



FY 2022 Budget Kick-Off Meeting

This meeting will be recorded and posted to the Budget Office website.

Please use the Webex Q&A box to ask any questions you have.

December 16, 2020

Multnomah County
Budget Office
www.multco.us/budget

- Welcome & Introductions
- Chair Kafoury's Remarks
- Equity in the Budget Process - Ben Duncan
- Policy Guidance & Direction
- Financial Context & Forecast
- Q & A on Policy and Financial Context
- FY 2022 Budget Process & Technical Resources
- Wrap Up & Final Questions



Multnomah County Chair Deborah Kafoury



Welcome to the
FY 2022 Budget
Kick-Off Presentation

Preparing the Budget with an Equity Lens - Ben Duncan, Office of Diversity & Equity Director

- Prepare the budget with equity impacts in mind
 - Budgets reflect the priorities of the organization
 - We should be aligned with the WESP
 - Engage your Equity Managers
 - Use your Community Budget Advisory Committees
- Be prepared to explain how you used equity to come to your decisions
- Give a fresh look to the program offer narratives



COUNTYWIDE BUDGET PROCESS TIMELINE



Note:

Departments have their own internal budget process developed within the larger countywide process.

FY 2022 - Budgetary Constraints

- 2% General Fund constraint applied to current service level
 - New/OTO/Reallocation Requests - Discuss at the January meeting with the Chair and in your transmittal letter.
- 1% DCA constraint
 - Impacts other departments by constraining the increase in internal service costs.
 - DCA is reallocating existing resources for any new services/programs they are prioritizing for FY 2022.



COVID-19 Impacts

- Focus on FY 2022. The ongoing impact will vary widely by department.
- Explain anticipated impacts:
 - Transmittal Letter
 - NEW! Section in Department Narrative
 - Program Offers:
 - Extra space in Significant Changes section
 - Explain changes impacting services, increased costs, personnel impacts, etc.
 - Executive & Program Summaries
 - Explain permanent operational or structural changes
- Discuss changes in revenue assumptions or resource reallocations due to COVID with your budget analyst



Other Things to Know

- **Transmittal Letter** has been redesigned
 - NEW! Coming soon to our website will be a detailed template to assist the Departments explaining their Requested Budget.
 - Greater emphasis and requirements for how equity was used to build and evaluate your budget proposals
 - Section for COVID-19 impacts
- **Uncertainty** in the budget process
 - Budget Work Sessions
 - State Funding
 - COVID Impacts & Federal Funding



- Economic Recovery has been more robust than most economists expected, but concerns remain.
 - COVID-19 remains the limiting factor. Future path of recovery highly dependent on virus mitigation.
- “K-Shaped” recovery for households and firms
- Impact of expiration of Federal support still working through system.
- Uncertainty
 - Federal/State Government action
 - Consumer behavior and regional variation
 - Long-term impacts on migration and development



FY 2022 Budget Kick-Off // Financial Context

	Adopted ¹	November Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	324,535,080	(1,088,694)			(1,088,694)	Higher AV, Higher Compression, Higher Delinquency
Business Income Taxes	93,339,749	4,000,000			4,000,000	Broader Base due to Fed'l Tax Reform and Performance of Top Payers
Motor Vehicle Rental Taxes	22,914,403	(6,200,000)			(6,200,000)	Continued Low Level of PDX Traffic
US Marshal/BM 73/BOP	6,077,250	0			0	
State Shared						
Video Lottery	4,629,375	550,000			550,000	
Liquor	5,054,513	0			0	
Cigarette	620,550	0			0	
Marijuana	2,149,923	350,077			350,077	Increased Sales
Amusement	173,000	0			0	
Recording Fees/CAFFA Grant	7,080,349	550,540			550,540	Lower Interest Rates and Housing Activity
Indirect						
Departmental	24,243,067	0			0	
Central Indirect/Svc Reimburse	14,583,404	0			0	
All Other	38,131,218	(5,712,623)			(5,712,623)	Health Inspections/Passports
FY 21 Revenue Adjustments ²	543,531,881	(7,550,700)	0	0	(7,550,700)	
% of Revenue		-1.39%	0.00%	0.00%	-1.39%	

