



Multnomah County FY 2020 Approved Budget

Presented to the
Board of County Commissioners

Multnomah County
April 30, 2019

Located at: www.multco.us/budget

Overview

■ 'Corporate' Budget Overview

- ✓ General Fund/Other Funds Overview
- ✓ FTE and Labor Group Information
- ✓ Budget Highlights
- ✓ General Fund Basics
 - ❑ Financial Picture and Assumptions
 - ❑ One-Time-Only Funds and Use
 - ❑ Reductions, Reallocations, Transitions/Redesigns, and Fund Shifts
 - ❑ Contingency & Reserves
- ✓ Other Funds

■ Financial Trends

- ✓ Cost Growth
- ✓ Revenue Growth

■ Summary – Balance & Financial Resiliency





Overall Financial Context

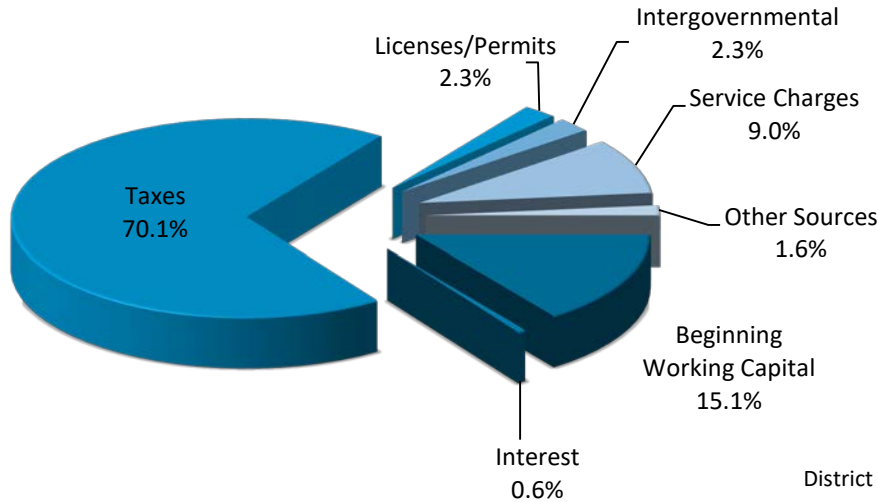
- FY 2019 Adopted Budget = \$2,066,957,924
- FY 2020 Approved Budget = \$1,998,160,078
- A Decrease of \$68.8 million or 3.3%
- 37 Funds with resources from \$668.6 million to \$51,400

Note: Includes Contingencies, Reserves, and Unappropriated Balance

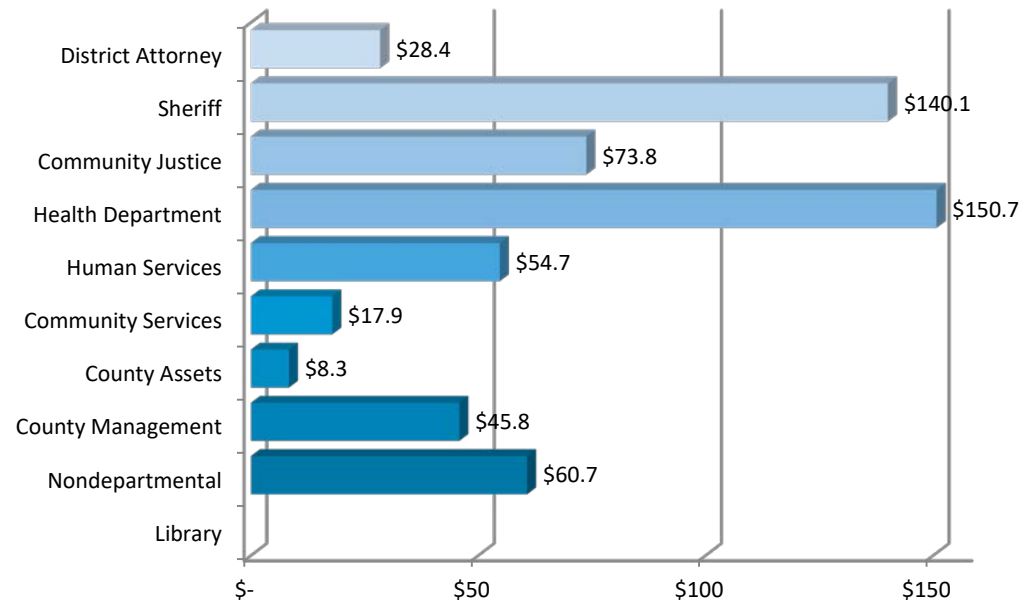


General Fund Overview - \$630 Million

Where the money comes from:



Where the money goes to:*

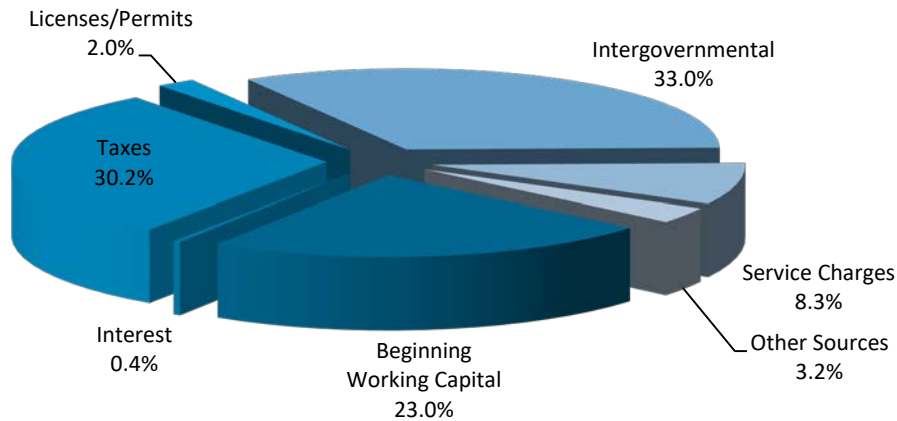


*Note: does not include transfers, reserves and contingencies.
Health Dept. includes \$50.8 million of FQHC/PCPCH

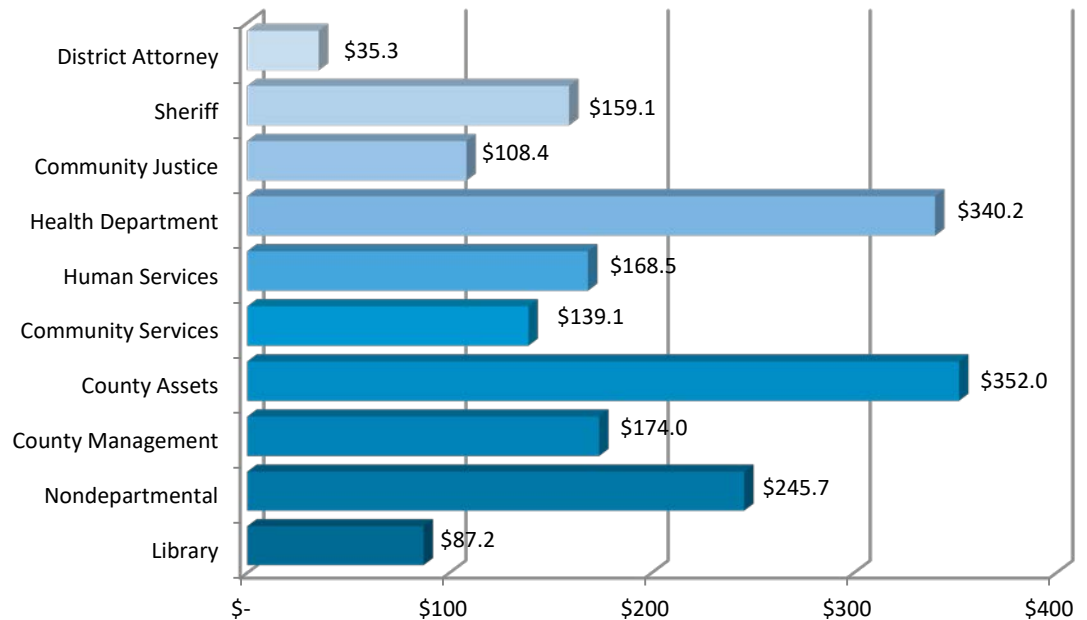


All Funds Overview - \$2.00 Billion

Where the money comes from:



