

A stylized graphic on the left side of the page. It features two dark green mountain peaks with rounded tops. Below the mountains is a dark blue area representing water, with white wavy lines separating the mountains from the water and the water from the bottom. The entire graphic is set against a white background.

# FY 2024 General Fund 5-Year Forecast Update

Presented to the  
Board of County Commissioners

Multnomah County  
May 30, 2023

Located at: [www.multco.us/budget](http://www.multco.us/budget)

# Agenda

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- Financial Context and Overview
- Economic Overview
  - Income Inequality
- FY 2023 Revenue Review
  - BIT
  - MVRT
- FY 2024 General Fund 5-Year Forecast
  - Including Expenditure Assumptions
- FY 2023 General Fund Contingency Update
- Forecast Risks and Issues
- Summary and Questions



# Financial Context

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## **FY 2024 OTO Available**

*CGF*

FY 2023 MVRT Increase 2,000,000

*ARP*

FY 2023 ARP Underspending 4,400,000

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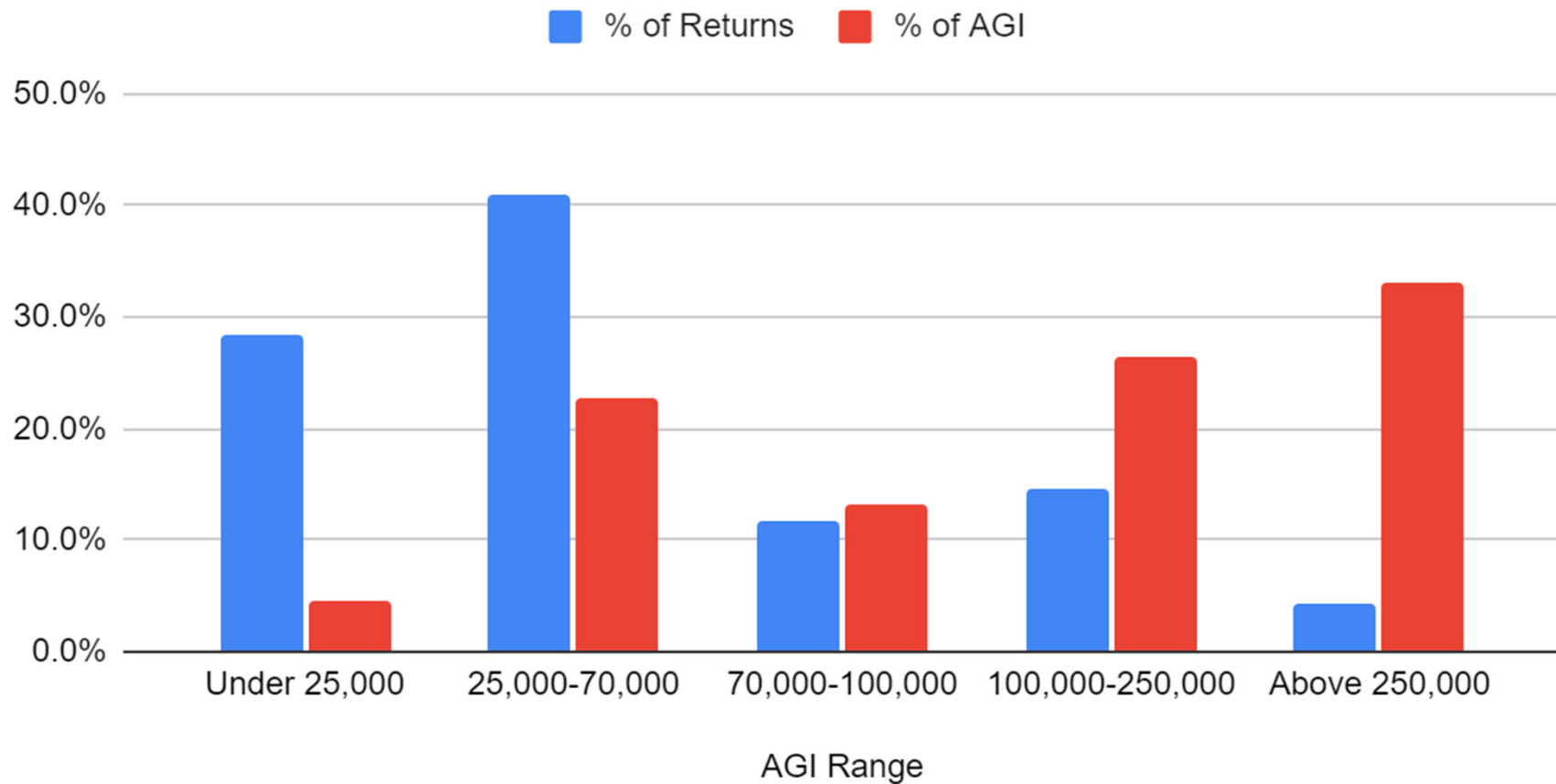
**Total OTO Available for FY 2024 6,400,000**

