



FY 2024 Budget Kick-Off Meeting

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

Please use the Q&A box (not the chat) to post any questions you have.

December 14, 2022

Multnomah County
Budget Office
www.multco.us/budget

Agenda

- Welcome & Introductions
- Policy Guidance & Direction - Serena Cruz
- Equity in the Budget Process - Joy Fowler
- Budget Process & Additional Guidance
- Financial Context & Forecast
- Q&A on Policy & Financial Context
- Updated Technical/Questica for FY 2024
- Wrap Up and Final Questions



Policy Guidance and Direction



Transition/Stable Budget
Process



Leading with County
Values



Transparency in Budget
Process



1.5% General Fund
Constraint



American Rescue Plan



Equity in the Budget Process

- Preparing the budget with equity impacts in mind
 - Budgets reflect the priorities of the organization
 - Intentionally aligned with the WESP
 - Engagement between Departments and Equity Managers
 - Use of Community Budget Advisory Committees
- Ability to explain how using equity helped you reach a decision
- Program Offer Narratives

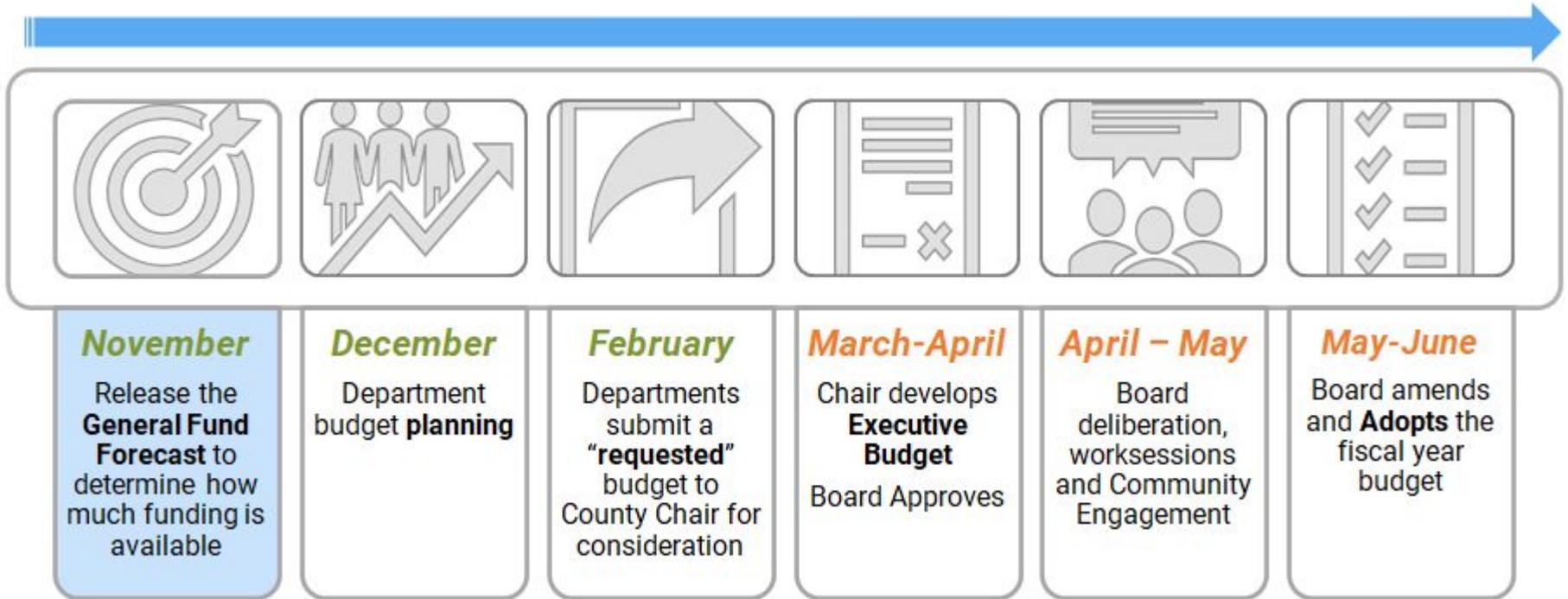


Equity in the Budget Process

- How the [Equity and Empowerment Lens](#) helps us
- The Focus Areas of the Lens:
 - Program Level
 - Performance Measures
 - Department Level
- [FY 2024 Budget Equity Tool](#) and the [FY 2024 Budget Equity Tool Worksheet](#)



Process Timeline



Budget Calendar - Major Milestones

- Dec. 9: Big Release of budget materials
- Jan. 17-26: Departments meet with Chair's Office (*Chair's Office Meeting #1*)
- Feb. 13: Department Submitted budget to Central Budget Office
- Feb. 24: Program Offers & Transmittal Letters posted online
- April 27: Chair's Executive/Proposed budget released
- May to Mid June: Board deliberation & public hearings
- June 8: Budget Adoption



Budgetary Constraints

- **1.5% 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
- DCA constraint - Approximately \$0.7 million
 - Impacts other departments by constraining the increase in internal service costs.



