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Introduction

The last year presented an unprecedented set of challenges due to the COVID-19 pandemic and resulting economic recession. These challenges have forced the County to rapidly adapt to new community needs and to rethink how services are provided. As the Local Public Health Authority, the County played a key role in providing timely, life-saving information as the broader community adapted and altered behavior on what seemed like a weekly basis. As the provider of social safety-net services, the County expanded programming in response to a severe economic contraction that led to an increase in unemployment that surpassed the employment impact of the Great Recession in a matter of months. The County was able to do this while some employees served on the frontline providing services directly to the community, and others had to continue providing services while transitioning to working remotely. The vaccine rollout has created a sense of optimism and allowed the community to start to imagine what the post-pandemic world might look like, but the County is ready to continue to adapt to changing needs for the duration of the pandemic and recovery.

Thus far, Multnomah County has made it through the pandemic without having to make significant cuts to programming due to a combination of planning, observance of sound financial policies, and support from the Federal government and our regional partners. The starting point for the FY 2022 budget process was a forecasted \$9.2 million deficit. This deficit was smaller than it would have been otherwise, due to the use of Business Income Tax (BIT) revenues above expectation in FY 2019 and FY 2020 that were used for two years of deficit reduction. By March 2021, the financial outlook had improved due to the faster-than-expected economic recovery, which reduced the expected deficit to \$2.5 million. Throughout this period, decisions were made knowing that the County had fully funded its reserves, including the additional BIT Reserve, and would have options in the event of further revenue declines. When the Federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 to provide funding for the pandemic response, the County had identified COVID-19 related community needs and was able to quickly implement new programming supported by this funding. The recently passed American Rescue Plan Act (ARP) will allow the County to continue its COVID-19 response, while recovering General Fund revenues continue to support core County services.

The State of Oregon's financial outlook has improved significantly since the beginning of the pandemic, but revenues remain below the level needed to avoid cuts. Because Federal and State funds support 25% to 30% of the County's budget, reductions at the State could mean service reductions to clients served by the County. The State also received additional revenue through the American Rescue Plan (ARP), and has prioritized the health and behavioral health programs that account for the bulk of State support for County programming. It is unlikely decisions from the State will reach the County before the budget is adopted. Public Safety changes and the impact

of Ballot Measure 110 (discussed in more detail later) will continue to impact County revenues, and could lead to additional budgetary adjustments.

During the pandemic, the County has prepared to expand ongoing programming supported by three new voter-approved initiatives. First, in May 2020, Metro voters approved a new business income tax and personal income tax on high-income households to support permanent supportive housing throughout the region. The FY 2022 Proposed budget includes \$52 million of new supportive housing programming in the Joint Office of Homeless Services, which will partner with other County departments and community providers on coordination and implementation. Second, in November 2020 Multnomah County voters approved a new personal income tax on high-income households to fund a universal preschool program. The preschool program will be administered by the Department of County Human Services (DCHS), and the FY 2022 Proposed budget includes \$96.3 million of new revenue to build out internal and external program capacity before children actually fill preschool slots in FY 2023. Finally, also in November 2020, Multnomah County voters approved a new General Obligation (GO) Bond providing the County with the authority to spend \$387 million for Multnomah County Library Capital projects. The funding will be used to renovate or develop eight library branches, including the creation of a new East County flagship library. The funding will also allow for the creation of a new central sorting center, automated materials handling equipment, and improvements at every Library branch.

Throughout the process of creating this budget, the County has prioritized equity. Departments were asked to fully explain equity implications of potential reductions and additions, and all funding decisions utilized the equity lens framework. The budget also continues the County's commitment to leading with race in all aspects of its work, and fully implements the Workforce Equity Strategic Plan (WESP). This focus on equity is further necessitated by the inequitable distributions of COVID-19 impacts and economic recovery. Negative economic impacts have been concentrated on low-wage industries, while employment for the Black, Indigenous, and People of Color (BIPOC) community remains well below pre-pandemic levels.

Even with all of these challenges, the County's \$2.81 billion budget reflects the County's commitment to provide services ranging from SUN schools and homeless services to elections, health care, early learning opportunities, and animal services. It provides for civic infrastructure such as bridges, courthouses, and healthcare facilities. Beyond the numbers, it reflects Multnomah County's core goal to provide our community and employees with a sense of safety, trust, and belonging. The budget continues to address our community's needs today, including:

- Support for the Joint Office of Homeless Services, providing shelter, outreach, and housing placement and retention services, while also addressing the impacts of the COVID-19 pandemic and supporting

the implementation of substantial new work as a result of the Metro Supportive Housing Services Measure passed in May 2020.

- Maintaining funding for high-quality, culturally responsive behavioral health services for the most vulnerable, including the homeless, victims of abuse, and other marginalized communities.
- Increasing the County's investment in intensive behavioral health care coordination services for youth.
- Investing in the County's culturally specific addictions treatment services for justice-involved individuals.
- Maintaining funding in partnership with the school districts to support the 91 SUN schools in Multnomah County.
- Implementing Preschool for All, as directed by Measure 26-214 that was overwhelmingly supported by voters in November 2020.
- Providing funds for programs and services to help justice-involved individuals re-enter the community.
- Investing in the Sheriff's Office Equity and Inclusion Unit by adding 2.00 FTE.
- Implementing the \$387 million Library Bond project approved by voters in November 2020, to improve and expand Library space across the County.
- Adding a Conviction Integrity Unit in the District Attorney's Office that will help address historic impacts of the criminal justice system on Black, Indigenous, and People of Color (BIPOC).
- Investing in an expansion of the Community Healing Initiative (CHI) that will provide culturally specific, holistic, family-based, wraparound services to medium and high risk justice-involved BIPOC youth and their families to stop youth violence by addressing its root causes.
- Investing in a new Notice of Rights program to quickly provide notice of rights on sanctions to justice-involved individuals to reduce the amount of time in jail.

The budget devotes \$8.1 million of new, one-time-only General Fund resources to capital infrastructure. Capital investments include:

- Behavioral Health Resource Center - \$7.3 million increasing the total to \$16 million (in addition to \$8.7 million of carryover); and
- Technology Infrastructure upgrades across the County - \$0.8 million.

Some highlights of General Fund reductions are noted below. For a full explanation and list of reductions, please see page 17.

- Administrative, support, and back-office reductions across departments.
- Elimination of Turn Self In program in the Sheriff's Office which allowed individuals to serve sentences on nonconsecutive days, primarily weekends.
- Reduction of Community Justice reduced juvenile detention capacity by eight beds from 64 to 56 beds as the Community Justice Juvenile Services Division continues to reduce reliance on secured detention and find alternatives to detention without impacting public safety.

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

- Elimination of the Adult Treatment First/STOP programs due to the reduction in caseloads from the decriminalization of certain offenses and reduced funding through Ballot Measure 110. Instead, these individuals will access treatment services through other community referral services.
- Reduction of the Inverness Jail East Control and kitchen deputies.

Besides the General Fund reductions, several programs are impacted by State funding changes. The Proposed budget used the Governor's budget as a starting point, which will change in the State's final 2021-2023 biennial budget. The most impacted County programs include the following:

- Elimination of Inverness Jail Dorm 11 (78 beds) and 2.00 FTE corrections counselors in the Sheriff's Office due to reductions from State Senate Bill 1145.
- The STOP program noted above was also funded with State SB 1145. Reductions in funding contributed to the elimination of the Adult Treatment First/STOP program in Community Justice.

American Rescue Plan Act

The American Rescue Plan Act of 2021 (ARP) was signed into law on March 11, 2021, and provides \$350 billion in additional funding for state and local governments navigating the impact of the COVID-19 outbreak. Funds will be distributed by the U.S. Treasury to states and eligible local governments and are to be used to cover COVID-19 related expenses and impacts from the pandemic. Of this total funding, it is expected that Multnomah County will receive a direct allocation of \$157.6 million. The ARP direct funds will be provided to the County in two tranches as follows: 50% or \$78.8 million available on May 1, 2021, and the remaining 50% no earlier than 12 months from the first payment (or when 80% of the first allocation is expended, whichever is earlier). The funds are available through December 31, 2024. Additionally, the County is continuing to learn of additional program specific revenues that are coming to the County to fund specific activities like vaccine distribution or nutrition services for older adults. As we are made aware of additional Federal allocations, the County will be both strategic and careful in our efforts to maximize these resources because the need is so great in our community.

Local Public Health Authority and Safety Net Provider

Vaccine Response

As part of the continued efforts to ensure COVID-19 vaccines reach all people and all communities, the Federal government announced a series of actions to expand access to COVID-19 vaccines to the hardest-hit and highest-risk communities across the country. With funding from the American Rescue Plan, the U.S. Department of Health and Human Services (HHS) will invest nearly \$10 billion to expand access to COVID-19 vaccines and better serve communities of color, rural areas, low-income populations, and other

underserved communities in the COVID-19 response. This funding will expand access to vaccines for vulnerable populations and increase vaccine confidence across the County.

Safety Net Provider

Much of the Federal assistance will go towards serving the most vulnerable people in our community, who have been disproportionately impacted by COVID-19. Throughout the crisis, Multnomah County has had the unique local responsibility of both leading the public health response to a virus we had never seen, COVID-19, and responding to the unprecedented need in the community for shelter, housing, food and healthcare.

The County is charting a course forward, with a goal to preserve essential County services to the fullest extent possible. This includes housing stability, behavioral healthcare, and culturally specific wraparound services. These services are lifelines for individuals and families who face increased housing insecurity, food instability, trauma, and inadequate access to healthcare. The County will also continue to respond to the urgent needs surrounding the pandemic, including continuing to detect and contain cases and outbreaks, and expand vaccinations.

And, where possible, the County seeks to deepen supports for current clients and reach more individuals and families in our community who are now in need of our services. Additionally, the pandemic has created the need for expanded investments to respond to acute COVID-19 impacts, including supports for children returning to school, older adults, those experiencing domestic and sexual violence, and those impacted by increased gun violence in our community.

Continuation of Emergency Rent Assistance (ERAP)

The local eviction moratorium implemented during the pandemic has prevented a wave of evictions in response to large-scale employment loss, but renters will ultimately still owe this back rent. In mid-December 2020, the Census Household Pulse survey reported that 14% of households in Oregon responded that they were worried about their ability to pay rent.

Stable housing is linked to a number of positive health and social outcomes for individuals, families, and communities. Rental assistance is a key strategy to support renters. The COVID-19 pandemic has resulted in unprecedented numbers of layoffs and furloughs leading to even deeper racial disparities and challenges to pay rent and remain stably housed. A COVID-19 Emergency Rent Assistance program will continue into FY 2022, to support more households with rent assistance.

Summary of Current and Future Funding

To support the services above, the FY 2022 budget includes three program offers reflecting new funding totalling \$145.1 million detailed as follows:

- 10090A - \$78,824,111 Direct Rescue Plan (ARP) funding for local governments;
- 10090B - \$48,800,000 in Emergency Rent Assistance funding; and
- 10090C - \$17,495,583 of Public Health and Clinical Services funding.

For more information about the County's approach to allocating these resources, see the [Chair's Budget Message](https://multco.us/budget/fy-2022-chairs-proposed-budget) at <https://multco.us/budget/fy-2022-chairs-proposed-budget>.

The Joint Office of Homeless Services has also assumed that the Federal Emergency Management Agency (FEMA) will reimburse FY 2021 costs in an amount that will allow \$18.4 million of CARES funds to be carried over to FY 2022, funding one-time-only continuation of existing COVID-19 activities for the first half of FY 2022 (see programs 30090-92).

In addition to the direct County allocation, the State of Oregon will receive a \$2.6 billion American Rescue Plan allocation, of which \$780 million remains unallocated after covering funding for existing programs and establishing a reserve. Legislative leadership is currently consulting with members about options for spending this money.

Financial Context

As the COVID-19 pandemic unfolded, initial job loss numbers and industry shutdowns suggested a massive economic disruption on a level not seen in most of our lifetimes. The initial economic contraction was unprecedented outside of wartime, but the ensuing recovery was significantly faster than most economists expected. The ongoing recovery has been inequitable, leaving behind specific industries and demographic groups, but Multnomah County government appears poised to make it through the pandemic without having to make significant cuts. In the FY 2021 Adopted budget, \$19 million of one-time-only resources were used to mitigate revenue shortfalls with the hope that revenues would recover enough by FY 2022 to offset the use of these one-time funds. Revenue recovery has not been strong enough to completely prevent cuts, but the Chair's Proposed budget was created with only a \$2.5 million deficit as a starting point. Looking forward, continued revenue recovery, combined with increased property tax revenue due to the end of several large Urban Renewal Areas, should produce increasing surpluses over the next five years.