- MVRT Increase and ARP Underspending
- Add'l FY 2024 OTO URA revenue in Chair's Budget
- "Back to Normal"
- Risks: Inflation



# Economic Overview

## Percent of Income Tax Returns and Adjusted Gross Income in Multnomah County (Tax Year 2020)



Source: Oregon Department of Revenue

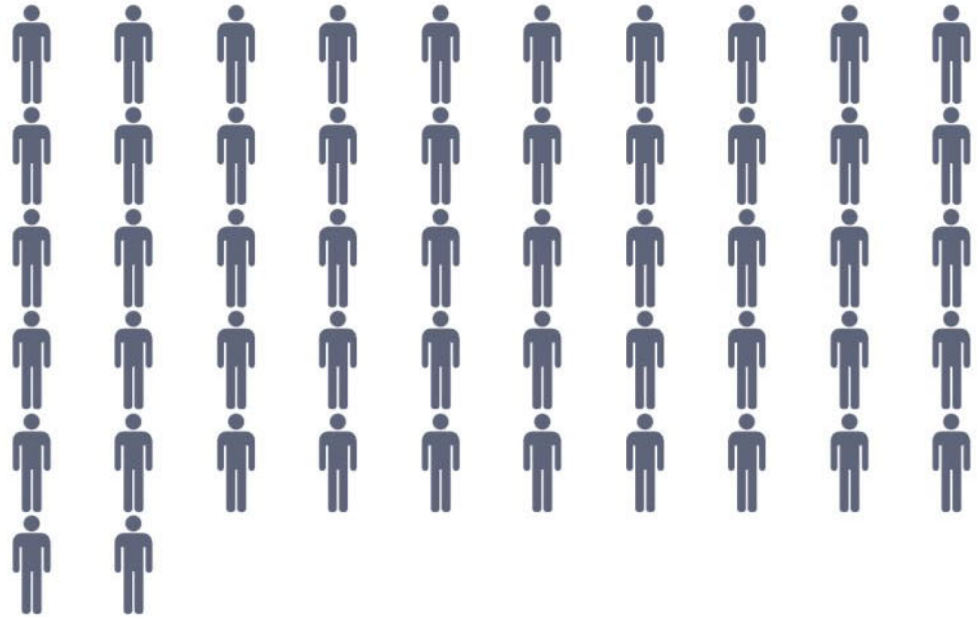


# Economic Overview

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In Multnomah County,

the top **1%** make as much as the bottom **60%**



Source: Oregon Department of Revenue (tax year 2020)



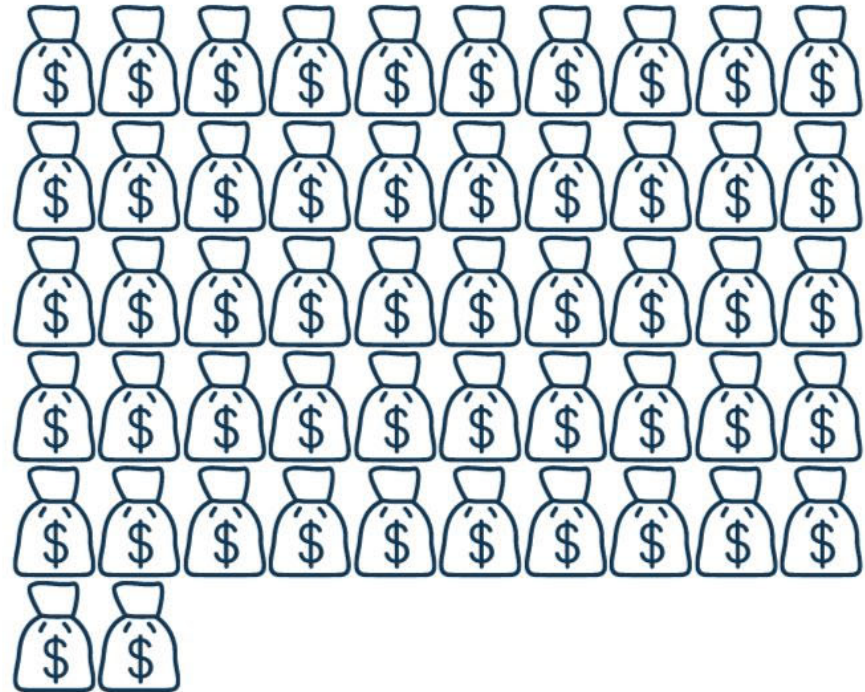
# Economic Overview

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**4,640 returns = \$5.80 Billion**