Where the money goes to:*

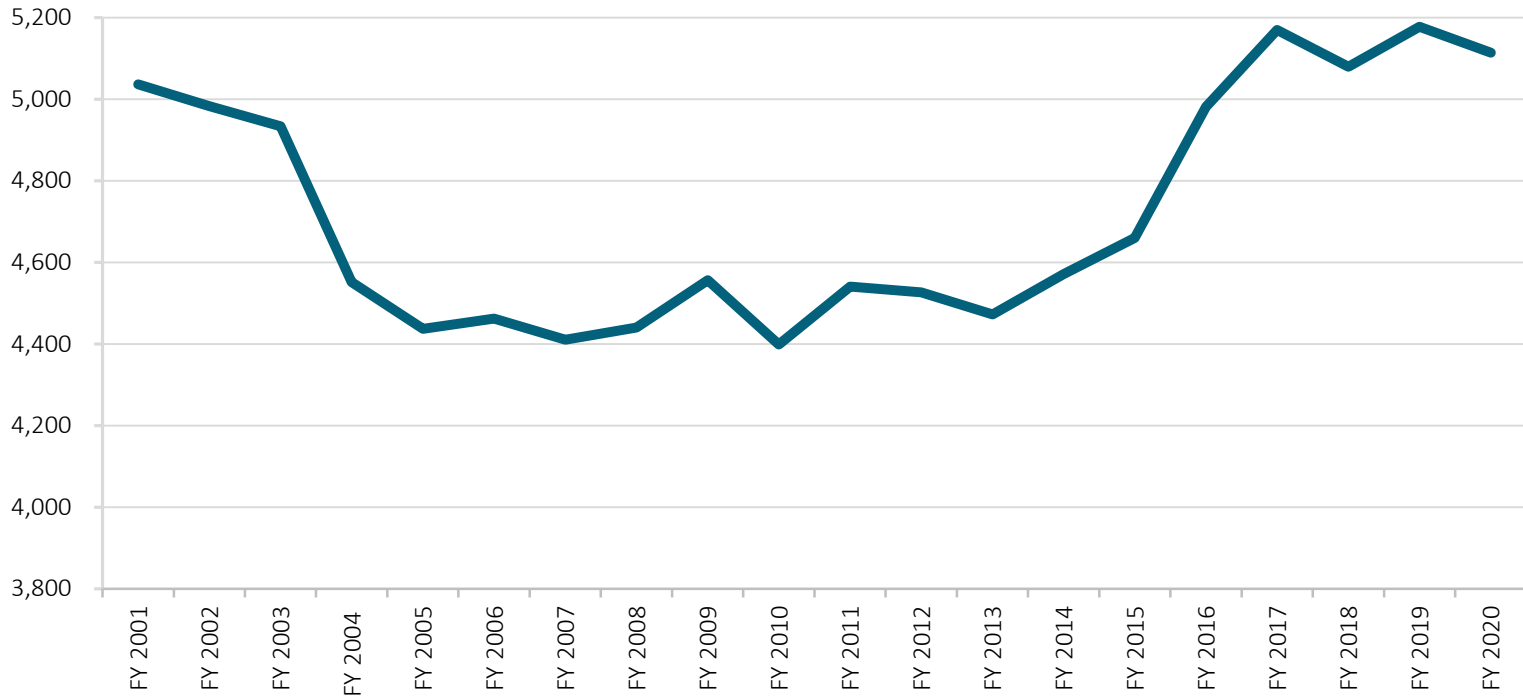


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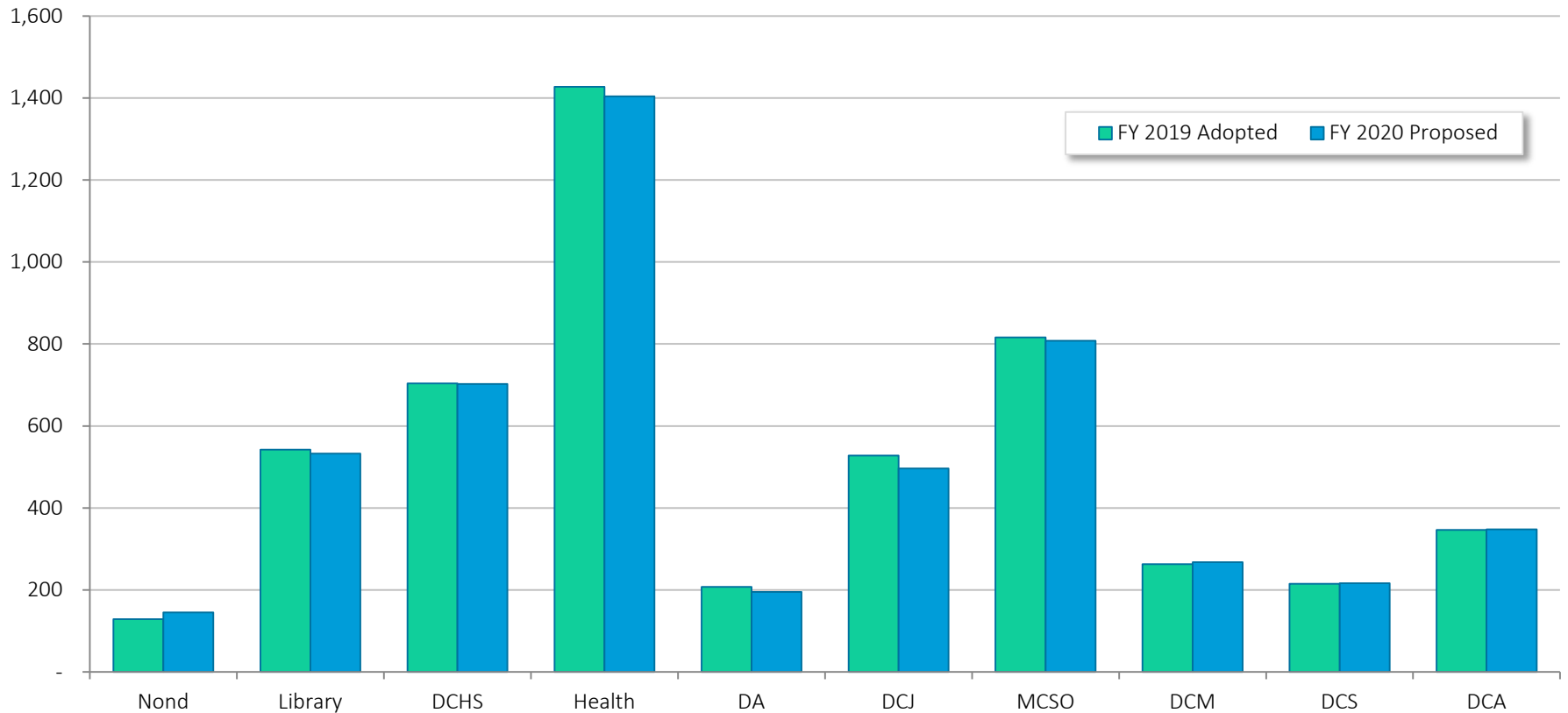


