

Table of Contents

Introduction.....	5
Policy Direction from the Chair	6
Balancing the General Fund	7
Planning for FY 2025.....	8
<i>Financial Context</i>	8
<i>Economic Climate</i>	9
<i>Forecasting the General Fund</i>	12
<i>Local Revenues</i>	15
<i>Cost Drivers</i>	18
Overview of Additions, Reductions and Reallocations	20
<i>Countywide Additions and Reductions</i>	20
<i>Health and Human Services</i>	21
<i>Department of County Human Services (DCHS)</i>	21
Reductions.....	21
<i>New</i> Investments in Ongoing and One-Time-Only Programs.....	22
Reallocations	23
<i>Homeless Services Department (HSD)</i>	25
<i>New</i> Ongoing and One-Time-Only Programs & General Fund Reduction/Backfill	25
Reallocations	26
Metro Supportive Housing Services (SHS) Reductions	27
<i>Health Department (HD)</i>	28
<i>New</i> Investments in Ongoing and One-Time-Only Programs and Backfill.....	28
Reductions.....	28
Reallocations	31
Behavioral Health and Public Health Beginning Working Capital	32
<i>Public Safety</i>	33
<i>District Attorney's Office (MCDA)</i>	33
<i>New/Expanded</i> Ongoing and One-Time-Only Programs	33
Reductions.....	33
Reallocations	34
<i>Department of Community Justice (DCJ)</i>	35
Reductions.....	35
Reallocations	36

Budget Director's Message

FY 2026 Proposed Budget

<i>Sheriff's Office (MCSO)</i>	37
New/Expanded Ongoing and One-Time-Only Programs	37
General Government	38
<i>Department of Community Services (DCS)</i>	38
New Ongoing and One-Time-Only Programs	38
Reductions.....	39
Reallocations	39
<i>Department of County Management (DCM)</i>	40
Reductions.....	40
New Ongoing and One-Time-Only Programs	41
<i>Library</i>	42
Reductions.....	42
Backfill	42
<i>Nondepartmental (NOND)</i>	43
Reductions and Backfill	43
New Ongoing and One-Time-Only Programs	44
Reallocations	44
<i>Department of County Assets (DCA)</i>	45
Internal Service Fund Additions and Reductions.....	45
New Ongoing and One-Time-Only Programs	47
Reallocations	47
Budget Overview All Funds	48
<i>Department Revenues All Funds (\$3.4 billion)</i>	49
<i>Fund Comparison: Year over Year</i>	51
<i>Department Expenditures All Funds (\$3.0 billion)</i>	52
The General Fund	53
<i>General Fund Revenues (\$824.1 million)</i>	53
<i>General Fund Expenditures and Reserves (\$897.4 million)</i>	54
<i>General Fund Reserves</i>	56
<i>Use of One-Time-Only (OTO) Funds</i>	56
Voter Approved Initiatives (Year 5)	59
<i>Metro Supportive Housing Services Measure (SHS Measure) - \$182.2 million</i>	59
Supportive Housing Services - Partner Departments	61
<i>Preschool for All (PFA) - \$714.7 million, 3,800 preschool slots</i>	63
<i>Multnomah County - Library General Obligation Bond - \$142.9 million</i>	64

Budget Director's Message

FY 2026 Proposed Budget

Policy Issues and Opportunities	65
<i>Federal Landscape</i>	65
<i>Labor and Personnel Costs</i>	65
<i>Deflection and Sobering Services</i>	67
Coordinated Care Pathway Center	67
24/7 Sobering & Crisis Stabilization Center	67
<i>Tax Title Supreme Court Case</i>	67
<i>Climate Resilience</i>	67
<i>Countywide Strategic Planning</i>	68
<i>2024-2028 Workforce Equity Strategic Plan (WESP)</i>	68
<i>Burnside Bridge Replacement</i>	68
Multnomah County Organization Chart	70
Appreciation	71
Budget Office Staff	71

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Introduction

The \$4.0 billion FY 2026 Proposed Budget represents the County's commitment to fund programs and services that our community members depend on. The budget is more than just numbers. Through the County budget, we translate our community's priorities into action, fulfilling our duty to safeguard our residents and serving as the largest safety net provider for the most vulnerable in our region.

The FY 2026 budget was developed amidst a backdrop of substantial economic challenges that have cast a shadow over the local, state, and even national economies. These difficulties encompass a range of factors, including rising inflation rates and decreasing tax revenues. This has created a fiscal environment where balancing the budget while maintaining essential services and programs has become increasingly complex. Despite these considerable headwinds, the FY 2026 budget aims to ensure fiscal responsibility while continuing to invest in key areas that support the community's well-being and safety, recognizing that many community members are still recovering from the impacts of the pandemic.

This context underscores the critical importance of governmental budgeting, requiring the need to carefully balance increasing community expectations alongside our available resources. These hard choices are critical to delivering essential services that our community depends on.

We must address the significant budget constraints that Multnomah County is currently facing, including a \$15.5 million dollar shortfall in our County General Fund, along with a significant deficit in our Supportive Housing Services funds. We continue to see our expenses, especially those related to personnel costs, far outpace our revenues, creating a structural deficit that grows over time if left unchecked. This structural imbalance stresses the necessity of prioritizing what is most needed in the community and making smart, strategic decisions to effectively serve every resident, with a particular focus on those who rely most heavily on County services. These economic realities require a sharp focus on core priorities.

The budget process is the opportunity for the Board of County Commissioners to demonstrate their dedication to prudent and equitable stewardship of public resources on behalf of our community. In these moments, the budget becomes vital, serving as the tool to prioritize essential services and setting the stage for the community's future stability and growth.

In conclusion, the FY 2026 budget represents a comprehensive response to the multifaceted needs and priorities of our community. It demonstrates a steadfast commitment to maintaining fiscal responsibility, promoting equity, and fostering resilience as we continue to adapt and recover in the wake of the pandemic.

Within this document, you will find a comprehensive analysis of the economic environment and our financial projections, local revenue streams, expenditure drivers, detailed County-wide budget data, and specific departmental information. Additionally, a discussion of current and future policy challenges and opportunities facing the County is provided.

