



Multnomah County FY 2019 Approved Budget

Presented to the
Board of County Commissioners

Multnomah County
May 1st, 2018

Located at: www.multco.us/budget

Overview

■ **'Corporate' Budget Overview**

- ✓ General Fund/Other Funds Overview
- ✓ FTE and Labor Unit Information
- ✓ Budget Highlights
- ✓ General Fund Basics
 - Financial Picture and Assumptions
 - One-Time-Only Funds and Use
 - Reductions & Reallocations
 - Contingency & Reserves

■ **Financial Trends**

- ✓ Cost Growth
- ✓ Revenue Growth

■ **Summary – Balance & Financial Resiliency**



Overall Financial Context

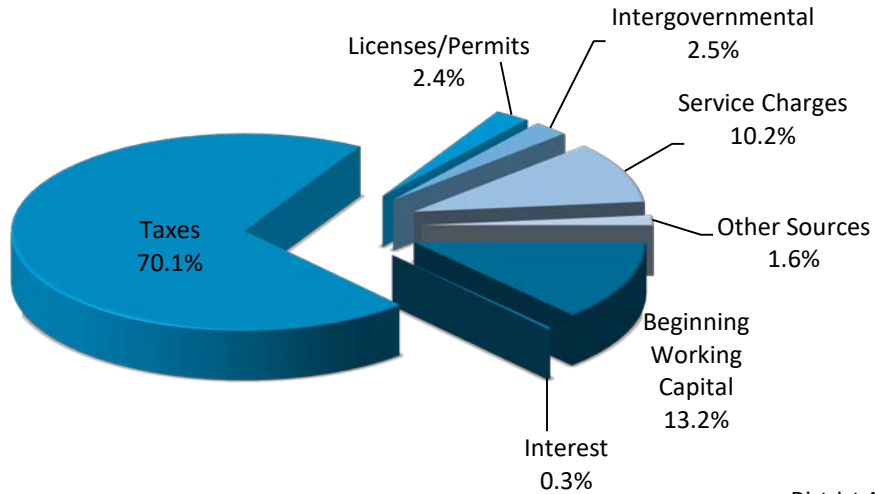
- FY 2018 Adopted Budget = \$2,070,096,517
- FY 2019 Approved Budget = \$2,034,643,796
- A Decrease of \$35.5 million or 1.7%
- 37 Funds with resources from \$639.7 million to \$51,400
- Two New Funds -- Burnside Bridge Fund and Supportive Housing Fund

Note: Includes Contingencies, Reserves, and Unappropriated Balance

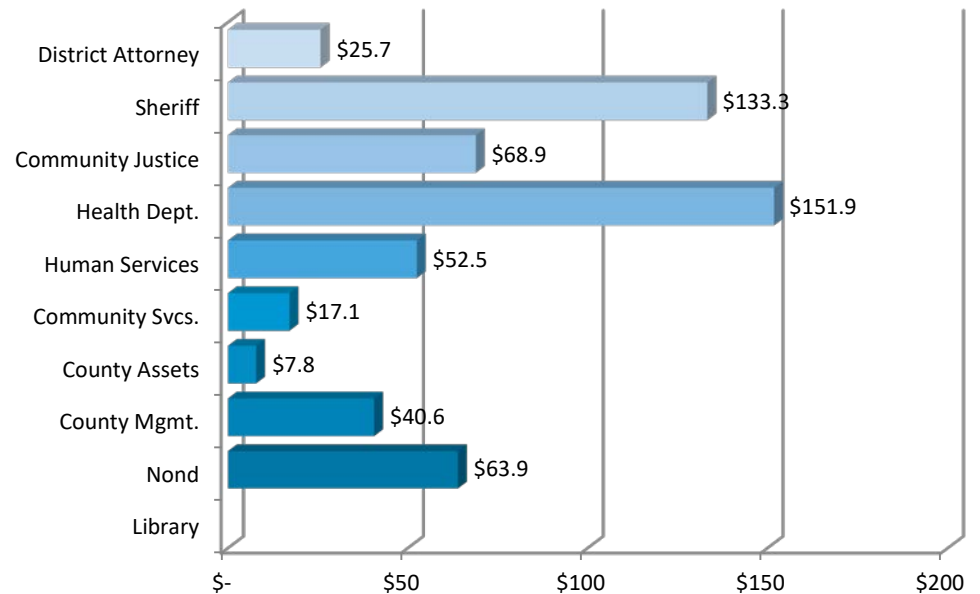


General Fund Overview - \$640 Million

Where the money comes from:



Where the money goes to:*

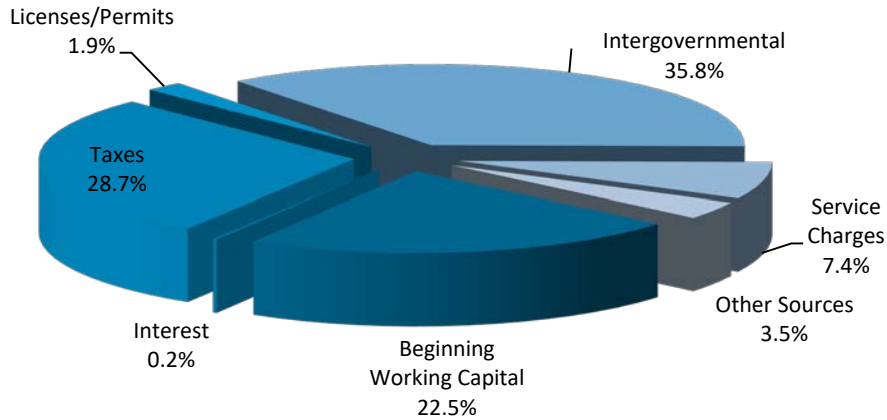


*Note: does not include transfers, reserves and contingencies.
Health Dept. includes \$55.1M of FQHC/PCPCH

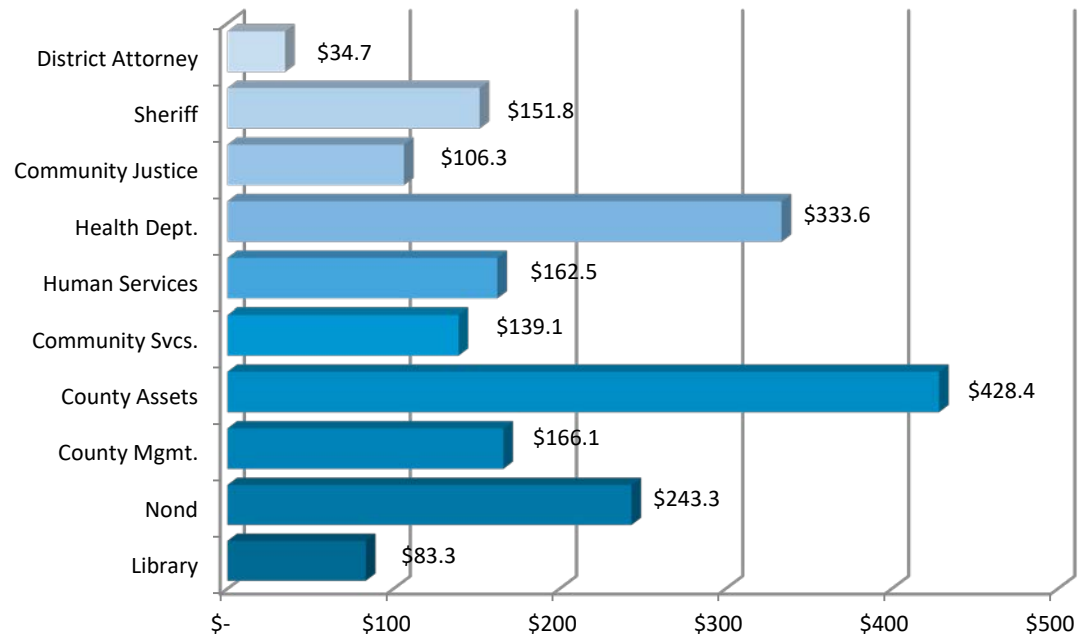


All Funds Overview - \$2.04 Billion

Where the money comes from:



