



# FY 2025 General Fund 5-Year Forecast Update

Presented to the  
Board of County Commissioners

Multnomah County  
May 23, 2024

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

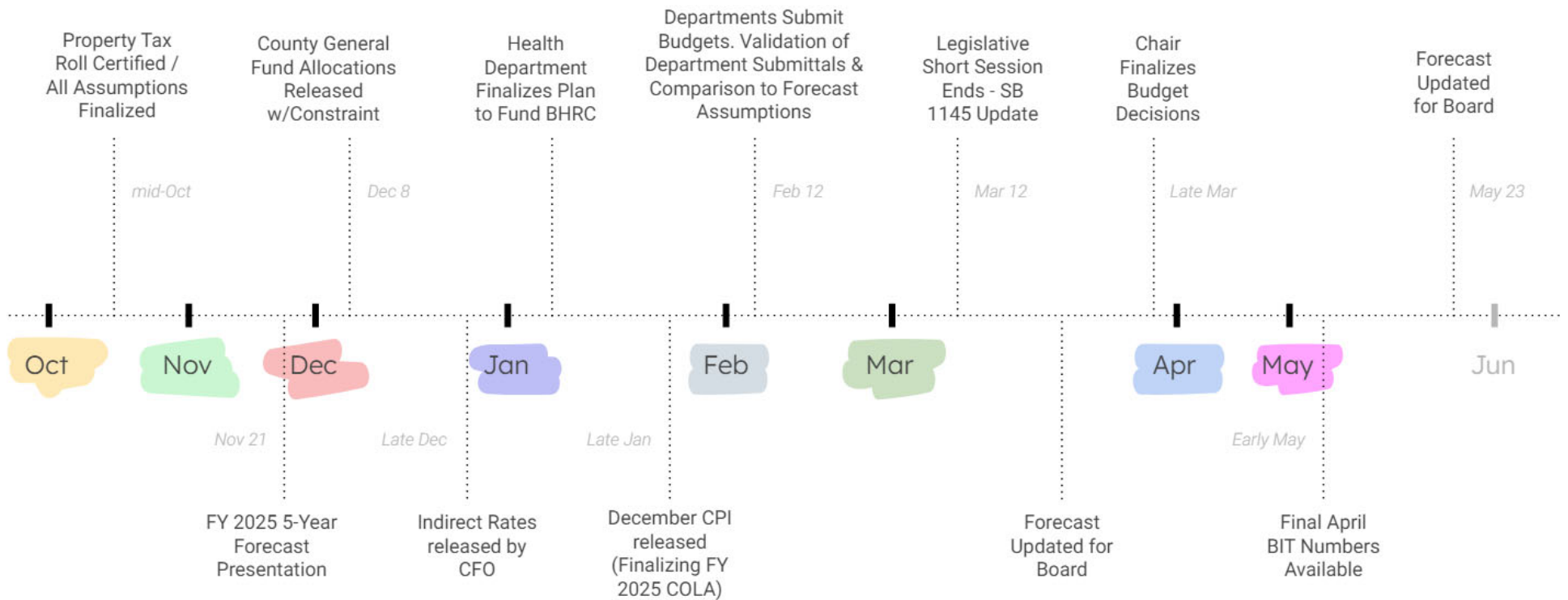
# Agenda

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- Forecast Timeline
- Financial Overview
- FY 2024 Revenue Review
  - BIT
- FY 2025 General Fund 5-Year Forecast
- FY 2024 General Fund Contingency Update
- Forecast Risks and Issues
- Summary and Questions



# Forecast Timeline



# Financial Context

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## **FY 2025 OTO Available**

### *CGF*

MCAS Fee Increase	525,000
Pay Equity/Salary Commission Contingency Remainder	TBD

### *ARP*

FY 2024 Underspending	TBD
<b>Total OTO Available for FY 2025</b>	<b>525,000</b>

- BIT likely to be below forecast
- Small Forecast Changes Otherwise
- Risks:
  - Inflation and Personnel Costs
  - Property Tax Revenues



