



FY 2022 General Fund 5-Year Forecast Update

Presented to the
Board of County Commissioners

Multnomah County
March 11, 2021

Located at: www.multco.us/budget

Agenda

- Financial Context and Overview
- Economic Overview
 - Ongoing COVID-19 Impacts and Recovery
 - Employment
- FY 2021 Revenue Review
 - BIT
 - MVRT
- FY 2022 General Fund 5-Year Forecast
- FY 2022 One-Time-Only Funds
- FY 2021 General Fund Contingency Update
- Forecast Risks and Issues
- Summary and Questions



Budget Calendar Update

- March 5th: Submitted Budget Released and Department Transmittal Letters posted online.
- April 22nd: Chair's Proposed Budget Released
- April 22nd – June 2nd: Work Sessions, Amendments, and Community Hearings
- May 19th: TSCC Hearing
- June 3rd: Adopt the Budget



Financial Context

	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 ¹	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

- Generally good news on revenues, with BIT performing better than expected.
- Inequitable recovery and continued high level of uncertainty.
- Ongoing COVID-19 response and specifics of Federal support.

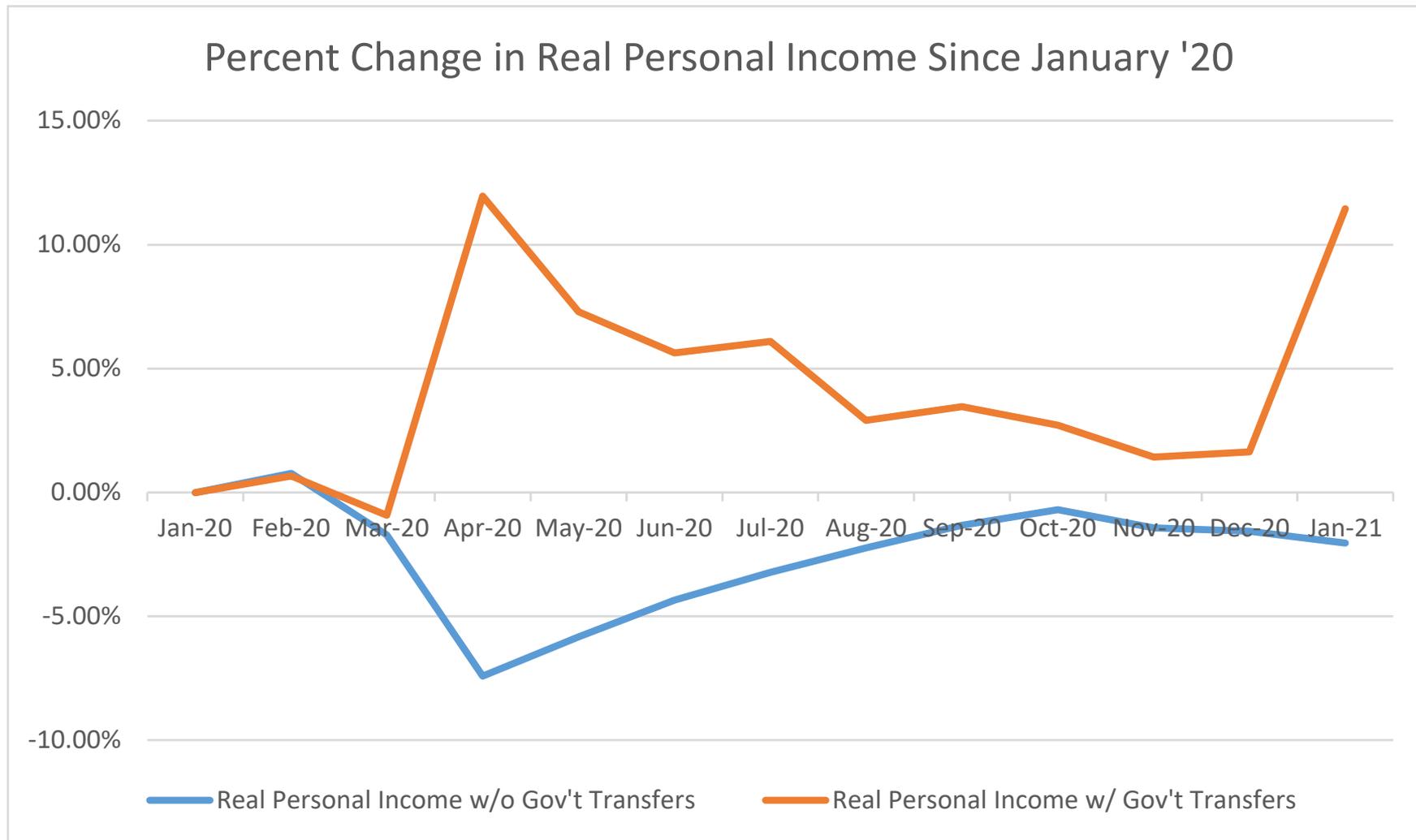


Economic Overview

- Headline recovery remains strong with signs of industry/households prepping for “normal.”
 - COVID-19 remains the limiting factor. Future path of recovery highly dependent on virus mitigation.
- Inequitable recovery and growing concerns about long-term damage.
- Macroeconomic Policy, Federal Relief, Inflation
- Uncertainty
 - Vaccine rollout and path back to normalcy
 - Consumer behavior and industry-specific recovery