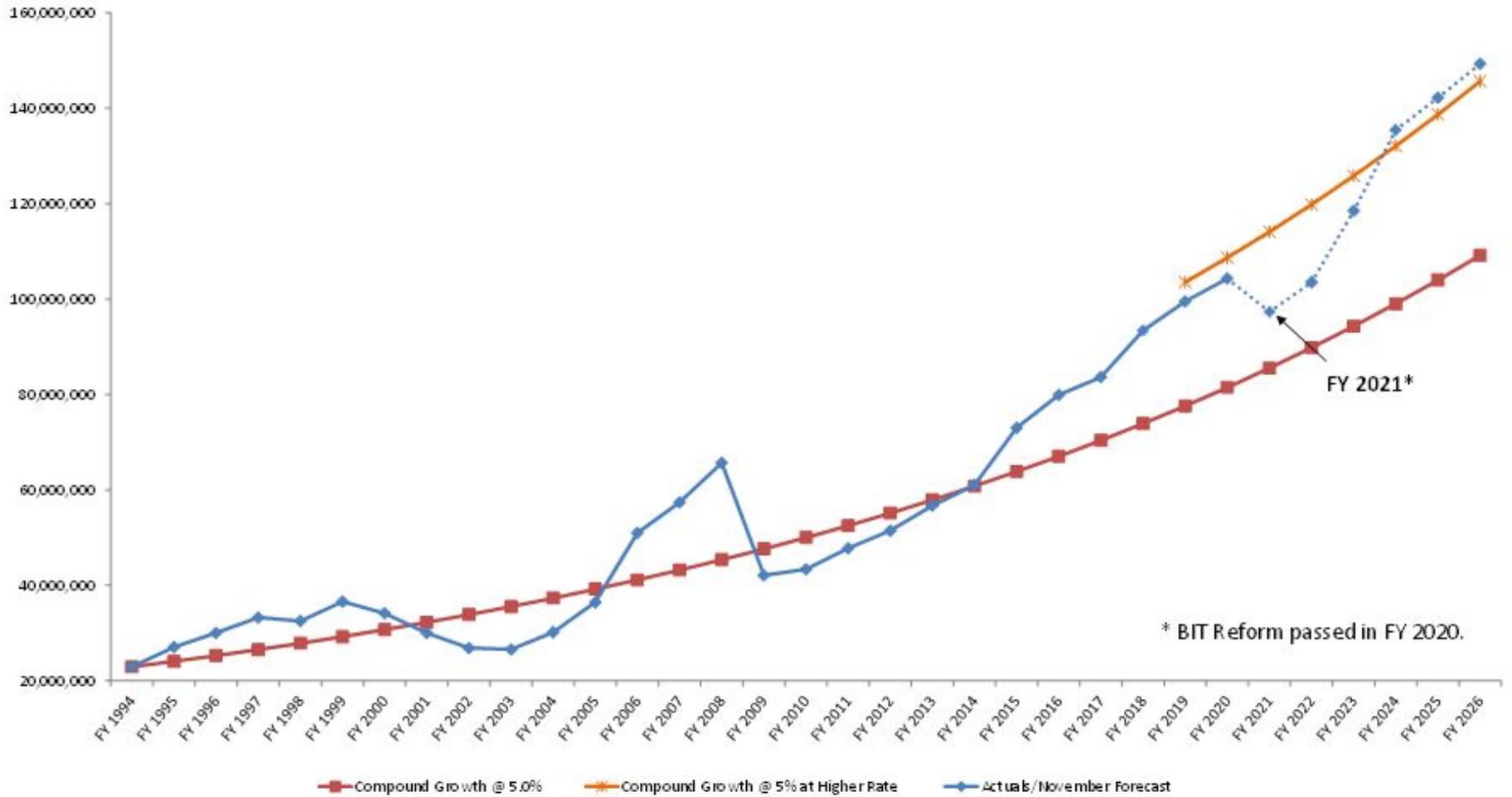
1. Excludes BWC, FQHC wraparound revenues, prospective health payments, and Tax Title: Affordable Housing but includes Video Lottery.

2. Not adjusted for revenue adjustments directly offset by expenditure changes.



FY 2022 Budget Kick-Off // Financial Context

Annual BIT Collections



Cost Drivers for FY 2022:

Inflation	1.90%	Second Half West Size-A CPI-W
Labor Costs (Change in rates)	4.27%	Prior assumption was 4.99%
COLA	1.90%	Dependent on Unit & Contract Status
Step/Merit/Contract Adjustment	1.59%	Dependent on Unit Demographics.
Medical/Dental	6.00%	Was assumed to increase by 6.00%
PERS	0.81%	Was assumed to increase by 1.00%
Retiree Medical	0.00%	
Liability/Workers Comp/TriMet	0.11%	Includes Workers Comp and TriMet
Materials and Services	1.90%	
Contractual Services	1.90%	Every 1% increase is approximately \$700,000
Internal Services	4.27%	Will be updated based on DCA Constraint Process