Crucially, sound financial and budgetary practices implemented over the last several years left the County on strong financial footing going into this crisis. In March 2020, the Multnomah County Board approved a series of changes to the business income tax (BIT) that increased the amount of forecasted

revenue. The pandemic-driven recession had a significant impact on BIT revenues that was largely offset by the increase. The County's prudent management of its financial resources has been noted by the credit rating agencies. In November 2017, both S&P Global Ratings and Moody's Investor Services 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. The S&P Global Rating also reflects an upgrade from AA+ to AAA on the County's full faith and credit obligations. S&P noted the County's "strong management, with good financial policies and practices" and the County's strong budgetary performance and flexibility.

The County also continues to benefit from past decisions to use revenues above what were expected for longer-term deficit reduction. The Proposed budget includes:

- The second of two years of \$6.6 million annual deficit reduction funded from Business Income Tax revenues above expectation in FY 2019 and FY 2020.
- The third year of spreading \$3.2 million of one-time-only funds over five years to cover ongoing operating costs, providing deficit relief of \$630,000 in FY 2022.

Additionally, the County has funded four \$25 million PERS side accounts, the third and fourth of which were used to generate matching funds of \$8.5 million provided by Senate Bill 1049 with the possibility of additional matching funds in the future. These matching funds generate additional ongoing PERS rate relief. These side accounts, combined with the SB 1049 PERS reform measures means that County PERS rates have likely topped out. While rates are still a significant cost, PERS rate increases are no longer expected to contribute to year-over-year increases in personnel costs, which significantly contributed to the County's structural deficit.

There are encouraging signs that suggest the end of the COVID-19 pandemic is in sight, but significant uncertainty still exists in regard to County revenues, as well as the ongoing need for services. Despite this uncertainty, the essential services provided by the County are continued in this budget, with more than 5,000 County full time equivalent employees (FTE) providing services ranging from health care and law enforcement to bridge maintenance and elections in FY 2022.

The following pages of the FY 2022 budget contain more information on the County's financial picture and operational and investment plans. The County's budget information for FY 2022, as well as past years, can be found at: www.multco.us/budget.

Planning for FY 2022

Economic Climate

Relative to expectations at this time last year, the headline economic news is generally positive. In the initial months of the pandemic, American workers were filing millions of initial unemployment claims every week, and the unemployment rate shot up to a seasonally adjusted 14.8% in April 2020, as large portions of the economy were shut down in order to stop the spread of the virus and household consumption contracted due to immense uncertainty. This massive disruption was partially offset by interventions by the Federal Reserve and Federal government, which shored up aggregate demand. Crucially, the Federal intervention extended and topped up unemployment payments, and provided direct assistance to households and firms. Unemployment remained elevated during the summer, but has steadily dropped since the peak. Many industries, especially those related to tourism and leisure and hospitality, are still severely affected, but Federal intervention appears to have allowed the economy to avert the significantly worse outcomes expected at the beginning of the pandemic.

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 33.4% and 4.3% in the last two quarters of 2020, after decreasing at an annual rate of -31.4% in the second quarter of 2020. The Federal Reserve continues to keep rates at low levels and has signaled that rate increases will not begin until both the unemployment rate and the rate of employment for prime working age people improves.

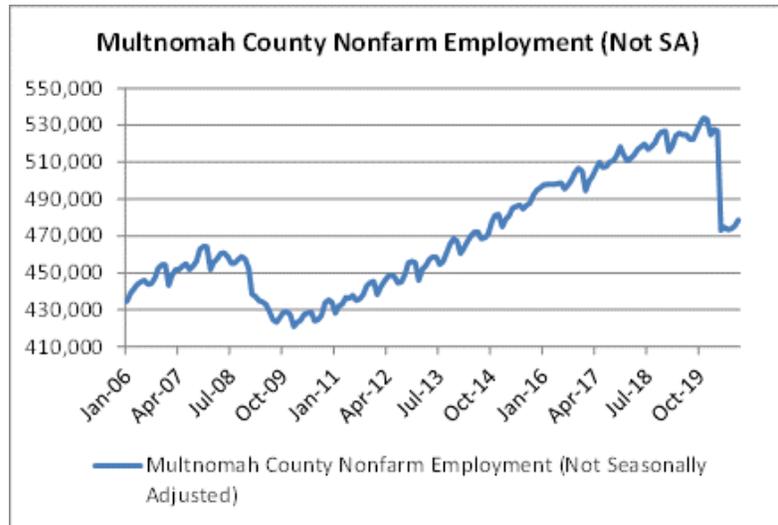
The Housing Market

Locally, the residential real estate market saw a return to quickly increasing prices, matching activity across large, western cities due to expected demographic changes combined with increased interest in having more space and home offices during the pandemic. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices increased 9.9% during 2020. Multifamily housing rents have increased in the broader Portland Metro Area, but have declined in the City of Portland during the pandemic. The local rental market continues to be affected by the local eviction moratorium. While pandemic-impacted individuals cannot be evicted, it is unclear how renter households that owe significant back rent will be expected to make payments and what level of assistance will be available to renter households and landlords.

Employment

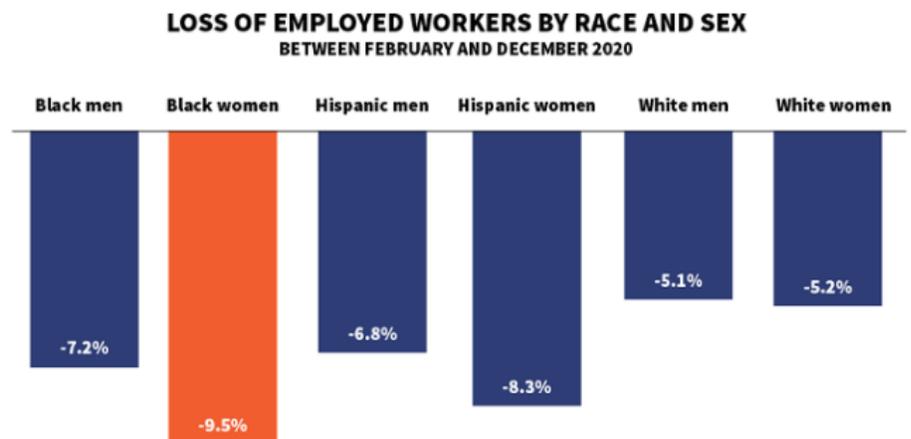
As of February 2021, the U.S. unemployment rate stood at 6.3% (after peaking at 14.8% in April 2020) vs. 3.5% a year earlier. For Oregon, the February 2021 rate was 6.1% vs. 3.5% a year earlier. In Multnomah County, the similar figures are 6.8% vs. 2.9% a year earlier. With nonfarm employment in Multnomah County at 474,500, employment levels are roughly 61,200 or 11.4% lower than

the previous year. Across the country, employment recovery has been slower in metro areas, which have tended to have more comprehensive economic shutdowns as well as a greater concentration of COVID-19-impacted industries.



Inequitable Recovery

The encouraging headline numbers hide the inequity of the recovery thus far. In all recessions, the Black, Indigenous and other people of color (BIPOC) community tend to lose employment at a faster rate, and experience a slower economic recovery. The specifics of the pandemic-induced recession have exacerbated this trend. Tourism, leisure and hospitality, and the service sector experienced the biggest COVID-19 impacts, and these sectors tend to employ people of color at a higher rate than the economy as a whole. The following chart from the U.S. Department of Labor shows that employment for white people has recovered at a faster rate, and the employment of women of color in particular remains well below pre-pandemic levels.



Source: U.S. Census Bureau, Current Population Survey 2020

Note: Women ages 20 and over

Forecasting the General Fund

The inequity of the recovery supports comments made by the Treasury Secretary and Fed Chair that portions of the economy still have significant ground to make up, and has implications for the demand for County services for the foreseeable future.

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

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At the beginning of the FY 2022 budget process, a \$9.2 million deficit was forecast for the General Fund. Due to a faster than expected economic recovery, the outlook had improved by the spring. The Budget Office's March 2021 five-year forecast projected an ongoing deficit of \$2.5 million for FY 2022, which becomes a \$42.9 million surplus in FY 2026. There are four major reasons for the increasing surpluses:

- Starting in FY 2023, several large Urban Renewal Areas (URA) in the City of Portland will end, returning Assessed Value (AV) above their frozen base back to the tax roll. In FY 2023 and FY 2025, when two of the largest URAs return to the tax roll, AV growth is expected to be double what it is in a typical year.
- As previously mentioned, the Multnomah County Board voted to increase the Business Income Tax rate in 2020. The expected increase in BIT revenues was offset by the impact of the pandemic-induced recession. As the BIT recovers, almost \$30 million of additional, ongoing revenue will be generated.
- Similarly, the Motor Vehicle Rental Tax (MVRT) saw a significant decline (more than 50%) due to COVID-19. The forecast assumes that people will start to return to traveling in FY 2022, increasing those revenues back to normal.
- Finally, as previously mentioned, PERS rates are expected to be flat for the foreseeable future, eliminating a source of year-over-year personnel cost increases.

The County's normal bargaining process was disrupted by COVID-19 and the stay-at-home order. The County agreed to one-year rollovers for all of the largest bargaining units, meaning that in FY 2022 almost all represented employees will have open labor contracts.

Budget Director's Message

fy2022 proposed budget

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|----------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Net November Forecast | (9,149,093) | 9,995,431 | 24,199,603 | 42,425,973 | 47,395,712 |
| Property Tax Adjustment | | (225,000) | (485,000) | (975,000) | (975,000) |
| Net BIT Adjustment | 7,777,500 | 2,860,000 | | | |
| Marijuana Adjustment (BM 110) | (1,625,000) | (1,756,250) | (1,894,063) | (2,038,766) | (2,190,704) |
| HD Restaurant Inspections | 2,000,000 | 1,500,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Recording Fees | 500,000 | 250,000 | | | |
| Personnel Cost Increases | (2,000,000) | (2,084,200) | (2,171,945) | (2,263,384) | (2,358,672) |
| Net March Forecast | (2,496,593) | 10,539,981 | 20,648,595 | 38,148,823 | 42,871,336 |

More information about the forecast can be found at <https://multco.us/budget/fy-2022-economic-forecasts-and-financial-overview>.

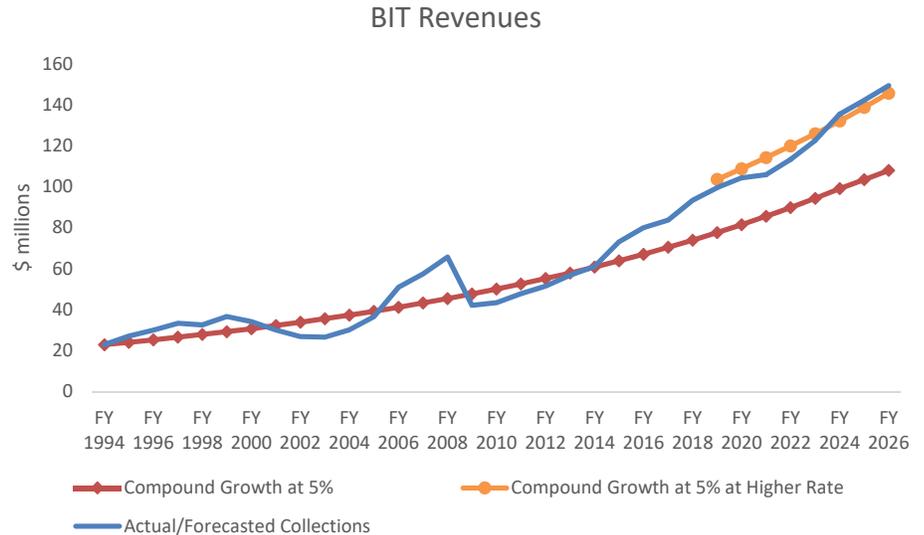
Local Revenues

Property tax is the single largest discretionary source of revenue in the General Fund, accounting for 62% of ongoing revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. As measured from the FY 2021 Adopted budget, ongoing General Fund resources for FY 2022 are projected to increase by 3.5%.