Policy Direction from the Chair

In order to maintain as many County services as possible in the face of a significant \$21.2 million General Fund shortfall based on the November 2024 forecast (since updated in March 2025 to a \$15.5 million shortfall) that is expected to grow in future years, Chair Vega-Pederson directed departments to submit budgets that reflected a 12% reduction in General Fund from the amount needed to maintain current service levels. There were a few exceptions: the Sheriff's Office and Corrections Health were not asked to take a reduction, the District Attorney's Office and Department of Community Justice were asked to submit a 3% reduction, and independently elected offices (the Board of County Commissioners, Chair's Office, and Auditor) and the Division of Assessment, Recording and Taxation (which generates revenue) were similarly asked to submit a 3% reduction. Reduction packages were prioritized by departments to show the order in which they wished for them to be restored, as well as reductions that the department was committed to making without a request for restoration.

Chair Vega-Pederson told department directors and elected officials:

We will be faced with hard choices, including the elimination of programs and the need to make more significant cuts than have been required in recent years. Though this is not the largest deficit we've faced, the deficit facing us is larger than we can absorb by taking small piecemeal reductions. So my request is that you prioritize programs based on strategies that achieve the most important outcomes to help us continue building a diverse, thriving community with a sustainable future where all are safe, connected, and empowered to contribute.

Departments were asked to prioritize new ongoing activities within their base current service level budgets on the understanding that if an activity was a high enough priority to be requested in this financial environment, it would be a higher priority than other services the department was already providing. In limited circumstances, however, departments were also able to make new ongoing requests through addition packages. Departments were also able to submit requests for one-time-only (OTO) resources, although the amount available for FY 2026 is significantly less than in the last several years.

The Chair said, "I feel strongly we need to prioritize safety and stability for our most vulnerable in this budget – especially for those community-members who are most in need of support." She considered that along with the following priorities:

- Maintaining direct services to the community, particularly focused on homelessness, behavioral health, and substance use,
- Eliminating disparities and prioritizing services that focus on populations adversely affected by racism, and
- Funding a comprehensive, fair, and accountable system of community safety at current levels.

Balancing the General Fund

Based on the March 2025 General Fund Forecast update, the starting point for the Chair's decision making process was a \$15.5 million deficit. The Chair requested that most departments submit cut packages equal to 12% of their ongoing budgets, with the Department of Community Justice, District Attorney's Office, Division of Assessment, Records, and Taxation (DART), and Elected Officials being asked to submit 3%, and the Sheriff and Corrections Health held harmless.

The Chair chose to accept \$25.7 million of these ongoing General Fund cuts. Additional revenues were added based on an assumption that fees would be increased for Restaurant Inspections and Land Use Review, and resources that were assumed to be ongoing for the HB 4002 implementation, Public Campaign Finance, were reallocated to other ongoing uses. These changes combined with small adjustments in the department's budget submittals allowed the Chair to prioritize \$15.0 million of ongoing programming. This ongoing programming includes a significant amount of backfilled Homeless Services Department programs previously funded by Supportive Housing Services (SHS) funds. A detailed list of cuts, adds, and reallocations by department are found later in the Budget Director's Message. The table on the next page shows how the General Fund was balanced.

How We Balanced the General Fund	
Budget Gap	
Deficit from March 2025 Forecast	(15,544,514)
Additional Programmatic Needs	(14,996,137)
Total Budget Gap	(\$30,540,651)
Actions Taken to Close the Gap	
<i>Programmatic Reductions</i>	25,676,976
<i>Revenue Changes</i>	
Restaurant Inspection Fees	1,923,173
Land Use Fees	198,517
Additional Indirect	313,250
Passports Program Reduction	(314,500)
<i>Reallocations</i>	
HB 4002 Implementation	1,598,553
Public Campaign Finance	520,000
DCA COLA Reduction to Actual	90,000
Additional Adjustments from Department Submittals	534,682
Total Actions Taken to Close the Gap	\$30,540,651

The Chair's budget message provides additional information on her policy initiatives. That message can be found at www.multco.us/info/fy-2026-chairs-proposed-budget.

Planning for FY 2025

Financial Context

The progress that has been made to bring inflation back down to more manageable levels has stalled and firms are struggling to make decisions in a climate of macroeconomic uncertainty. Large cuts to Federal programs and a tariff regime which has been implemented in fits and starts threaten to increase unemployment and increase the prices. Survey data shows that manufacturers are delaying investment decisions, while consumers are growing more pessimistic about the future and expecting levels of inflation well above the Federal Reserve's target. Nationally, employment remains strong - uncertainty has not yet translated to job losses.

Locally, the economic picture is troubling. The level of employment in Multnomah County remains below pre-pandemic levels, and has declined recently. Typically, Portland grows faster than the national average during expansions and contracts faster during downturns. Over the last three years, the national economy has experienced strong growth while Portland has stagnated. A few of the Portland Metro region's largest employers (namely Intel and Nike) have laid off employees. Portland is facing many of the same post-pandemic difficulties that large Metros are struggling with, but is performing worse across a variety of economic indicators. Recent Census data shows that the population of Multnomah County experienced a decline at the beginning of the pandemic, but has grown slowly since the initial drop. More concerning is the high level of vacancy in downtown office buildings and its impact on property values. Because the two property values considered in Oregon's property tax system (assessed value (AV) and real market value (RMV)) are so far apart, the County's property tax revenues generally do not experience declines during economic downturns. RMV swings while AV (which is what tax revenues are based on) remains steady. The severity of the recent downturn in downtown office property values has in some cases been enough to reduce AV and significantly increase revenue loss due to compression. Property taxes are over 60% of the County Board's discretionary revenue.

The County will continue to follow sound financial planning practices in order to ensure that it is capable of responding to emerging community needs. The essential services provided by the County are continued in this budget, with nearly 6,000 County full-time equivalent employees (FTE) providing services ranging from health care and law enforcement to bridge maintenance and elections in FY 2026.

As the community's social safety net provider, the County relies on sound financial practices to ensure that resources are used wisely. The County's prudent management of its financial resources has been noted by the credit rating agencies. Both S&P Global Ratings and Moody's Investor Services have awarded Multnomah County the highest possible rating (AAA and Aaa, respectively) for our long-term debt associated with the new County Courthouse, Health Department Headquarters building, and the Library Bond projects. S&P noted the County's "strong management, with good financial policies and practices" and the County's strong budgetary performance and flexibility.