**241,400 returns = \$5.97 Billion**

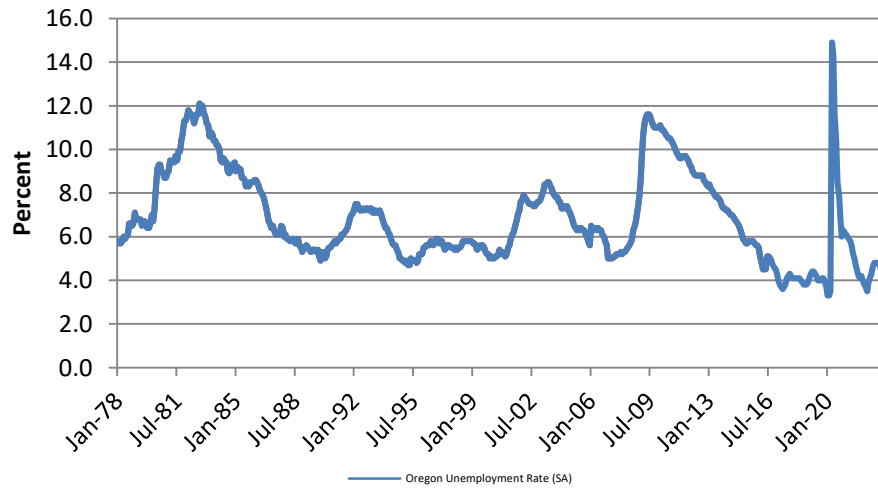


Source: Oregon Department of Revenue (Tax Year 2020)