The FY 2022 budget assumes the following rates of growth (as measured from the FY 2021 Adopted budget) for each revenue source:

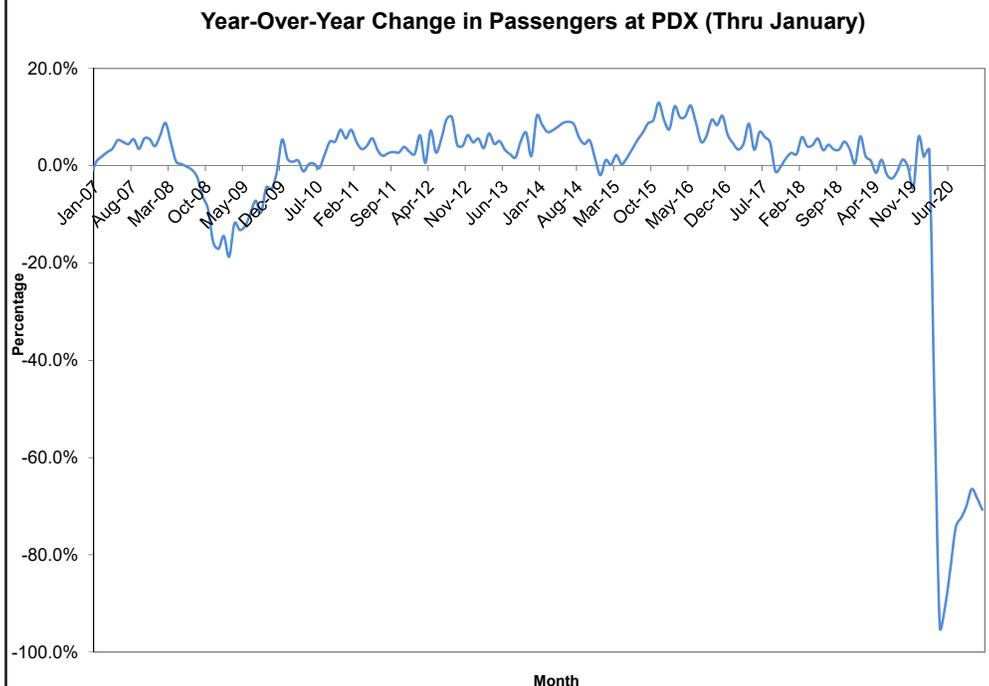
- Property Tax – An increase of 3.5%
- Business Income Tax – An increase of 21.4%
- Motor Vehicle Rental Tax – An increase of 9.2%
- Recording Fees/CAFFA Grant – An increase of 15.9%
- U.S. Marshal Jail Bed Rental – Expected to remain flat year-over-year

The following graph shows historical BIT revenues and the current forecast through FY 2026 (solid line). Three recessions are shown on the graph, which followed separate paths of decline (or no decline in the most recent case). The recession at the beginning of the century played out over a longer period with the County experiencing three years of decline. The Great Recession impact occurred in one year, followed by a decade of increasing revenues. The pandemic recession was offset by the Board's BIT rate increase (shortly before the start of the pandemic) and better than expected economic performance.



The County revenue most directly impacted by COVID-19 was motor vehicle rental taxes, which are responsible for approximately 6% of General Fund revenues. The current estimate for revenues in FY 2021, anticipates an almost 60% decline from pre-pandemic levels. The following graph shows the year-over-year change in deplaned passengers at the Portland International Airport, which is highly correlated with motor vehicle rental tax revenues.

The FY 2022 forecast assumes these revenues will rebound quickly, as vaccinations make traveling safer and households get closer to normal activity.



Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.5% to 4.3% annually through FY 2026, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2022, the cost of providing current service levels is expected to grow at 3.6%. The growth is driven by personnel costs, which are forecast to grow at 4.3%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 1.9% (of base pay)¹
- Step/Merit Increases/Contract Adjustments: 1.6% (of base pay)
- Medical/Dental: 6.00%
- PERS: 0.8% (of base pay)

The County's pension costs via the Public Employees Retirement System (PERS) have risen significantly over the past several budget cycles. This is due to a number of factors, which are discussed in more detail later, but are 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 7.2%.
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 \$583 million as of the December 2019 valuation, which includes the SB 1049 reforms.

The County's PERS rates are set biennially, and FY 2022 is the start of a new biennium. The County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and mitigate risk. For the last several biennia, PERS rates have risen steadily, and there was some amount of certainty about the need to increase rates over time due to the large unfunded liability. During the 2020 Oregon Legislative Session, SB 1049 was passed, which was intended to slow the growth of PERS rates. Based on these reforms, the County has reached its top rate in FY 2022, subject to ongoing stock market performance.

¹ The actual COLA for FY 2022 is based on the CPI-W West Size A index. The relevant information is not available until January every year, after the budget process has already begun. Therefore, departments are directed to assume a COLA forecast by the Budget Office. For FY 2022, the actual COLA will be 1.6%. The difference will be used to cover expenses associated with the new State Family Leave law which begins implementation in January 2022.

Policy Direction from the Chair and Balancing the General Fund

For FY 2022, the rates charged to departments are increased by 0.8% of base pay. This internal rate increase, combined with the establishment of PERS side accounts and matching funds provided by the State as part of SB 1049 reforms, is expected to get the County to its final, long-term PERS rate.

For FY 2022, internal service rates charged to departments for items such as information technology and facilities services are assumed to increase 3.9%. As the County's internal services are heavily labor dependent, the increase in personnel cost growth has put upward pressure on internal costs. For FY 2022, DCA applied a 1% constraint during the rate-setting process.

Based on the County's initial forecast in November 2020, there was a \$9.2 million General Fund deficit to address. The Chair directed all departments to submit General Fund budgets that reflected a 2% reduction from current service level budgets as a starting point for the FY 2022 budget. These reductions were estimated to generate \$9.0 million of savings if all were submitted and accepted. Departments could also propose service expansions, reduction restorations, backfill of grants, new programs and request one-time-only funds.

The Chair also directed the Department of County Assets (DCA), to prepare 1% reductions to variable internal services (costs associated with debt service, contracts, and other commitments outside of DCA's control were excluded). This resulted in a net savings of approximately \$741,346 that was passed on to departments, \$371,890 of which was in the General Fund.

The Chair also directed departments to budget for a 1.9% COLA adjustment for contracted human services providers, in line with the forecasted COLA for County employees. As with the COLA for County employees, the actual COLA will be 1.6%.

The Proposed budget allocates just over \$12.5 million of discretionary one-time-only (OTO) General Fund as follows:

- Allocating \$8.1 million to major capital projects.
- Allocating \$1.0 million of additional contingency to mitigate unforeseen financial risks like those related to the COVID-19 response.
- Allocating the remaining \$3.4 million to a variety of costs, such as youth workforce, a conviction integrity pilot, and upgrades to detention facilities.

Per past practice, the business income tax (BIT) reserve is funded at 10% of BIT revenues (\$11.3 million) for FY 2022. This is in addition to the County's 10% General Fund revenue reserve (\$48.9 million). Consistent with past practice, the FY 2022 budget conservatively assumes that departments will fully spend their FY 2021 General Fund appropriations.

The Chair's Message provides additional information on her policy initiatives and the County's COVID-19 response can be found at www.multco.us/budget.

Overview of Additions, Reductions and Reallocations

Human Services General Fund Additions

The FY 2022 budget includes a number of General Fund and Other Funds additions, reductions, and reallocations. The following tables summarize significant changes by broad service areas. The tables include both ongoing and one-time-only (OTO) funds and do not reflect cuts that were proposed by departments but restored in the Chair's Proposed budget. These tables are focused on changes in the General Fund, but some of the more significant Other Funds changes are also included.

In addition to the General Fund changes described below, the FY 2022 Proposed budget includes \$52 million of new supportive housing funds in the Joint Office of Homeless Services from the Metro Supportive Housing Services Measure. Also included in the Proposed budget is \$96.3 million for the new Preschool for All Fund approved by voters in November 2020. The Department of County Human Services (DCHS) will administer this program that will extend free early education to 3 and 4 year olds across the County.

An additional \$7.3 million is added to support build out of the Behavioral Health Resource Center, bringing the total available funding to \$16 million. 2.40 FTE were added to the Joint Office of Homeless Services for human resources and operational support. The Department of County Human Services adds \$642,734 and 4.00 FTE to expand staffing in the Domestic Violence Crisis Response Unit to 24 hours a day, four days a week and to add the new Fair Housing Testing program to fund audit testing in east Multnomah County. Discrimination testing is currently done within city limits by the Portland Housing Bureau, but no testing has been conducted in Gresham, Fairview, Troutdale and Wood Village.

| Prog. # | Program Offer Name | General Fund Additions | FTE Additions |
|--|---|------------------------|---------------|
| Countywide Contingency | | | |
| | Behavioral Health Resource Center | \$7,250,000 | 0.00 |
| | Financial Risk Mitigation COVID-19 | 1,000,000 | 0.00 |
| Joint Office of Homeless Services | | | |
| 30000C | Human Resources/Operations Support | 450,000 | 2.40 |
| County Human Services | | | |
| 25047B | YFS - DV Crisis Response Unit - Increase Capacity | 221,636 | 2.00 |
| 25050B | YFS - Gateway Center Legal Supports | 60,000 | 0.00 |
| 25134 | YFS - Fair Housing Testing | 110,000 | 0.00 |
| 25145B | YFS - SUN Community Schools Staff Capacity | 131,098 | 1.00 |
| 25156B | YFS - Bienestar Social Services Youth Program Coordinator | 120,000 | 1.00 |
| Total | | \$9,342,734 | 6.40 |

Human Services General Fund Reductions

The Department of County Human Services made some small administrative reductions across divisions as well as reductions to services that are under-utilized. This includes reductions for Options Counseling which provides counseling and case management support to older adults, people with disabilities, and veterans. This service has been under-utilized so this reduction will have no impact on client services (25035).

| Prog. # | Program Offer Name | General Fund Reductions | FTE Reductions |
|------------------------------|--|-------------------------|----------------|
| County Human Services | | | |
| 25000A | DCHS Director's Office | (\$27,136) | 0.00 |
| 25027 | ADVSD Quality and Business Services | (66,506) | (0.40) |
| 25032 | ADVSD Outreach, Information & Referral | (20,000) | (0.20) |
| 25034 | ADVSD Health Promotion | (73,799) | (0.50) |
| 25035 | ADVSD Case Management & In-Home Services (non-Medicaid) | (104,132) | 0.00 |
| 25130 | YFS - Family Unification Program | (100,000) | 0.00 |
| 25152 | YFS - Early Learning Family Engagement and Kindergarten Transition | (131,098) | (1.00) |
| Various | IDDS Across the Division | (89,193) | 0.00 |
| Various | ADVSD Across the Division | (13,600) | 0.00 |
| Total | | (\$625,464) | (2.10) |

Human Services General Fund Reallocations

The reduction to ADVSD Case Management & In-Home Services represents a contract that has been under-utilized in recent years so there will be no impact to client services.

| Prog. # | Program Offer Name | General Fund Reallocated | FTE Reallocated |
|-------------------------------|---|--------------------------|-----------------|
| County Human Services | | | |
| Made these reductions | | | |
| 25023 | ADVSD Long Term Services & Supports (Medicaid) | (\$51,217) | (0.38) |
| 25035 | ADVSD Case Management & In-Home Services (non-Medicaid) | (87,801) | 0.00 |
| Various | Across IDDS Division | (44,597) | 0.00 |
| To fund these programs | | | |
| Various | YFS Division | 183,615 | 0.00 |
| Total | | \$0.00 | (0.38) |

Health Department Additions, Reductions, & Reallocations

The Health Department is one of the County's largest and most complex departments. The FY 2022 budget reflects a significant General Fund investment in critical Public Health and Behavioral Health services. The most significant additions include ongoing support for Behavioral Health Crisis Services, and new, ongoing support for two new culturally specific programs, Community Based Mental Health Services for Children and Families, and a Justice Involved Addictions Benefit Coordinator.

This budget provides additional support to the Behavioral Health Division by adding new, ongoing General Fund to support critical program areas including Crisis Services and Behavioral Health Care Coordination.

The Health Department took some small administrative reductions in certain divisions and eliminated funding for one Behavioral Health contract that was underutilized. Corrections Health made some reductions in staffing. These reductions will be evaluated, taking the jail census and the impact of the pandemic into consideration, as part of the budget process.

Health General Fund Additions

| Prog. # | Program Offer Name | General Fund Additions | FTE Additions |
|--------------------------|--|------------------------|---------------|
| Health Department | | | |
| 40000C | Mapping Study - Services for Immigrant and Refugee Communities | \$100,000 | 0.00 |
| 40039B | Human Resources: WESP Coordinator | 88,960 | 0.80 |
| 40050F | Corrections Health Multnomah County Detention Center (MCDC) - Management Restructuring | 196,246 | 1.00 |
| 40052B | Medical Examiner - Expansion | 126,184 | 1.00 |
| 40080B | Community-Based MH Services for Children and Families- Culturally Specific Clients | 160,000 | 1.00 |
| 40085C | Adult Addictions Treatment Continuum: Culturally Specific, Justice Involved Addictions Benefit Coordinator | 186,000 | 1.20 |
| 40085D | LEAD Transition | 252,000 | 0.00 |
| Total | | \$1,109,390 | 5.00 |

Behavioral Health Other Funds (Restored with Ongoing County General Fund)

| Prog. # | Program Offer Name | General Fund Backfill | FTE Backfill |
|--------------------------|--|-----------------------|--------------|
| Health Department | | | |
| 40069B | Crisis Services Wrap Around - State Backfill | \$104,687 | 0.00 |
| 40081 | Multnomah County Care Coordination Restoration | 295,862 | 2.00 |
| Total | | \$400,549 | 2.00 |

Health Department General Fund Reductions

| Prog. # | Program Offer Name | General Fund Reductions | FTE Reductions |
|--------------------------|---|-------------------------|----------------|
| Health Department | | | |
| 40040 | Financial and Business Management Services | (\$203,187) | (2.00) |
| 40044 | Health Data and Reporting | (202,920) | (0.75) |
| 40046 | Organizational Development | (56,076) | 0.00 |
| 40080 | Community Based MH Services for Children & Families | (49,631) | (0.10) |
| 40098 | Epidemiology, Analytics and Evaluation | (112,653) | (3.00) |
| Various | Corrections Health* | (605,558) | (5.60) |
| Total | | (\$1,230,025) | (11.45) |

*The FY 2021 Adopted budget included funding for COVID-19 specific activities, including Corrections Health. In the FY 2022 Proposed budget, funding for these activities are budgeted in the Nondepartmental COVID program offers.