Economic Overview

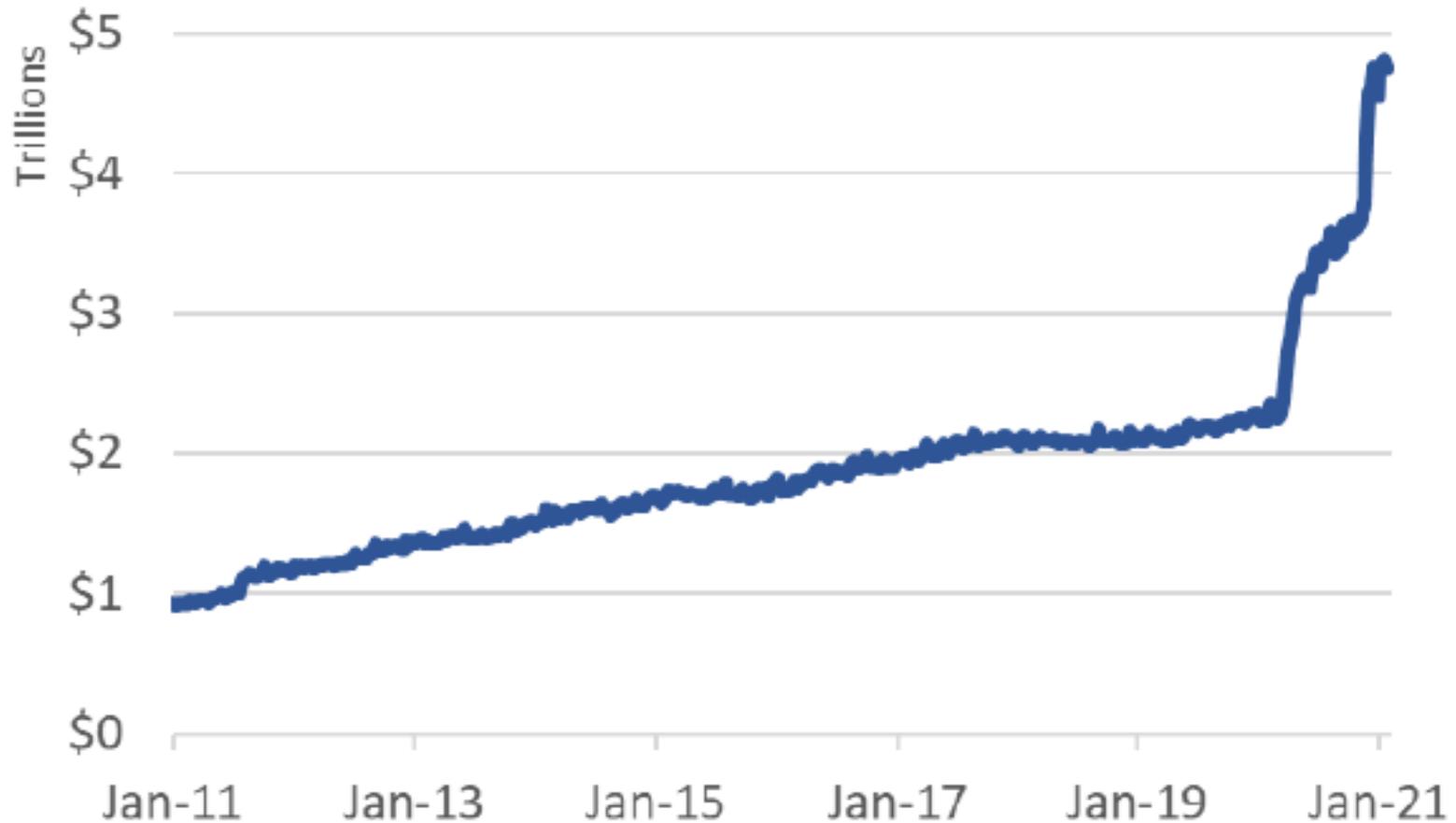


Source: Federal Reserve Bank of St. Louis



Economic Overview

U.S. Checkable Deposits



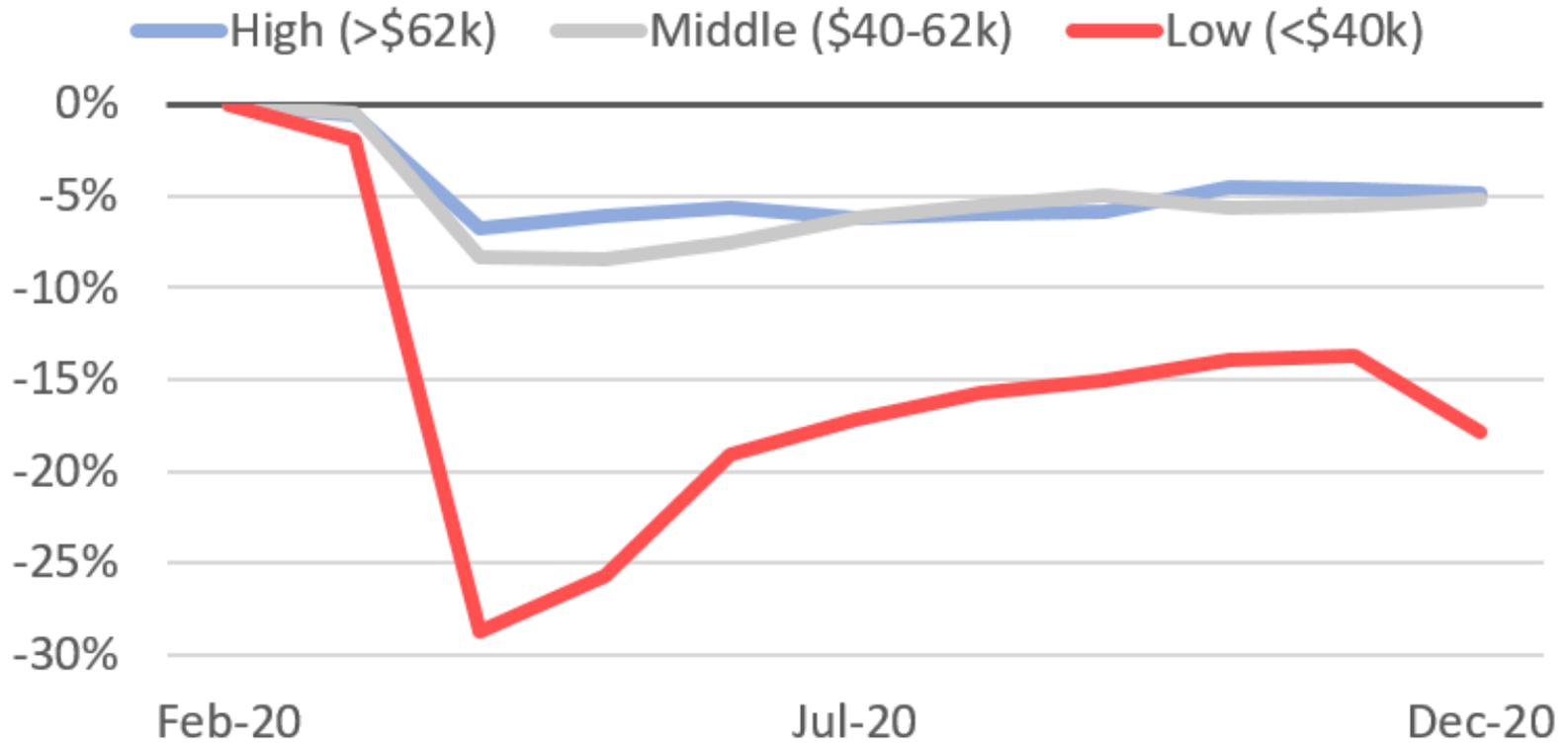
Latest Data: Jan 18, 2021 | Source: Federal Reserve, Oregon Office of Economic Analysis