Additional Guidance

- New Programs, Restorations and Backfill of Grants
- State Funding
- One-Time-Only Requests
- COLA for Human Service Contractors
- Documenting Revenue Assumptions



COVID-19 Impacts & Multico ARP Funding

- Most ARP funding has been spent
- Transmittal Letter and January check-in should discuss ramp down plan for existing ARP funding
- **Requests for FY 2024 ARP** funding should be very limited and only for highest department priorities.
 - Explain alignment with the County's ARP priorities
 - Keep in mind as you prioritize General Funds too



Forecast/Financial Context

- Inflation becoming broad-based.
 - Federal Reserve has dropped “soft landing” from messaging
- Real household incomes still increasing and excess savings remain elevated.
- Locally, employment growth now exceeding comparable metro areas
- Uncertainty
 - Inflation
 - Recession
 - Corporate Profits



Forecast/Financial Context

Table 1: Forecasted Ongoing General Fund Expenditures, Revenues, and Balance

| | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|-----------------------------|-------------|-------------|-------------|-------------|--------------|
| Revenues ¹ | 672,116,652 | 704,076,479 | 729,283,575 | 756,275,443 | 782,092,135 |
| Expenditures | 672,204,720 | 701,050,741 | 728,417,305 | 755,127,457 | 791,117,000 |
| Ongoing Surplus/(Deficit) | (88,068) | 3,025,738 | 866,270 | 1,147,985 | (9,024,865) |
| BHRC Ongoing Funding Gap | (2,500,000) | (5,650,000) | (5,876,000) | (6,111,040) | (6,355,482) |
| November Forecast with BHRC | (2,588,068) | (2,624,262) | (5,009,730) | (4,963,055) | (15,380,347) |

Note: Revenues/Expenditures include video lottery, but excludes reserves and one-time resources