General Fund Cost Driver Notes

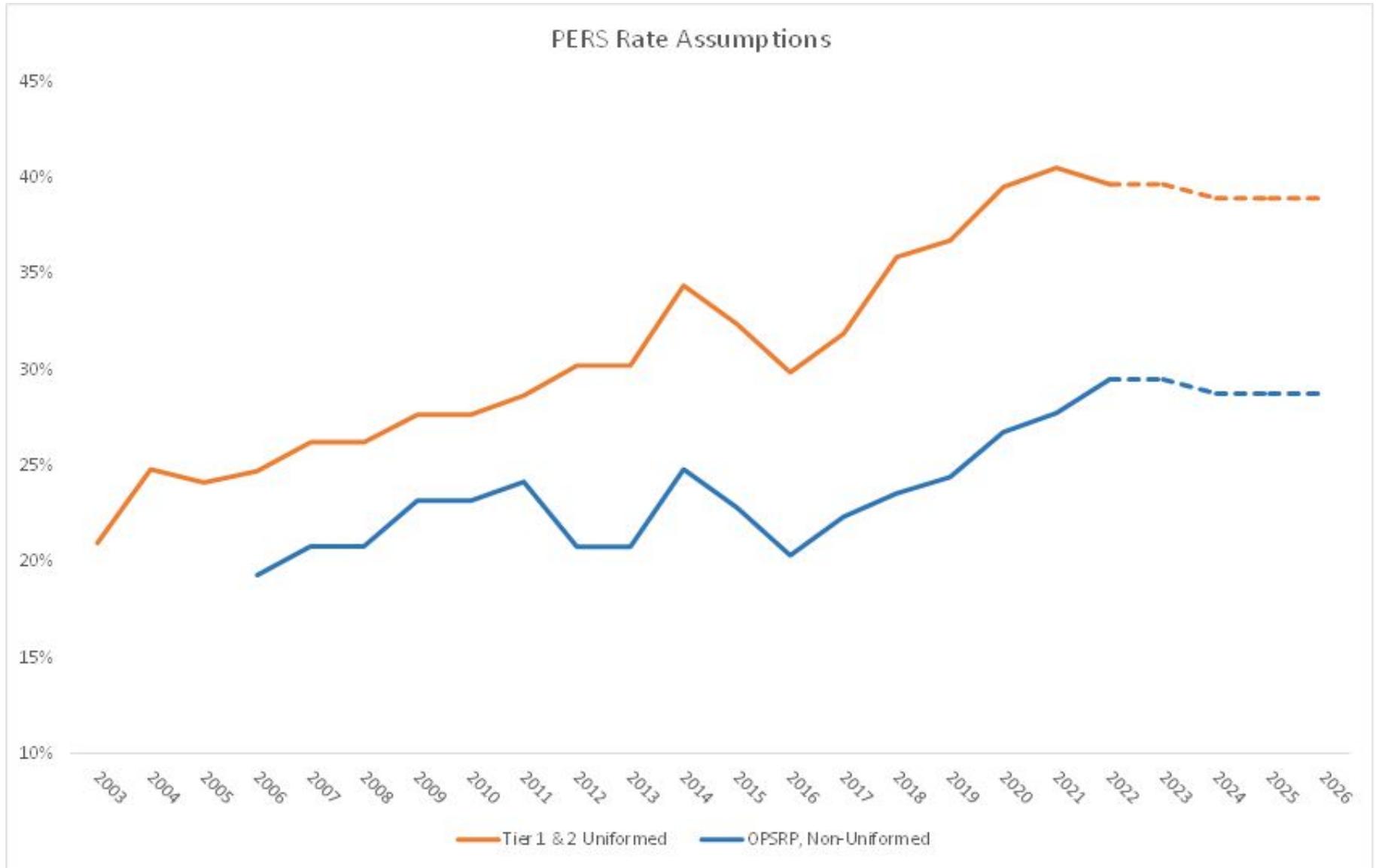
- A 1% increase in base pay = approximately \$3.3 million
- A 4% increase in medical/dental rates = approximately \$1.8 million
- A 1% (of base pay) increase in PERS = roughly \$2.3 million

Reserve & Contingency Assumptions

- General Fund Contingency - \$1.5 million
- BIT Reserve - 10% of BIT revenues (\$10.4 million)
- General Fund Reserve - 10% of corporate revenues (\$48.1 million)