Beginning in FY 2023, the County began a multi-year process of increasing both its General Fund and Business Income Tax (BIT) reserves from 10% to 15%. The FY 2025 budget keeps both reserves at 12%. Increasing the reserve targets has the benefit of bringing the County in line with evolving best practices and providing greater stability during economic downturns.

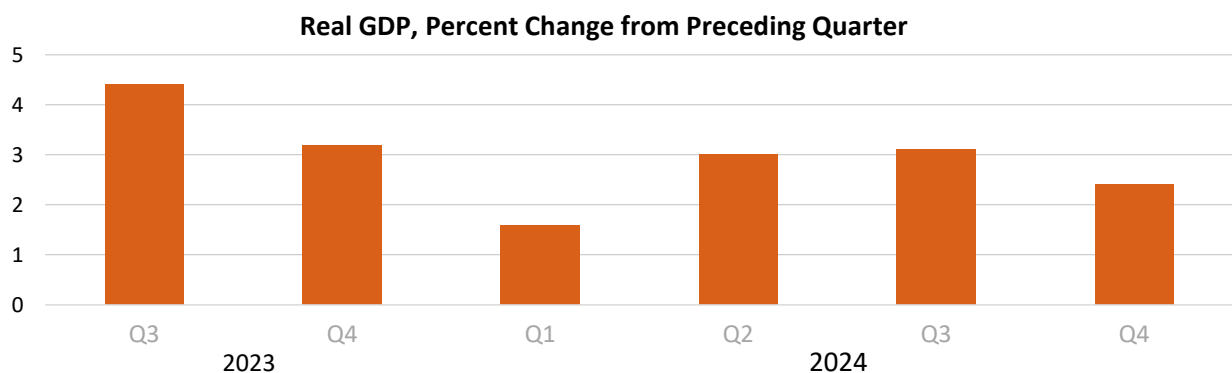
The following pages of the FY 2026 budget contain more information on the County's financial picture, and operational and investment plans. The County's budget information for FY 2026, as well as past years, can be found at: www.multco.us/budget.

Economic Climate

Multnomah County revenues are tied to issues that impact the national economy as a whole, such as inflation and unemployment, but the specific ways some of our revenue streams are designed mean that there will be times when our revenues increase or decrease in ways that don't follow national economic trends. Corporate profits (the basis of the County's Business Income Tax (BIT) collections) reached record highs during the pandemic. In 2023 and 2024, these profits fell but remained well above the historic trend. The FY 2025 budget assumed that corporate profits have reversed the decline and are now growing again. The employment level does not directly impact County revenues, but will be an early warning that the economy may be contracting due to tariffs or policy uncertainty. The macroeconomic factor that the County is most exposed to is the level of inflation. The County's labor contracts tie annual cost of living adjustments (COLAs) to official measures of inflation, and drive expenditure trends. Due to constitutional property tax limitations, property tax revenues will not keep pace with high inflation. If inflation remains at high levels, it will increase deficits in the future.

Gross Domestic Product (GDP)

At the national level, Gross Domestic Product (GDP) – the output of goods and services produced in the U.S. – increased at an annualized rate of 3.1% and 2.4% in the last two quarters of 2024. Economic growth has shown no signs of slowing until the implementation of new tariffs. Recent forecasts of output by the Federal Reserve and Wall Street firms assume a lower level of growth going forward.



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Housing Market

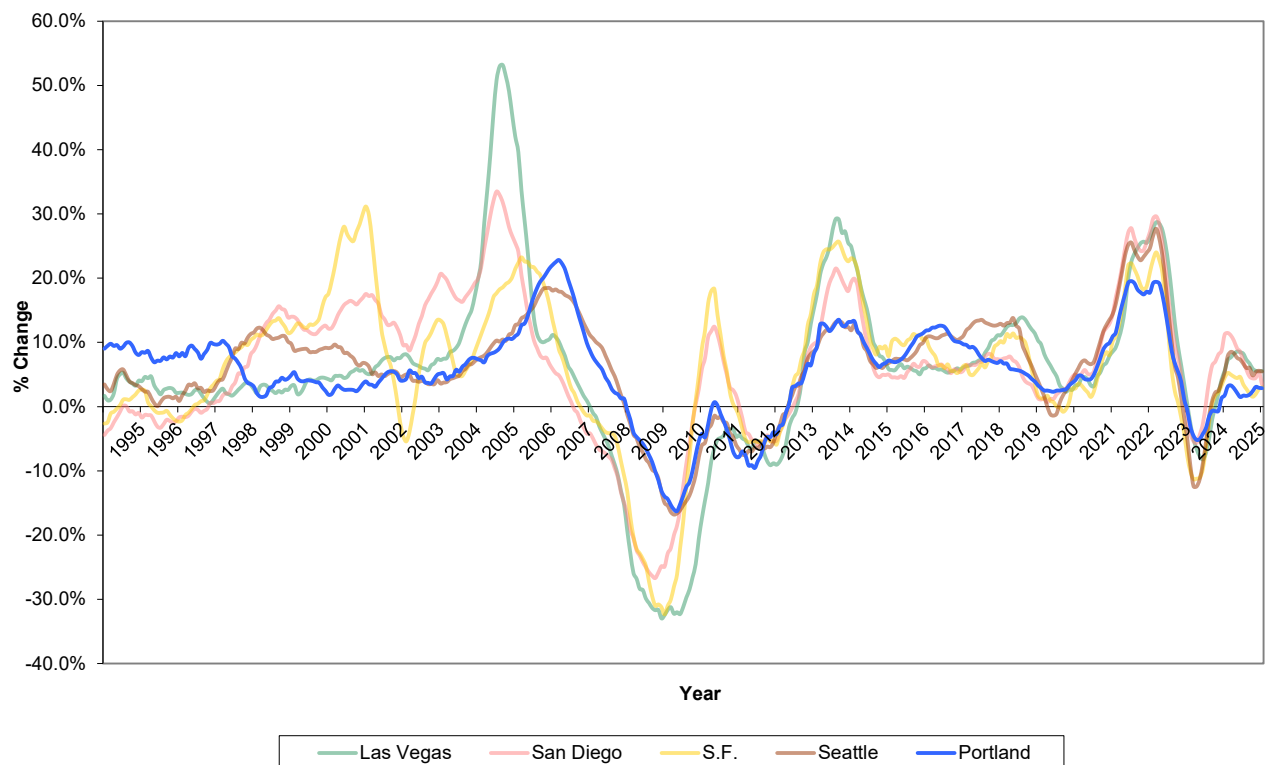
Even during the recent period of interest rate increases, housing prices remained steady in Portland as the lack of inventory created upward pressure to offset the impact of higher borrowing costs. The expected path of interest rate decreases may be in doubt due to inflationary pressure from new tariffs. As measured by the S&P Case-Shiller Home Price Index for the Portland metropolitan area, home prices increased by 2.9% during 2024. Applications for permits for new multifamily housing projects from the City of Portland's Bureau of