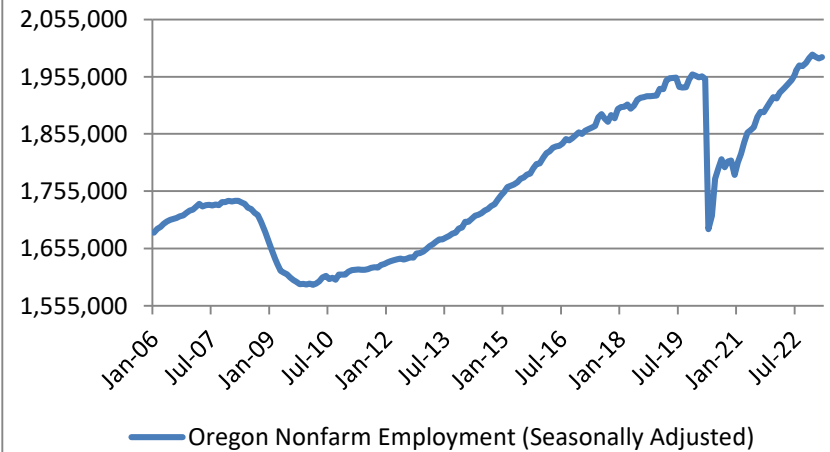


# Economic Overview

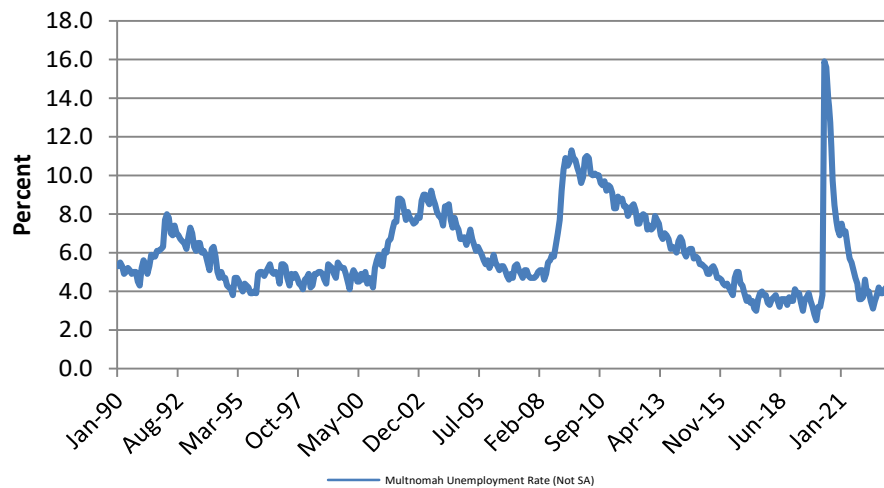
**Oregon Unemployment Rate (SA)**



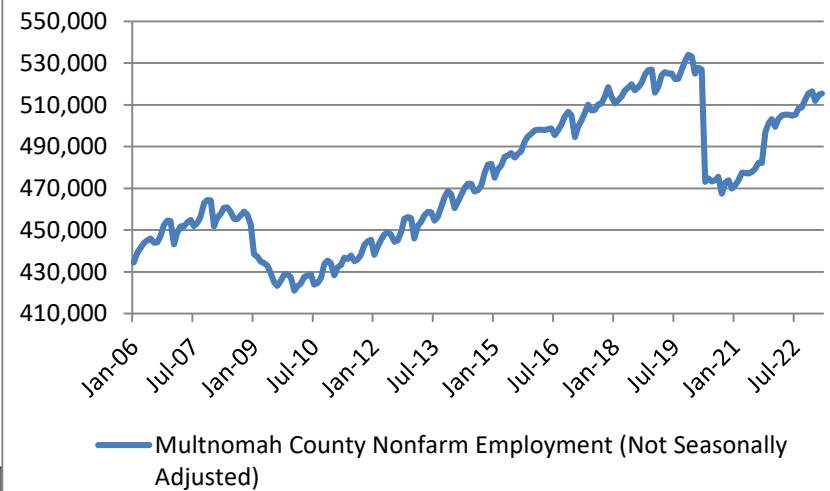
**Oregon Nonfarm Employment (Seasonally Adjusted)**



**Multnomah Unemployment Rate (Not SA)**



**Multnomah County Nonfarm Employment (Not SA)**



# FY 2023 Revenue Review

	Adopted <sup>1</sup>	November Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	354,218,237	10,265,549	(3,000,000)	0	7,265,549	Higher AV/Lower Compression, Reduced Delinquency Assumption (from 5.5% to 4.5%)
Business Income Taxes	137,150,000	16,850,000	0	0	16,850,000	Pressure on Corp Profits
Motor Vehicle Rental Taxes	33,175,000	0	0	2,000,000	2,000,000	Increase in PDX Traffic
US Marshal/BM 73/BOP	6,571,733	0	0	0	0	
State Shared					0	
Video Lottery	6,457,500	(257,500)	0	0	(257,500)	
Liquor	5,519,654	(219,654)	0	0	(219,654)	
Cigarette	602,073	0	0	0	0	
Marijuana	1,000,000	0	0	0	0	
Amusement	173,000	0	0	0	0	
Recording Fees/CAFFA Grant	7,829,365	(1,579,365)	(1,000,000)	0	(2,579,365)	Higher Interest Rates Decreasing Affordability
Indirect					0	
Departmental	28,186,238	0	0	0	0	
Central Indirect/Svc Reimburse	17,921,567	0	0	0	0	
All Other	34,301,033	124,875	0	0	124,875	Interest
<b>FY 23 Revenue Adjustments <sup>2</sup></b>	<b>633,105,400</b>	<b>25,183,905</b>	<b>(4,000,000)</b>	<b>2,000,000</b>	<b>23,183,905</b>	
<b>% of Revenue</b>		<b>3.98%</b>	<b>-0.63%</b>	<b>0.32%</b>	<b>3.66%</b>	