Where the money goes to:*

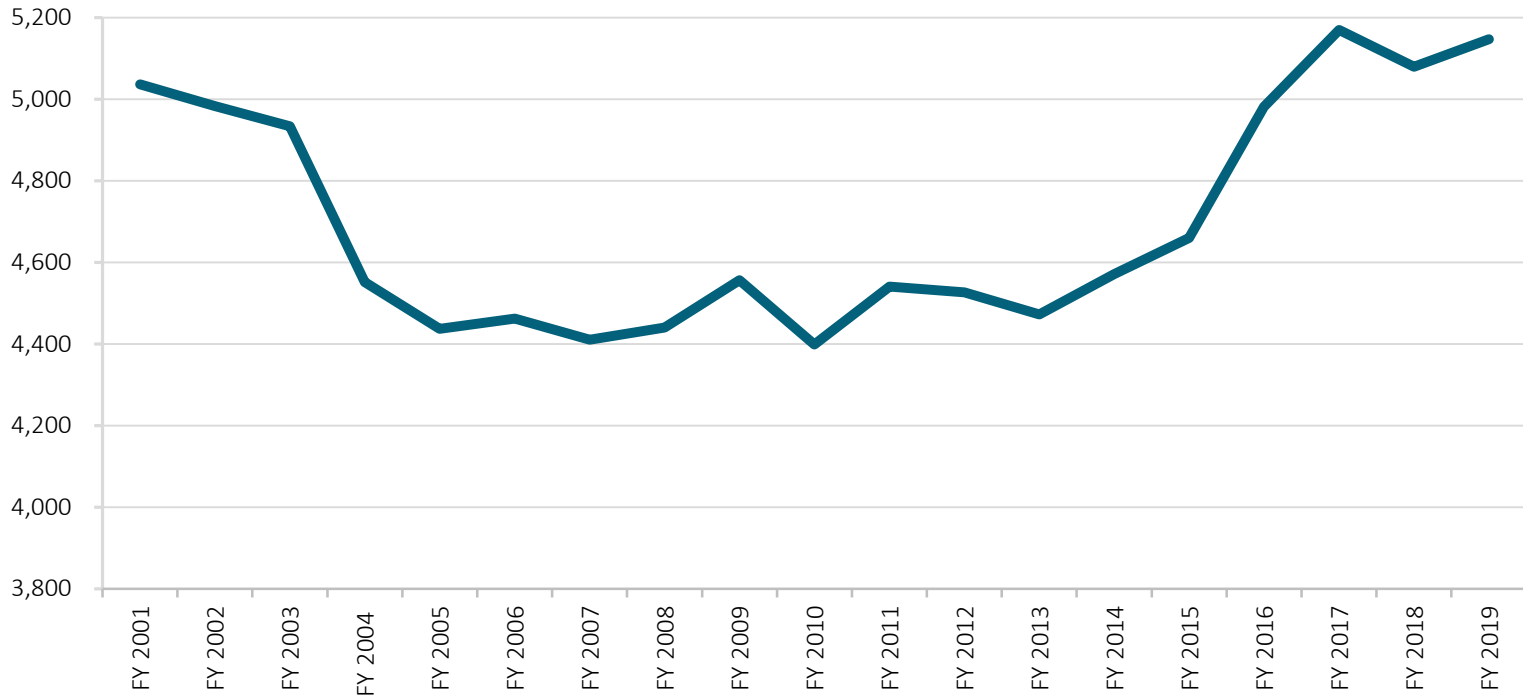


*Note: does not include transfers, reserves, and contingencies

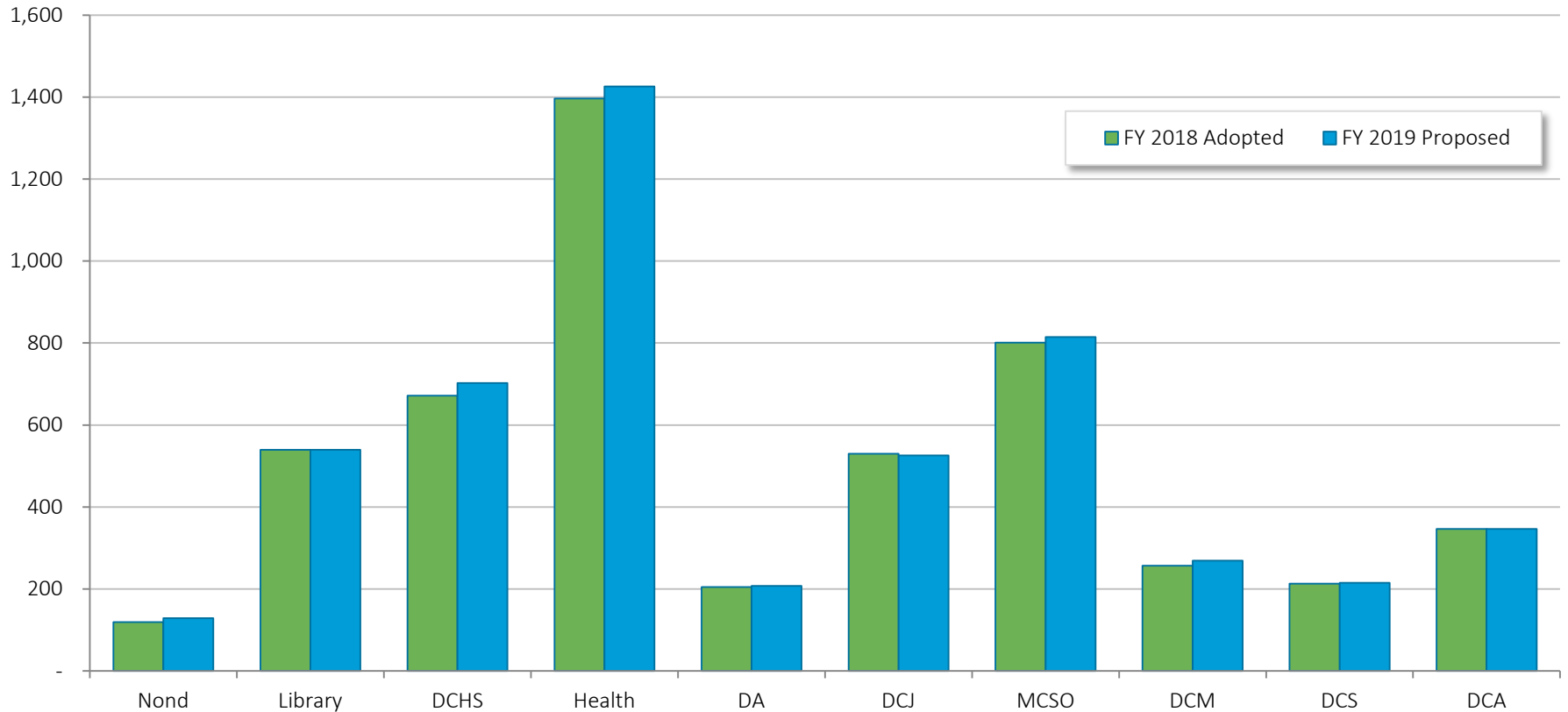


Full Time Equivalents – 5,147 FTE

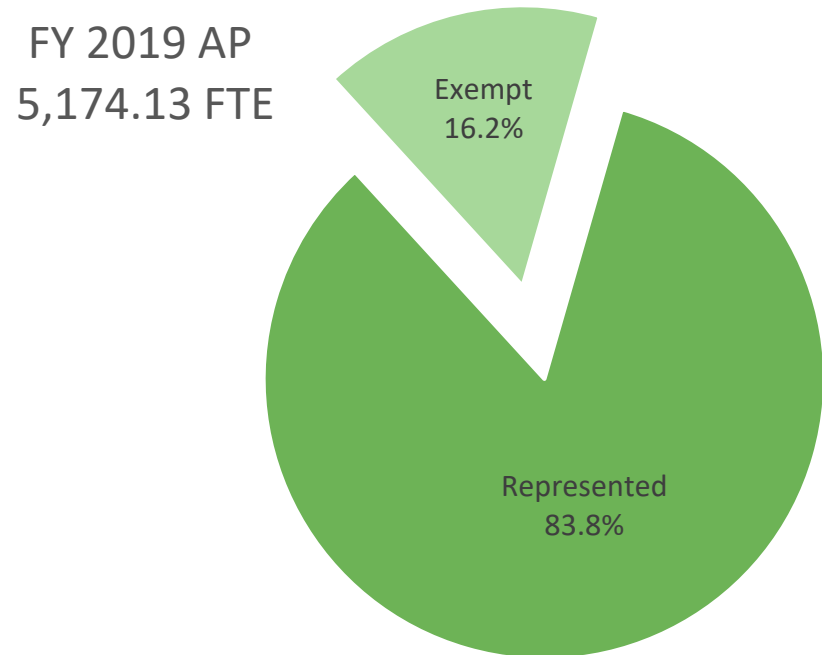
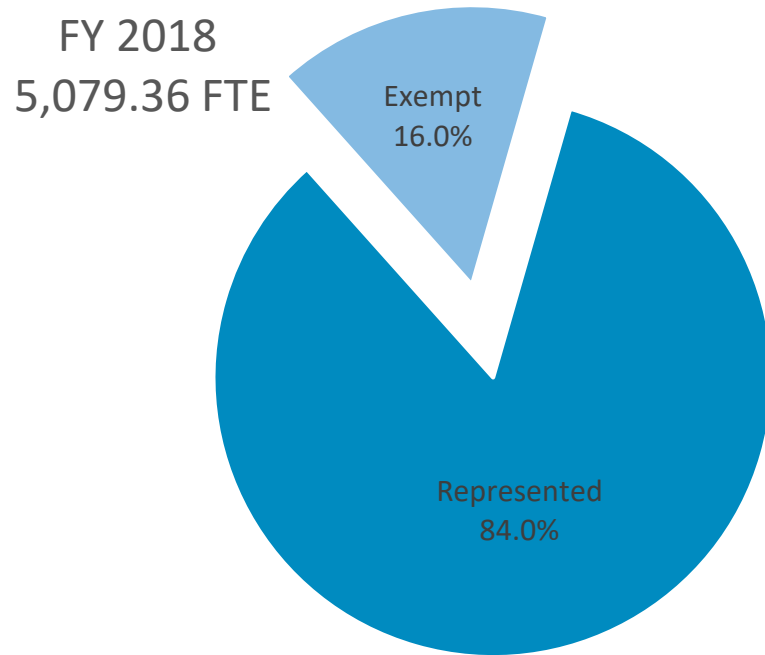
FY 2001 Adopted – FY 2019 Approved (All Funds)



Full Time Equivalents (FTE) by Department



FTE Represented vs. Non Represented



FTE by Labor Group Year-over-Year

	FY 2018 Adopted	FY 2019 Approved	Difference
Painters & Allied Trades	1.00	1.00	0.00
Operating Engineers	17.00	17.00	0.00
Electrical Workers	24.00	24.00	0.00
Physicians	19.70	19.46	(0.24)
Juvenile Custody Svcs. Spec.	61.00	61.00	0.00
Prosecuting Attorneys	73.95	73.95	0.00
Deputy Sheriff's	118.62	130.25	11.63
Parole/Probation Officers	128.70	127.50	(1.20)
Oregon Nurses	193.69	180.09	(13.60)
Corrections Deputies	433.90	433.00	(0.90)
Exempt/Management/Elected Officials & Staff	815.21	840.20	25.00
AFSCME Local 88	3,192.60	3,266.68	74.09
Total	5,079.36	5,174.13	94.77



Budget Highlights

- General Fund balanced for FY 2019
- Fully funds reserves and maintains BIT stabilization reserve
- Devotes \$21.5 million of one-time-only General Fund resources to capital infrastructure
- Addresses community needs
 - ✓ Fully funds the Joint Office of Homeless Services, provides \$600,000 of additional funding for supportive housing, and continues the Sheriff's HOPE team another year
 - ✓ Maintains the County's 1,192 jails beds
 - ✓ Provides ongoing funding for DCJ's Community Healing Initiative - Elevate pilot
- Addresses (but does not solve) unfunded PERS liability
- Relies on sound budget practices
- Provides for employee step/merit & COLA increases and other recent labor contract provisions



General Fund Basics

■ Current General Fund Financial Picture per March Forecast

- ✓ Ongoing revenues exceed expenditures by \$3.1 million or 0.6% in FY 2019.
- ✓ Surplus becomes a \$11.0 million (2.1%) deficit in FY 2020 and \$30.8 (5.2%) deficit by FY 2022.
- ✓ Driven by slowing revenue growth and increasing cost growth.