Budget Director's Message

FY 2026 Proposed Budget

Development Services decreased during the pandemic due to uncertainty, and in the summer of 2023 fell significantly further. There has been no recovery and the timing of an expected increase has been repeatedly pushed out by Portland Permitting staff. Permitting is an early indicator of future development (and therefore property tax growth). Development is what increases property tax growth above the 3% growth allowed by the Oregon constitution. Even if permitting recovers in the near term, the pause in activity means that increasing rents will not be moderated by new apartment supply for one to two years.

Monthly Year-Over-Year % Change
Based on S&P/Case-Shiller Home Price Index Thru January 2025



Population

According to Census data released in March 2025, in the year ending July 1, 2024, Multnomah County's population grew by 6,199. Updated data shows that the County experienced a sharp drop in population early in the pandemic, but has been roughly flat or growing slowly in the last three years. The County's population remains 19,521 (2.4%) below its pre-pandemic population. During the pandemic and recovery, urban cores around the country saw declines in population. Housing affordability will present a challenge to population growth recovery in the most expensive metro areas.

Employment

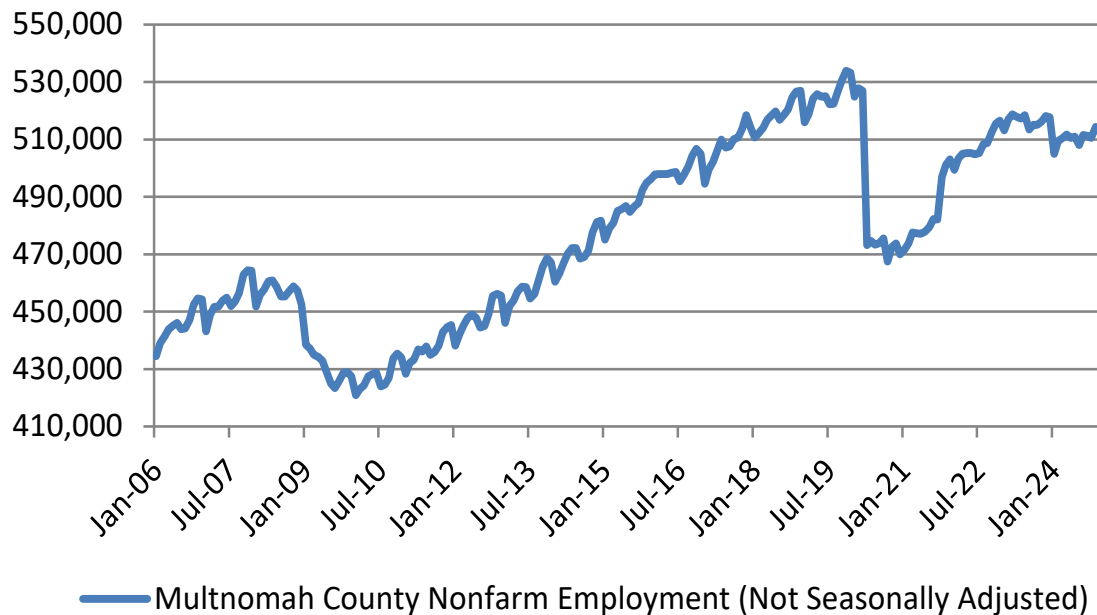
As of February 2025, the U.S. unemployment rate stood at 4.1% vs. 3.9% a year earlier. For Oregon, the February 2025 rate was 4.5% vs. 4.2% a year earlier. In Multnomah County, the unemployment rate increased to 4.4% from 3.9% last year. Nonfarm employment in Multnomah County is 511,000 as of February 2025.

Budget Director's Message

FY 2026 Proposed Budget

This is 20,200 jobs (or 3.4%) lower than pre-pandemic levels. Like many metro core counties, job recovery from the pandemic started later than other non-metro counties, but then experienced strong job growth. Job recovery has now plateaued in Multnomah County with some areas (downtown in particular) remaining well below pre-pandemic levels. Multnomah County job growth currently lags national trends and has been one of the worst performing Metros for job growth in the country.