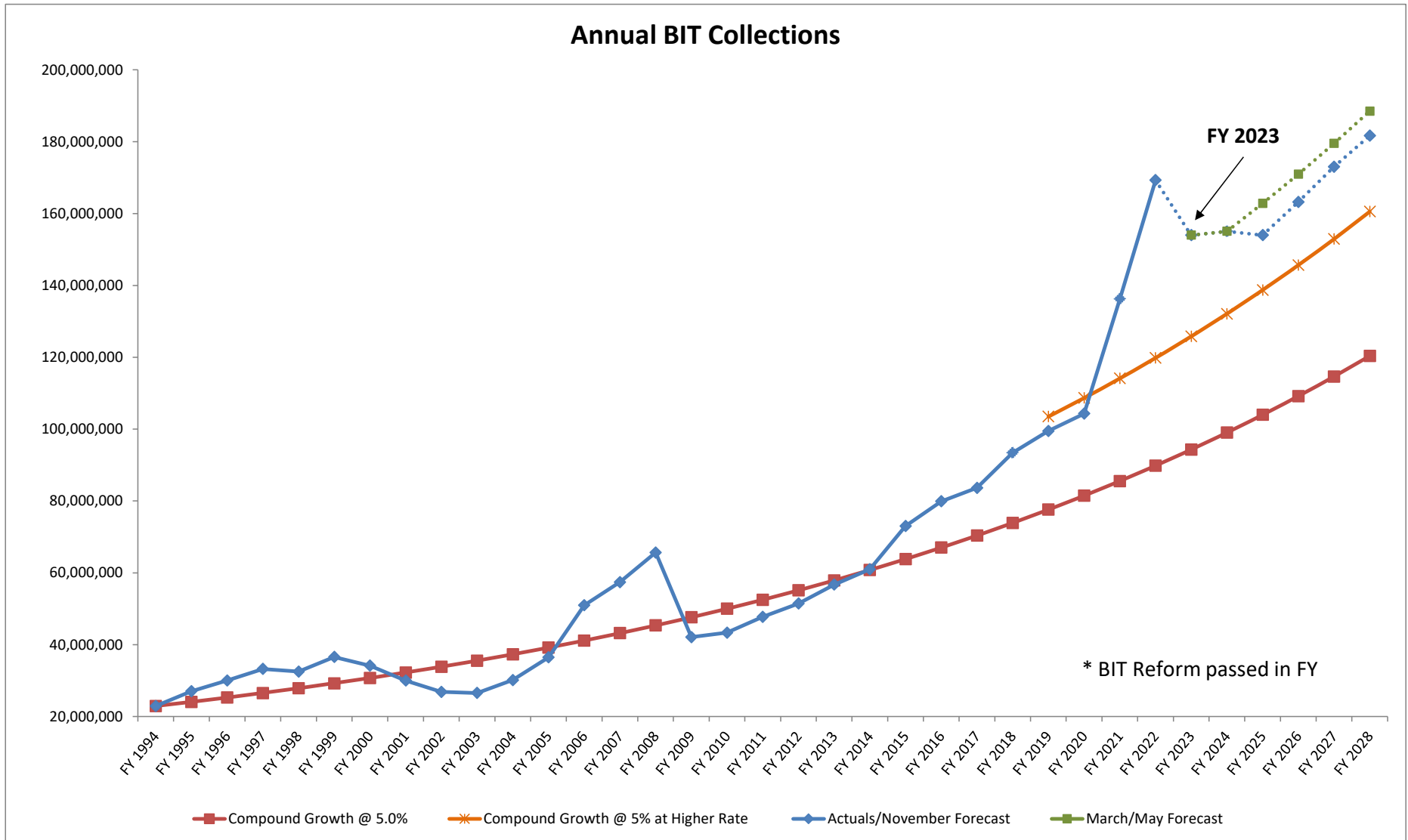
1. Excludes BWC and Tax Title: Affordable Housing but includes Video Lottery.