Full Time Equivalents – 5,114 FTE

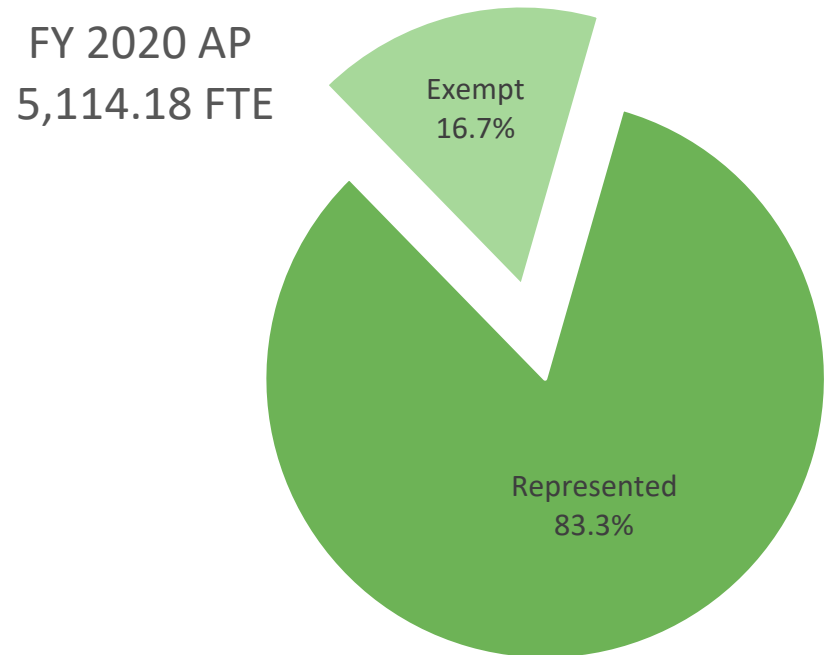
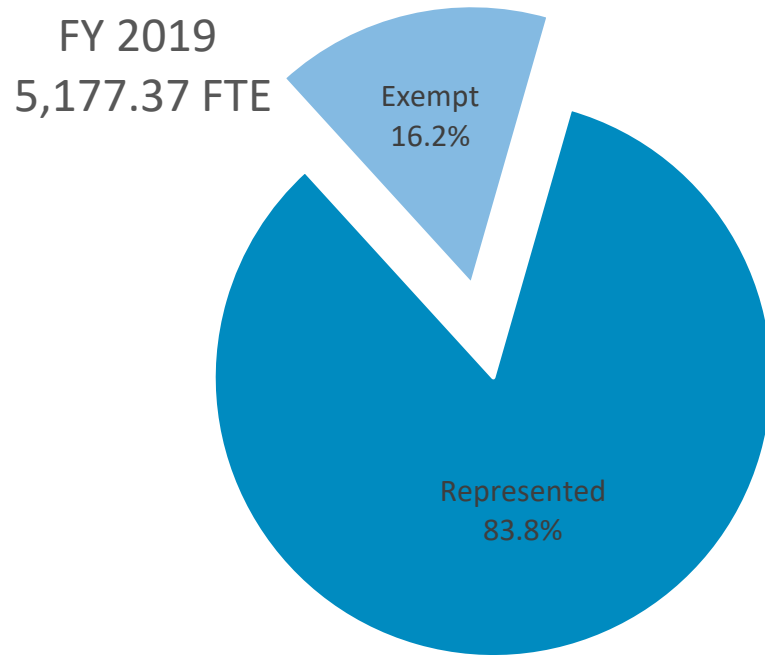
FY 2001 Adopted – FY 2020 Approved (All Funds)



Full Time Equivalents (FTE) by Department



FTE Represented vs. Non Represented



FTE by Labor Group Year-over-Year

	FY 2019 Adopted	FY 2020 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	19.46	18.52	(0.94)
Dentists	23.68	24.17	0.49
Juvenile Custody Svcs. Spec.	61.00	59.00	(2.00)
Prosecuting Attorneys	73.95	70.94	(3.01)
Deputy Sheriff's	130.25	124.25	(6.00)
Parole/Probation Officers	127.50	122.50	(5.00)
Oregon Nurses	179.09	167.09	(12.00)
Corrections Deputies	434.00	434.00	0.00
Exempt/Management/Elected Officials & Staff	839.19	856.12	16.92
AFSCME Local 88	3,247.25	3,195.59	(51.66)
Total	5,177.37	5,114.18	(63.20)



Budget Highlights

- General Fund balanced for FY 2020
- Fully funds reserves and maintains BIT stabilization reserve
- Devotes \$21.6 million of one-time-only General Fund resources to capital infrastructure (\$34.9 million w/Courthouse)
- Addresses community & employee needs
 - ✓ Maintains previous investments in the Joint Office of Homeless Services and Elections
 - ✓ Maintains the County's 1,192 jails beds & SUN Schools
 - ✓ Provides ongoing funds for a Complaints Investigation Unit
- 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 expenditures exceed revenues by \$3.6 million or 0.7% in FY 2020.
 - ✓ Deficit grows to \$15.3 million (2.3%) in FY 2021 and \$34.1 (5.5%) by FY 2024.
 - ✓ Driven by slowing revenue growth and increasing cost growth.
 - ✓ Absent new revenues, significant program reductions will be needed.

Forecasted Ongoing General Fund Expenditures, Revenues, and Operating Balance (In Millions)					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$528.4	\$540.9	554.5	572.4	591.3
Expenditures	<u>532.1</u>	<u>556.2</u>	<u>581.4</u>	<u>603.3</u>	<u>625.4</u>
(Deficit)	(3.6)	(15.3)	(28.9)	(30.9)	(34.1)
<i>Change in Deficit from Prior Year</i>		<i>(11.7)</i>	<i>(11.5)</i>	<i>(4.0)</i>	<i>(3.2)</i>
<i>Deficit is this % of Expenditures</i>	-0.67%	-2.27%	-4.62%	-5.13%	-5.46%

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

- ✓ Restored \$5.1 million of the proposed \$13.1 million reductions (leaving \$8 million of cuts).
- ✓ Accepted \$3.6 million of the reductions to cover the FY 2020 deficit (leaving \$4.4 million to allocate).
- ✓ Converted \$3.2 million of OTO to ongoing over five years, resulting in \$600,000 of ongoing resources (resulting in \$5 million to allocate).
- ✓ Recognized \$1.1 million in higher revenue, such as a higher USM bed rate, and savings based on Department's submitted budgets.
- ✓ Allocated the net \$6.1 million to various programs, such as MCSO's HOPE Team, jail medical care, and the Complaints Investigation Unit.
- ✓ \$21.6 million of OTO funds allocated to capital projects (\$34.9 w/Courthouse)
- ✓ \$13.5 million of OTO funds allocated to non-capital (includes PERS side account).



General Fund Basics

■ One-Time-Only Funds

- ✓ \$35.1 million after funding General Fund reserve and BIT Reserve
- ✓ Sources include:
 - ❑ \$18.0 million of additional BWC in FY 2019 (mostly from departmental underspending and higher BIT revenues in FY 2018) and higher revenues in FY 2019.
 - ❑ \$11.0 million of the remaining Courthouse and McCoy sale proceeds.
 - ❑ \$0.8 million of funds carried over (unspent) from FY 2019, excluding restricted Tax Title Funds.
 - ❑ \$8.3 million from the Comcast property tax settlement.
 - ❑ Less \$3.2 million that is 'spread out' over five years and treated as ongoing.
- Excluding Comcast settlement and building sales, lowest amount since FY 2011.



General Fund Basics

- How were the Courthouse and McCoy Proceeds Used?
 - ✓ Proceeds from sale (*less \$1.5 million disposition costs*): \$34.4 million
 - ✓ Bushong & Co. Building and Parking Lot: \$6.2 million
 - ✓ New Gladys McCoy Health building (*per FAC-1*): \$5.0 million
 - Offsets \$1.0 million of debt/yr for five years
 - Included in forecast
 - ✓ Central Courthouse Construction Costs: \$13.3 million
 - Avoids 2nd debt issue
 - Included in forecast – saves ~ \$800,000/yr for 30 years
 - ✓ Mental Health Resource Center (*in CGF Contingency*): \$11.0 million
- Capital asset proceeds reinvested in the County's capital assets.