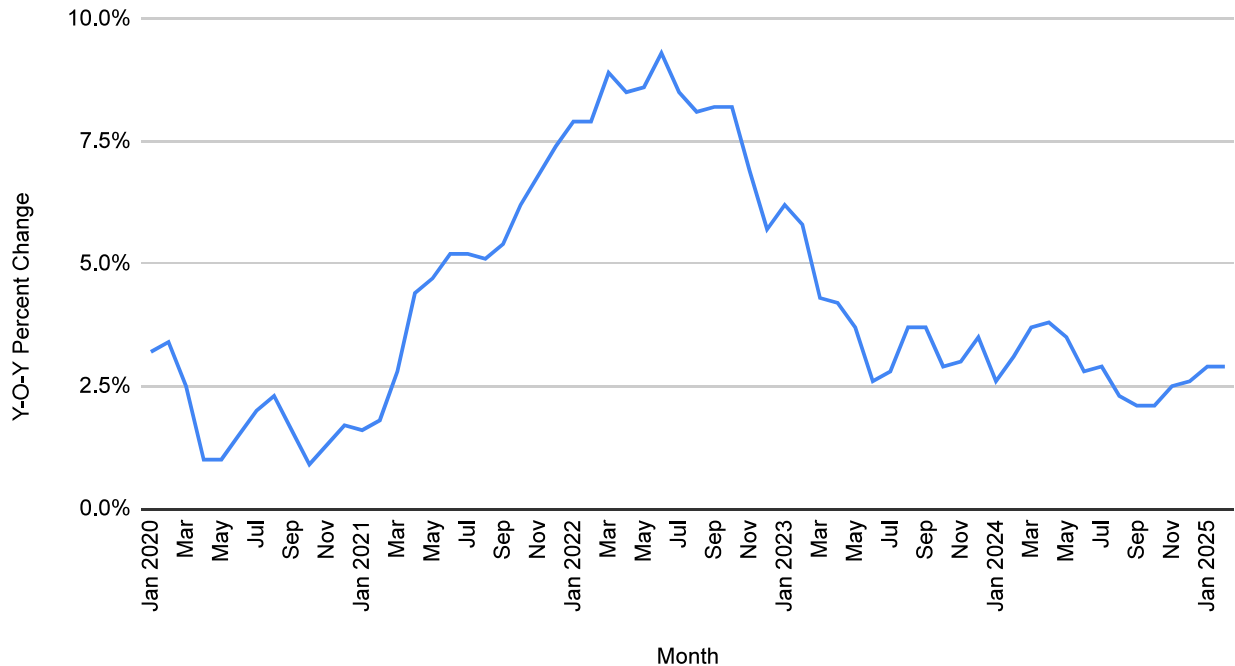
Multnomah County Nonfarm Employment (Not SA)



Inflation

Oregon's constitutional limits on property tax growth make inflation an area of particular concern for the County. Personnel costs are the County's biggest expense, and the tendency of these costs to grow faster than property tax revenues create a structural deficit for County General Funds. While headline inflation (the total inflation in the economy) has decreased in response to the Federal Reserve increasing interest rates, this progress has stalled (and maybe even reversed) due to inflationary pressure from the Trump Administration's tariff policies. Most concerning is University of Michigan survey data showing consumers' expectations of inflation in the medium- and long-term are increasing. These inflation expectations can become self-fulfilling. According to the CPI-W West Size A (which measures headline inflation in large cities in the Western U.S.), year-over-year inflation in February 2025 was 2.9% compared to 3.1% a year earlier.

CPI-W West Size A Year-Over-Year Percent Change



Forecasting the General Fund

Multnomah County uses ongoing financial forecasting and monitoring to estimate revenues and expenditures in the General Fund, the County's largest source of discretionary revenues. Forecasts are made for a five-year time horizon and updated quarterly. The forecast helps form the basis on which the County builds its annual budget.

At the beginning of the FY 2026 budget process, a \$21.2 million deficit was forecast for the General Fund. The primary driver of this deficit was a combination of weak property tax revenue growth and high personnel cost increases. To continue to provide the Current Service Level (CSL)¹ in FY 2026, the General Fund would need \$30.5 million of new revenue while property tax revenues (which account for approximately two-thirds of discretionary General Fund revenues are expected to increase by only \$10 million. The Budget Office's March 2025 five-year forecast update made relatively small changes to the assumptions which left the expected FY 2026 deficit at \$15.5 million. Without changes, the deficit would increase to \$47.8 million in FY 2030.

¹ The Current Service Level (CSL) is the collection of programs that the County intends to continue to provide on an ongoing basis. Because of inflation, the cost of providing exactly the same services increases every year.

Budget Director's Message

FY 2026 Proposed Budget

Forecasted Ongoing General Fund Expenditures, Revenues, and Balance

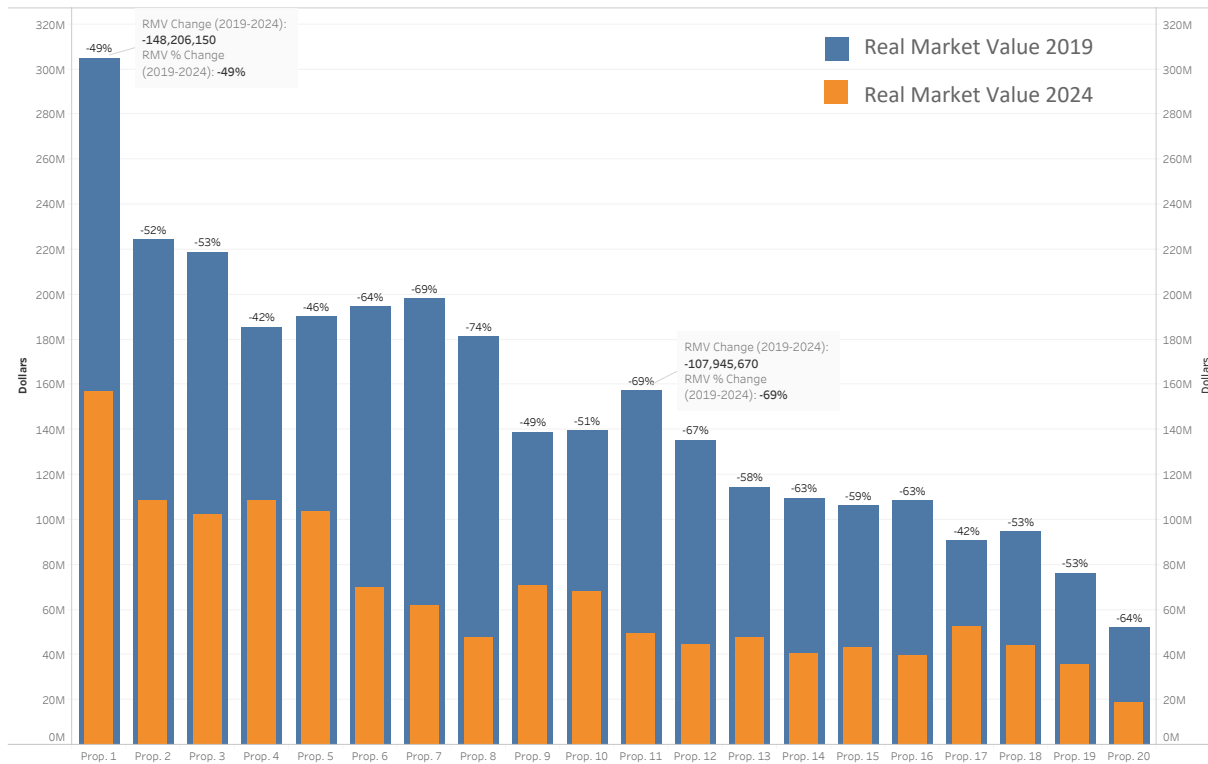
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	753,001,418	781,171,978	814,986,507	843,236,951	872,625,422
Expenditures	773,464,287	805,319,921	848,615,296	881,002,260	919,034,619
Ongoing Surplus/(Deficit)	(20,462,869)	(24,147,942)	(33,628,789)	(37,765,309)	(46,409,196)
TIF District Foregone Revenue	(763,707)	(1,890,325)	(3,445,179)	(4,663,154)	(6,012,770)
Nov. Forecast with TIF Impact	(21,226,576)	(26,038,267)	(37,073,968)	(42,428,463)	(52,421,966)
Returning TIF Schedule Change	0	5,700,000	0	0	0
Motor Vehicle Rental Tax Increase	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Business Income Tax (BIT) Increase	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net COLA Change	1,219,687	186,212	193,661	201,407	209,464
USM Decrease	(337,625)	(337,625)	(337,625)	(337,625)	(337,625)
Post-Submittal Validation	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
March Forecast	(15,544,514)	(15,689,680)	(32,417,932)	(37,764,681)	(47,750,128)
Expected Deficit After Balancing FY 2026	0	476,615	(15,604,986)	(20,279,216)	(29,565,245)