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



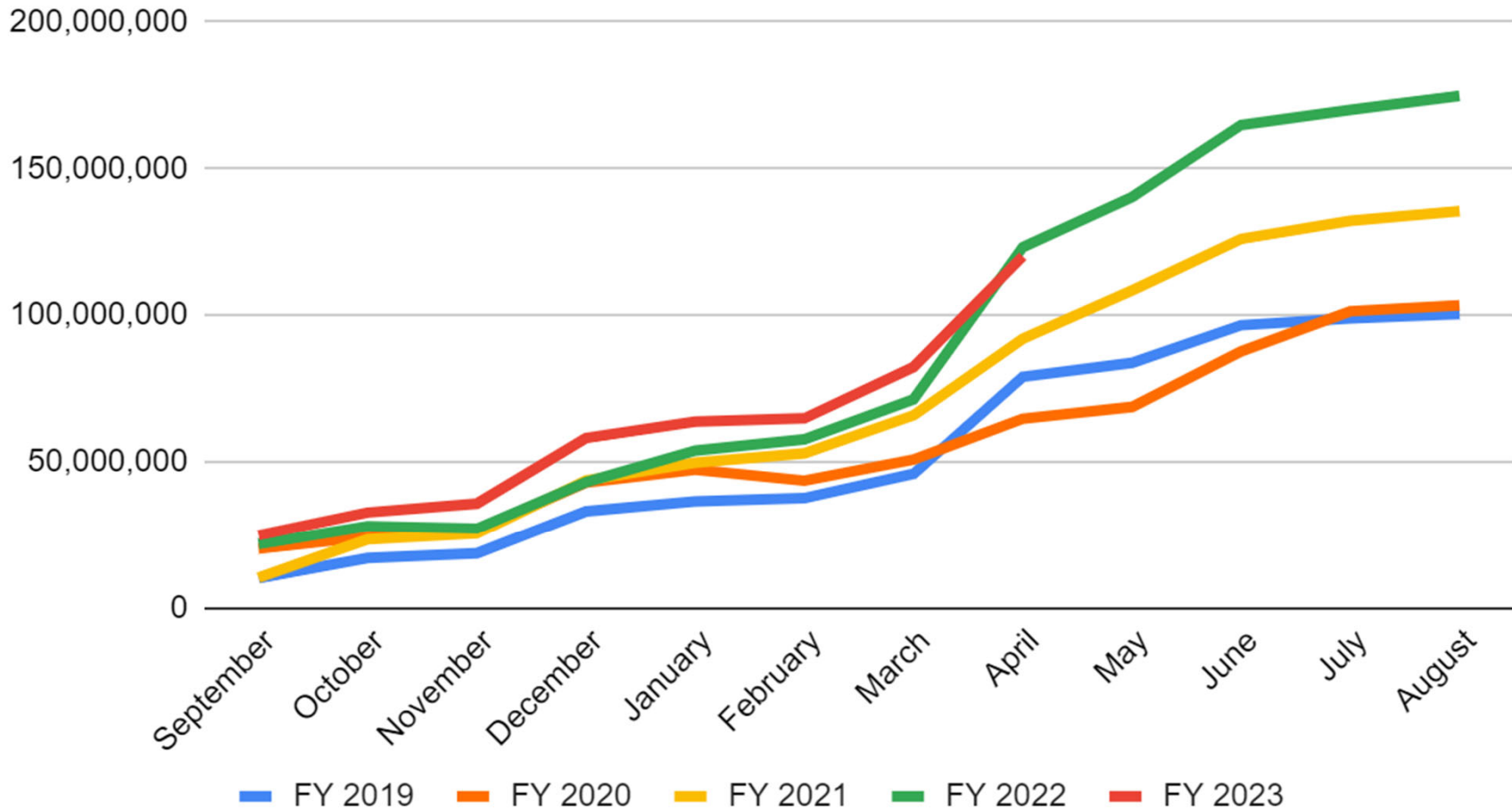


# FY 2023 Revenue Review



# FY 2023 Revenue Review

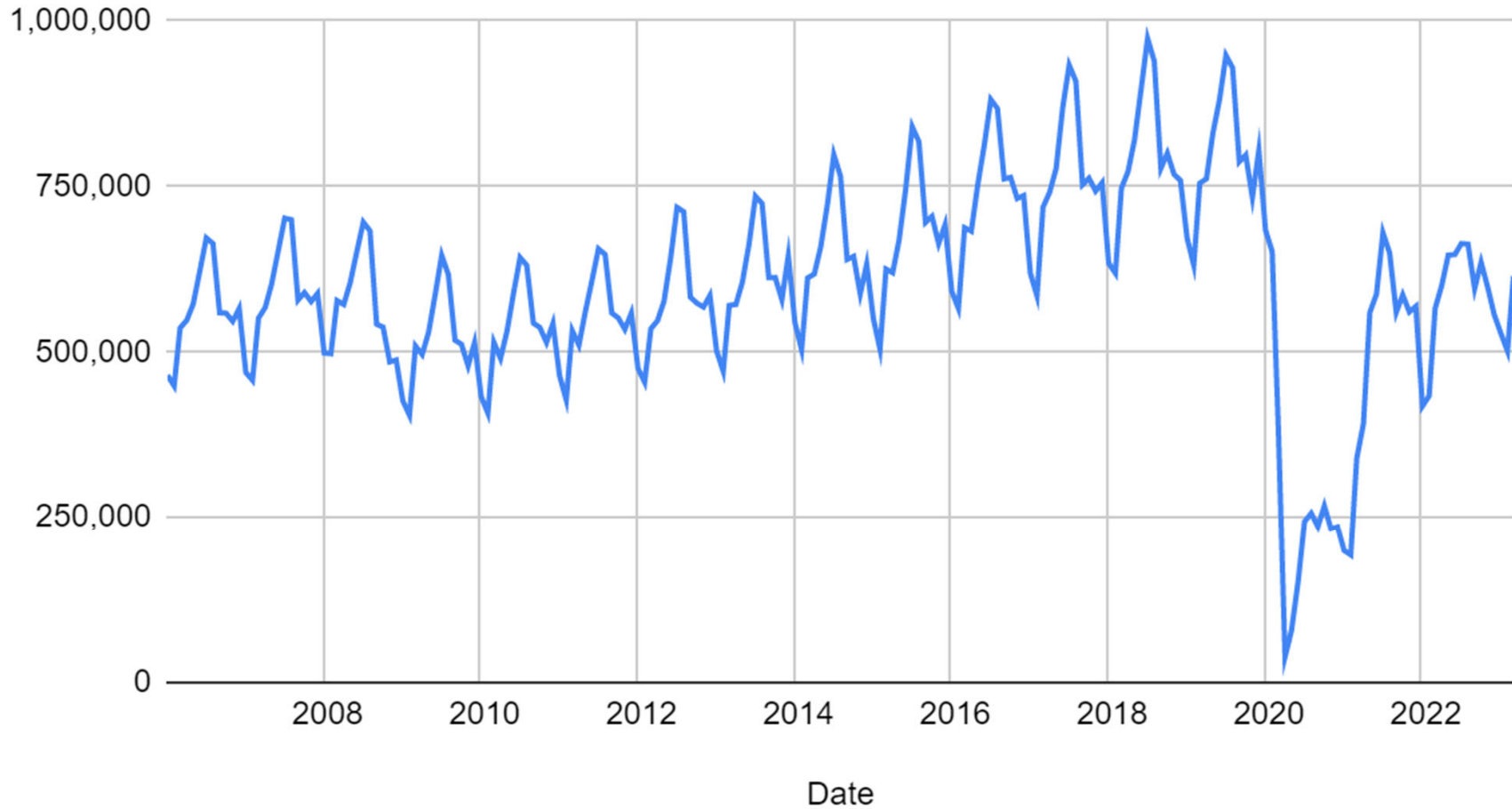