Public Safety General Fund Additions

The public safety additions were carefully considered to ensure that any new funding aligns with the County's values. The largest addition to Public Safety is for Ballot Measure 110 one-time-only transition funding, which will ensure treatment providers are able to continue to provide outpatient treatment services until the services funded by Measure 110 are implemented and accessible and to minimize the impact to our clients. Other additions focus on equity and marginalized populations. For example, the Multnomah County District Attorney added a Conviction Integrity Unit that will help address historic impacts of the criminal justice system on Black, Indigenous, and People of Color (BIPOC). The Department of Community Justice is expanding its Community Healing Initiative (CHI) for culturally specific probation services for African immigrant and refugee youth. In the Sheriff's Office, the Equity and Inclusion unit was expanded.

| Prog. # | Program Offer Name | General Fund Additions | FTE Additions |
|-----------------------------------|---|------------------------|---------------|
| District Attorney's Office | | | |
| 15021A | Conviction Integrity Unit | \$115,537 | 0.44 |
| 15021B | Conviction Integrity Unit Expansion | 260,000 | 1.56 |
| Community Justice | | | |
| 50000B | Deputy Director & Mediation Services | 276,442 | 1.00 |
| 50000C | Ballot Measure 110 Transition | 550,000 | 0.00 |
| 50020B | Notice of Rights | 209,319 | 2.00 |
| 50031B | Community Services - Backfill | 64,544 | 0.34 |
| 50051B | Juvenile Detention Center Renovation | 204,000 | 0.00 |
| 50054C | Detention Services - Juvenile Custody Services Specialist | 100,421 | 1.00 |
| 50065B | Expansion of CHI - Culturally Specific Probation Services for African Immigrant & Refugee Youth | 250,000 | 0.00 |
| Sheriff's Office | | | |
| 60105B | Equity & Inclusion Unit Expansion | 261,500 | 2.00 |
| 60125 | Corrections Compliance | 271,171 | 1.00 |
| 60315 | MCDC Detention Electronics | 60,000 | 0.00 |
| Total | | \$2,622,934 | 9.34 |

Public Safety General Fund Reductions

Most of the public safety reductions are in the Department of Community Justice and the Sheriff's Office. The MCSO reductions are to the Inverness Jail East Control center and kitchen deputies, along with the Turn Self In program. Community Justice reduced two positions in conjunction with the elimination of collecting supervision fees as a part of the public safety reform approved by the County Commissioners in FY 2021. Community Justice reduced juvenile detention capacity by eight beds from 64 to 56 beds as the Juvenile Services division continues to reduce reliance on secured detention and find alternatives to detention without impacting public safety.

| Prog. # | Program Offer Name | General Fund Reductions | FTE Reductions |
|-----------------------------------|---------------------------------------|-------------------------|----------------|
| District Attorney's Office | | | |
| 15308A | Strategic Prosecution Unit (SPU) | (\$92,103) | (1.00) |
| Community Justice | | | |
| 50000 | Contracts & Procurement and Policy | (80,564) | (1.00) |
| 50001 | Business Services | (345,767) | (2.80) |
| 50014 | Adult Treatment First/STOP Drug Court | (902,397) | 0.00 |
| 50054A/B | Juvenile Detention Services | (194,600) | (2.00) |
| 50066 | Community Interface Services | (221,550) | (1.50) |
| Sheriff's Office | | | |
| 60330H | MCIJ East Control & Kitchen Deputies | (603,535) | (9.10) |
| 60410D | Turn Self In Program | (279,667) | (2.00) |
| Agency-wide | Various personnel savings | (550,573) | 0.00 |
| Total | | (\$3,270,756) | (19.40) |

Public Safety State Reductions

The majority of these Other Fund reductions are due to a decrease in Senate Bill 1145 (SB 1145) Community Corrections revenue. The State Governor's budget for 2021-2023 biennium assumed that \$24.5 million statewide would be reduced due to the passage of Ballot Measure 110, which will decrease the community corrections caseload. The reduction in SB 1145 also reflects the decrease in Multnomah County's percentage of the statewide community corrections felony population from 18.12% to an estimated 17.75%.

The reduction of SB 1145 funding primarily impacts the Department of Community Justice (DCJ) and the Sheriff's Office (MCSO). The MCSO reduction includes Dorm 11 at Inverness Jail, which reduces the budgeted jail bed capacity from 1,117 to 1,039 beds in FY 2022. In addition to SB 1145 reductions, the State eliminated all funding for the East Metro/Multnomah Gang Enforcement Team (EMGET) in mid-FY 2021.

Public Safety General Fund Reallocations

| Prog. # | Program Offer Name | State Reductions | FTE Reductions |
|--------------------------|---|----------------------|----------------|
| Community Justice | | | |
| Various | Adult Services Division - SB 1145 Reductions | (\$2,142,979) | (3.18) |
| 50060 | Juvenile East Multnomah Gang Enforcement Team (EMGET) | (544,617) | 0.00 |
| Sheriff's Office | | | |
| 60330F | MCIJ Dorm 11 & 2.00 FTE Corrections Counselors - SB 1145 Reductions | (1,041,741) | (7.46) |
| 60545 | Gang Enforcement Deputy - State EMGET Reductions | (544,714) | (3.00) |
| Total | | (\$4,274,051) | (13.64) |

The Multnomah County District Attorney used General Fund savings to maintain 0.74 FTE of a prosecutor position formerly funded with a grant; the position will focus on gun violence, assaults, and homicides.

| Prog. # | Program Offer Name | General Fund Reallocated | FTE Reallocated |
|-----------------------------------|--|--------------------------|-----------------|
| District Attorney's Office | | | |
| Made this reduction | | | |
| Various | General Fund department wide savings | (\$370,897) | 0.00 |
| To fund these programs | | | |
| 15304B | Unit D - Gun Violence | 203,571 | 0.74 |
| 15308C | Strategic Prosecution Unit - Lloyd BID Contract Backfill | 75,000 | 0.25 |
| 15401C | Victims Assistance VOCA Backfill | 92,326 | 0.76 |
| Total | | \$0.00 | 1.75 |

General Government General Fund Additions

The General Government additions are largely focused on the County's organizational values of leading with race and advancing equitable outcomes in communities of color. The Expanded Communications Capacity program focuses on increasing communications to hard to reach populations, as well as Spanish speaking communities. The Government Relations Tribal Relations Liaison program was added to increase engagement, consultation, and investments in the American Indian and Alaska Native community living in the County. The additions also include support to build a new Audubon Society Wildlife Center that partners with the Multnomah County Animal Shelter, which refers all public wildlife calls to the Audubon Society. .

| Prog. # | Program Offer Name | General Fund Additions | FTE Additions |
|---------------------------|---|------------------------|---------------|
| Nondepartmental | | | |
| 10007B | Expanded Communications Capacity | \$340,000 | 2.00 |
| 10010B | Charter Review Committee Support | 132,810 | 0.00 |
| 10016B | Government Relations Tribal Relations Liaison | 165,000 | 1.00 |
| 10017C | Employee Resource Group (ERG) Coordinator | 140,000 | 1.00 |
| 10029C | Youth Opportunity and Workforce Development (Summerworks) | 155,000 | 0.00 |
| County Assets | | | |
| 78316B | DCA - Digital Access Coordinator | 150,000 | 0.00 |
| County Management | | | |
| 72017B | College to County Interns - Expansion | 261,661 | 0.00 |
| Community Services | | | |
| 90007B | Portland Audubon Society Wildlife Care Center Project Support | 100,000 | 0.00 |
| 90014* | Levee Ready Columbia (IGA Obligation) | 50,000 | 0.00 |
| 90020B | Land Use Planning Code Compliance Staffing | 184,068 | 1.00 |
| Total | | \$1,678,539 | 5.00 |

*One-time-only funding budgeted in the Video Lottery Fund (1519)

General Government Other Funds Additions

General Government additions in Other Funds are largely driven by voter-approved measures for Preschool For All and the Library Capital GO Bond. Preschool for All Tax Administration will fund system implementation costs to accommodate necessary tax system enhancements; as well as, operational collection costs. Library Capital Bond Construction funds are held in the Department of County Assets to manage the projects to develop or renovate eight library branches, including a new East County Flagship branch and the new sorting center with expansion of automated materials handling. IT Capital projects in programs 78301C-E are funded by transfers from the General Fund and fund improvements to software managing client services in Human Services.

| Prog. # | Program Offer Name | Other Funds Additions | FTE Additions |
|---------------------------|---|-----------------------|---------------|
| County Management | | | |
| 72008B | Preschool for All Tax Administration | \$13,179,841 | 2.00 |
| 72009B | FRM Worker's Compensation/Safety & Health B / OSHA | 296,732 | 2.00 |
| County Assets | | | |
| 78228 | Library Capital Bond Construction | 385,303,161 | 10.00 |
| 78301C | DCHS - Technology Improvement -Long Term Care Eligibility Tracking System replacement | 395,000 | 0.00 |
| 78301D | DCHS - Technology Improvement -SQL Server Upgrade and Migration | 245,000 | 0.00 |
| 78301E | DCHS and Health - Technology Improvement -Non-Medical Transportation and EP&R System Replacements | 205,000 | 0.00 |
| 78319 | District Attorney's Alfresco System Stabilization and Upgrade | 749,469 | 0.00 |
| 78319B | District Attorney's Email Systems and Public Records | 219,803 | 0.00 |
| Community Services | | | |
| 90009* | Animal Health (Vet Techs) OTO Use of Donation Funds | 192,429 | 2.00 |
| Total | | \$400,786,435 | 16.00 |

*One-time-only reallocation from General Fund to Other funds for the two positions for one year.

General Government General Fund Reductions

The reductions in General Government are spread broadly across the General Government departments. The largest reduction in Animal Services is offset by shifting the support of the two positions for one year Other Funds to preserve the services..

| Prog. # | Program Offer Name | General Fund Reductions | FTE Reductions |
|---------------------------|--|-------------------------|----------------|
| Nondepartmental | | | |
| 10000/ 10011 | Chair's Office and the Board Clerk | (\$38,000) | 0.00 |
| 10001 | BCC District 1 | (14,800) | 0.00 |
| 10002 | BCC District 2 | (14,800) | 0.00 |
| 10003 | BCC District 3 | (14,800) | 0.00 |
| 10004 | BCC District 4 | (14,800) | 0.00 |
| 10005 | Auditor's Office | (19,300) | 0.00 |
| 10009A | Local Public Safety Coordinating Council - DSS-J | (16,000) | 0.00 |
| 10016A | Government Relations | (22,800) | 0.00 |
| 10018 | Office of Sustainability | (16,210) | 0.00 |
| 10040 | Complaints Investigation Unit | (47,930) | 0.00 |
| County Management | | | |
| 72015 | DCM Business Services | (5,000) | 0.00 |
| 72001 | Budget Office | (55,350) | 0.00 |
| 72022 | Workday Support - Central Human Resources | (18,000) | 0.00 |
| 72027 | DART Tax Revenue Management | (11,000) | 0.00 |
| 72023 | Div of Assessment, Recording & Taxation Administration | (7,500) | 0.00 |
| Various | Reduced management personnel costs | (95,457) | 0.00 |
| Various | Internal services reductions | (76,598) | 0.00 |
| County Assets | | | |
| 78101- 78104 | Travel and training reductions | (24,206) | 0.00 |
| Community Services | | | |
| 90008* | Animal Services Animal Health | (192,429) | (2.00) |
| Various | Cross-departmental budgetary alignments. | (58,887) | 0.00 |
| Total | | (\$763,867) | (2.00) |

*Positions and functions are restored and moved to Other funds for one year.