There are several factors driving the increasing deficits:

- Commercial property makes up a small percentage of total property value relative to residential properties (22.3% of Assessed Value (AV) for commercial compared to 67.1% of AV for Residential and Multifamily combined), but the precipitous decline in values of high-rise office buildings (which represented 3% of total Multnomah County value before the Pandemic) in the downtown core are creating a drag on overall revenue growth. The following graph shows the decline in value between 2019 and 2024 for the twenty highest value office buildings in Downtown Portland. These properties have declined by as much as 74% during this period.

Budget Director's Message

FY 2026 Proposed Budget



- Higher than normal personnel cost growth is primarily responsible for the reduction in surpluses forecast in recent years. The annual cost of living adjustment (COLA) is tied to inflation which has declined from its pandemic-era peak but remains high by historical standards. The forecast assumes that personnel cost growth remains elevated through FY 2027.
- The forecast also assumes an increase in the Oregon Public Employees Retirement System (PERS) costs in FY 2026 due to low PERS Portfolio returns and the passage of HB 4045 which lowers the retirement age for police officers, and in FY 2028 when the amortized benefit from the County's surplus at the time of the pooling of PERS investment resources expires.

The General Fund is the County's largest source of discretionary resources which is why it is the focus of the Budget Director's message but financial conditions also impact operations in Other Funds. In FY 2025, Metro provided a forecast update for Metro Supportive Housing Services (SHS) Funds that significantly reduces ongoing revenues leading to a shortfall for homeless service programming. The response to this shortfall is explained later in the Budget Director's Message as well as the Homeless Service Department section in Volume 2.

More information about the forecast can be found below and at www.multco.us/info/fy-2026-economic-forecasts-and-financial-overview.

Local Revenues

Property tax is the single largest discretionary source of revenue in the General Fund, accounting for approximately 66% of ongoing corporate revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. As measured from the FY 2025 Adopted budget, ongoing General Fund resources for FY 2026 are projected to increase by 3.6%.

The FY 2026 budget assumes the following rates of growth (as measured from the FY 2025 Adopted budget) for each revenue source:

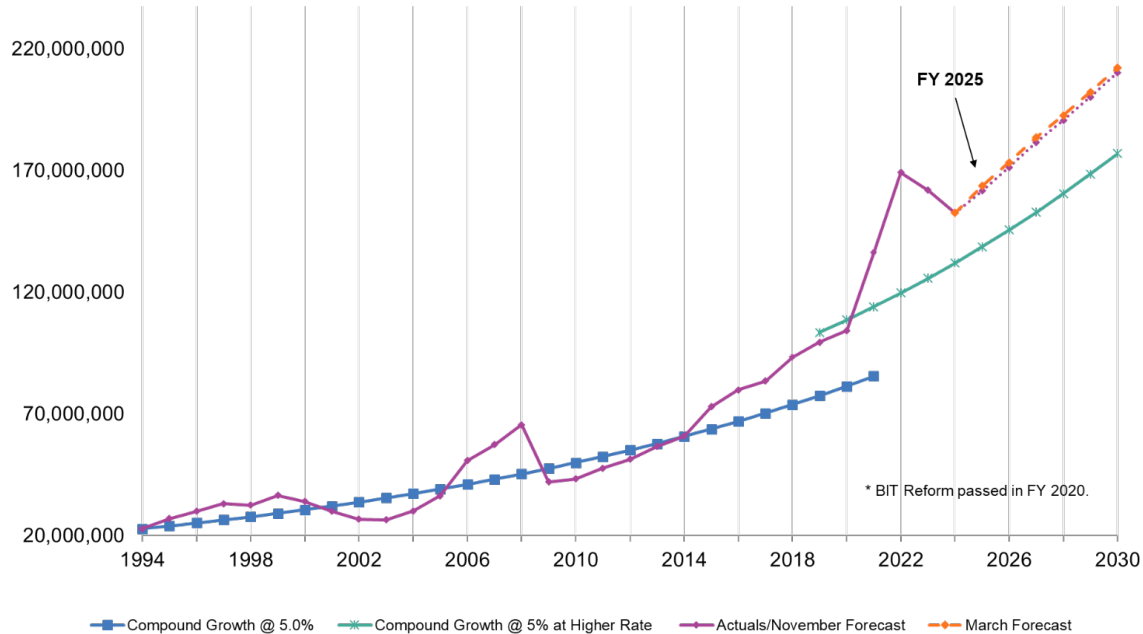
- Property Tax – An increase of 2.2% (the lowest rate of growth since the Great Recession)
- Business Income Tax (BIT) – An increase of 8.0%
- Motor Vehicle Rental Tax – An increase of 12%
- Recording Fees/CAFFA Grant – A decrease of -14.8%
- U.S. Marshal Jail Bed Rental – A decrease of -55.2%