Economic Overview

Oregon Employment by Wage

Percent Change Since February 2020, Terciles Based on Industry Average Wage



Source: Oregon Employment Department, Oregon Office of Economic Analysis

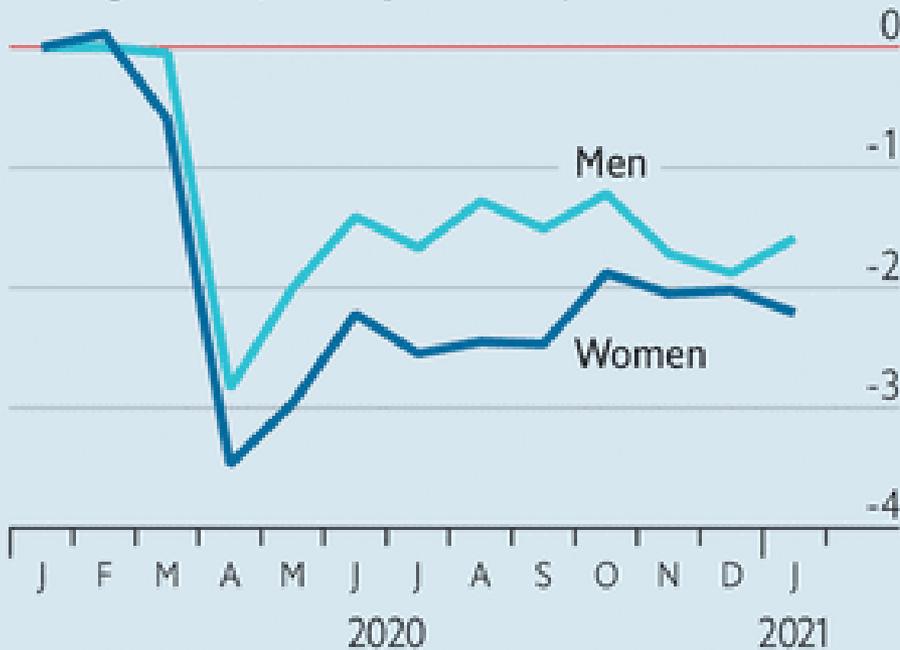


Economic Overview

Duties of care

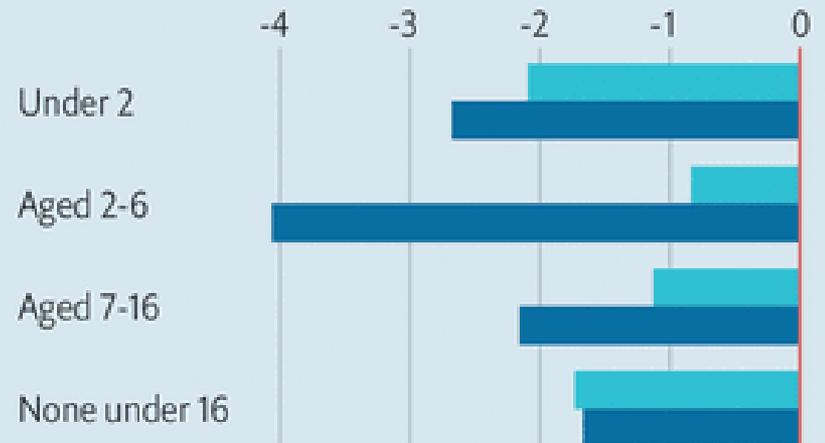
United States, labour-force participation rate
25- to 54-year-olds*

Change since January 2020, % points



Decrease between Jan 2020 and Jan 2021
% points, by age of youngest child in household

Men Women



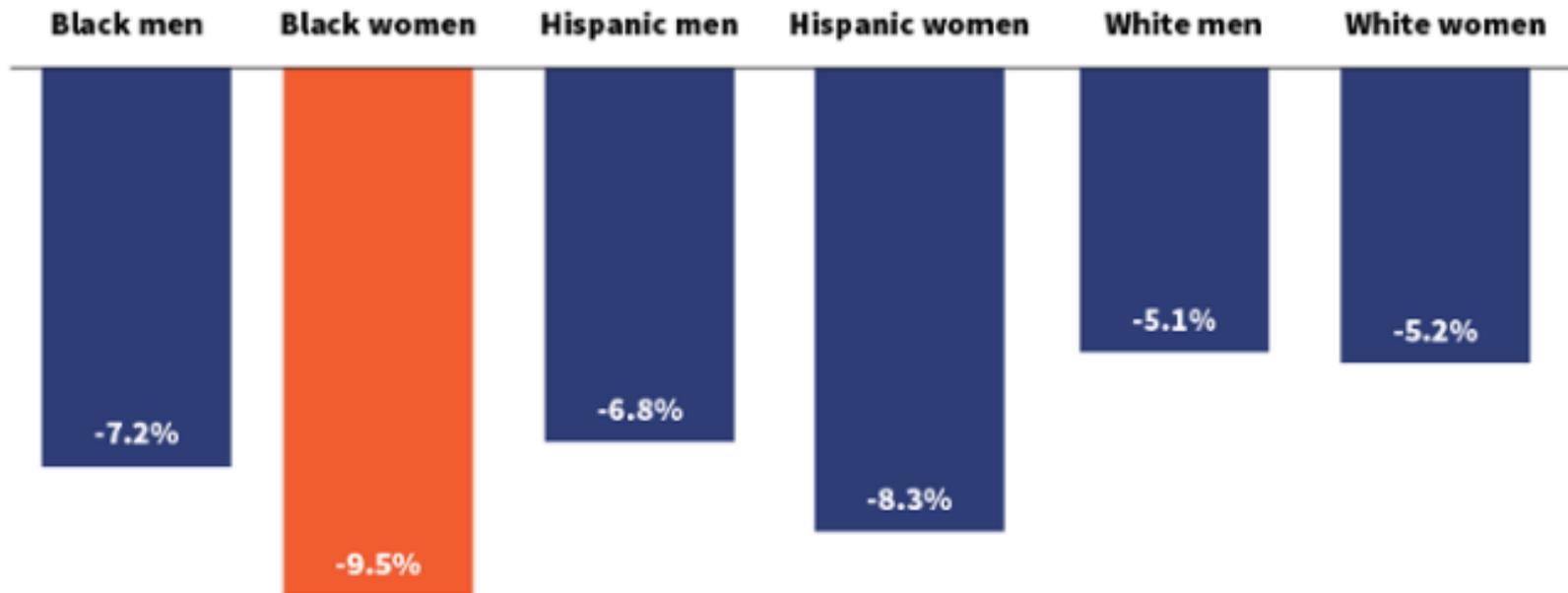
Sources: IPUMS, Current Population Survey; *The Economist*