- ✓ Absent new revenues, program reductions will be needed next year (FY 2020).

Forecasted Ongoing General Fund Expenditures, Revenues, and Operating Balance (In Millions)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$504.6	\$514.2	\$531.1	\$548.6	\$566.6
Expenditures	<u>501.6</u>	<u>525.1</u>	<u>550.5</u>	<u>573.5</u>	<u>597.4</u>
Surplus/(Deficit)	3.1	(11.0)	(19.4)	(24.9)	(30.8)
<i>Change in Surplus from Prior Year</i>		(14.0)	(8.4)	(5.5)	(5.9)
<i>Surplus/(Deficit) is this % of Expenditures</i>	0.61%	-2.09%	-3.52%	-4.34%	-5.16%

Note: Revenues/Expenditures include video lottery, but exclude reserves, FQHC wraparound and prospective health payments



General Fund Basics

- Policy Direction & Assumptions in the Approved Budget
 - ✓ FY 2019 “surplus” of \$3.1 million treated as OTO.
 - ✓ Accepted and reallocated roughly \$5.8 million of the \$8.3 million in ongoing funds generated by the proposed 2% departmental reductions.
 - Some of the General Fund reductions were not cuts in service, but shifting to other funds.
 - ✓ Another \$2.0 million in ongoing funds available from 1) ongoing savings from reduced debt service due to OTO contributions to capital projects and 2) additional revenue and savings based on department’s submitted budget.
 - ✓ *\$3.6 million of ongoing funds were treated as OTO, lowering the projected FY 2020 deficit from \$11.0 million to \$7.4 million.*
 - ✓ \$21.5 million of OTO funds allocated to capital projects.
 - ✓ \$3.9 million of OTO funds allocated to non-capital.



General Fund Basics

- One-Time-Only Funds

- ✓ \$35.5 million after funding General Fund reserve and BIT Reserve

- ✓ Sources include:

- \$18.7 million of additional BWC in FY 2018 (mostly from departmental underspending in FY 2017) and higher revenues in FY 2018.

- \$3.1 million FY 2019 'surplus' treated as one-time-only.

- \$3.6 million of FY 2019 ongoing reductions to treated as one-time-only to reduce the FY 2020 deficit.

- \$5.1 million of funds carried over (unspent) and Tax Title funds from FY 2018.