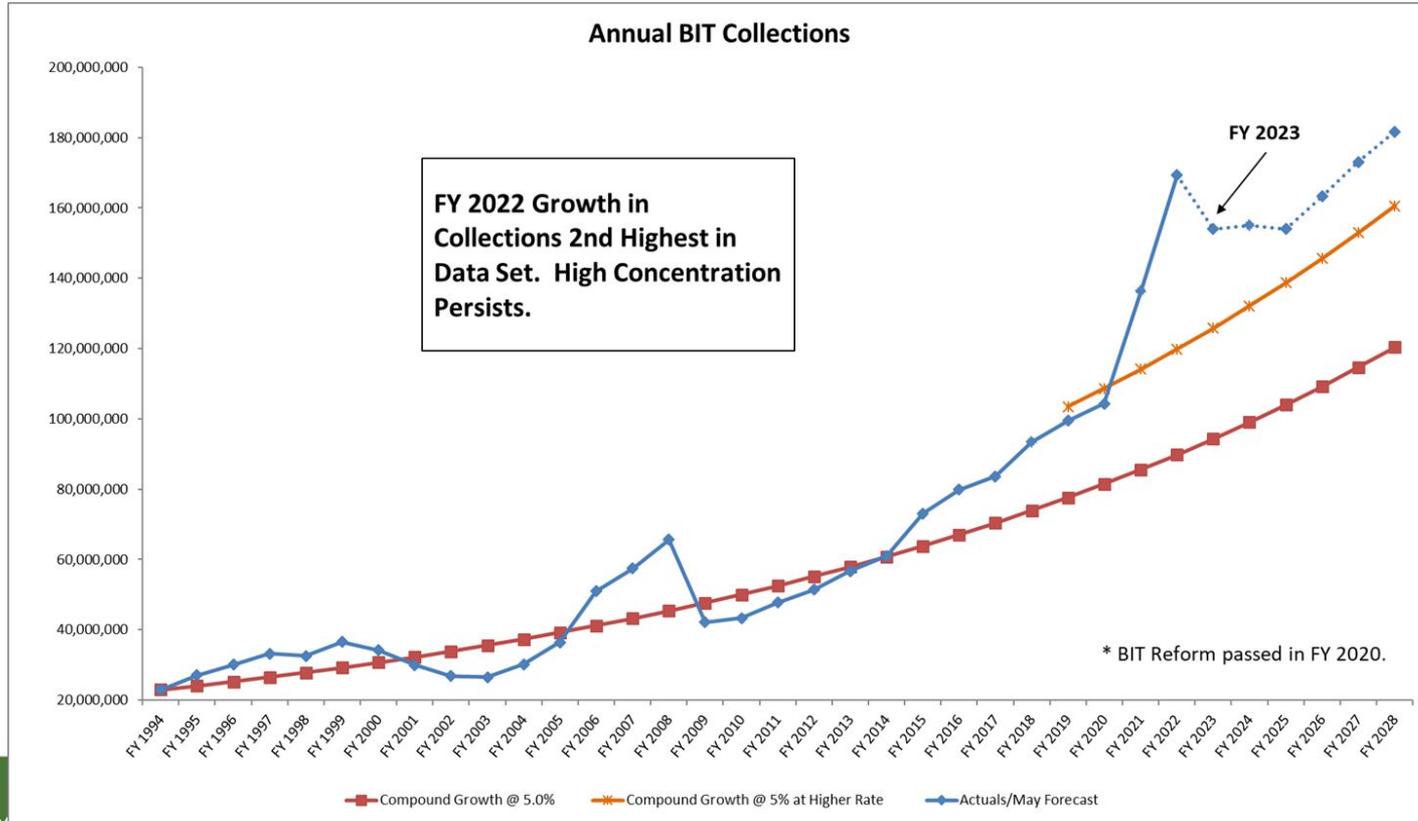


Forecast/Financial Context

- Significant **Decrease** in Forecasted Surplus from Spring
 - Personnel Cost **Increases** (Closed Contracts)
 - Offset by Changes to BIT and Property Tax Assumptions
- Risk of Recession and Inflation Uncertainty
- End of American Rescue Plan (ARP)



Forecast/Financial Context



FY 2022 Growth in Collections 2nd Highest in Data Set. High Concentration Persists.

FY 2023

Forecast/Financial Context

Cost Drivers for FY 2024:

| | | |
|--------------------------------|--------|---|
| Labor Costs (Change in rates) | 8.65% | ONA not yet fully incorporated |
| COLA | 5.79% | Dependent on Unit & Contract Status. 5% COLA in FY 2024 and Increase from 4% to 5% in FY 2023 (4.00% Last Year) |
| Step/Merit/Contract Adjustment | 3.39% | Dependent on Unit Demographics. Includes Market Adjustments and Impacts on Base Wages (1.40% Last Year) |
| Medical/Dental | 6.00% | Was assumed to increase by 6.00% (2.00% Last Year) |
| PERS | -0.12% | Was assumed to increase by 0.75% |
| Retiree Medical | 0.00% | |
| Liability/Workers Comp/TriMet | 0.21% | Includes Security and TriMet |
| Materials and Services | 5.00% | |
| Contractual Services | 5.00% | Every 1% increase is approximately \$700,000 |
| Internal Services | 1.60% | Would be 6.3% without ERP Early Payment |

General Fund Cost Driver Notes

A 1% increase in base pay = approximately \$3.4 million

A 4% increase in medical/dental rates = approximately \$1.9 million

A 1% (of base pay) increase in PERS = roughly \$2.5 million



Forecast/Financial Context

General Fund FY 2023 Beginning Working Capital & FY 2024 OTO^{1,2}

Year-End as of November 1, 2022

| | |
|---|--------------------|
| FY 2023 Beginning Balance ³ | 245,669,604 |
| FY 2023 Budgeted Beginning Balance | <u>172,891,050</u> |
| Additional FY 2023 BWC (OTO) | 72,778,554 |
| Less Two Years (FY 2023/2024) Retention Incentives (Represented) ⁴ | (23,576,995) |
| Less Two Years (FY 2023/FY 2024) Retention Incentives to Settled Contracts | (1,834,965) |
| Less Two Years (FY 2023/2024) Retention Incentives (Non-Represented) ⁴ | (6,000,305) |
| FY 2023 Retention Incentives Covered by ARP (One Year) | 6,944,609 |
| Less Amount to "Bridge" FY 2024 Deficit | (2,588,068) |
| Less Amount to Pay Off ERP Debt Early | (6,783,000) |
| Plus Additional FY 2023 BIT Revenues | 16,850,000 |
| Less Amount for BIT East County Cities Payment | (1,432,250) |
| Plus Additional FY 2023 Property Tax Revenues | 10,655,549 |
| Less Additional FY 2023 Forecast Adjustments | (1,932,708) |
| Less Amount to Maintain FY 2024 Reserves at Board Policy Level | (6,719,852) |
| OTO Funds for FY 2024 per November Forecast | 56,360,569 |
| | |
| 50% Dedicated to County Facility/IT Projects per Board Policy | 28,180,285 |
| | |
| Remaining 50% to be Allocated | 28,180,285 |

1. Assumes the FY 2023 General Fund Contingency is fully spent in FY 2023.

2. Assumes departments fully spend their FY 2023 appropriation.

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

4. Excludes Library Employees



Questions on Budget Policy or Financial Context?