# FY 2024 Revenue Review

	Adopted <sup>1</sup>	November Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	388,686,560	4,429,621	(3,000,000)	0	1,429,621	Lower Compression/Higher Delinquency
Business Income Taxes	155,071,186	0	0	0	0	
Motor Vehicle Rental Taxes	33,838,500	2,176,770	0	0	2,176,770	Increased Compliance
US Marshal/BM 73/BOP	6,614,875	(2,785,406)	0		(2,785,406)	Decrease in USM Bed Usage
State Shared						
Video Lottery	6,350,000	0	0		0	
Liquor	5,538,500	0	0	0	0	
Cigarette	593,042	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	(1,172,000)	0	0	(1,172,000)	Housing Activity Very Slow
Indirect						
Departmental	28,186,238	0	0	0	0	
Central Indirect/Svc Reimburse	17,921,567	0	0	0	0	
All Other	46,352,038	6,480,000	3,000,000	525,000	10,005,000	Interest/Animal Service Fees
<b>FY 24 Revenue Adjustments <sup>2</sup></b>	<b>698,154,871</b>	<b>9,128,985</b>	<b>0</b>	<b>525,000</b>	<b>9,653,985</b>	
<b>% of Revenue</b>		<b>1.31%</b>	<b>0.00%</b>	<b>0.08%</b>	<b>1.38%</b>	

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

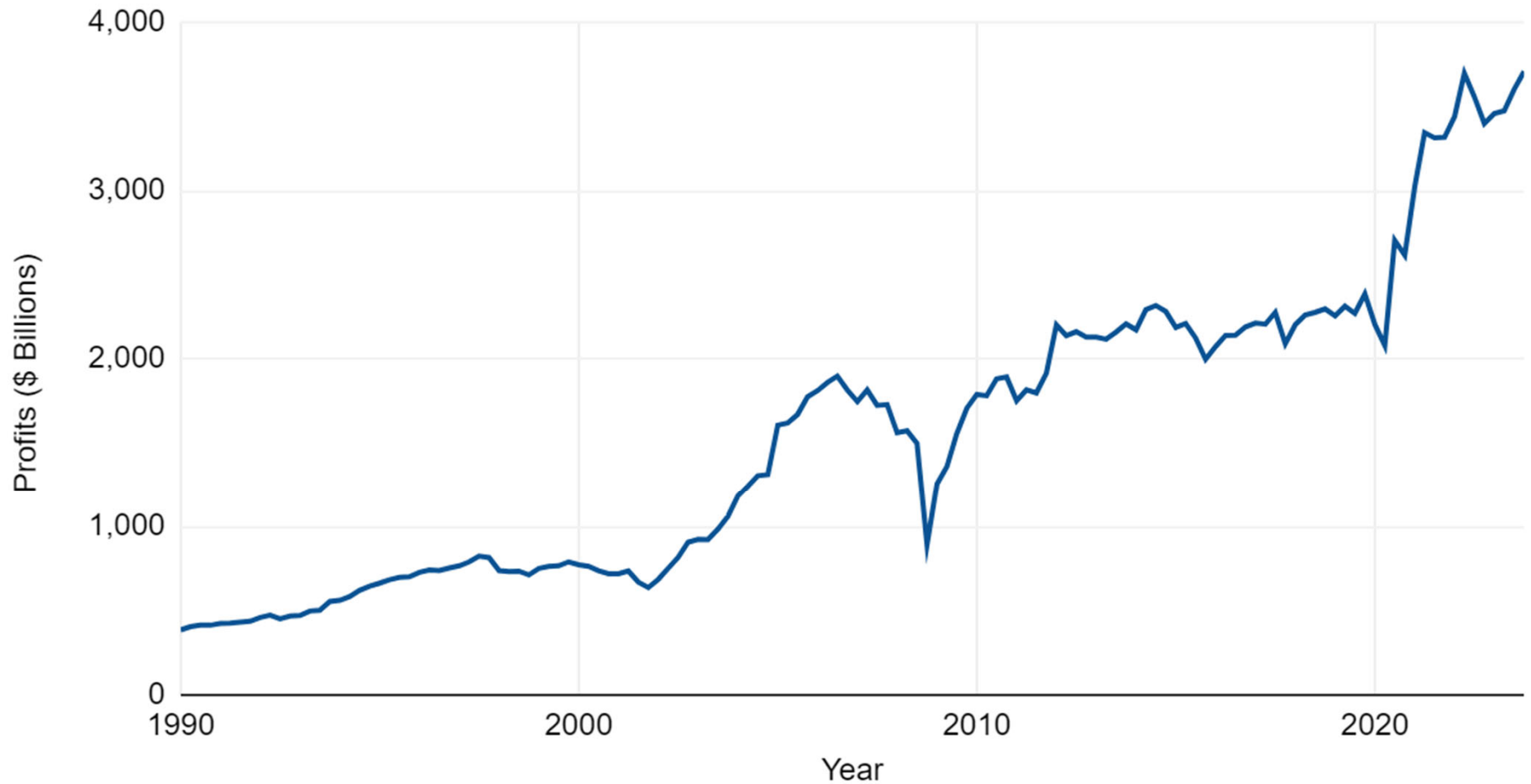
2. Not adjusted for revenue adjustments directly offset by expenditure changes.