*Excludes armed services



Economic Overview

LOSS OF EMPLOYED WORKERS BY RACE AND SEX BETWEEN FEBRUARY AND DECEMBER 2020



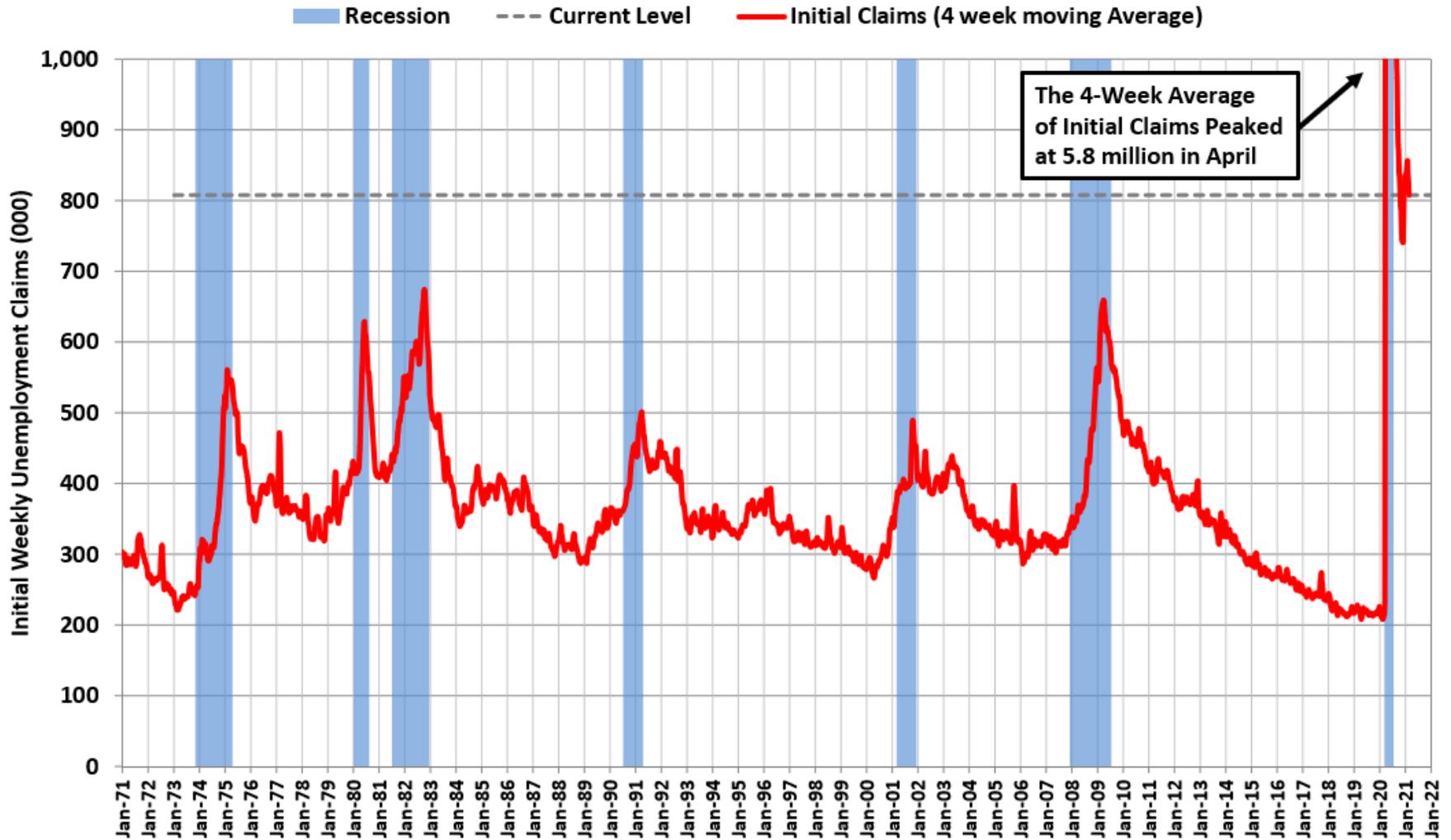
Source: U.S. Census Bureau, Current Population Survey 2020

Note: Women ages 20 and over



Economic Overview

Initial Weekly Unemployment Claims

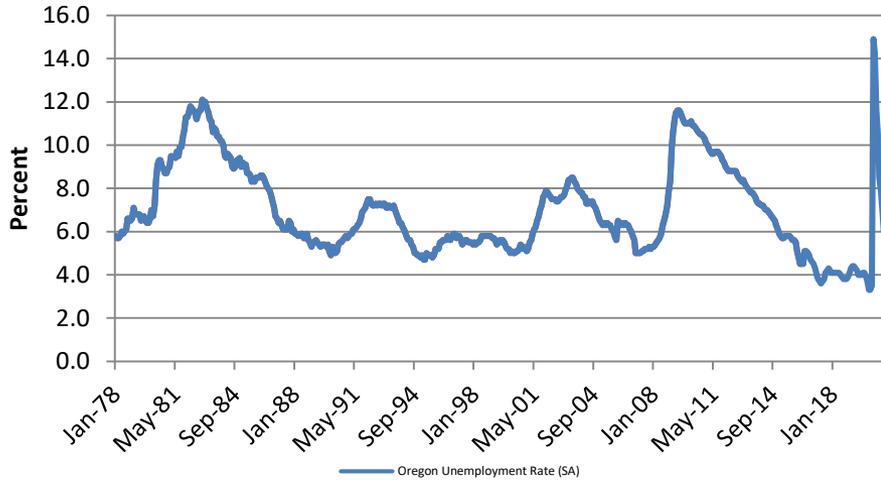


<http://www.calculatedriskblog.com/>

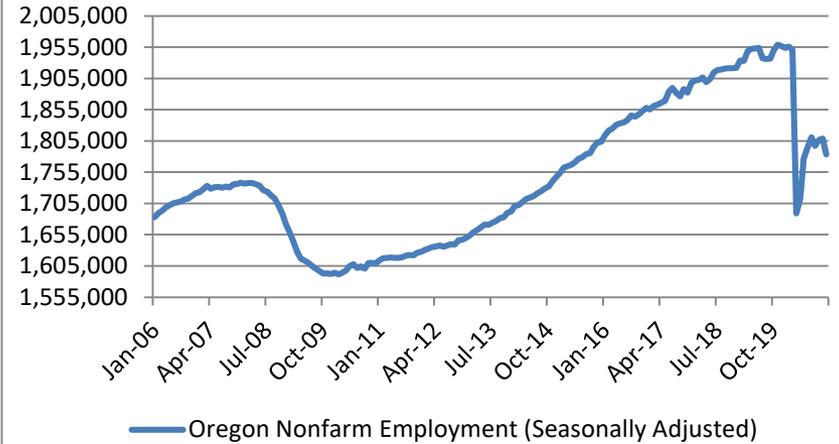


Economic Overview

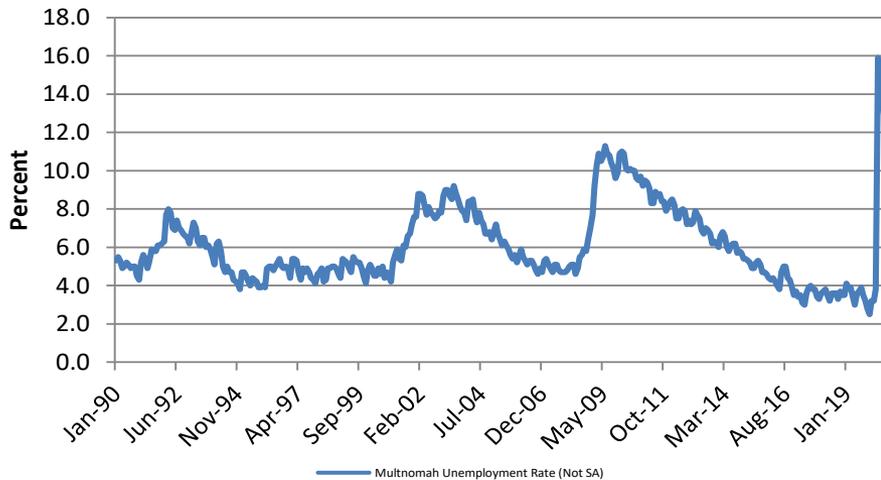
Oregon Unemployment Rate (SA)