Please put your questions in the Q&A box. Budget Office staff are monitoring and will provide them to the presenters.



Technical/Questica Updates

- **Questica Open for FY 2024**

- Departments determined initial Program Offer structure
- Access to program offers is done through department business manager

- **Cash Transfer Process Updated**

- Budget using 60560 (alphanumeric code is no longer needed)
- Use the Spend/Revenue Category to get the specific fund
- Description field still required

- **Explanation of Revenues**

- All revenue sources must be identified in 'Explanation of Revenues'



Technical/Questica Updates

- **New program offers and Workday Cost Center requests** - Please use a MOCS in new programs.
- **Budgeting for Retention Incentives** - Please Don't! With the exception of the Library, retention incentives will be budgeted and paid out centrally.
- **Workplace Security** - A new security charge of 0.20% added to the Insurance Benefits (60140) rate to fund new security initiatives and improvements.
- **State Starting Point** - Use the Governor's Budget as starting point. If a different starting point is more appropriate discuss with your central budget analyst.
- **ERP Debt** - Is being paid for w/OTO funds and removed from the FY 2024 IT allocations and the General Fund allocations. This will create savings in some other funds. See page 9 of the Budget Manual for details.



Questica Personnel Costing

- **COLA** - Assumptions for both the FY 2023 and FY 2024 COLA vary based on bargaining unit. See page 11 of the Budget Manual for the breakout.
- **\$20 AFSCME Minimum Wage** - When budgeting temp and on-call in L88 positions you may need to factor in the updated minimum wage.
- **Other Wage Adjustments** - All agreed upon market adjustments, increases to longevity, education, and incentive allowances were incorporated.



Voter Approved Initiatives

- **Continue to be Stand Alone Program Offers**



Supportive Housing Services (1521)
Joint Office of Homeless Services



Preschool for All (1522)
County Human Services



Library Bond (2517)
County Assets/Library



Voter Approved Initiatives

- Led by Coordinating Departments
- Monitored by outside agencies and our community
- Alignment with the overarching program goals
- Strategy discussed with Chair
- Key component of Department Transmittal Letters
- Stand alone program offers without any other funding sources included

| Funding Stream | Program Contact | Budget |
|-----------------------------------|-------------------------|--|
| Supportive Housing Services (SHS) | Ellen Dully | All Rev and Exp in JOHS, some FTE in relevant departments |
| Preschool for All (PFA) | Brooke Chilton-Timmons | Revenue in DCHS Expenses in relevant department |
| Library General Obligation Bond | Kate Vance/Katie O'Dell | Revenue in DCA Expenses in DCA with limited FTE in Library |



Technical Budget Questions?

Please put your questions in the Q&A box. Budget Office staff are monitoring and will provide them to the presenters.



Resources

- [FY 2024 Budget Manual](#)
- [U Learn Questica Site](#)
 - On Demand Training 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](#)



Why Budget?

A budget is one of the **most important policy** documents that the County produces. It tells our community what the County's **priorities** are and where the County is **investing** the community's resources.

The budget **helps** the Chair, the Board of County Commissioners, and our community **understand** the programs and services provided to the community.





FY 2024 Department Budget Contacts

| Department | Finance/Budget Manager | Central Budget Office Analyst |
|-------------------------------|------------------------|-------------------------------|
| District Attorney's Office | Michelle Myers | Aaron Kaufman |
| Dept. County Assets | Lisa Whedon | Leah Isaac |
| Dept of County Human Services | Robert Stoll | Erin Russell |
| Dept of Community Justice | Jelese Jones | Aaron Kaufman |
| Dept of County Management | Debra Anderson | Ching Hay |
| Dept of Community Services | Britta Schinske | Chris Yager |
| Health Dept | Trista Zugel-Bensel | Ashlye Manning |
| Joint Office | Ellen Dully | Chris Yager |
| Library | Katie Shifley | Jeff Renfro |
| Sheriff's Office | Scott Schlimpert | Ashlye Manning |
| Non Departmental | Christian Elkin | Erin Russell |