- \$5.0 million of Wapato Proceeds (Transferred to Supportive Housing Fund and placed in contingency)

- Use of OTO on Next slide

- Updated Forecast on May 22nd



Use of One-Time-Only Funds

- OTO General Fund for Capital Infrastructure - \$21.5 million
 - ✓ \$14.0 million for the new Downtown Courthouse
 - ✓ \$5.0 million for Emergency Shelter Capital
 - ✓ \$1.0 million for Cell Lighting and Window Covers at MCDC to reduce suicide risks.
 - ✓ \$1.0 million for Repairs to the Sheriff's River Patrol Boathouses
 - ✓ \$500,000 for Replacement of the District Attorney's CRIMES software

- Other Significant Uses of OTO
 - ✓ DART Residential Appraiser Development Program- \$760,225
 - ✓ Law Enforcement Assisted Diversion (LEAD) Program- \$750,000
 - ✓ Workforce Strategic Equity Plan & Organizational Development - \$534,998
 - ✓ Housing Placement & Retention – Homeless Families - \$404,323
 - ✓ Justice for Families – Supervised Parenting Time - \$358,761
 - ✓ Sheriff's HOPE Program – \$315,497
 - ✓ Road Capital Improvement Plan Update (year 2 of 2) - \$200,000
 - ✓ Sexual Assault Kit Backlog Elimination Project - \$182,233

- Page 24 of the Budget Director's message has a complete list



General Fund Basics & Other Notes...

- Majority of programs are maintained from FY 2018
- Reductions and Reallocations
 - ✓ Approximately \$2.1 million and 13.50 FTE of administrative and back-office reductions across all departments.
 - ✓ Reducing jail/prison re-entry programs by \$457,636 (which helps to fund the DCJ CHI – Elevate program on an ongoing basis)
 - ✓ Cutting 2 River Patrol Deputies, 1 Close Street Officer, and 1 In-Jail Human Trafficking Deputy saving \$565,691.
- Pages 11 through 17 of the Budget Director’s message provide an accounting of General Fund additions and reductions
- Transitions...
 - ✓ DCJ’s Supervised Parenting Time (\$358,761) shifted from ongoing to OTO (and therefore is modeled as not funded in FY 2020).
 - ✓ Assumes a portion of Communicable Disease/Immunization responsibility transferred to third party (Medicaid reimbursement eligible), saving \$197,605 this year and \$349,051 in FY 2020.



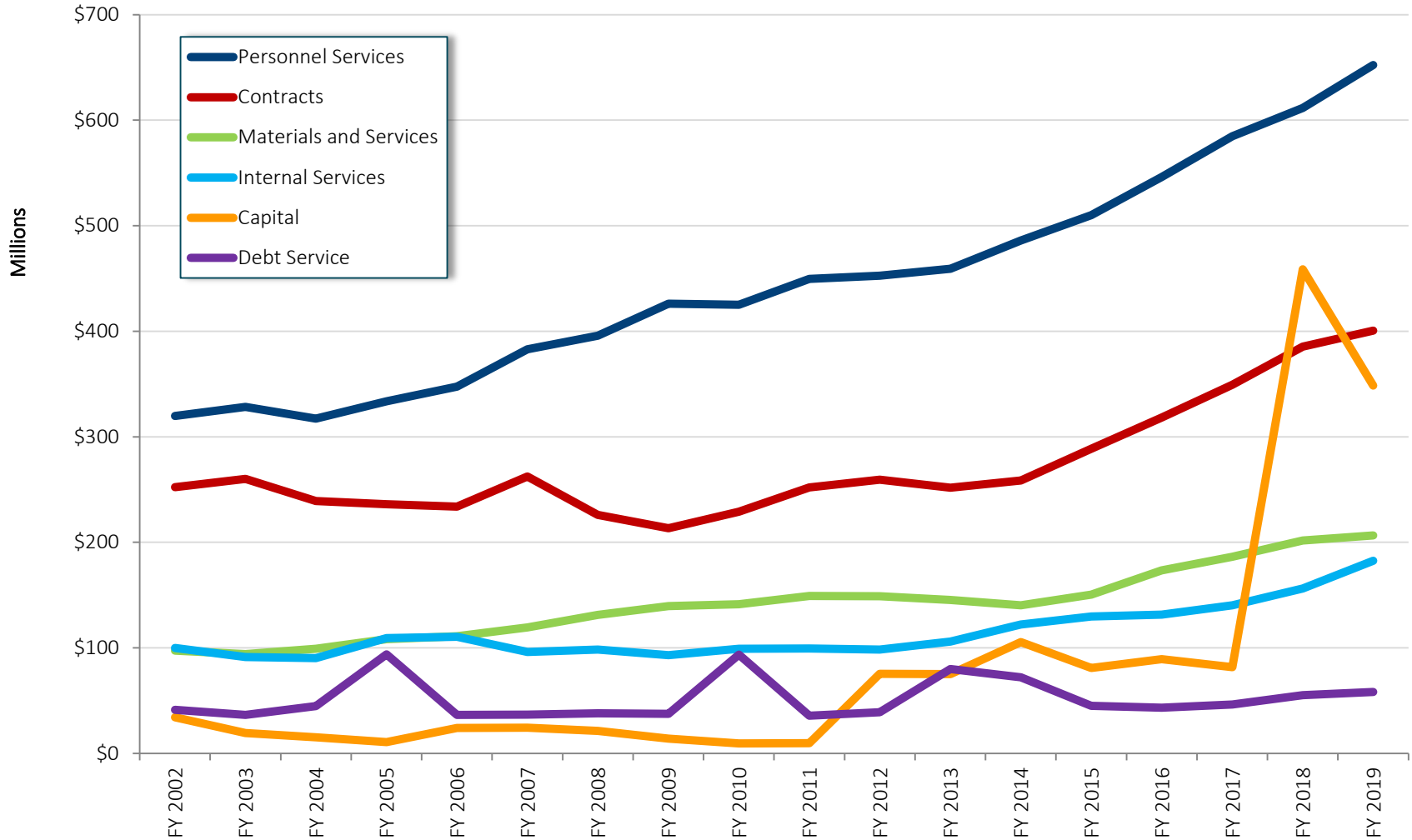
General Fund Reserves – Fully Funded

- General Fund Reserve @ 10% of corporate revenues or \$43.4 million
- BIT Reserve @ 10% or \$8.5 million
- General Fund Contingency \$10.0 million
 - ✓ Regular - \$1.5 million (increased from \$1.25 million FY 2018)
 - ✓ BIT Reserve - \$8.5 million