FY 2022 Budget Kick-Off // Financial Context



FY 2022 Budget Kick-Off // Financial Context

Table 1: Forecasted Ongoing General Fund Balance

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	560,111,683	598,552,965	632,222,153	655,784,017	680,174,784
Expenditures	575,860,775	597,682,946	618,208,493	638,155,453	663,060,876
Ongoing Surplus/(Deficit)	(15,749,093)	870,019	14,013,659	17,628,563	17,113,907
OTO BIT Spread Out to Reduce Deficit	6,600,000				
Expected AV Increase from URA Dissolution ¹		9,125,412	10,185,944	24,797,410	30,281,805
Net November Forecast	(9,149,093)	9,995,431	24,199,603	42,425,973	47,395,712

Ongoing COVID-19 Related Costs (High Need)²

Mandated Ongoing COVID-19 Public Health Respon:	(29,629,250)	(14,814,625)	(7,407,313)		
COVID-19 Recession Economic Recovery	TBD	TBD			
November Forecast with Ongoing COVID-19 Estim	(38,778,343)	(4,819,194)	16,792,291	42,425,973	47,395,712

Ongoing COVID-19 Related Costs (Intermediate Need)²

Mandated Ongoing COVID-19 Public Health Respon:	(14,814,625)	(7,407,313)			
COVID-19 Recession Economic Recovery	TBD	TBD			
November Forecast with Ongoing COVID-19 Estim	(23,963,718)	2,588,119	24,199,603	42,425,973	47,395,712

¹ Estimates based on current schedule for defeasement for individual URAs. Could be impacted by amendments or decisions related to debt issuance.

² COVID-19 response activities that need to continue in FY 2022 would need to be transferred to CGF if additional Federal support is not available.



FY 2022 Budget Kick-Off // Financial Context

General Fund FY 2021 Beginning Working Capital & FY 2022 OTO^{1,2}

Year-End as of September 30, 2020

FY 2021 Beginning Balance ³	117,401,389
FY 2021 Budgeted Beginning Balance	<u>99,581,827</u>
Additional FY 2021 BWC (OTO)	17,819,562
Plus Additional BIT Revenues	4,000,000
Less Amount to Maintain BIT Reserve at Board Policy Level	(400,000)
Less Amount for BIT East County Cities Payment	(340,000)
Less Additional FY 2021 Forecast Adjustments	<u>(11,550,700)</u>
OTO Funds for FY 2021 per November Forecast	9,528,862
<i>50% Dedicated to County Facility Projects per Board Policy</i>	4,764,431
<i>Remaining 50% to be Allocated</i>	4,764,431

1. Assumes the FY2021 General Fund Contingency is fully spent in FY2021.

2. Assumes departments fully spend their FY 2021 appropriation.

3. Adjusted for additional restricted County Clerk BWC, Prospective Health Payments, and Tax Title: Affordable Housing.



- FY 2021 General Fund revenue forecast decreased -\$7.6 million (1.39%)
- FY 2021 General Fund contingency balance of \$2.6 million
- Deficit of **-\$9.2** million forecast for FY 2022
 - Does not include expenses related to ongoing COVID-19 response costs.
 - Becomes surplus of \$47.4 million by FY 2026.
- FY 2022 General Fund OTO resources of \$9.5 million
- Major risks, uncertainties, and issues include:
 - COVID-19 mitigation/recovery and Federal policy