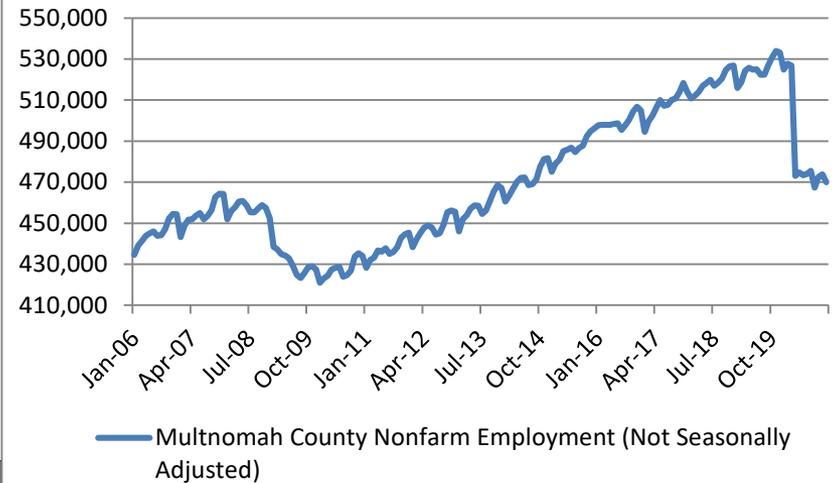
Oregon Nonfarm Employment (Seasonally Adjusted)



Multnomah Unemployment Rate (Not SA)



Multnomah County Nonfarm Employment (Not SA)



FY 2021 Revenue Review

	Adopted ¹	November Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	324,535,080	(1,088,694)	1,165,088		76,394	Increased Penalty Revenue
Business Income Taxes	93,339,749	4,000,000	8,500,000		12,500,000	Broader Base due to Fed'l Tax Reform and Faster Recovery
Motor Vehicle Rental Taxes	22,914,403	(6,200,000)	(2,714,403)		(8,914,403)	Continued Low Level of PDX Traffic
US Marshal/BM 73/BOP	6,077,250	0	0		0	
State Shared						
Video Lottery	4,629,375	550,000	0		550,000	Bar Shutdown Impact Unclear
Liquor	5,054,513	0	0		0	
Cigarette	620,550	0	0		0	
Marijuana	2,149,923	350,077	(250,000)		100,077	Increased Sales/BM 110
Amusement	173,000	0	0		0	
Recording Fees/CAFFA Grant	7,080,349	550,540	1,569,111		2,119,651	Lower Interest Rates and Housing Activity
Indirect						
Departmental	24,243,067	0	0		0	
Central Indirect/Svc Reimburse	14,583,404	0	0		0	
All Other	38,131,218	(5,712,623)	0		(5,712,623)	Health Inspections/Passports
FY 21 Revenue Adjustments ²	543,531,881	(7,550,700)	8,269,796	0	719,096	
% of Revenue		-1.39%	1.52%	0.00%	0.13%	

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.



