more difficult this year because of another challenging budget forecast.

We will all be forced to make decisions we would prefer not to make, but we will be making those decisions together and with a lens of doing the least harm possible.

Thank you for your work and consideration as the prioritization and careful stewardship of every dollar becomes more crucial than ever.

Your work over the next several weeks will be challenging, but critically important as we move to budget adoption in June. You have my and our COO's commitment to look toward your expertise when considering the decisions being made, ensuring that the departmental impacts of proposed cuts are understood and elevated. I look forward to seeing you at our upcoming budget meetings, but please don't hesitate to reach out to me or my office with questions in the meantime.

Sincerely,

Jessica Vega Pederson

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Multnomah County Chair