General Fund Basics - Use of One-Time-Only Funds

- OTO General Fund for Capital Infrastructure - \$21.6 million
 - ✓ \$11.0 million for Mental Health Resource Center (*in CGF contingency*)
 - ✓ \$6.0 million for SE Health Clinic repairs (*in CGF contingency*)
 - ✓ \$2.0 million for corporate broadband (*half in CGF contingency & half in DCA budget*)
 - ✓ \$1.0 million for electronic medical records for Juvenile Corrections Health
 - ✓ \$814,000 for DCJ radio replacement
 - ✓ \$500,000 for ADA compliance projects and planning in DCS
 - ✓ Plus \$13.3 million for the new Downtown Courthouse makes \$34.9 million

- Other Significant Uses of OTO
 - ✓ Using Comcast settlement for 4th, \$25 million PERS side account- \$8.3 million
 - ✓ Workday Support - \$1.25 million
 - ✓ Family System Rent Assistance (*was OTO in FY 2019*) - \$420,000
 - ✓ Leadership Development and Accountability - \$527,006
 - ✓ Runaway Youth Services – Reception Center - \$303,682

- Page 29-30 of the Budget Director’s message has a complete list



General Fund Basics – Reductions & Shifts

- Majority of programs are maintained from FY 2019
- Reductions
 - ✓ Eliminating the DCJ forensics lab, saving \$308,174
 - ✓ Reducing the MCSO civil process and facility security programs, saving \$554,911
 - ✓ Reducing a land use planning code compliance position, saving \$114,979
- Reductions – Capacity Adjustments
 - ✓ Eliminating 8, underutilized DCJ juvenile detention beds, saving \$524,578
 - ✓ Reduce Nurse Family Partnership to current staffing, saving \$342,897
- Reductions – to Reallocate (*see Health, JOHS, DCM*)
- Reductions – Funding Shifts
 - ✓ Shifts \$1.5 million of CGF expenditures in Health to Other Funds
- Reductions – Transitions/Redesigns
 - ✓ Reducing ongoing reception center portion of DCHS Runaway Youth, saving \$303,682. OTO funding provided in FY 2020 during redesign
- Pages 12 - 22 of the Budget Director's message provide lists



General Fund Reserves – Fully Funded

- General Fund Reserve @ 10% of corporate revenues or \$45.1 million
- BIT Reserve @ 10% or \$9.1 million
- General Fund Contingency \$10.6 million
 - ✓ Regular - \$1.5 million (increased from \$1.25 million in FY 2019)
 - ✓ BIT Reserve - \$9.1 million
- General Fund Contingency Set Asides
 - ✓ Mental Health Resource Center - \$11 million
 - ✓ SE Health Center Repairs - \$6.0 million
 - ✓ Corporate Broadband Network Infrastructure - \$1.0 million
- Update General Fund Forecast May 21st



Other Funds

- State funding and operational decisions or financial decisions independent of the County General Fund
 - ✓ **DA** – The State of Oregon no longer contracting with the DA for Termination of Parental Rights and juvenile dependency cases.
 - ✓ **Health** – Declining to flat revenues combined with growing personnel costs result in a roughly 35 FTE reduction in clinical staffing the health clinic system.
 - ✓ **DCHS** – Inadequate funding for personnel cost growth and case loads results in Intellectual and Developmental Disabilities being underfunded by roughly 12 FTE or \$1.5 million.
 - ✓ **DCJ** – SB 1145 funding levels and 4(e) claiming.

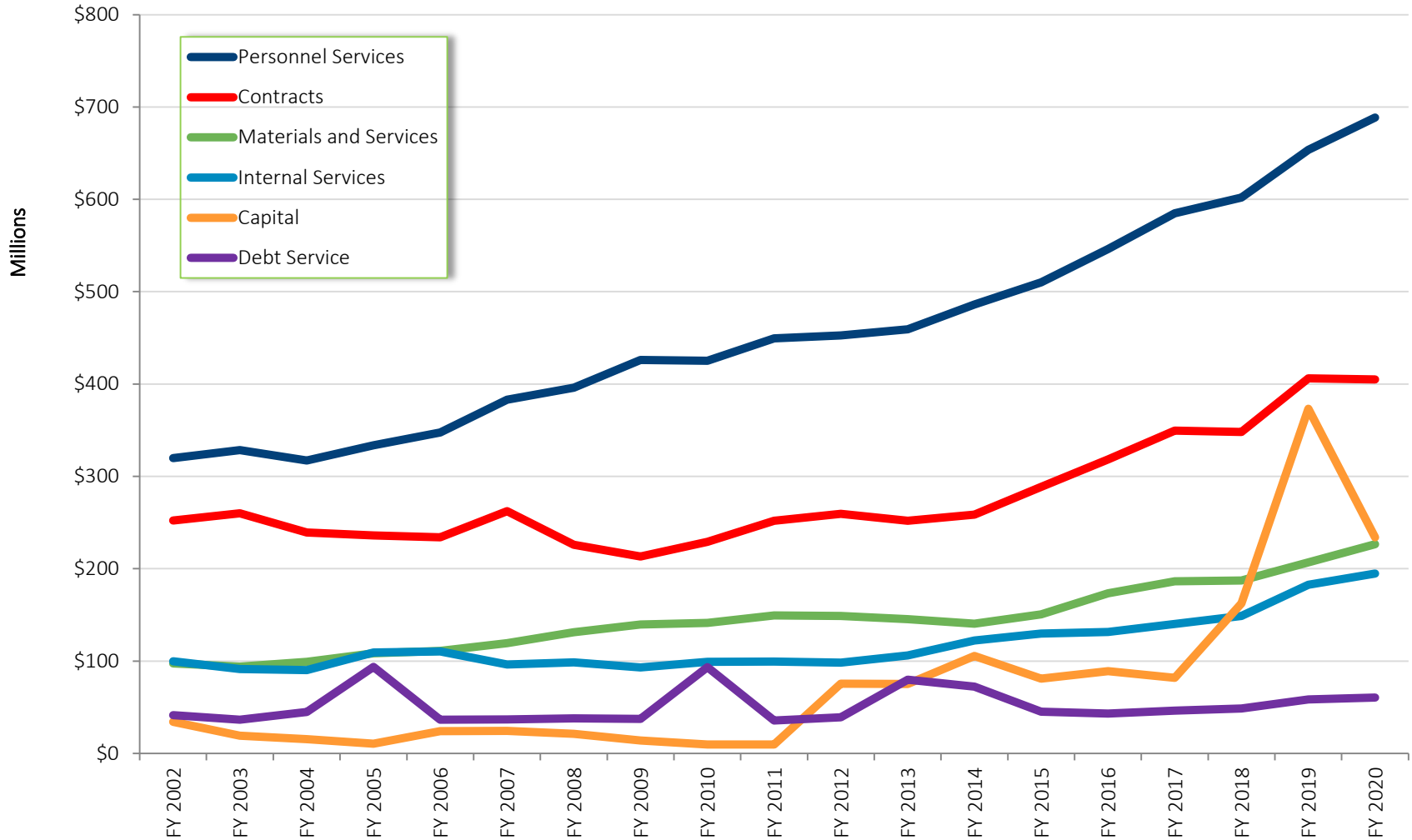
- One-Time-Only Funding in DCA Using Accounting Adjustment
 - ✓ IT Cyber Security - \$468,020
 - ✓ Capital Project Management Software - \$1.0 million
 - ✓ Additional Weather Event Contingency - \$329,418
 - ✓ Security Access Program (in addition to 1.00 FTE built into rates) - \$150,000

- Budget assumes issuance of Full Faith & Credit Bonds for NEPA phase of Earthquake Ready Burnside Bridget project