# FY 2024 Revenue Review

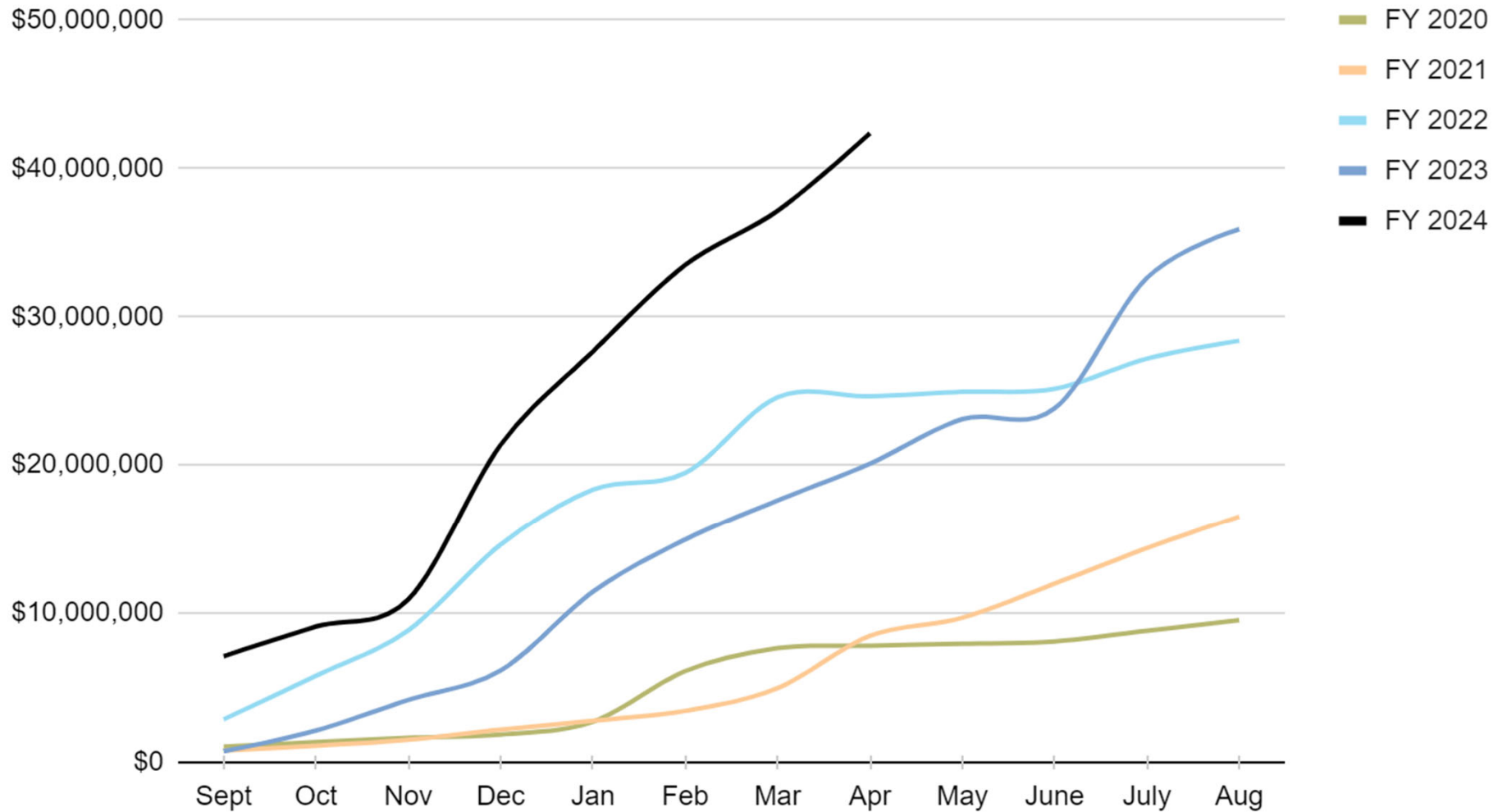
## US Corporate Profits (Pre-Tax)