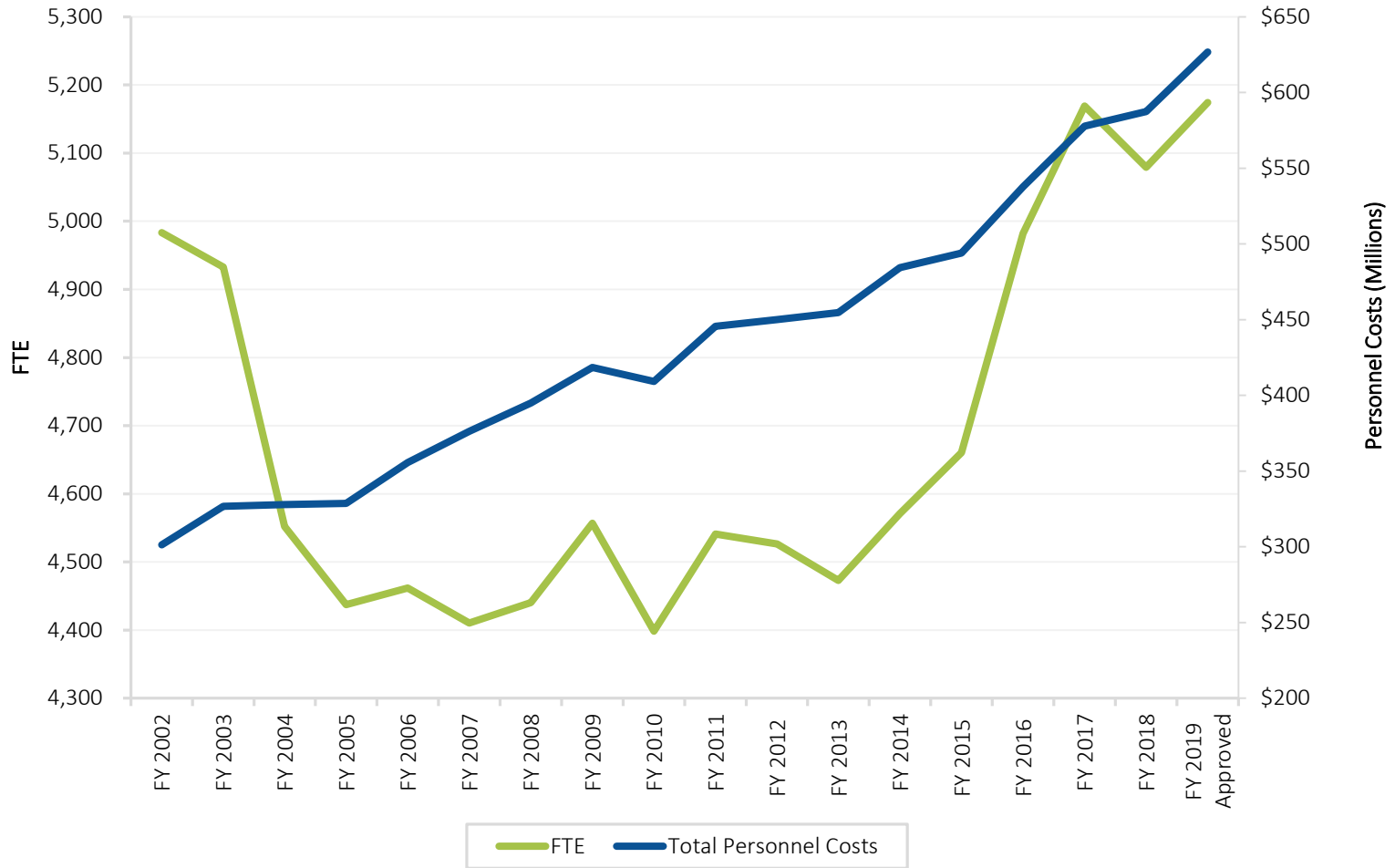
What We Spend our Resources on...

FY 2004 Actuals – FY 2019 Approved (All Funds)



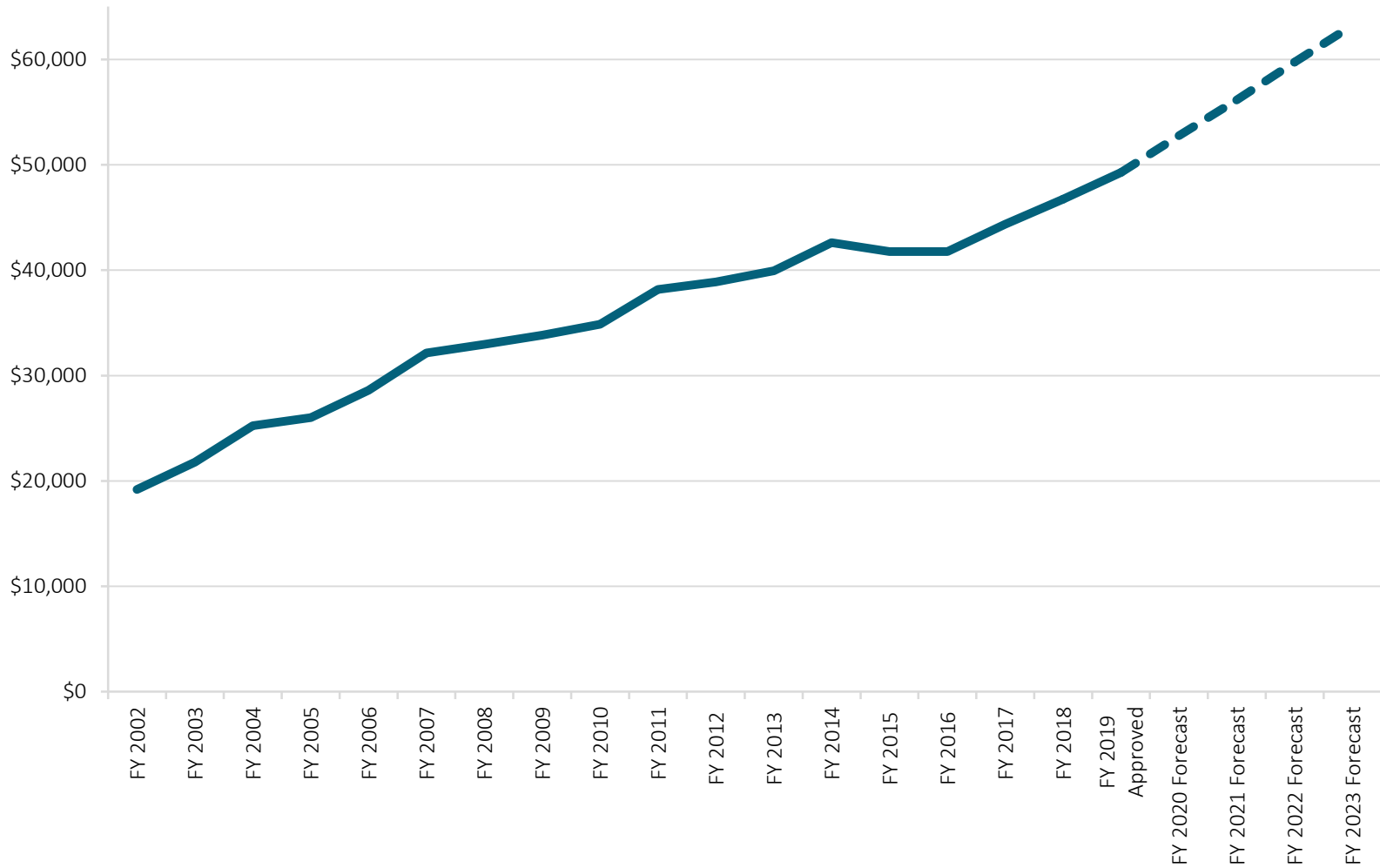
FTE vs. Total Personnel Costs

FY 2002 Adopted to FY 2019 Approved (All Funds)