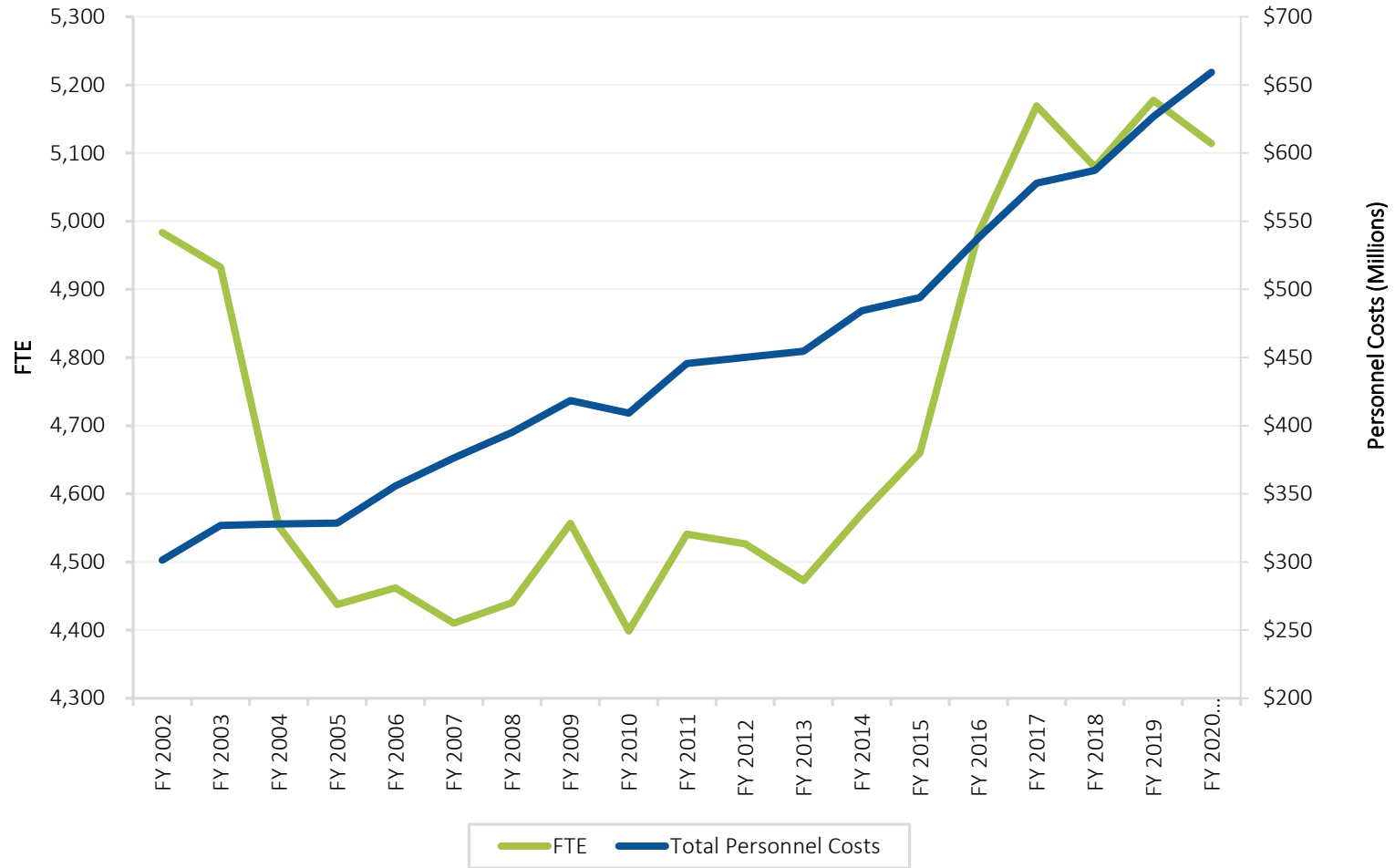
What We Spend our Resources on...

FY 2002 Actuals – FY 2020 Approved (All Funds)



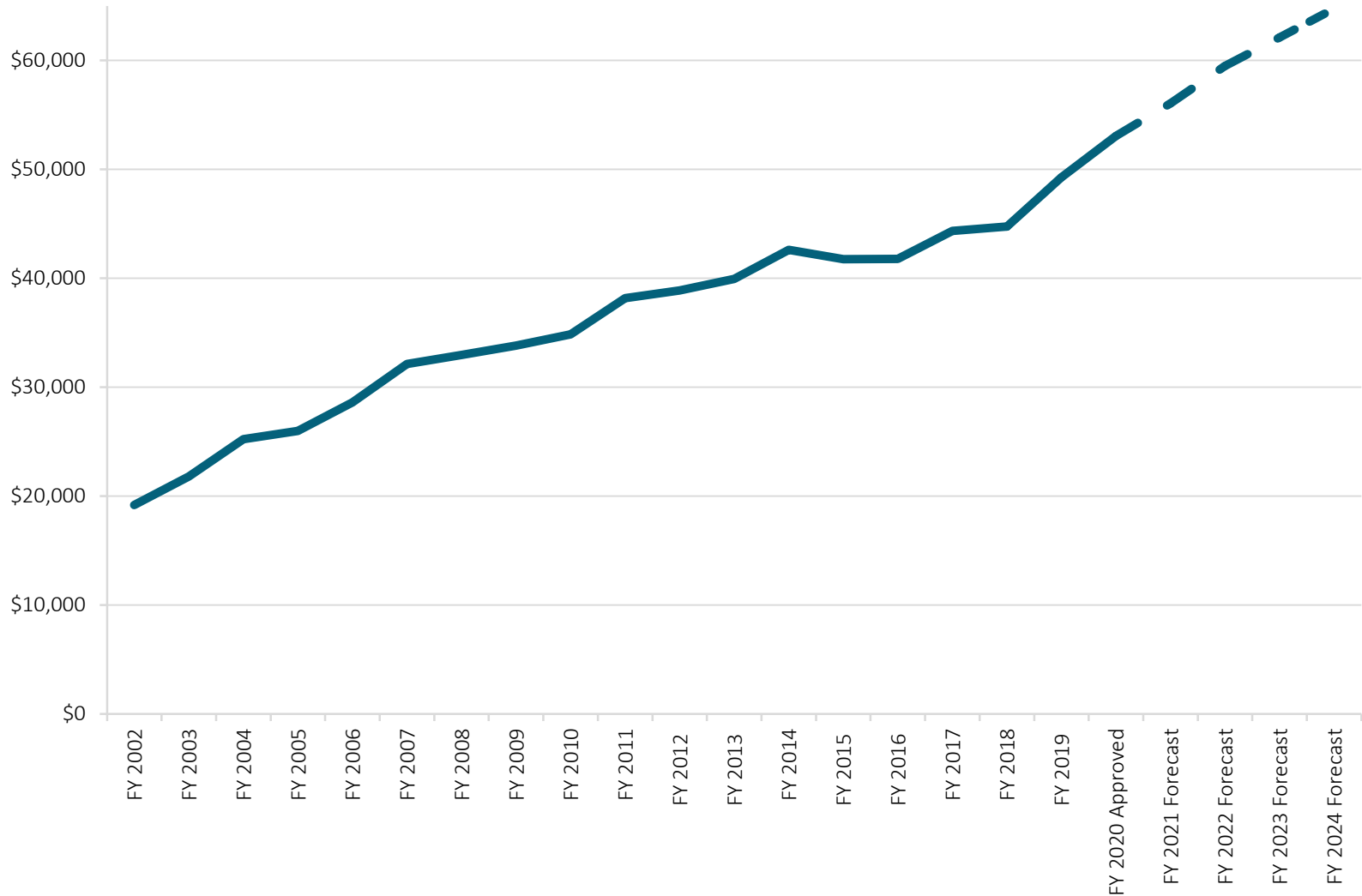
FTE vs. Total Personnel Costs

FY 2002 Adopted to FY 2020 Approved (All Funds)