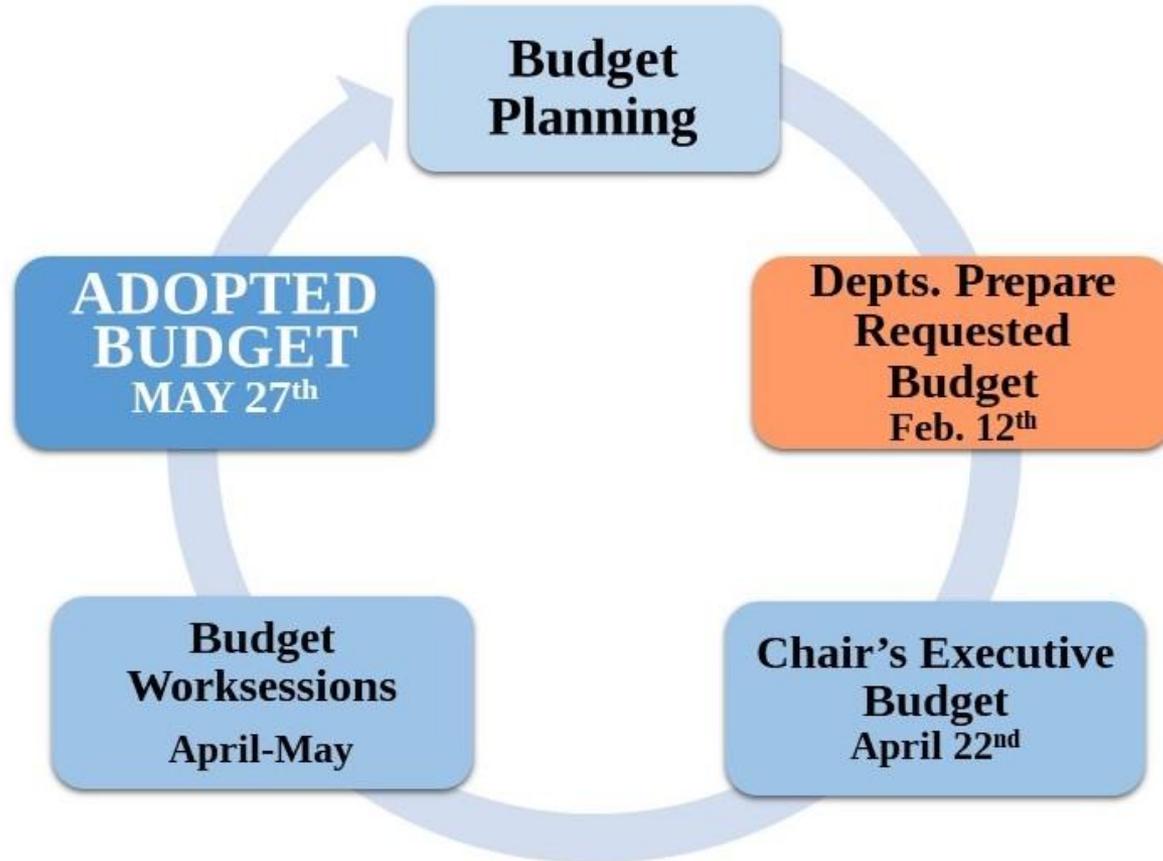


Questions on Budget Policy or Financial Context?

Please use the Q & A box to submit questions.



Budget Phases



Budget Calendar - Major Milestones

- December 11: Big Release of budget materials
- January 21-29: Departments meet with Chair's Office
(*Chair's Office Meeting #1*)
- **February 12:** Department Submitted budget due to Central Budget Office
- February 25-26 & March 1-9: Departments meet with Chair's Office
(*Chair's Office Meeting #2*)
- **April 22:** Chair's Executive budget released. This is the Proposed budget
- April 22 to late May: Board deliberation and public hearings
- **May 27:** Budget adoption



What's New & Reminders

- Budget Office Communications
 - Regularly emailed and posted to Budget Office website
- Revamped Department & Division Narratives
 - They are Google Docs!
- Program Offers have a new maximum General Fund cost of \$4.0M (Previously \$3.5M)
- Bed Inventory is due in June instead of February
- FICA cap now included in benefits calculation in Questica
- DCA cost allocation



Training

- [Questica Commons Ulearn](#)
 - Quick Reference Guides
 - Videos

- Budget Office Open Hours - email multco.budget.office@multco.us to schedule time with a budget analyst



Budget Manual

- New and improved this year!
 - Redesigned
 - Answers 99% of your questions
 - Step by Step on how to enter your budget in Questica
 - Comprehensive guidance on drafting program offer narratives
 - Detailed information on costing and allocation of positions
 - Checklist for your Budget Submission



State Revenues

- The Governor's proposed budget is your starting point - we need a baseline
- Document all state revenue assumptions
 - Transmittal Letter
 - Details should be included in Questica and emailed to your Budget Analyst
- Please share any State revenue news with the Budget Office
- Be prepared to fully explain to the Chair & Board in Chair meetings and Board briefings



Resources

- [FY 2022 Budget Manual](#)
- [U Learn Questica Site](#)
 - Videos & Quick Reference Guides
- Schedule an Analyst multco.budget.office@multco.us
- Budget Office Website <https://multco.us/budget>
 - Current & Historical Budgets
 - [Calendars](#)
 - [Budget Office Contact Information](#)
 - [Economic Forecasts](#) (current & historical)
 - [DCA Cost Allocations](#)
 - [Forms & Templates for Budget Submission](#)



If you have further questions, please contact a member of the Budget Office staff:

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Questions?

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A copy of the recording will be posted on the Budget Office website on the FY 2022 Budget Preparer Information page.