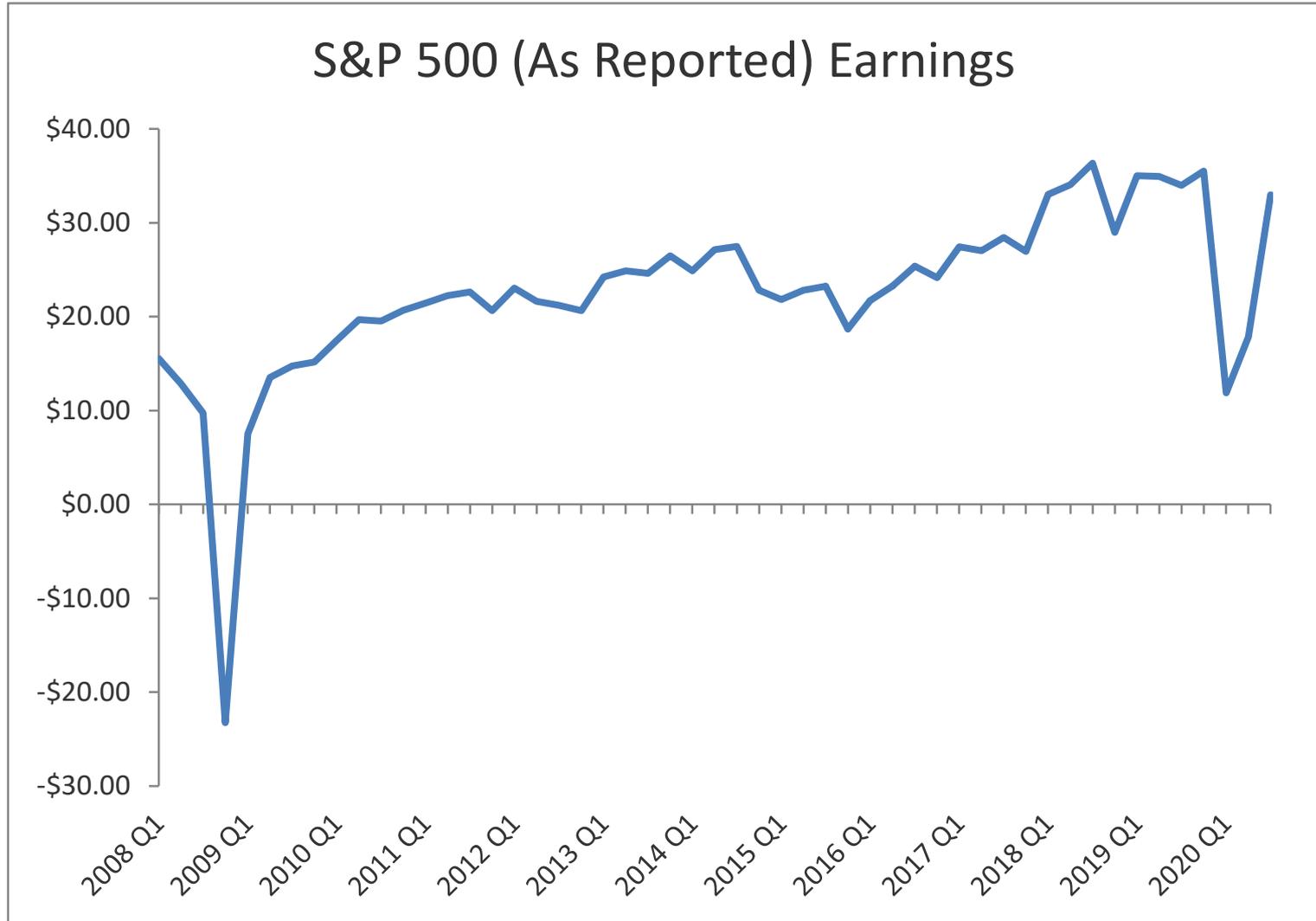
FY 2021 Revenue Review

BIT Collections Fiscal Year-to-Date Through January

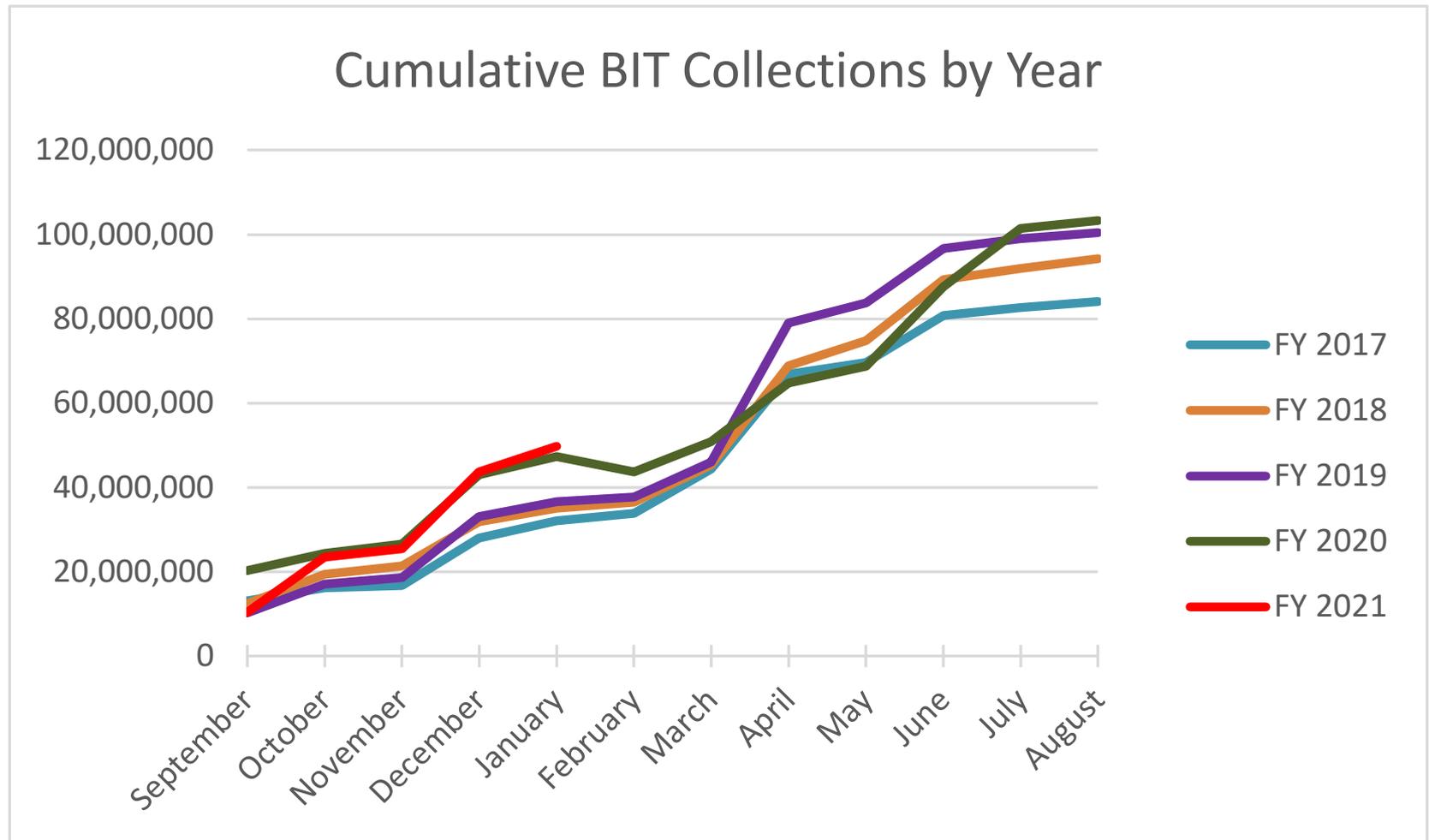
	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 21 vs. FY 20
Quarterly	26,753,004	26,088,613	28,199,975	29,711,381	39,212,139	34,266,543	-12.6%
Yearly	6,927,671	9,158,052	9,292,953	8,873,234	11,118,592	15,795,846	42.1%
Refund/Interest	2,861,747	2,837,638	2,347,753	1,821,520	2,747,747	729,957	-73.4%
NSF Check	150,805	299,956	111,736	172,485	254,323		-100.0%
Total	30,668,123	32,109,072	35,033,438	36,590,610	47,328,662	50,062,389	5.8%