The following graph shows historical business income tax (BIT) revenues (solid purple line) and the current forecast through FY 2030 (dotted orange line). Three recessions are shown on the graph, which followed separate paths of decline (or no decline in the most recent case). The recession at the beginning of the century played out over a longer period with the County experiencing three years of decline. The Great Recession impact occurred in one year, followed by a decade of increasing revenues. The pandemic recession did not impact BIT revenues, which actually went up during this period due to the Board passing a rate increase in February 2020. Looking ahead, new tariffs are creating an immense amount of uncertainty for these revenues. BIT is the General Fund revenue with the most exposure to the business cycle and could decline rapidly in the event of an economic downturn.

Budget Director's Message

FY 2026 Proposed Budget

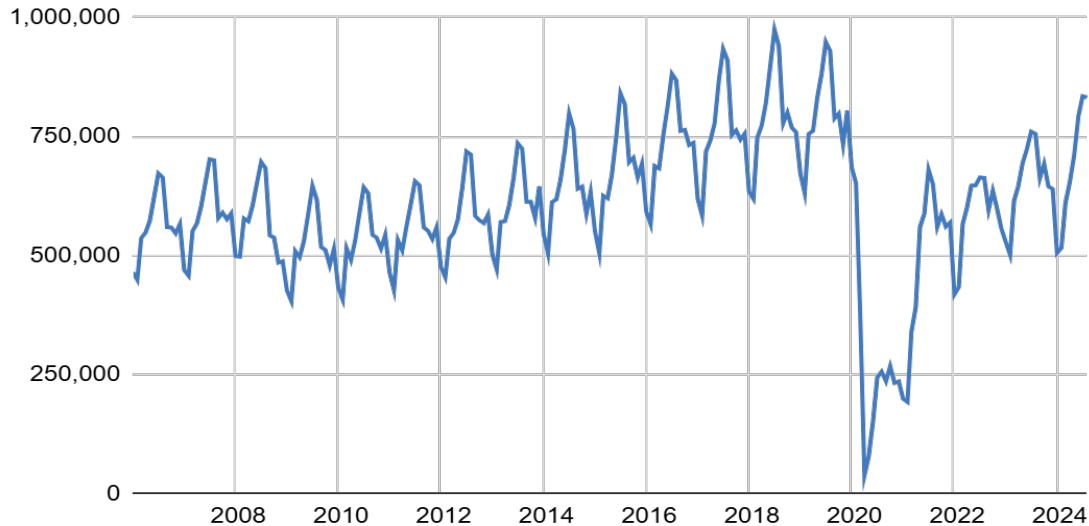
Annual Business Income Tax (BIT) Collections: History and Forecast



The County revenue most directly impacted by COVID-19 was motor vehicle rental taxes (MVRT), which are responsible for approximately 6% of General Fund revenues. In the first year of the pandemic, revenues were down more than 50% relative to pre-pandemic levels. In April 2020, deplaned passengers at Portland International Airport (PDX) were down 93% relative to April 2019. The following graph shows the deplaned passengers by month at PDX, which is highly correlated with motor vehicle rental tax revenues.

Beginning in early 2022, revenues started to rapidly improve. Motor vehicle rental revenue has been helped by rental car shortages pushing up prices and overall inflation. The County also invested resources in increased compliance which added approximately \$2.0 million of ongoing revenue. These revenues have experienced strong growth due to increases in the number of passengers flying into PDX and increased rental activity related to the University of Oregon's move to the Big 10 athletic conference.

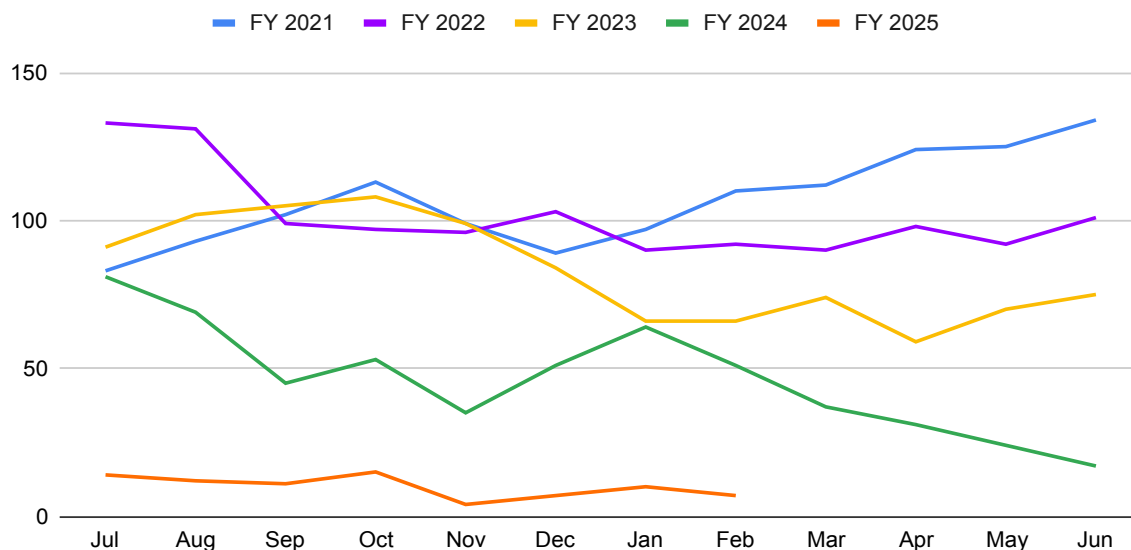
PDX Domestic Deplaned Passengers



The U.S. Marshal service rents jail beds from Multnomah County. Starting in FY 2023, U.S. Marshal (USM) bed usage at Multnomah County jails declined and has stayed at a low level. Previous USM usage assumptions were an average of 95 beds used per day. Recently, the usage has been closer to 20 beds used per day. There are several factors contributing to the decline including a request from the Sheriff's Office to reduce bed usage and changes in the rules about transporting prisoners. The lower level of usage is anticipated to continue indefinitely.