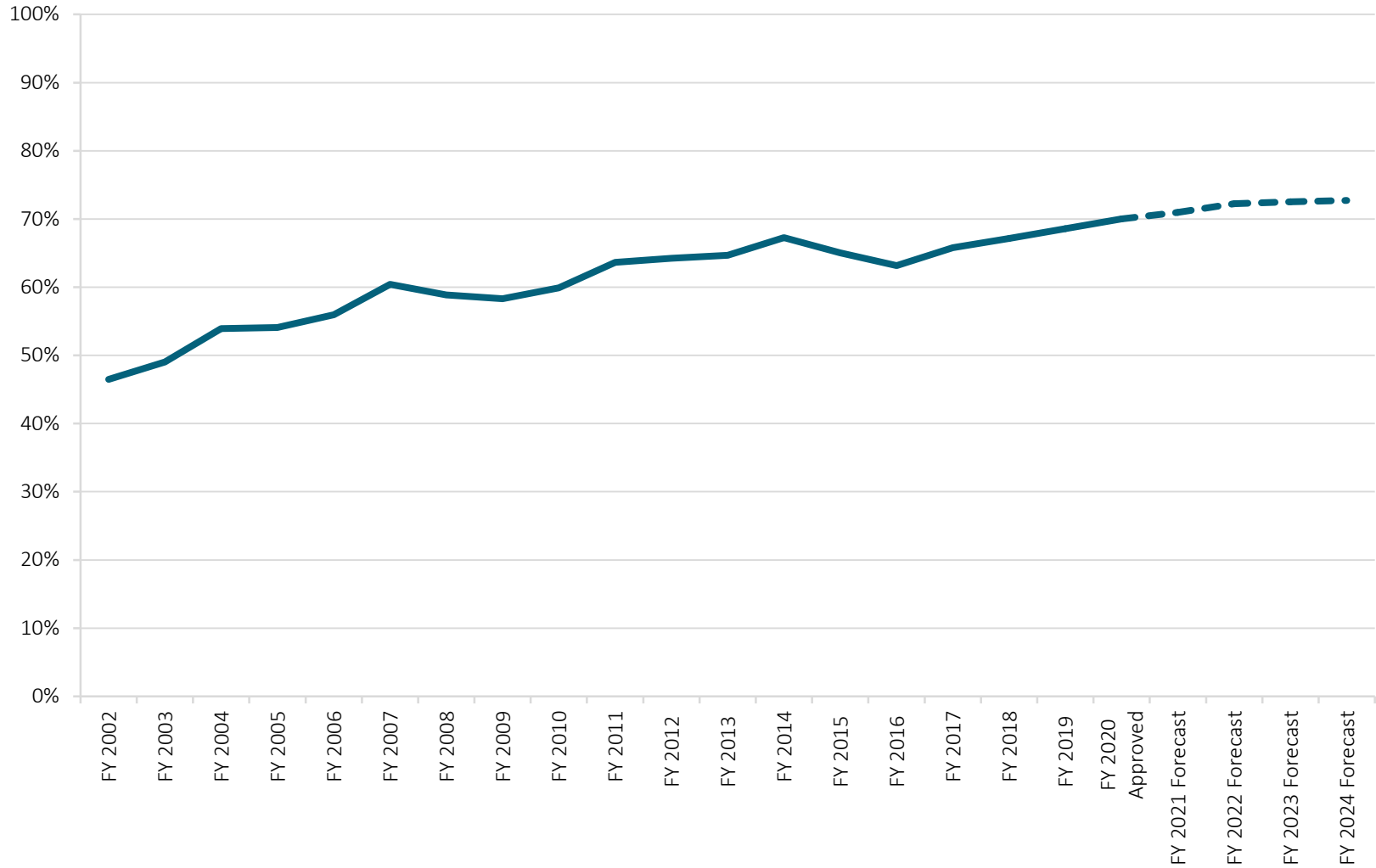
Avg. Benefits & Insurance Cost per FTE

FY 2002 Adopted to FY 2020 Approved



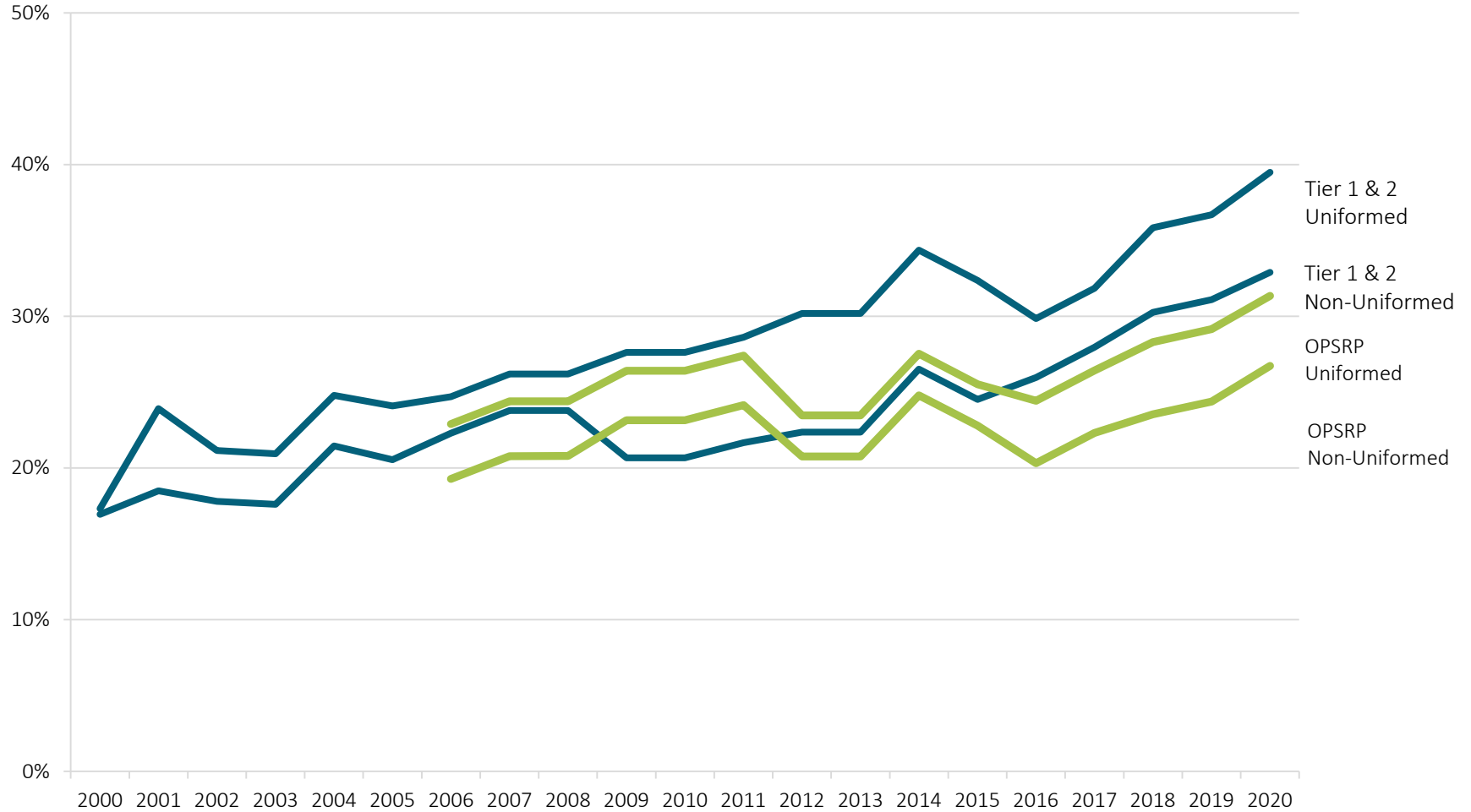
Benefits & Insurance % of Payroll

FY 2002 Adopted to FY 2020 Approved



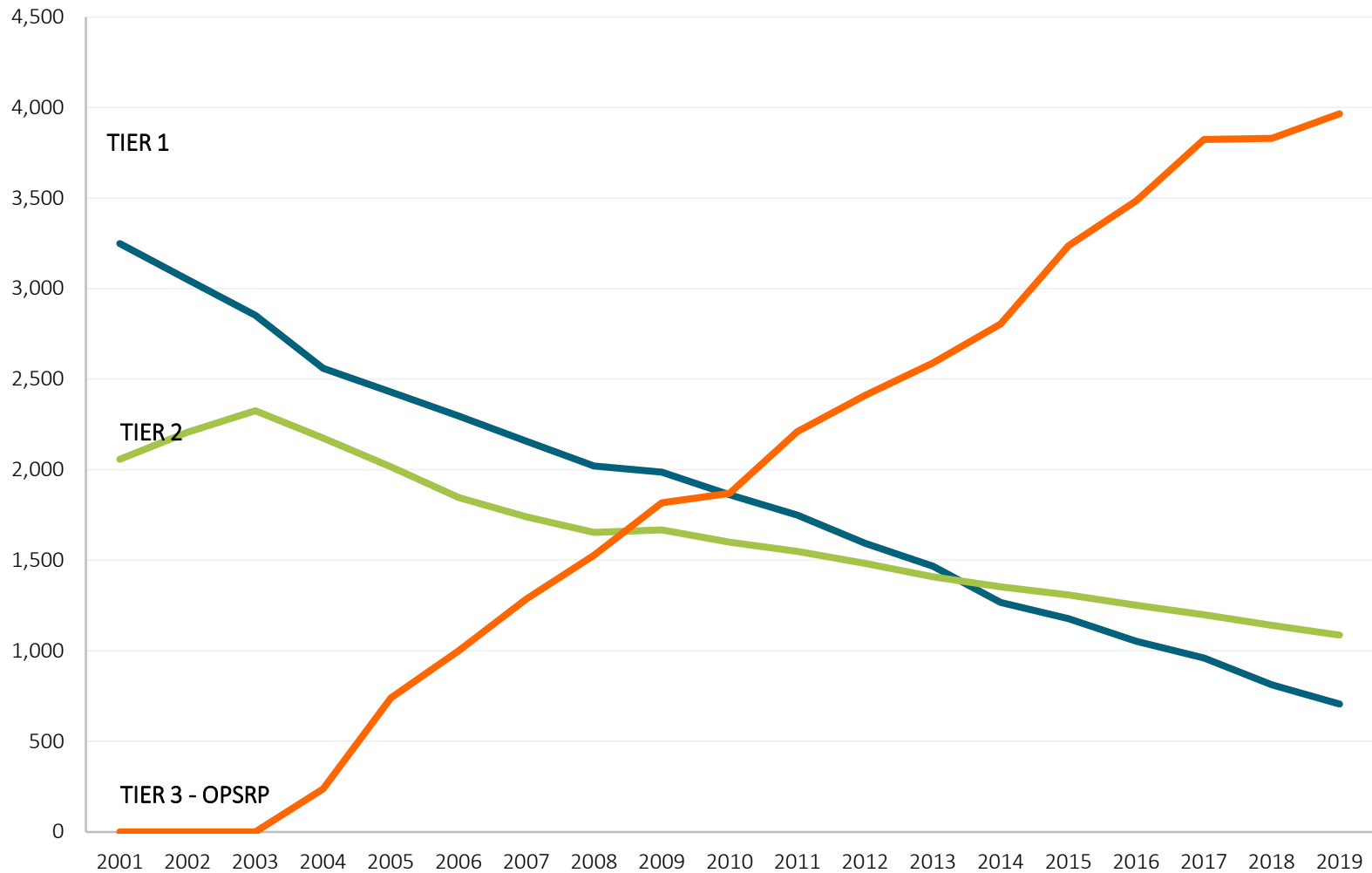
PERS Rates Charged to Departments