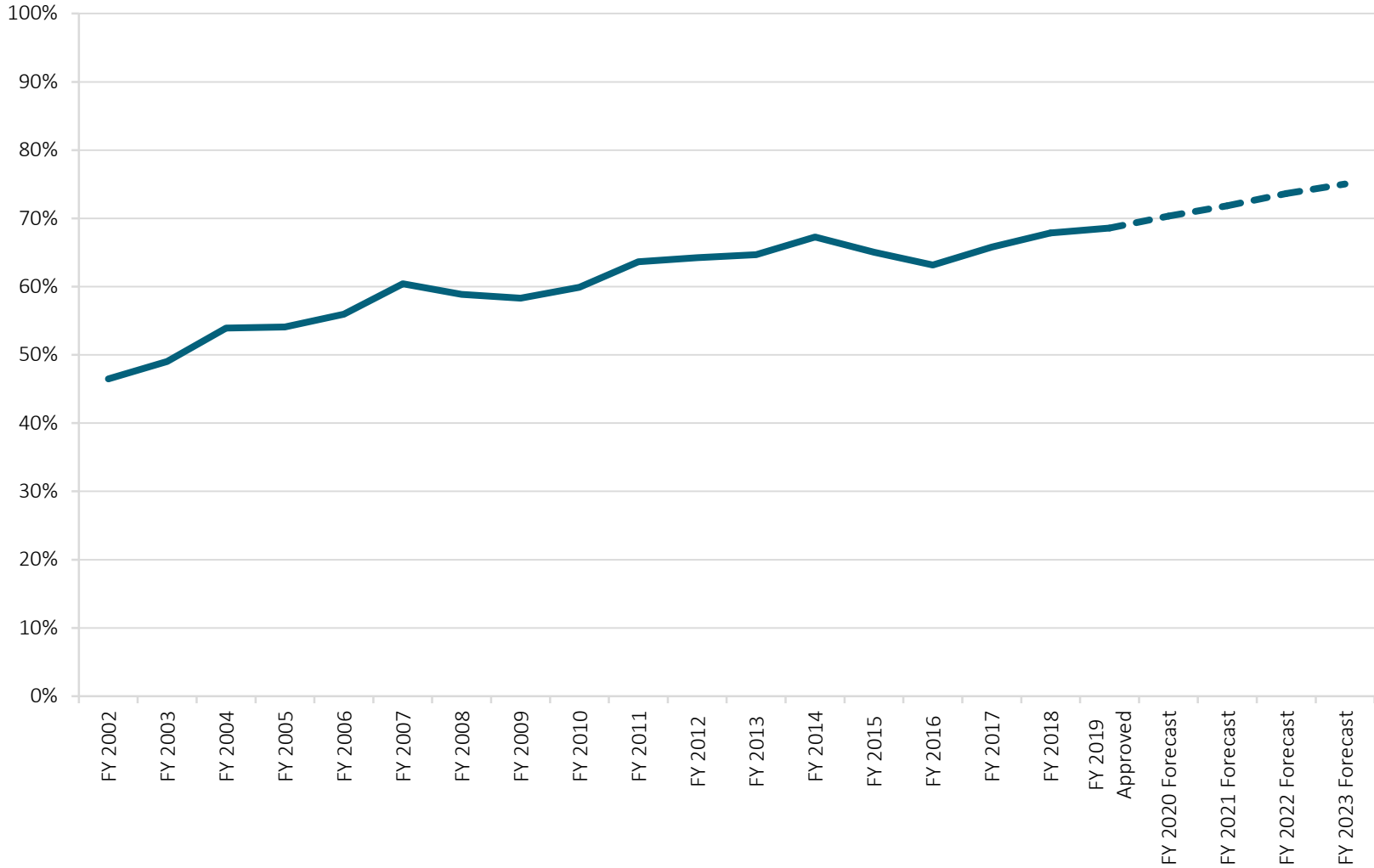
Avg. Benefits & Insurance Cost per FTE

FY 2002 Adopted to FY 2019 Approved



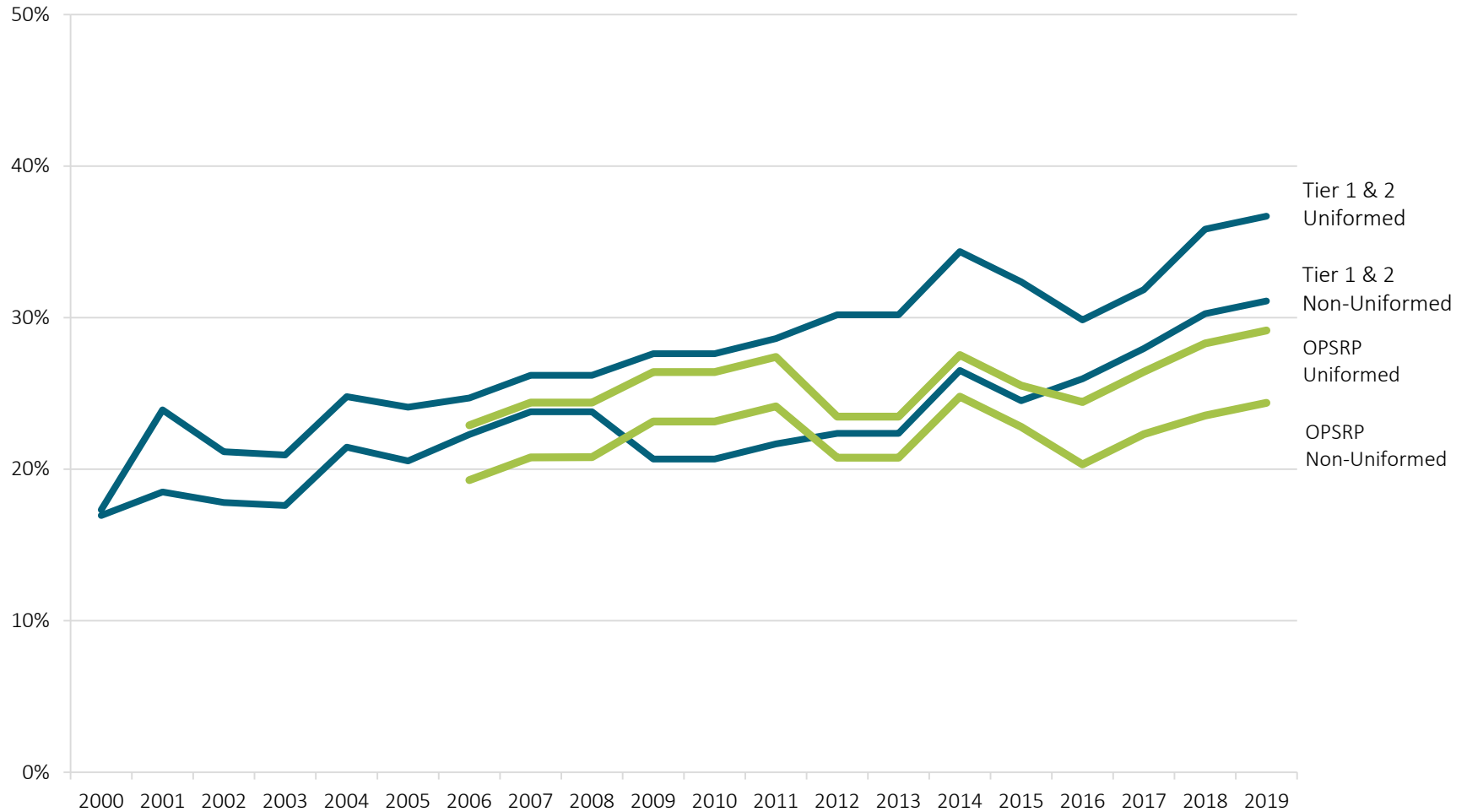
Benefits & Insurance % of Payroll

FY 2002 Adopted to FY 2019 Approved



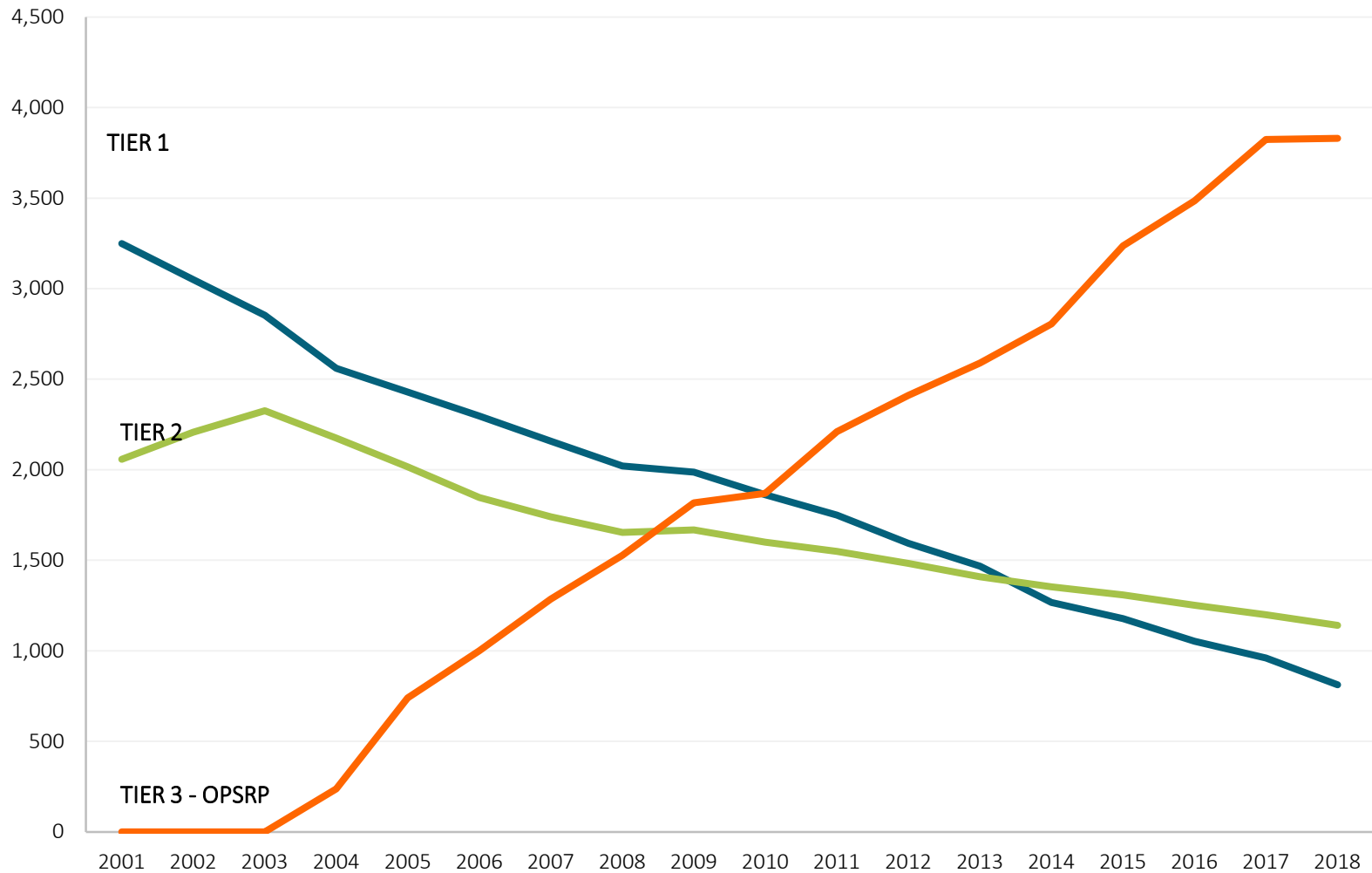
PERS Rates Charged to Departments

Based on % of Payroll for PERS, 6% Pick-Up, & PERS Bond

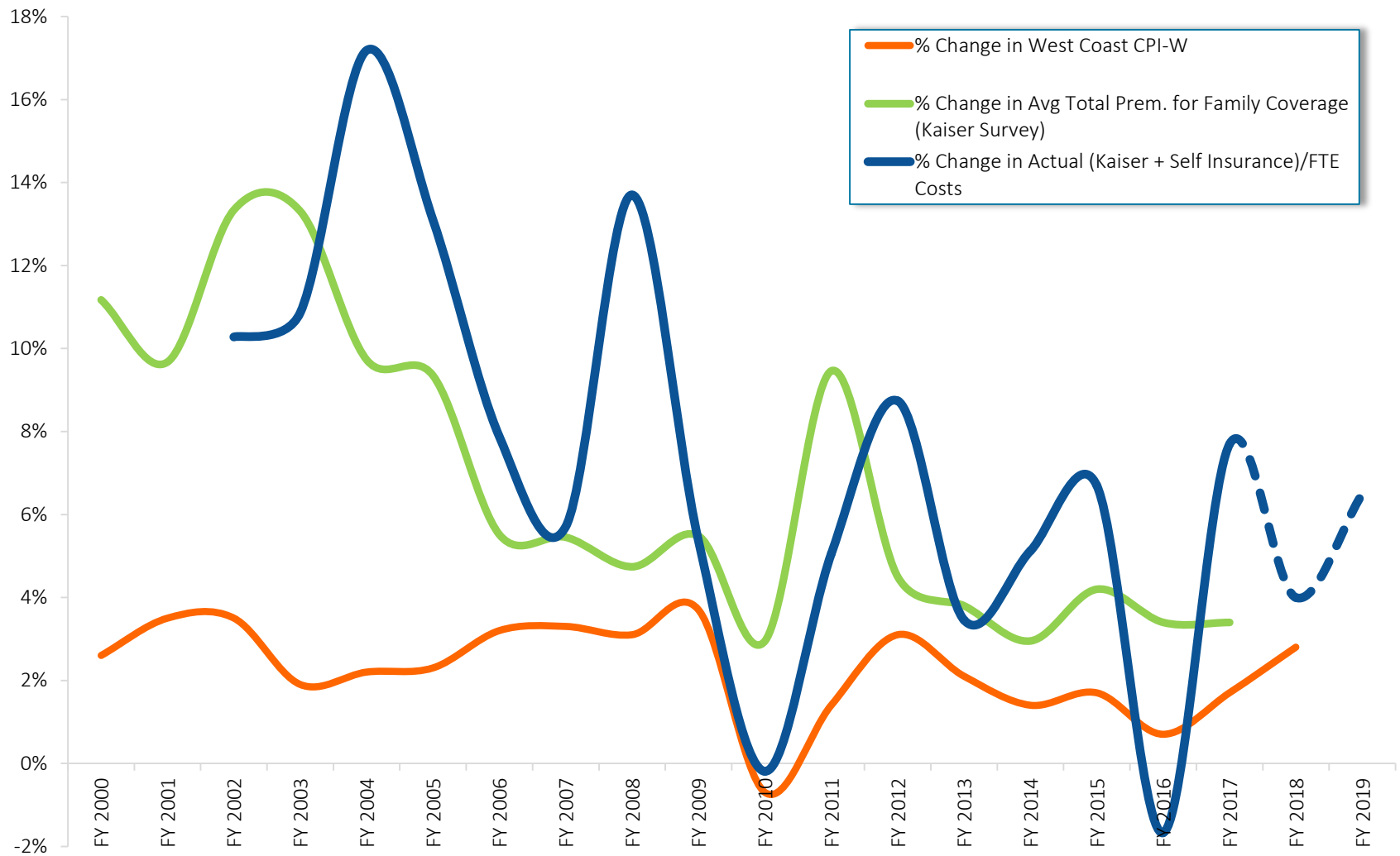


Employees by PERS Tier

Based on Actual People on January 1st

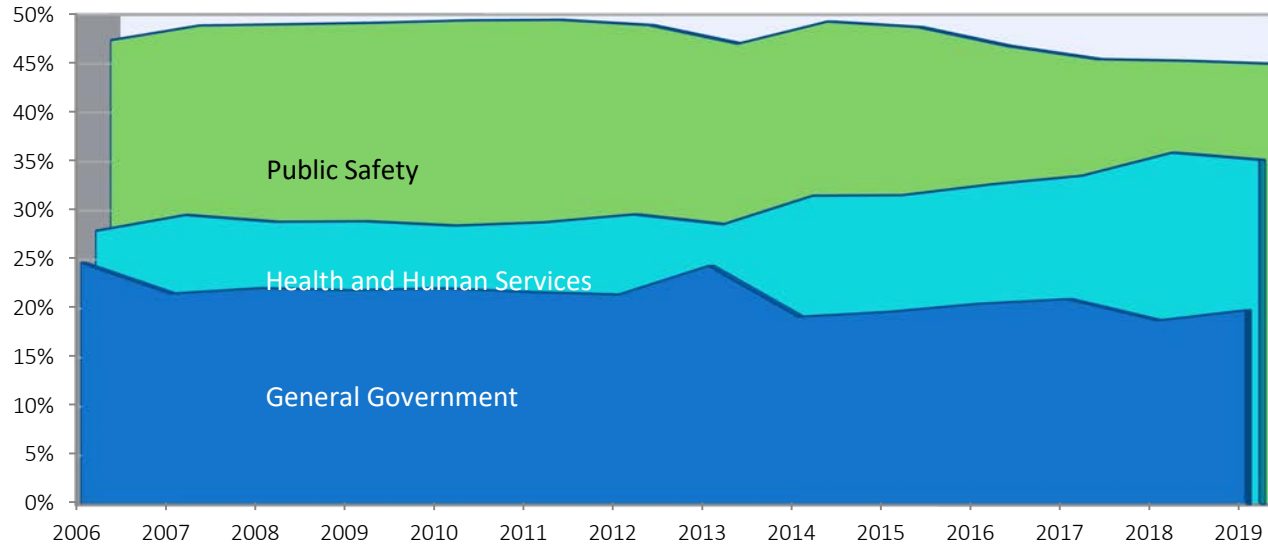