## Cumulative BIT Collections



# FY 2023 Revenue Review

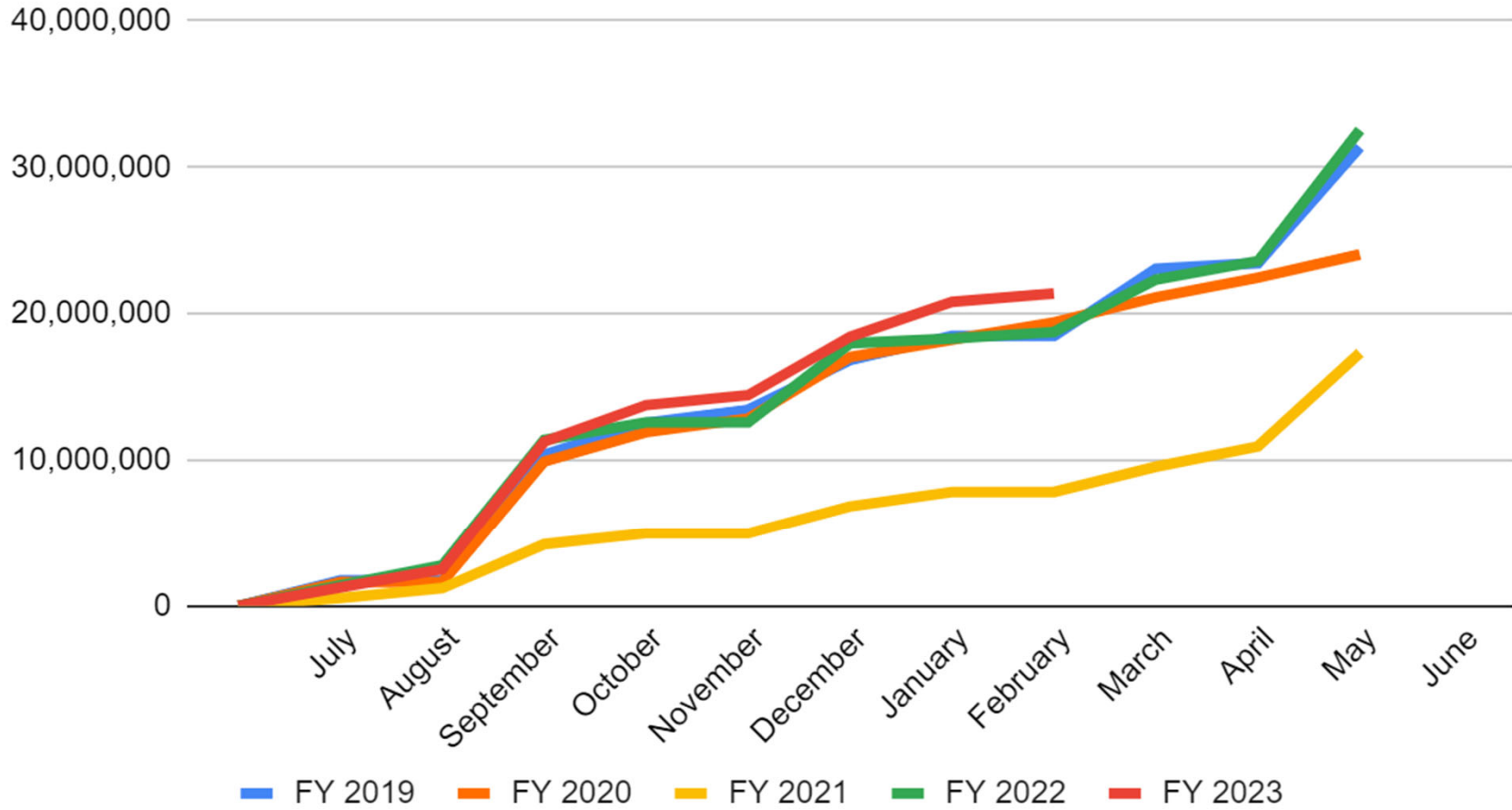
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## PDX Domestic Deplaned Passengers