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

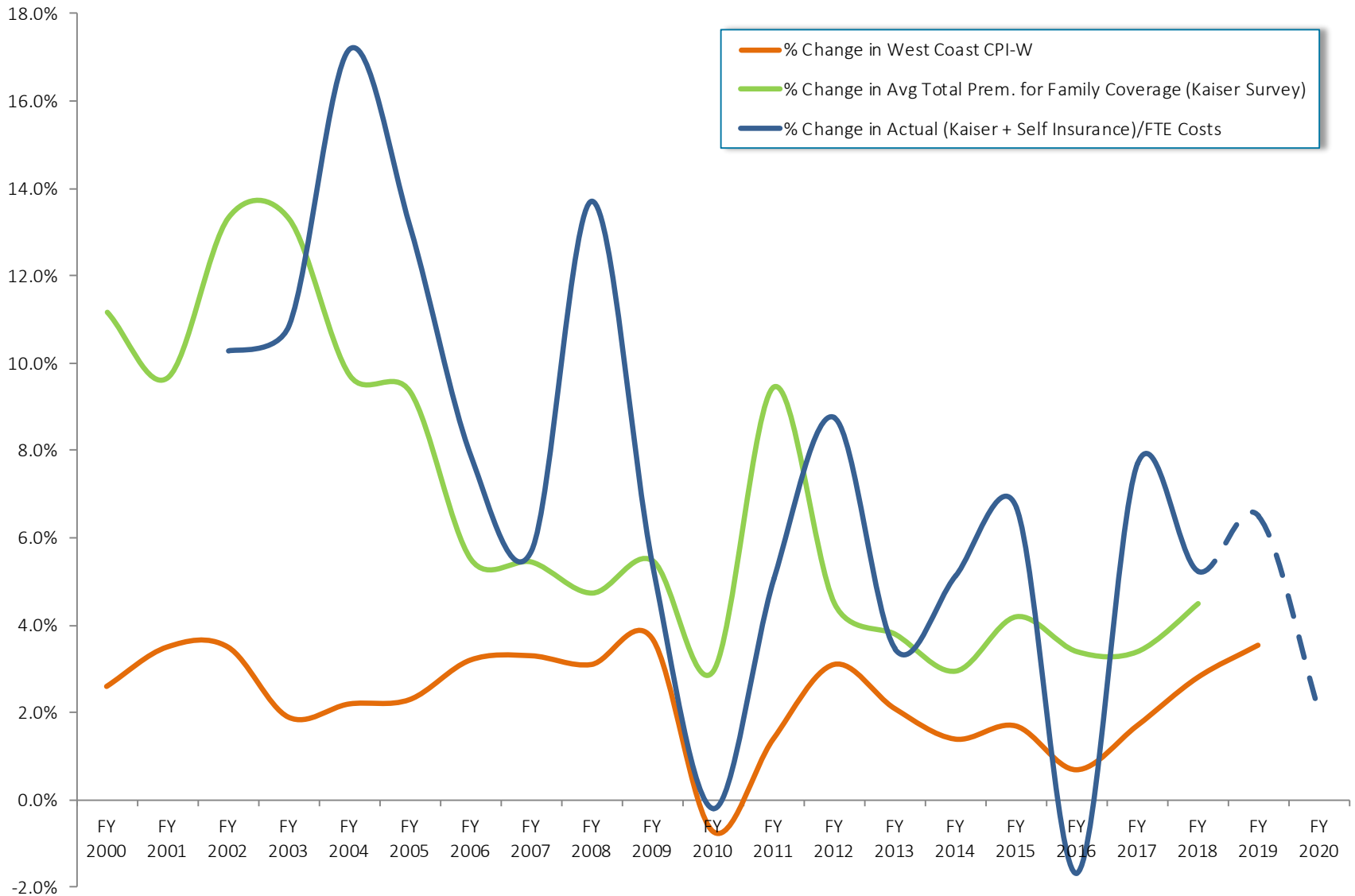


Employees by PERS Tier

Based on Actual People on January 1st

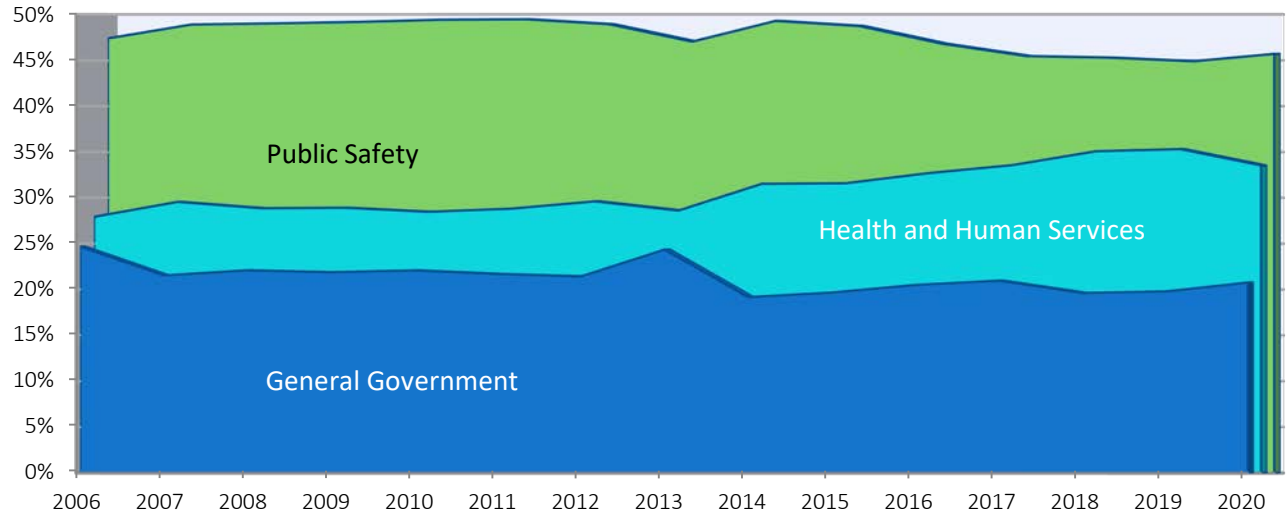


Health Care Inflation/Costs

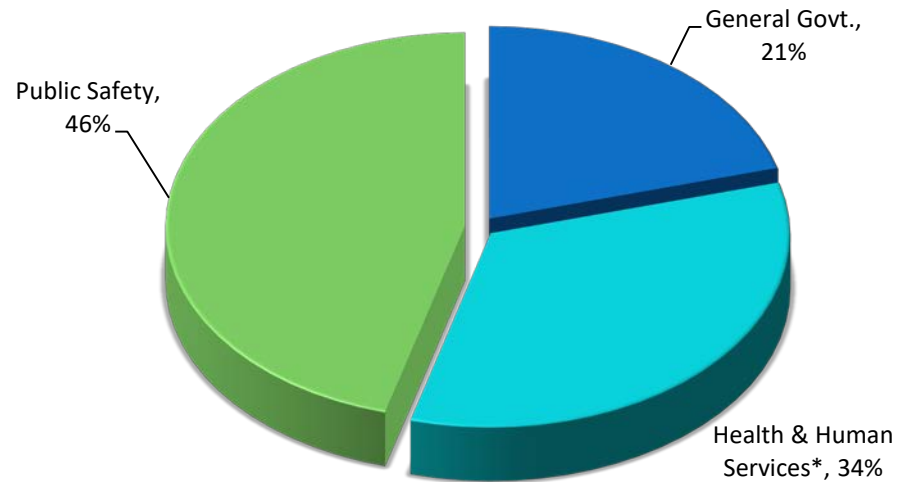


Where Do We Spend General Fund?