Source: St. Louis Federal Reserve (FRED), Bureau of Economic Analysis



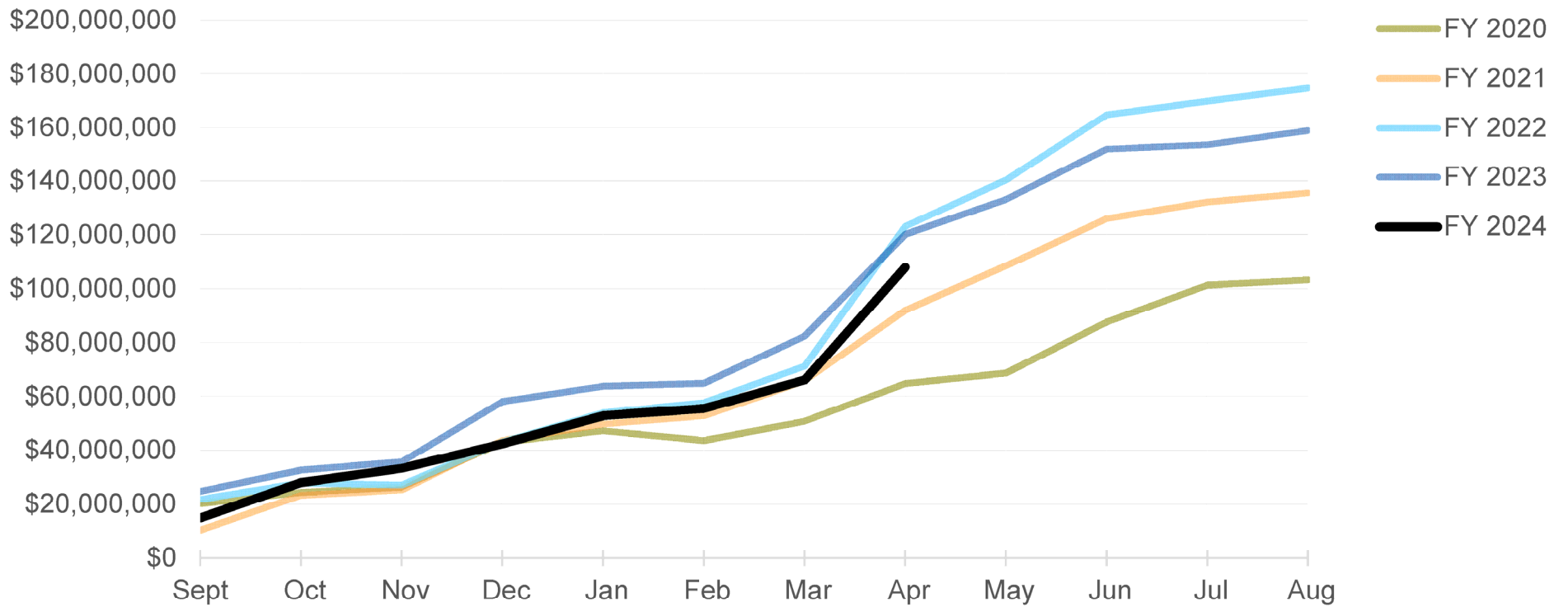
# FY 2024 Revenue Review

## Business Income Tax (BIT) Refunds Year To Date (YTD)



# FY 2024 Revenue Review

## Cumulative Business Income Tax (BIT) Collections by Year





# 5-Year General Fund Forecast

Table 1: Forecasted Ongoing General Fund Expenditures, Revenues, and Balance					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	721,925,865	744,327,435	770,580,634	802,329,856	829,550,707
Expenditures	726,032,190	760,581,852	790,059,013	827,661,959	858,430,351
Ongoing Surplus/(Deficit)	(4,106,325)	(16,254,417)	(19,478,379)	(25,332,103)	(28,879,644)
SB 1145 Ongoing Funding Gap	(3,584,843)	(3,728,237)	(3,877,366)	(4,032,461)	(4,193,759)
November Forecast with SB 1145 Backfill	(7,691,168)	(19,982,654)	(23,355,745)	(29,364,564)	(33,073,404)
Interest Adjustment	2,000,000	0	0	0	0
PERS HB 4045 Impact	0	(1,600,000)	(1,664,000)	(1,730,560)	(1,799,782)
Actual COLA 3.3% instead of 3.7% (Personnel and Contracted Services)	1,756,724	1,826,993	1,900,073	1,976,076	2,055,119
March Forecast with SB 1145 Backfill	(3,934,444)	(19,755,661)	(23,119,673)	(29,119,048)	(32,818,067)
Chair Adjustments	3,934,444	4,091,822	4,255,495	4,425,714	4,602,743
May Forecast	0	(15,663,839)	(18,864,178)	(24,693,334)	(28,215,324)

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

# FY 2024 Contingency Update

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## Contingency

General Fund 'Regular' Contingency	2,000,000	
Additional Contingency for Uncertainty	2,201,914	Includes \$327,000 for DCJ PPOs
Ambulance Service Plan Assessment	(167,086)	Approved by Board 2/29/2024
Additional SB 1145 Contingency Request	(345,424)	Approved by Board 8/31/2023
Bybee Lakes Emergency Action	(1,500,000)	Approved by Board 9/7/2023