General Government General Fund Reallocations

This reallocation moves a 1.00 FTE position from Payroll to Workday Support Central HR and some additional smaller reductions to align the budget with how the support work is managed.

| Prog. # | Program Offer Name | General Fund Reallocated | FTE Reallocated |
|------------------------------|--|--------------------------|-----------------|
| County Management | | | |
| Made these reductions | | | |
| 72007 | FRM Payroll/Retirement Services | (\$111,452) | (1.00) |
| 72046 | FRM Workday Support - Finance | (25,000) | 0.00 |
| 72017A | Central HR Services; Reduction in supplies | (16,411) | 0.00 |
| To fund this program | | | |
| 72022 | Workday Support-Central Human Resources | 152,863 | 1.00 |
| Total | | \$0.00 | 0.00 |

Budget Overview All Funds

Local budget law requires that Multnomah County report the “total” budget. The total budget reflects the actual resources needed by the County, plus internal charges, transfers, loans, and accounting entities. The total budget for FY 2022 is \$2.81 billion. When adopted, the budget sets the legal appropriation.

Because the total budget overstates what is actually spent, the County often refers to the net budget. The FY 2022 net budget of \$2.3 billion is a more accurate statement of the money the County actually plans to spend on operations during the year. The net budget (shown in the table below) subtracts all internal charges, transfers, and loans from one fund to another. Internal transactions between funds are typically the result of one department providing a service to another, such as information technology or facilities services. It also removes all reserves for future years to more accurately reflect the ongoing operating budget.

The table on the following page compares the FY 2021 Adopted budget to the FY 2022 Proposed budget at the fund level. Year-over-year, the budget (including internal charges, transfers, and loans) has increased by 36.6%. The largest increase is due to revenues from the new Metro Supportive Housing Services Measure, Preschool for All, Library Bond, and American Rescue Plan.

| FY 2022 Budget | |
|--------------------------------|------------------------|
| Direct Department Expenditures | \$2,227,508,886 |
| Contingency (All Funds) | <u>\$63,437,240</u> |
| Total Net Budget | \$2,290,946,126 |
| Service Reimbursements | \$222,179,645 |
| Internal Cash Transfers | \$6,706,270 |
| Reserves | <u>\$290,050,248</u> |
| Total Budget | \$2,809,882,289 |

Budget Director's Message

fy2022 proposed budget

Fund Comparison: Year over Year

| Fund | Fund Name | FY 2021 Adopted | FY 2022 Proposed | Change | % Change |
|------|--------------------------------------|-----------------|------------------|--------------|----------|
| 1000 | General Fund | \$692,550,222 | \$723,211,223 | \$30,661,001 | 4.4% |
| 1501 | Road Fund | 71,582,078 | 70,336,550 | (1,245,528) | -1.7% |
| 1503 | Bicycle Path Construction Fund | 587,886 | 681,476 | 93,590 | 15.9% |
| 1504 | Recreation Fund | 51,265 | 50,000 | (1,265) | -2.5% |
| 1505 | Federal/State Program Fund | 394,742,664 | 408,457,357 | 13,714,693 | 3.5% |
| 1506 | County School Fund | 80,300 | 80,300 | 0 | 0.0% |
| 1508 | Animal Control Fund | 3,793,950 | 4,292,080 | 498,130 | 13.1% |
| 1509 | Willamette River Bridge Fund | 21,326,707 | 45,408,378 | 24,081,671 | 112.9% |
| 1510 | Library Fund | 92,222,142 | 94,917,913 | 2,695,771 | 2.9% |
| 1511 | Special Excise Taxes Fund | 51,234,050 | 30,187,210 | (21,046,840) | -41.1% |
| 1512 | Land Corner Preservation Fund | 4,584,279 | 4,787,919 | 203,640 | 4.4% |
| 1513 | Inmate Welfare Fund | 1,341,617 | 1,183,702 | (157,915) | -11.8% |
| 1515 | Coronavirus (COVID-19) Response Fund | 95,049,292 | 163,659,593 | 68,610,301 | 72.2% |
| 1516 | Justice Services Special Ops Fund | 6,562,478 | 8,579,415 | 2,016,937 | 30.7% |
| 1518 | Oregon Historical Society Levy Fund | 3,410,591 | 3,444,440 | 33,849 | 1.0% |
| 1519 | Video Lottery Fund | 6,988,338 | 6,123,382 | (864,956) | -12.4% |
| 1521 | Supportive Housing Fund | 4,300,000 | 55,887,500 | 51,587,500 | 1199.7% |
| 1522 | Preschool for All Program Fund | 0 | 96,250,000 | 96,250,000 | NA |
| 2002 | Capital Debt Retirement Fund | 37,467,339 | 33,499,106 | (3,968,233) | -10.6% |
| 2003 | General Obligation Bond Sinking Fund | 0 | 50,435,797 | 50,435,797 | NA |
| 2004 | PERS Bond Sinking Fund | 53,392,433 | 62,226,220 | 8,833,787 | 16.5% |
| 2500 | Downtown Courthouse Capital Fund | 9,000,000 | 6,078,931 | (2,921,069) | -32.5% |
| 2503 | Asset Replacement Revolving Fund | 130,686 | 138,179 | 7,493 | 5.7% |
| 2504 | Financed Projects Fund | 935,000 | 0 | (935,000) | -100.0% |
| 2506 | Library Capital Construction Fund | 5,981,446 | 7,507,807 | 1,526,361 | 25.5% |
| 2507 | Capital Improvement Fund | 25,977,835 | 23,082,966 | (2,894,869) | -11.1% |
| 2508 | Information Technology Capital Fund | 5,539,471 | 5,020,770 | (518,701) | -9.4% |
| 2509 | Asset Preservation Fund | 24,050,296 | 29,405,586 | 5,355,290 | 22.3% |
| 2510 | Health Headquarters Capital Fund | 5,500,000 | 1,600,000 | (3,900,000) | -70.9% |
| 2511 | Sellwood Bridge Replacement Fund | 10,226,131 | 9,067,929 | (1,158,202) | -11.3% |
| 2512 | Hansen Building Replacement Fund | 3,358,765 | 1,377,869 | (1,980,896) | -59.0% |

Budget Director's Message

fy2022 proposed budget

Fund Comparison: Year over Year (Continued)

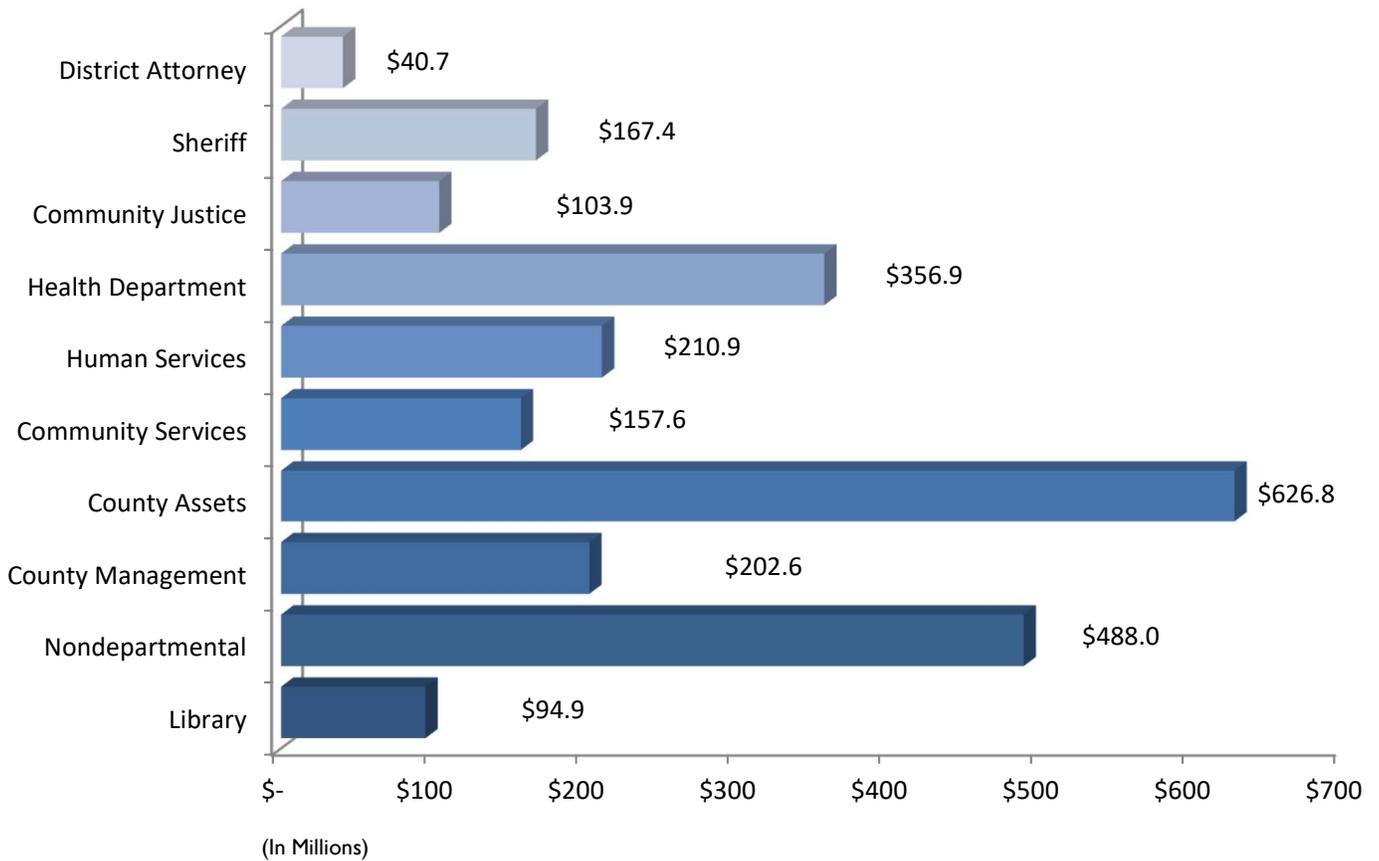
| Fund | Fund Name | FY 2021 Adopted | FY 2022 Proposed | Change | % Change |
|------|--|------------------------|------------------------|----------------------|--------------|
| 2513 | ERP Project Fund | 2,607,791 | 0 | (2,607,791) | -100.0% |
| 2515 | Burnside Bridge Fund | 30,033,483 | 23,558,042 | (6,475,441) | -21.6% |
| 2516 | Behavioral Health Resource Center Capital Fund | 1,700,000 | 0 | (1,700,000) | -100.0% |
| 2517 | Multnomah County Library Capital Construction Fund | 0 | 436,041,796 | 436,041,796 | NA |
| 3002 | Behavioral Health Managed Care Fund | 3,895,444 | 1,816,997 | (2,078,447) | -53.4% |
| 3500 | Risk Management Fund | 220,958,112 | 237,838,972 | 16,880,860 | 7.6% |
| 3501 | Fleet Management Fund | 6,692,232 | 6,606,586 | (85,646) | -1.3% |
| 3502 | Fleet Asset Replacement Fund | 10,166,839 | 9,766,523 | (400,316) | -3.9% |
| 3503 | Information Technology Fund | 73,170,526 | 72,204,159 | (966,367) | -1.3% |
| 3504 | Mail Distribution Fund | 4,385,610 | 4,025,854 | (359,756) | -8.2% |
| 3505 | Facilities Management Fund | <u>70,791,677</u> | <u>71,043,762</u> | <u>252,085</u> | <u>0.4%</u> |
| | Total | \$2,056,368,975 | \$2,809,882,289 | \$753,513,314 | 36.6% |

Department Expenditures All Funds (\$2.45 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, total \$2.45 billion in FY 2022 vs. \$1.83 billion in FY 2021.

The bar chart below shows appropriations by department in millions of dollars across all funds. This figure includes internal service payments, and thus represents some double-counting.

The Library GO Bond capital projects and the actual GO Bond financing are budgeted in the Department of County Assets and Nondepartmental (respectively), greatly increasing the size of those departments budgets.