FY 2021 Revenue Review

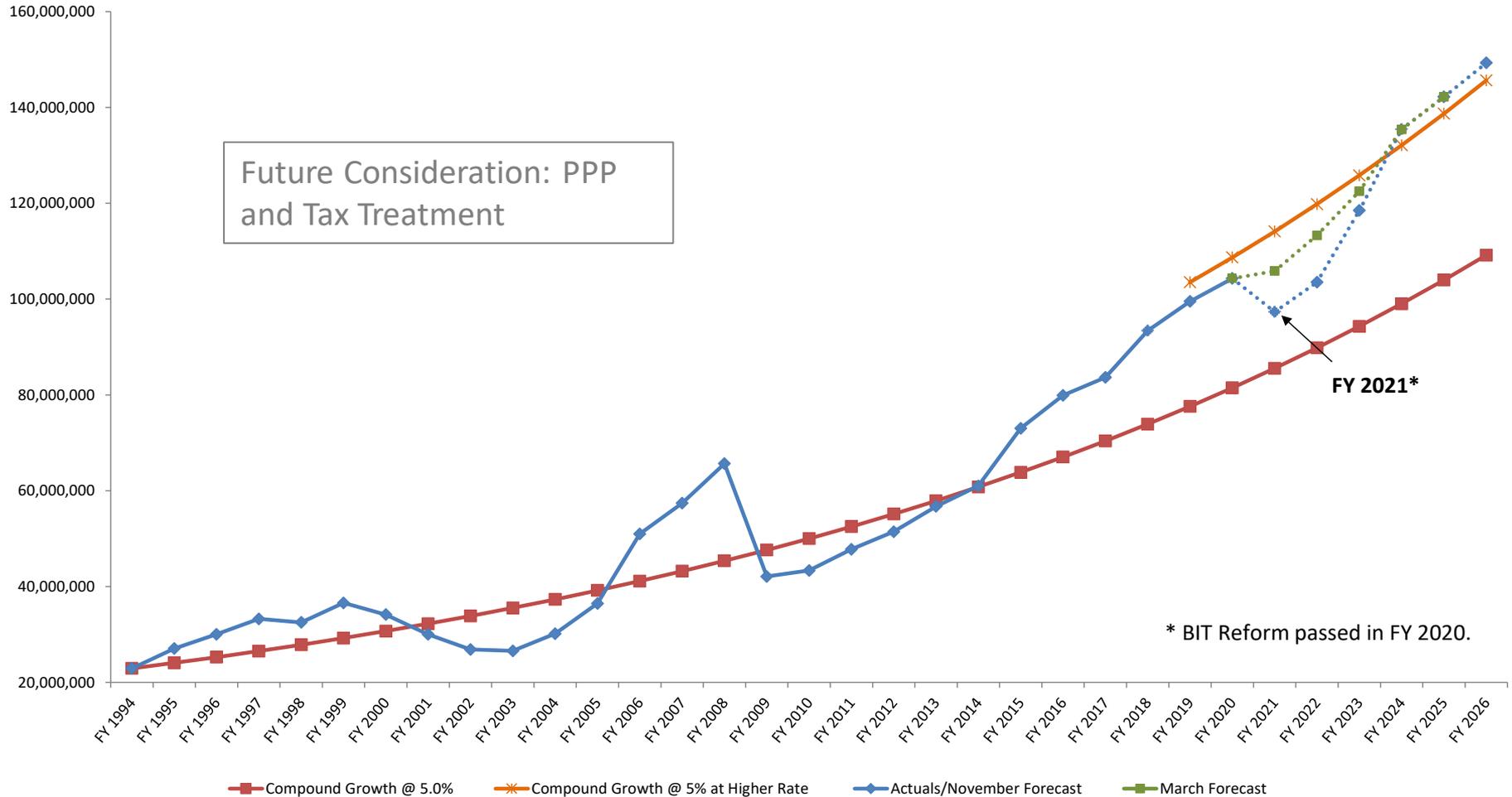


FY 2021 Revenue Review



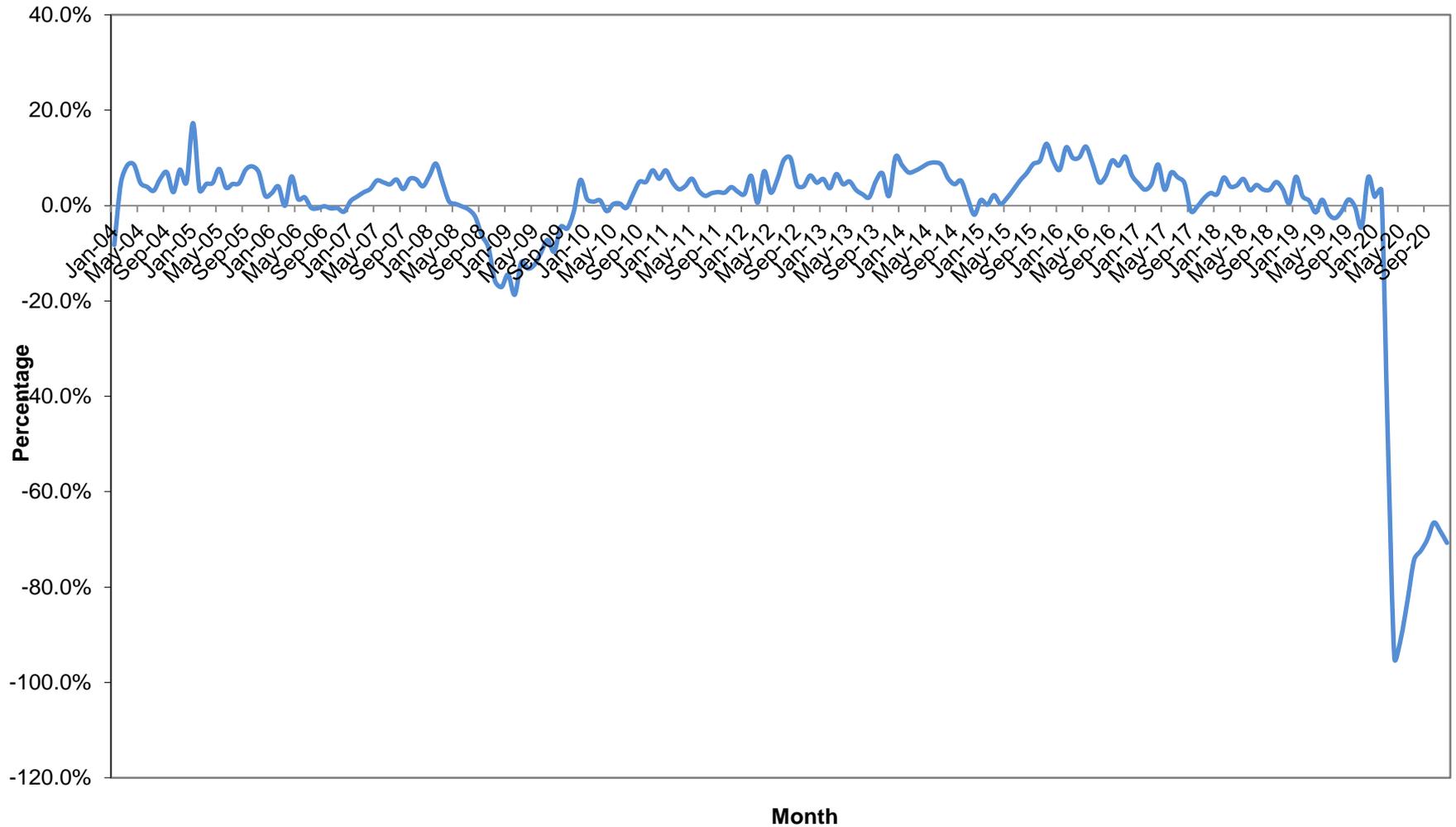
FY 2021 Revenue Review

Annual BIT Collections



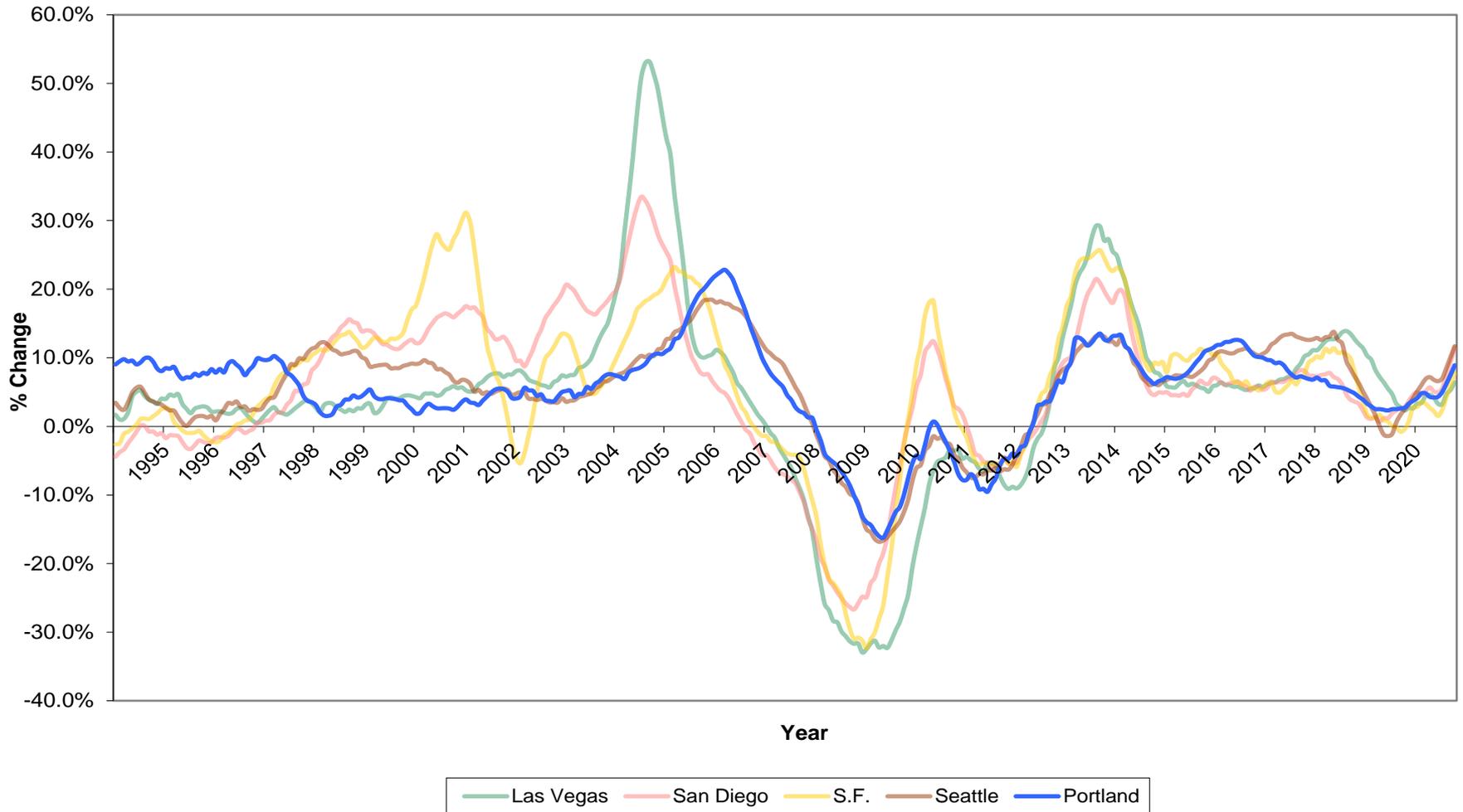
FY 2021 Revenue Review

Year-Over-Year Change in Passengers at PDX (Thru January)