# FY 2023 Revenue Review

## Cumulative MVRT Collections



# 5-Year General Fund Forecast

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

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Revenues</b>	672,116,652	704,076,479	729,283,575	756,275,443	782,092,135
<b>Expenditures</b>	672,204,720	701,050,741	728,417,305	755,127,457	791,117,000
<b>Ongoing Surplus/(Deficit)</b>	<b>(88,068)</b>	<b>3,025,738</b>	<b>866,270</b>	<b>1,147,985</b>	<b>(9,024,865)</b>
<b>BHRC Ongoing Funding Gap</b>	<b>(2,500,000)</b>	<b>(5,650,000)</b>	<b>(5,876,000)</b>	<b>(6,111,040)</b>	<b>(6,355,482)</b>
<b>November Forecast with BHRC</b>	<b>(2,588,068)</b>	<b>(2,624,262)</b>	<b>(5,009,730)</b>	<b>(4,963,055)</b>	<b>(15,380,347)</b>
<i>BIT Revenue Change</i>	0	8,824,745	7,725,983	6,479,882	6,803,876
<i>FY 2025 COLA Increase to 3.5%</i>	0	(1,820,646)	(1,893,472)	(1,969,211)	(2,047,979)
<b>March Forecast with BHRC</b>	<b>(2,588,068)</b>	<b>4,379,837</b>	<b>822,781</b>	<b>(452,383)</b>	<b>(10,624,450)</b>
<i>Chair Adjustments</i>	2,588,068	(3,353,650)	(3,454,260)	(3,557,888)	(3,664,624)
<b>May Forecast with BHRC</b>	<b>0</b>	<b>1,026,187</b>	<b>(2,631,479)</b>	<b>(4,010,271)</b>	<b>(14,289,074)</b>

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

- \$2.6 million of OTO used to “bridge” to FY 2025
- Includes CGF Human Services Contractor COLA Increase



# FY 2023 Contingency Update

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## Contingency

General Fund 'Regular' Contingency	2,000,000	
Additional Contingency	137,411	
Contingency for Labor Contracts	0	MCSO Request Approved by Board 5/25/2023
Additional Contingency for Uncertainty	1,673,325	
Auditor's Office Ombudsperson	<u>(100,500)</u>	Approved by Board 2/2/2023
<b>Remaining Non-Earmarked Contingency</b>	<b>3,710,236</b>	

## Earmarked Contingency

Earmark - Body Worn Cameras	500,000	
Earmark - Behavioral Health Resource Center	<u>105,000</u>	Approved by Board 5/4/2023
<b>Total Earmarked Contingency</b>	<b>605,000</b>	

## Total General Fund Contingency

BIT Reserve @ 10% (in General Fund Contingency)	13,600,000
Increasing CGF Reserve to 11%	5,383,530
Increasing BIT Reserve to 11%	<u>1,360,000</u>
<b>Total General Fund Contingency</b>	<b>24,658,766</b>

*Note: The forecast assumes the General Fund Contingency will be fully spent, with the exception of the Reserves, which is 'rolled over' to FY 2024*



# Forecast Risks, Uncertainties, and Issues

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- Inflation and Federal Reserve Response
  - Cost of Reducing Inflation (Recession Risk)
  - Stopping Short of 2% Target
- Office/Commercial Property Values
- Population
  - Cost of Living (Housing)
- Risk of Recession
  - Debt Ceiling
  - Timing and intensity
  - State funding
  - Development Cycle
  - Demand for County services
  - PERS



# Summary

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- FY 2023 General Fund revenue forecast increased \$2.0 million (0.3%)
- FY 2023 General Fund contingency balance of \$3.7 million (unallocated)
- FY 2024 Chair's Proposed Budget is Balanced
  - Becomes deficit of \$14.3 million by FY 2028
- \$2.0 million in CGF OTO available to allocate in FY 2024
- \$4.4 million in ARP OTO available to allocate in FY 2024
- Major risks, uncertainties, and issues include:
  - Inflation
  - Property Values
  - Recession





# Questions

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