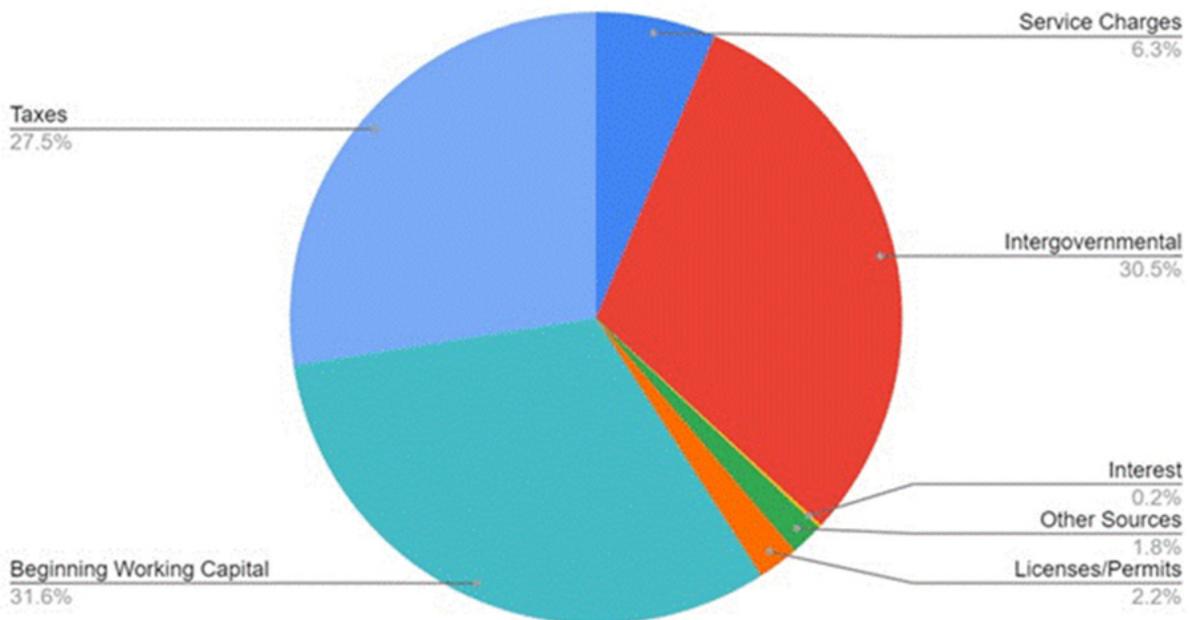


Department Revenues All Funds (\$2.41 billion)

Total direct resources, or "revenues," for FY 2022 are \$2.41 billion vs. \$1.66 billion in FY 2021 (excluding service reimbursements and cash transfers between funds). Intergovernmental revenues are the County's second largest revenue category at \$734.0 million or 30.5%. This reflects a \$139.9 million or 23.5% increase from FY 2021. The increase is mainly due to the Metro Supportive Housing Services revenue and the American Rescue Plan. Intergovernmental revenues includes 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 next largest revenue source at 27.5% and include property tax, Business Income Tax, Motor Vehicle Rental Tax, Transient Lodging Tax, and County gas tax. For FY 2022, tax collections are anticipated to increase 31.6% from \$502.4 million in FY 2021 to \$661.1 million.

Beginning working capital (BWC) is the County's largest resource for FY 2022, at \$760.4 million or 31.6%. In dollar terms, BWC increased by \$419.4 million from \$341.0 million in FY 2021 to \$760.4 million in FY 2022. The large increase is due almost exclusively to the new Multnomah County Library Capital Construction Fund. The Library Capital Bonds were issued in January 2021 and most of the bond proceeds will be rolled over to FY 2022.

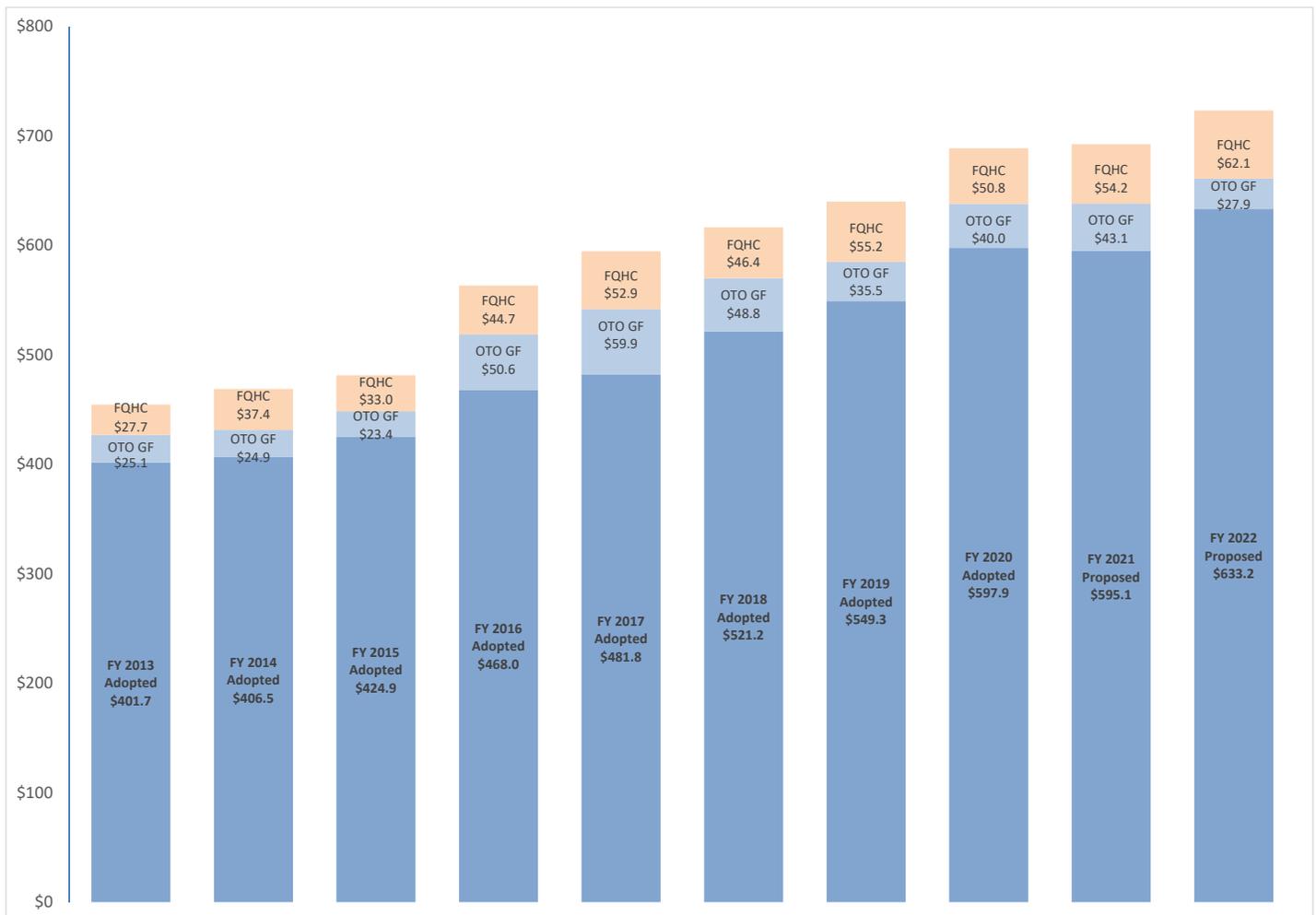


The General Fund

General Fund Expenditures and Reserves (\$723.2 million)

The \$723.2 million General Fund comprises one-quarter of the County's budget. It is the largest pool of discretionary funds that the Board of County Commissioners can allocate. Resources include property taxes, Business Income Taxes, Motor Vehicle Rental Taxes, interest earnings, State shared revenues, and beginning working capital. The General Fund also includes Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds in the Health Department and Tax Title Affordable Housing funds in the Joint Office of Homeless Services.

The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2013 through FY 2022. The graph also shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund from FY 2013 to FY 2022. Combining each segment provides the total General Fund.

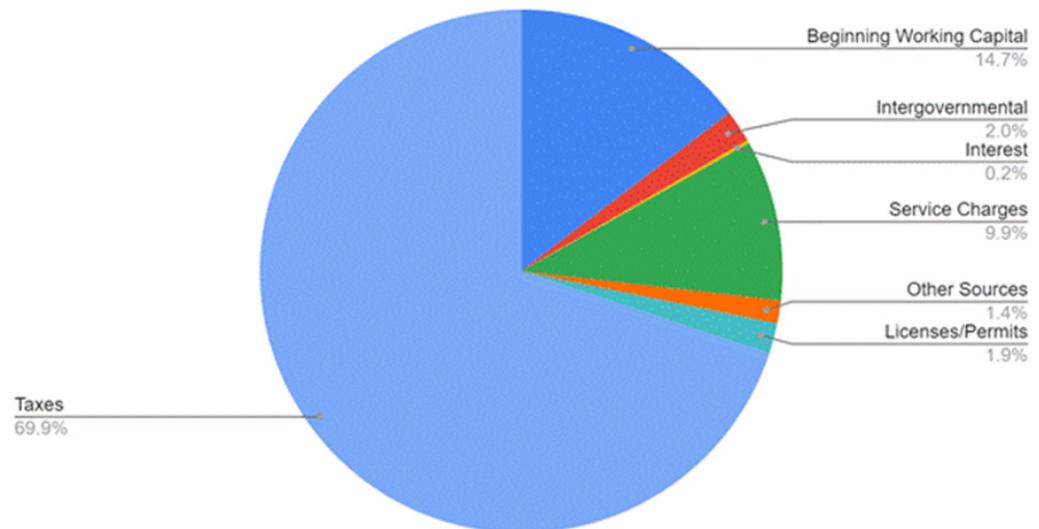


(In Millions)

General Fund Revenues

General Fund resources for FY 2022 (excluding service reimbursements and cash transfers) have increased from FY 2021. Direct resources are budgeted at \$678.6 million – a \$31.3 million or 4.8% increase over FY 2021. Ongoing taxes are budgeted to increase by \$33.4 million or 7.6%, while one-time-only BWC is projected to be \$4.5 million or 4.3% lower.

As the graph below shows, taxes make up the majority of General Fund revenues. If one excludes BWC, service reimbursements, and the \$62.1 million of budgeted FQHC and prospective health payments, taxes account for nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for \$335.9 million, are budgeted to increase by \$11.4 million or 3.5%. Business Income Taxes, accounting for \$113.3 million, are budgeted to be up \$20.0 million or 21.4%, mainly due to economic recovery from the recession. Motor Vehicle Rental Taxes, accounting for \$25.0 million, are budgeted to increase by \$2.1 million or 9.2%.



Use of One-Time-Only (OTO) Funds

The FY 2022 budget contains just under \$27.9 million of one-time-only General Fund resources (not including the BIT Reserve at \$11.3 million, included in the table below) after fully funding the General Fund reserve and the BIT reserve. These funds include:

- \$13.0 million of additional BWC in FY 2021 from departmental underspending and higher revenues in FY 2020, while FY 2021 revenue changes have been netted out.
- \$1.0 million of remaining resources from the completed Health Department Headquarters Project.
- \$13.8 million of Behavioral Health Resource Center and SE Health Clinic carryover for the ongoing projects.

Budget Director's Message

fy2022 proposed budget

One-Time-Only Resources Spent on One-Time-Only Programs

| Prog # | Program Name | Dept. | FY 2022 General Fund | FY 2022 Other Funds |
|----------------------------|--|------------|-------------------------|------------------------|
| 10009C | Local Public Safety Coordinating Council Strategic Planning Contract | NonD | \$0 | \$200,000 |
| 10010B | Charter Review Committee Support | NonD | 132,810 | 0 |
| 10029B | Youth Opportunity and Workforce Development - Restoration | NonD | 140,000 | 0 |
| 10029C | Youth Opportunity and Workforce Development - OTO Restoration | NonD | 155,000 | 0 |
| 10035 | Neighborhood Prosperity Initiative | NonD | 225,000 | 0 |
| 30208A | Safety off the Streets - Emergency Shelter Strategic Investment | JOHS | 2,050,000 | 2,000,000 |
| 15021B | Conviction Integrity Unit Expansion | MCDA | 260,000 | 0 |
| 40085D | Law Enforcement Assisted Diversion (LEAD) Transition | Health | 252,000 | 0 |
| 40000C | Mapping Study - Services for Immigrant and Refugee Communities | Health | 100,000 | 0 |
| 50051B | Juvenile Detention Center Renovation | DCJ | 204,000 | 0 |
| 50000C | Ballot Measure 110 Transition | DCJ | 550,000 | 0 |
| 60315 | MCDC Detention Electronics | MCSO | 60,000 | 0 |
| 72017B | College to County Interns - Expansion | DCM | 261,661 | 0 |
| 72025B | DART County Clerk Carryover | DCM | 141,100 | 0 |
| 90009 | Veterinary Services OTO Use of Donation Funds | DCS | 0 | 192,429 |
| 90014* | Levee Ready Columbia (IGA Obligation) | DCS | 50,000 | 0 |
| 90007B | Portland Audubon Society Wildlife Care Center Project Support | DCS | 100,000 | 0 |
| 95000 | General Fund Contingency | Countywide | | |
| | ~Behavioral Health Resource Center | | 16,000,000 | 0 |
| | ~Additional Contingency to Mitigate Financial Risks like COVID-19 | | 1,000,000 | 0 |
| | ~South East Health Center (78215/95000) | | 5,120,000 | 0 |
| 95000 | General Fund Cash Transfers | Countywide | | |
| | ~DCA - Digital Access Coordinator (78316B) | | 150,000 | 0 |
| | ~DCHS Long-Term Care Eligibility Tracking System (78301C) | | 395,000 | 0 |
| | ~DCHS Non-Medical Transport and EP&R System Replacements (78301E) | | 205,000 | 0 |
| | SQL Server Upgrade and Migration (78301D) | | 245,000 | 0 |
| 95000 | BIT Reserve at 10% | | 11,330,000 | 0 |
| Total One-Time-Only | | | \$39,126,571 | \$2,392,429 |

* The OTO funds for this program are budgeted in Video Lottery Fund (1519)

General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2022, reserves are maintained in the General Fund equal to 10% of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes.