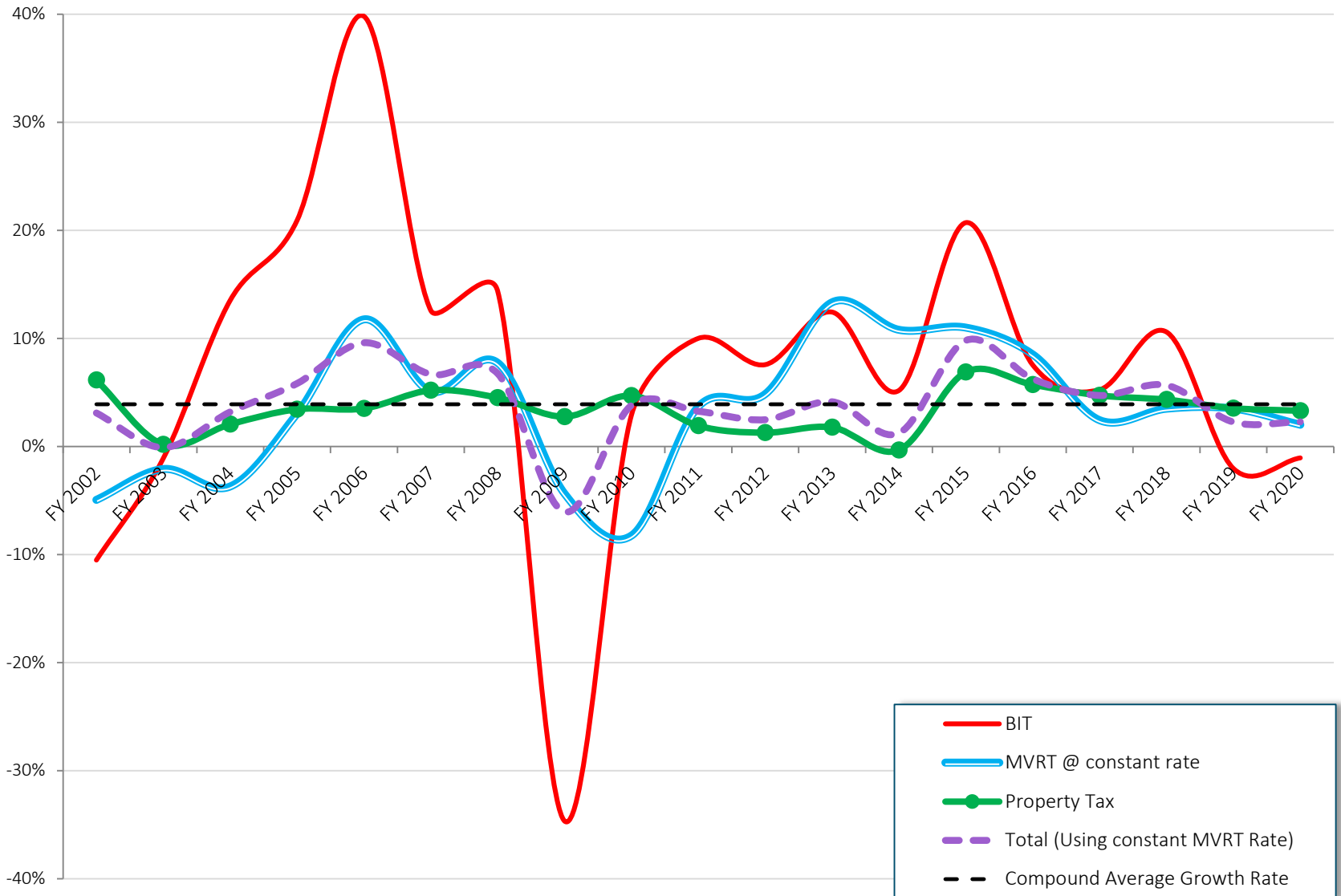
FY 2006 Adopted to FY 2020 Approved



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 2021 (and next recession) while providing services today
- Difficult, but sound financial choices while balancing competing needs have contributed to the County's position



Questions