Health Care Inflation/Costs



Where Do We Spend General Fund?

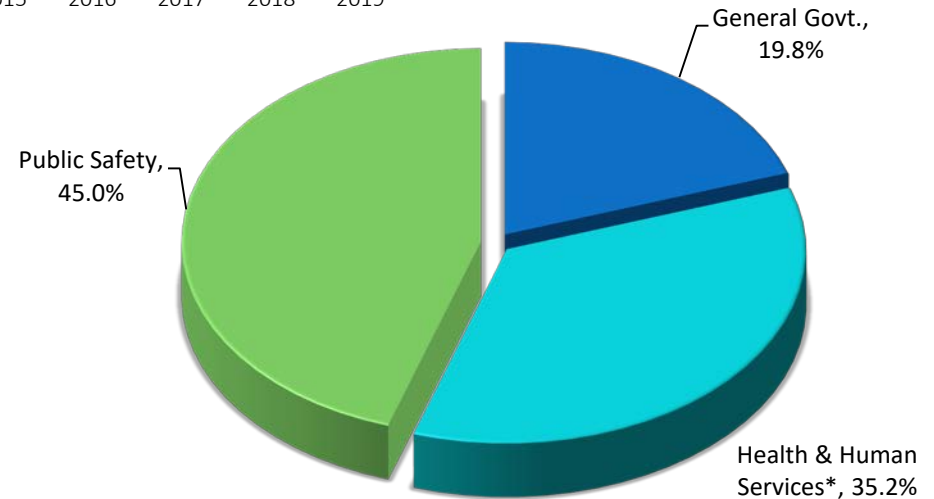
FY 2006 Adopted to FY 2019 Approved



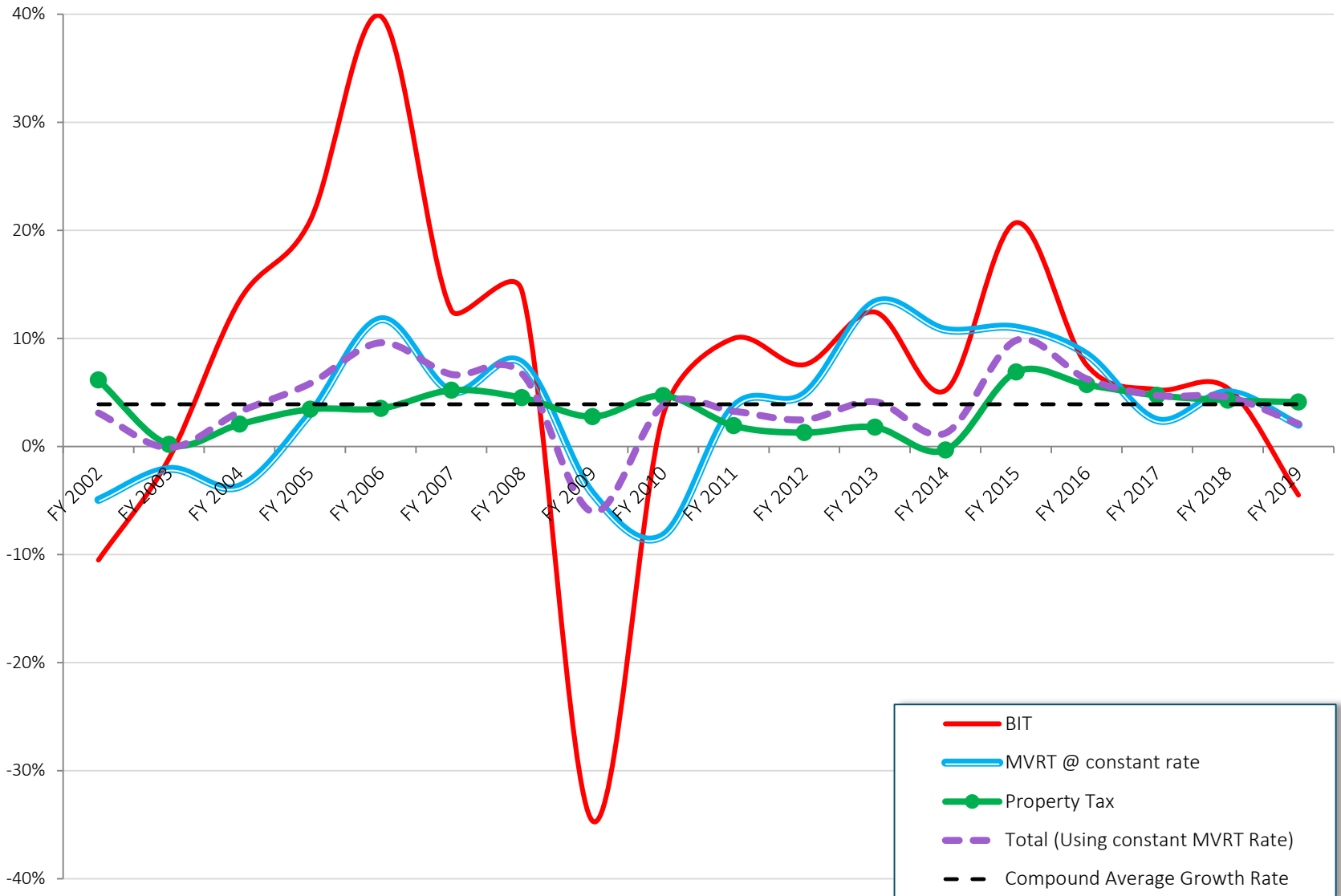
Based on department appropriations

*Health does not include FQHC Expenditures

Joint Office Homeless Services is shown as Health/Human Services



How Fast does GF Grow to Support Services?



Cost Growth vs. Revenue Growth

Change in Labor Costs & Core General Fund Revenues



Summary – Balance & Financial Resiliency

- Balanced budget
- Fully funded reserves and contingencies
- Used one-time-only funds for one-time-only purposes
- Proactively addressing capital needs
 - ✓ Reduces future debt requirements and operating costs
- Planning for PERS liability
 - ✓ \$25 million for side account
- Prepares for FY 2020 (and next recession) while providing services today
- Difficult, but sound financial choices while balancing competing needs have contributed to the County's position



Questions