The FY 2022 budget fully funds the General Fund reserves at \$48.9 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 2022 budget continues to maintain a 10% BIT Stabilization Reserve of \$11.3 million. This stabilization reserve is in addition to the General Fund reserve and is specifically intended to mitigate the risk of an unexpected downturn in the regional economy as the BIT is a volatile revenue source.

Policy Issues and Opportunities

The FY 2022 Proposed budget is based on the best information available at the time of development. While we are not creating this budget during the unfolding of a once-in-a-century pandemic, uncertainty remains related to both the ongoing public health response to COVID-19 and the Federal response. The recently passed American Rescue Plan (ARP) Act will provide an influx of resources, and the process of allocating these funds will be ongoing.

Organization-wide Issues

COVID-19

As the local Public Health Authority, Multnomah County plays a leading role in the COVID-19 response. In addition to the work of coordinating the response, COVID-19 and the associated economic impacts have increased the demand for County safety net services, while also disrupting County operations. The Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan have provided resources to support this work, but ultimate impact and duration of the pandemic are still unknown.

COVID-19

Both the health and economic impacts of COVID-19 have fallen disproportionately on communities of color. The County's response has been culturally-specific and has targeted resources to communities hardest hit by both the virus and the economic contraction. The County will continue to provide an equity lens to all policy decisions. The County will remain diligent and focused on serving the most vulnerable in our community and maintain essential services

American Rescue Plan (ARP)

American Rescue Plan Act (ARP)

In March 2021, Congress passed the American Rescue Plan (ARP), which will provide resources to the County to continue its COVID-19 response. Because of the timing of the bill's passage, there are still many unknowns. The County will receive \$157.6 million in a direct allocation, which must be spent by December 2024.

The County will receive an initial allocation of \$78.8 million, and can apply for the remainder after spending a significant portion of the initial allocation. The

Metro Supportive Housing Measure

County also expects to receive additional funding for vaccine distribution, rent assistance, and other County services through existing allocation mechanisms or indirectly from other government entities.

For more information about the County's approach to allocating these resources, see the Chair's Budget Message.

New Funding Streams

Over the past 12 months, local voters passed two new taxes and approved a GO Bond that will increase revenues and expand services for key County programs.

Metro Supportive Housing Services Measure - \$52 million

Metro voters passed a new business income tax and personal income tax on high-income households that will fund an expansion of permanent supportive housing programs. The FY 2022 Proposed budget includes \$52 million of new supportive housing programming in the Joint Office of Homeless Services, which will partner with other County departments and community providers on coordination and implementation. These revenues are expected to increase to over \$100 million annually over the next couple of years. These revenues will fund an expansion of behavioral health/medical housing for the most vulnerable, expand placement and retention services for families, and help to better coordinate services across agencies.

Preschool for All

Preschool for All - \$96.3 million

Multnomah County voters also passed a new personal income tax on high-income households to fund universal preschool. The FY 2022 Proposed budget includes \$96.3 million in new funding. In its first year, the program will focus on building out capacity and program infrastructure (both internally and in the community) with the program paying for preschool slots for students in FY 2023. Eligibility will expand over the course of several years, before reaching universal coverage.

Multnomah County Library GO Bond

Multnomah County - Library GO Bond \$387 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 Library renovations and redevelopments including a new East County Flagship Library. The Bond will also fund the creation of a new Central Sorting Center, the expansion of Automated Materials Handling (AMH) in the Library branches, and improvements in all Library branches.

State of Oregon

Ballot Measure 110

Senate Bill 1145 (SB 1145) Public Safety Funding

State of Oregon - American Rescue Plan

State of Oregon Funding

At the outset of the pandemic, the State of Oregon was forecasting a massive drop in revenues, setting up the need for immediate cuts. Federal interventions, in particular the expanded unemployment benefits, prevented the worst outcomes from being realized. Following the initial dire forecast update, revenue estimates have been adjusted upward. While revenue expectations still remain below pre-pandemic levels in some cases, the County's State Funding shortfall has been more mild than initially expected. Two areas of concern are funding through the Senate Bill 1145 program and changes in funding structures due to Ballot Measure 110 (BM 110).

State Ballot Measure 110

Ballot Measure 110 decriminalizes the possession of small amounts of a variety of drugs and rededicates various State funding streams to drug treatment programs. The ballot measure directly impacts County revenues by decreasing the State's marijuana revenue distribution to counties, but also changes the funding structure of the existing treatment system. The County is still analysing the implications for County services and funding.

State Senate Bill 1145 Public Safety Funding

The FY 2021-2023 biennium Governor's budget includes a significantly lower statewide allocation for Community Corrections Senate Bill 1145 (SB 1145) funding than in the FY 2019-2021 biennium. The decrease is primarily due to the reduced statewide caseload from the passage of Ballot Measure 110. The FY 2022 Proposed budget assumes that the County's share of SB 1145 funding will decrease by \$3 million, from \$24 million in FY 2021 to \$21 million in FY 2022. This reduction also includes an assumption that Multnomah County's share of the statewide SB 1145 funding will decrease from 18.12% to 17.75%.

The majority of the reduction is in the Sheriff's Office (MCSO) and Department of Community Justice (DCJ). MCSO's budget decreased by nearly \$1 million, which includes Inverness Jail Dorm 11 and 2.00 FTE corrections counselors. This reduces the budgeted jail bed capacity from 1,117 to 1,039 beds for FY 2022. In the Department of Community Justice, funding was reduced by \$2 million with most of the reduction in the Adult Services Division including the elimination of Adult Treatment First/STOP Drug Court.

State of Oregon - Rescue Plan Funding

The State of Oregon will receive a \$2.6 billion ARP allocation, of which \$780 million remains unallocated after covering funding for existing programs and establishing a reserve. Legislative leadership have polled their members asking for suggestions on funding. It is unlikely that decisions on this funding (and what portion of it would support programming in Multnomah County) will be made before the County budget is adopted.

Homelessness & Housing Affordability

Homelessness and Housing Affordability

The County partners with the City of Portland through the Joint Office of Homeless Services (JOHS) to implement a collective approach to preventing and ending homelessness. In response to the COVID-19 pandemic, the Joint Office has taken on additional critical work leading efforts to protect people experiencing homelessness from the potentially devastating impact of the pandemic. Working with County Public Health and Emergency Management, the Joint Office is:

1. Providing substantial financial and technical assistance to its contractors to support their ability to continue services;
2. Dramatically expanding coordinated outreach and supply distribution (survival gear and personal protective equipment) to the unsheltered population;
3. Re-organizing and expanding the emergency shelter system to allow for physical distancing and non-congregate motel sheltering of individuals at high-risk of serious illness or death from COVID-19; and
4. Operating voluntary isolation motels for individuals who become infected with COVID-19 or need to quarantine.

This work is expected to continue into FY 2022, as COVID-19 will likely require a continuation of physical distancing in shelter environments and provision of medical isolation sites for some or all of FY 2022.

Despite significant investment by both the City and the County, Multnomah County had a serious shortage of affordable housing even before the pandemic. The Metro Supportive Housing Services Measure (SHS Measure) mentioned above will provide long-term rental assistance that can help address the need for affordable housing. The FY 2022 budget also includes \$11.8 million of SHS Measure funding focused on strategies to recover from the impacts of COVID-19, including placements out of emergency shelter, alternative shelter options, emergency rental assistance to prevent a new wave of households from becoming homeless, and low-barrier employment opportunities.

In addition, the American Rescue Plan has dedicated funding for rent assistance as well as flexible funding to support the Joint Office's broader mission.

Workforce Equity Strategic Plan (WESP)

Workforce Equity Strategic Plan (WESP)

During FY 2018, the County adopted a Workforce Equity Strategic Plan: a set of goals, standards, and performance measures meant to eliminate employment barriers and create safety, trust, and belonging for all County employees, with a focus on Black, Indigenous and other people of color and other marginalized groups. During FY 2019, this plan was updated to include a suite of recommendations from the Jemmott Rollins Consulting group that are intended to strengthen the strategies and performance measures in the original plan.

In March 2021, the County's Inclusively Leading with Race Design Team presented a letter to the Board that summarized their work, outlined the continued need to lead with race in the County's transformation process, and suggested specific steps that departments and employees can take to incorporate these practices into their work.

Workforce equity requires that the County identify and address structural and policy barriers to equal employment opportunities faced by our employees and communities because of their race, ethnicity, national origin, disability, gender and gender identity, sexual orientation, and other protected classes. County employees across the organization have stepped forward to develop a strategic plan and help create a workplace where everyone can reach their full potential, and the FY 2022 budget continues the prioritization this organization has placed upon creating an environment of safety, trust, and belonging for all employees. More information about this work is available at <https://multco.us/safety-trust-and-belonging-workforce-equity-initiative>.

Transportation Funding

Transportation Funding

At the beginning of the pandemic, vehicle miles traveled decreased as people transitioned to working from home and social activities were limited. This caused a \$5.4 million funding gap for the Department of Community Services (DCS) resulting from drops in gas tax revenues, delays in vehicle registration sales, and capital project overruns. DCS worked with an outside consultant to complete a mid-year budget adjustment in FY 2021, and developed a framework to align revenues and programs for the longer term. State vehicle registration facilities have reopened and vehicle miles traveled are approaching pre-pandemic levels, which should lead to revenue recovery.

Personnel Costs

Merit, Step, and COLA Wage Increases

The backbone of the County has been and continues to be its workforce, which absorbed increased workloads and achieved increased efficiencies during the last economic downturn. A key driver of the County's underlying structural deficit is personnel costs that tend to increase at a faster rate than General Fund revenues. The budget provides for Cost of Living Adjustments (COLA) of 1.9% (based on the forecasted COLA before the actual number was available) and merit or step increases, for all represented labor groups as outlined in the County's labor contracts. The actual FY 2022 COLA will be 1.6%. The difference between the budgeted and actual COLA will be used to address costs associated with the new State Family Leave law, which begins implementation in January 2022.

Public Employees Retirement System (PERS)

The County participates in the Public Employees Retirement System (PERS), a cost-sharing, multi-employer, defined benefit pension plan administered by the State of Oregon. PERS rates are established biennially, with the most recent rates taking effect July 1, 2021 based on the December 31, 2019 valuation.

As noted in the cost driver section, the reforms made by the Oregon Legislature in 2013 were largely invalidated by the Oregon Supreme Court on April 30, 2015. As of the December 31, 2019 valuation, the County's unfunded actuarial liability was \$583 million due to these reforms not being upheld. In the 2020 Oregon Legislative Session, a PERS reform package (Senate Bill 1049) was passed that changed the path of expected PERS rate increases. From a forecasting perspective, SB 1049 has two provisions that were intended to significantly reduce PERS rate increases: reamortization of the existing unfunded liability, and the creation of individual employee stability funds. In the November 2019 economic forecast, the Budget Office shared scenarios for future rate increases that assumed the County was close to reaching its top rate. The latest General Fund forecast assumes the County has reached its top rate in FY 2022, subject to ongoing PERS investment portfolio performance.

The County has also established four \$25 million PERS side accounts in FY 2017, FY 2018, FY 2019, and FY 2020. Additionally, the County has received \$8.5 million in matching funds established by SB 1049 based on FY 2019 and FY 2020 side account contributions and could receive additional matchings funds in the future. Rate relief from the matching funds begins in FY 2022.

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

Pay Equity Analysis

Pay Equity

In FY 2020, a countywide analysis was completed in order to meet the requirements of Oregon's Pay Equity Law (HB 2005, 2017). The new law prohibits employers from seeking past salary information, expands the protected classes covered by the pay equity law in Oregon, and confirms that each instance of unequal pay is a continuing violation. While Multnomah County has reviewed pay equity in the past, the law required an updated analysis to help ensure that people who do similar jobs and have similar levels of education, experience, seniority, merit, training, and working conditions are paid similarly. As predicted, the County's union environment and existing classification and compensation structure already limited pay variations to some degree. Approximately 200 employees received pay adjustments, which is just under 4% of the workforce. An updated analysis will be conducted in FY 2022, which could impact on ongoing personnel costs.