<b>Remaining Non-Earmarked Contingency</b>	<b>2,189,404</b>	

## Earmarked Contingency

Earmark - Body Worn Cameras	137,596	Partial amount approved by Board 11/9/2023
Expanded Support for Shelter Program Partners	405,000	
SB 1145 Contingency Earmark	0	Approved by Board 8/31/2023
Moving DA to Uniformed PERS	859	Partial amount approved by Board 11/9/2023 and 1/4/2024
BM 114	203,826	
LEAD Diversion Pilot Implementation	0	Approved by Board 5/2/2024 (LPSCC)
<b>Total Earmarked Contingency</b>	<b>747,281</b>	

<b>Total General Fund Contingency</b>	<b>2,936,685</b>
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BIT Reserve @ 10% (in General Fund Contingency)	18,608,542
<b>Total General Fund Contingency</b>	<b>21,545,227</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 2025*



# Forecast Risks and Issues

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- Inflation/Personnel Costs:
  - Stubborn Inflation
  - Federal Reserve signaling expectation that rates will remain high
- New Round of Bargaining
- Property Taxes and Downtown:
  - Underlying data following expectations (decrease in values)
  - Reconvening group to discuss specifics of assessment
- Presidential Election/Expiring Tax Cuts
- Population
- Housing Affordability



# Summary

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- FY 2024 General Fund revenue forecast increased \$0.5 million (0.8%)
- FY 2024 General Fund contingency balance of \$1.9 million (unallocated)
- FY 2025 Chair's Proposed Budget is Balanced
  - Becomes deficit of \$28.2 million by FY 2029
- \$0.5 million in CGF OTO available to allocate in FY 2025
  - Add'l Pay Equity Contingency Remainder likely available
- Major risks, uncertainties, and issues include:
  - Property Values
  - Inflation



# Questions

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