FY 2021 Revenue Review

Monthly Year-Over-Year % Change
Based on S&P/Case-Shiller Home Price Index Thru October 2020



5-Year General Fund Forecast

Table 1: Forecasted Ongoing General Fund Balance

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
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Recording Fees	500,000	250,000			
Personnel Cost Increases	(2,000,000)	(2,084,200)	(2,171,945)	(2,263,384)	(2,358,672)
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Ongoing COVID-19 Related Costs (High Need)²

Mandated Ongoing COVID-19 Public Health Respon:	(29,629,250)	(14,814,625)			
COVID-19 Recession Economic Recovery	TBD	TBD			

¹Increase from current forecast. Forecast previously assumed significant decrease in inspection collections for extended period.

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



5-Year General Fund Forecast

Major General Fund Revenue Sources ¹

	Adopted FY 2021	Forecast FY 2021 ²	Forecast FY 2022	Forecast FY 2023 ³	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026
Property Taxes	324,535,080	324,611,474	335,936,853	355,602,655	368,559,685	395,614,980	412,977,440
Business Income Taxes	93,339,749	103,839,749	113,300,000	122,500,000	135,419,438	142,190,410	149,299,931
Motor Vehicle Rental Taxes	22,914,403	14,000,000	25,000,000	33,000,000	33,660,000	34,333,200	35,019,864
US Marshal (& BM 37)	6,411,291	6,411,291	6,411,292	6,411,292	6,411,293	6,411,293	6,411,294
Recording Fees/CAFFA Grant	7,080,349	9,200,000	8,204,161	8,029,265	7,950,247	8,125,033	8,303,709
State Shared	12,627,361	13,527,438	13,159,590	13,540,445	13,935,940	14,346,653	14,773,181
Indirect & Service Reimbrs.	38,826,471	38,826,471	39,688,457	40,884,813	42,118,198	43,389,761	44,700,690
	505,734,704	510,416,423	541,700,353	579,968,470	608,054,801	644,411,330	671,486,109
% of Total Revenue	93.8%	96.2%	96.4%	95.2%	94.5%	94.5%	94.4%
All Other General Fund	33,167,801	20,123,975	19,136,330	27,922,157	34,397,047	36,687,191	39,970,480
Total	538,902,505	530,840,398	562,111,683	609,178,377	643,408,097	681,581,427	711,456,589
% Change in Ongoing Revenue		-1.50%	5.89%	8.37%	5.62%	5.93%	4.38%
AV Growth	3.75%	4.55%	3.75%	5.82%	3.36%	7.17%	4.45%
Compression	3.95%	4.07%	4.20%	4.20%	4.20%	4.20%	4.20%
BIT Growth	-10.51%	-0.44%	9.11%	8.12%	10.55%	5.00%	5.00%

1. Excludes BWC, FQHC wraparound revenues, prospective health payments, but includes video lottery revenues.

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

3. Incorporates impact of URAs ending and returning AV to tax roll.



FY 2022 OTO Funds

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

Year-End as of September 30, 2020

FY 2021 Beginning Balance ³	116,993,945
FY 2021 Budgeted Beginning Balance	<u>99,581,827</u>
Additional FY 2021 BWC (OTO)	17,412,118
Plus Additional BIT Revenues	4,000,000
Less Amount to Maintain BIT Reserve at Board Policy Level	(800,000)
Less Amount for BIT East County Cities Payment	(340,000)
Less Additional FY 2021 Forecast Adjustments	<u>(12,100,700)</u>
OTO Funds for FY 2022 per November Forecast	8,171,418
Unspent HDHQ Project	1,000,000
Plus Additional BIT Revenues	8,500,000
Less Amount to Maintain BIT Reserve at Board Policy Level	(1,700,000)
Less Amount for BIT East County Cities Payment	(722,500)
Less Additional FY 2021 Forecast Adjustments	(230,204)
Less Additional FY 2022 Reserve Adjustment	<u>(2,572,210)</u>
OTO Funds for FY 2022 per March Forecast	12,446,504
<i>50% Dedicated to County Facility Projects per Board Policy</i>	6,223,252
<i>Remaining 50% to be Allocated</i>	6,223,252

1. Assumes the FY 2021 General Fund Contingency is fully spent in FY 2021.

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 Contingency Update

FY 2021 General Fund Contingency Update

Contingency

General Fund 'Regular' Contingency	1,500,000	
Additional Contingency	139,837	
COVID-19 Contingency	1,022,000	
Reimagine Oregon OTO Request	<u>(100,000)</u>	Approved by Board on 10/8
Remaining Non-Earmarked Contingency	2,561,837	

Earmarked Contingency

Earmark - SE Health Clinic	5,120,000	
Earmark - Behavioral Health Resource Center	<u>8,750,000</u>	
Total Earmarked Contingency	13,870,000	

Total General Fund Contingency **16,431,837**

BIT Reserve @ 10% (in General Fund Contingency)	<u>9,333,975</u>	
Total General Fund Contingency	25,765,812	

Note: The forecast assumes the General Fund Contingency will be fully spent, with the exception of the BIT Reserve, which is 'rolled over' to FY 2022



Forecast Risks, Uncertainties, and Issues

- COVID-19 – Duration and intensity of disruption
 - Impact on revenues
 - Demand for County services
- Economic Recovery
 - Path of revenue recovery
 - Long-term implications for revenue growth
 - Development Cycle and Property Taxes
 - BIT – PPP and tax treatment
- Personnel Costs
 - State Family Leave/EFMLA/Pay Equity
 - Good news on PERS
- Open Labor Contracts



Summary

- FY 2021 General Fund revenue forecast increased \$8.3 million (1.52%)
- FY 2021 General Fund contingency balance of \$2.6 million (unallocated)
- Deficit of \$2.5 million forecast for FY 2022
 - Does not include expenses related to ongoing COVID-19 response costs.
 - Becomes surplus of \$42.9 million by FY 2026
- FY 2022 General Fund OTO resources of \$12.4 million
 - \$6.2 million for facility projects (per Board policy)
 - \$6.2 million to be allocated
- Major risks, uncertainties, and issues include:
 - COVID-19 Mitigation and Recovery
 - Federal Policy



Questions