Investing in Infrastructure

The Board of County Commissioners approved County Ordinance 1277 in 2019. The ordinance, effective January 1, 2021, increases the current vehicle registration fee (VRF) from \$19 per registration year of the two year registration period to \$56 per registration year of the two year registration period. The VRF is expected to increase by \$10.8 million per year. The fee is dedicated toward maintaining six Willamette River Bridges.

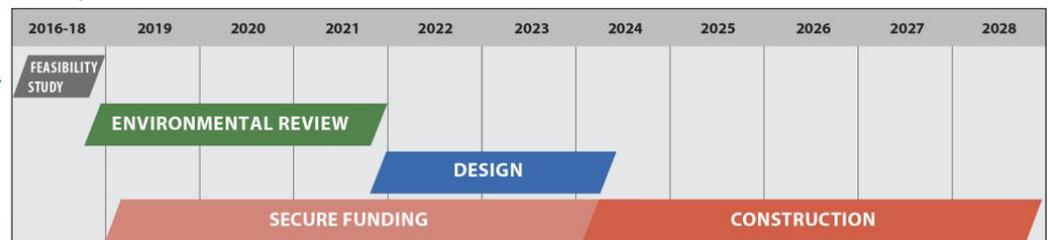
Burnside Bridge

Burnside Bridge

Built in 1926, the Burnside Bridge has been designated as an official emergency transportation lifeline route by Metro. 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 2021, the Replacement Long Span bridge was identified as the preferred design type. In November 2020, Metro voters did not approve a transportation funding package that would have provided some funding for the Burnside Bridge replacement. County staff are working to identify additional funding opportunities. The FY 2022 Earthquake Ready Burnside Bridge program (90019) supports the completion of the National Environmental Policy Act (NEPA) phase of the project, bridge type selection, and the beginning of the design phase. More project information can be found at <https://multco.us/earthquake-ready-burnside-bridge>.

Project Timeline



Behavioral Health Resource Center

Behavioral Health Resource Center

The FY 2022 Proposed budget allocated \$7.3 million toward construction of a new downtown Behavioral Health Resource Center, which is in addition to the \$10.95 million already allocated to the project. In December 2020, the Portland Design Commission approved alterations to 333 SW Park Ave, which will allow the County to move forward with construction on the building, and development of the adjoining parking lot. The Center will be a comprehensive resource center serving as a low-barrier day space, behavioral health shelter, and transitional housing site for homeless individuals living with behavioral health issues. Construction is scheduled to start in Spring 2021 and the County plans to have the building open and offering services in 2022.

Investing in Information Technology

Online Applicant Services and Information System

In 2013, County IT identified PR Navigator, a software used by the Land Use Division in the Department of County Services (DCS), as the second highest technology risk for the entire County. The proposed program replaces the PR Navigator software and expands it to include permits administered by County Service Districts and the Transportation Division, as well as Code Compliance cases. Approximately 20,000 unique visitors per year seek information for code compliance cases and permits issued by DCS.

Modernizing this permitting software will offer 24/7, mobile-friendly, online permitting to improve access for community members who find it challenging to travel long distances during fixed business hours. The system can be accessed from publicly available computers to further reduce barriers that often result in non-compliance and non-permitted activity. Applicants will also be able to continue to make paper submittals. Improved coordination with agencies that conduct building permit review and inspections will eliminate the need for applicants to hand deliver materials to multiple locations and streamline the approval process.

The project is scheduled for an implementation date of the fourth quarter of FY 2022. As a cloud-based system, it will be accessible from publicly available and personal computers, which will reduce barriers to obtaining information and conducting business. Current Planning staff will be heavily involved in the development of workflows and configuration of the system throughout FY 2022. The total project cost is estimated at \$550,000 not including any ongoing maintenance or support costs.

Supportive Housing and Homeless Services

The Joint Office of Homeless Services (JOHS) and Portland Housing Bureau (PHB) are working toward the transition of Homeless Management Information System (HMIS) responsibilities for the Multnomah County Continuum of Care (CoC) from the Portland Housing Bureau (PHB) to the JOHS in FY 2022. PHB currently acts as the "HMIS Lead" for the CoC, as well

as the HMIS administrator for nearly the entire state. However, the upcoming launch of a new HMIS implementation by Oregon Housing and Community Services (OHCS) will mean that most of the State's CoCs will move to OHCS's system. That circumstance, along with forthcoming system expansion related to the Metro Supportive Housing Services Measure - and the JOHS's role in that expansion - means that the JOHS is best suited to take on the HMIS Lead and regional HMIS administrator responsibilities. The transition of these responsibilities to the JOHS presents an opportunity to further coordinate and develop local and regional data collection, reporting, analysis, evaluation, and data governance. In FY 2022, the JOHS has budgeted \$512,000 and 3.50 FTE to support this regional data management and coordination (30002B/30003B).

In FY 2022, HMIS data will be connected to the County's Service Coordination Portal Engine (SCoPE) project, which is a multi-departmental data sharing application. Through SCoPE, the JOHS will be able to see services that other County departments are offering to clients, along with contact information, so that County providers can collaborate on services and care. In FY 2022, \$150,000 and 1.00 FTE will be focused on this work (30003B).

Long Term Care Eligibility Tracking System Replacement

Replaces the Long Term Care Eligibility Tracking system used to manage all requests that are made by clients requesting Long Term Assistance to determine eligibility. The system also helps managers to manage the caseload, determine the demographics and assign workers from the right branches, manage an equitable distribution of referrals among the staff and to monitor and get metrics on eligibility outcomes and improve service. This system is used by the Department of County Human Services.

SQL Server Upgrade and Migration

A large-scale upgrade to Multnomah County's SQL Server platform. This platform supports all of the County's critical and custom-developed applications including those in Health, Human Services, and Community Justice.

Non-Medical Transportation and Emergency Preparedness & Response (EP&R) System Replacements

This project will replace two aging systems used by the Health and County Human Services departments: 1.) Non-Medical Transportation allows Case Managers to authorize, track and report on client usage of the Non-Medical Transportation program where clients can use various modes of transportation to get from point A to point B within the County for non-medical reasons. 2.) Emergency Preparedness and Response Application used by the Health Department's Emergency Preparedness & Response Program to track emergency roles & Incident Management Team (IMT) assignments along with training and experience qualifications.

Future Budget Pressure

The uncertainty surrounding the ongoing public health crisis and resulting recession creates future budgetary pressure on both revenues and expenses.

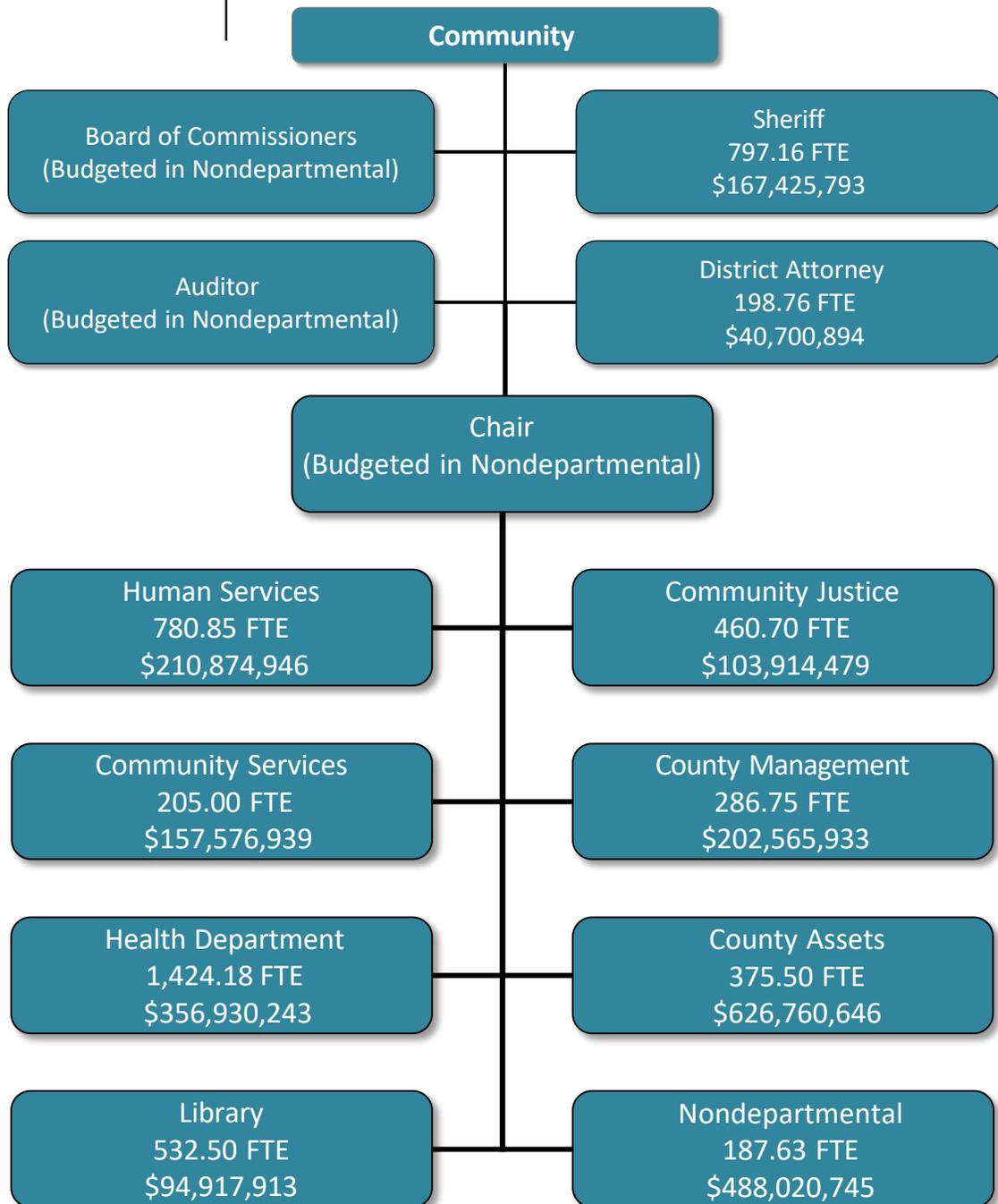
Revenue – The County's property tax revenue is inherently stable, but will be impacted by the economic decline. The current forecast assumes that delinquency will be elevated and remain elevated through FY 2024, while compression is expected to increase in FY 2022 as some pandemic-impacted property classes are reassessed. Assessed Value (AV) growth rate is expected to decline starting in FY 2023 due to a combination of factors, including a decrease in large-scale construction projects across the City of Portland. Business Income Tax (BIT) revenues are expected to remain below pre-pandemic levels until FY 2024. FY 2021 forecast updates have increased expected BIT revenues in FY 2022 and FY 2023 due to faster than expected economic recovery. Motor Vehicle Rental Tax (MVRT) is correlated with passengers deplaning at the Portland Airport, which was down more than 90% year-over-year at the beginning of the pandemic, and its recovery is contingent on virus mitigation. By the end of the five-year forecast period, the expectation is that revenues will have returned to normal levels but the speed of economic recovery is uncertain.

Personnel and Healthcare Costs – Inflation (and the associated COLA) are generally lower during a recession and its early recovery, which should provide some expense relief. While the rate of growth in County healthcare costs has been relatively modest in recent years, a return to previous rates of growth would put significant pressure on County costs. FY 2022 healthcare costs increased by 6.0% which is greater growth than the last several fiscal years.

Technology – As technology becomes more prevalent in day-to-day County operations, the associated infrastructure and support costs also increase. The most problematic issue tends to be semi-routine replacements of IT applications. There is currently no ongoing funding stream to pay for these replacements or new technological investments.

Multnomah County Organization Chart

Multnomah County delivers its services through 10 departments, including three managed by independently elected officials: Mike Reese, Sheriff; Mike Schmidt, District Attorney; and Jennifer McGuirk, County Auditor. There are 5,249.03 full time equivalent (FTE) positions in this budget.



Appreciation

Every year, the budget document is the product of many hours of work and analysis by County agencies and their staff. I fully recognize the ongoing challenges and stress people face not only in preparing the budget but also having to do that work while responding to and living through a pandemic. Over the past year, operations across the County have been disrupted and employees have had to figure new ways to serve our community. Nonetheless, everyone stepped up and continued the hard work of the County.

I would like to personally thank each and every one of you for your contributions. Particularly, I want to thank the leadership in the Chair's Office: County Chair Deborah Kafoury and Chief of Staff Kim Melton. 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 in these uncertain times.

Finally, I want to acknowledge the remarkable teamwork by the people in the Central Budget Office who were instrumental in putting this budget together: Althea Gregory, Shannon Gutierrez, Ching Hay, Dianna Kaady, Ashlye Manning, Jeff Renfro, Erin Russell, Chris Yager, and Trista Zugel-Bensel, and to the Evaluation and Research Unit: Jillian Girard and Alison Sachet.

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

Christian Elkin
Multnomah County Budget Director