Monthly US Marshal Average Jail Bed Usage

Average usage is down compared to previous years



Cost Drivers

The County's General Fund expenditures are forecast to grow at roughly 3.8% to 5.3% annually through FY 2030, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2026, the cost of providing current service levels is expected to grow at 5.5%. The growth is driven by personnel costs, which are forecast to grow at 5.7%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment (COLA): 2.4% (of base pay)
- Step/Merit Increases/Contract Adjustments: 1.7% (of base pay)
- Medical/Dental: 5.0%
- PERS: 2.6% (of base pay)

The November Forecast presentation and the departments' General Fund allocations assumed an estimated COLA of 2.7%. Based on information that was released after issuing budget instructions, the actual COLA for FY 2026 will be 2.4%. For the Chair's Proposed Budget, General Fund personnel cost assumptions were updated and this ongoing savings was incorporated into the March Forecast.

Annual increases of the County's pension costs via the Public Employees Retirement System (PERS) have moderated since the passage of SB 1049, the PERS reform bill. The County's annual PERS costs are a significant portion of overall personnel costs (over 25% of base pay), but no longer increase by 2% or more every year. This is driven by four basic factors, with a fifth factor (SB 1049 PERS Reforms) offsetting the increases:

1. In April 2015, the Oregon Supreme Court in the Moro case invalidated the majority of the 2013 reforms passed by the Oregon Legislature.
2. The PERS Board has steadily reduced the assumed earnings rate from 8.0% to 6.9%.
3. The impact of using collared rates.
4. The PERS Board updated its mortality assumptions.
5. SB 1049 PERS reform package in the 2020 Legislative Session.

The impact of these decisions and events increased the County's unfunded liability (UAL) from \$89.2 million as of December 2013 to \$840.7 million as of the December 2023 valuation, which is significantly higher than the \$724.5 million UAL in the previous valuation thanks in part to weak investment returns.

The County's PERS rates are set biennially, and FY 2026 is the start of a new biennium. The County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and mitigate risk. For several biennia before SB 1049, PERS rates rose steadily, and there was some amount of certainty about the need to increase rates over time due to the large unfunded liability. During the 2020 Oregon Legislative Session, SB 1049 was passed, which was intended to slow the growth of PERS rates. Based on these reforms, the County reached its top rate in FY 2022, subject to ongoing stock market performance.

For FY 2026, the rates charged to departments are increased by 2.62% of base pay. The County's PERS rate is made up of two pieces: PERS rates to collect funds paid into the PERS system and an internal rate to collect payments to service the County's PERS bond debt. The overall increase is due to an increase of the County's PERS rate partially offset by a decrease in the internal PERS Bond rate. The County's internal PERS Bond rate was decreased by 0.55% for FY 2026 and beyond. This rate is revisited every year to ensure that the rate of collections is on track to make escalating debt service payments. The County's Chief Financial Officer believes the rate can be lowered in FY 2026 without impacting the ability to make future debt payments.

More information on PERS can be found at www.oregon.gov/PERS and in the County's Annual Comprehensive Financial Report, which is located at www.multco.us/info/financial-reports.

For FY 2026, internal service rates (ISRs) charged to departments for items such as information technology and facilities services were anticipated to increase 7.0% before DCA went through a constraint exercise. This year, departments received department-specific internal service inflation factors in their allocations. The Department of County Assets (DCA) has updated the methodology for allocating out facilities costs which had a bigger impact on some departments than others. The ISR inflation factors used department specific information for Facilities and IT costs, and a countywide assumption for the other ISR costs. As the County's internal services are heavily labor dependent, the year-over-year increase is higher than normal due in part to personnel cost increases.

Overview of Additions, Reductions and Reallocations

The budget includes a number of General Fund and Other Funds additions, reductions, backfill and reallocations. The following tables summarize significant changes by department and include both ongoing and one-time-only (OTO) funds. These tables are focused on changes in the General Fund and some significant Other Funds including reductions from the Supportive Housing Fund.

Countywide Additions and Reductions

At the beginning of the budget process, the FY 2026 COLA was forecasted to be 2.7%, but based on final CPI data, the FY 2026 COLA will be 2.4%. The table below shows a \$1.4 million reduction of General Fund costs for the entire County in three areas associated with reducing the COLA assumption:

- Personnel Cost of Living Adjustment
- Contractor Cost of Living Adjustment
- Internal Service Rates Cost of Living Adjustment

The changes shown below by department were applied across funds and programs.

Countywide Investments	Personnel COLA Reduction from 2.7% to 2.4%	Contractor COLA Reduction from 2.7% to 2.4%	Internal Service Rate Reduction due to COLA Reduction
Nondepartmental	(48,312)		(9,598)
District Attorney	(100,777)		(3,488)
County Human Services	(67,832)	(88,386)	(5,388)
Homeless Services	(21,020)		(3,027)
Health	(236,248)	(36,020)	(19,212)
Community Justice	(109,980)	(29,126)	(17,649)
Sheriff's Office	(346,751)		(18,946)
County Management	(122,072)		(7,268)
County Assets	(25,617)		(1,357)
Community Services	<u>(40,263)</u>		<u>(4,067)</u>
Total	(1,118,872)	(153,532)	(90,000)

Health and Human Services

Department of County Human Services (DCHS)

Reductions

The Department of County Human Services reduced their ongoing General Fund budget by \$3.75 million with no additions in new or backfilled ongoing programming. However, their budget does include \$6.28 million in one-time-only investments (see tables below).

\$0.5 million of the General Fund reduction in the Aging, Disability, and Veterans Services Division (ADVSD) reduces the match to purchase \$0.9 million in Title XIX Medicaid dollars across four programs and cuts 5.00 FTE (in program offers 25022, 25023, 25024, and 25027). Also in ADVSD, General Fund in the Multi-Disciplinary Team (25028) is reduced by \$473,567 in contracted services, which eliminates services to older adults who experience mental health issues.

In the Youth and Family Services Division, many of the activities provided through Successful Families (25137) have been incorporated into SUN Community Schools (25145) at \$2.3 million. Supportive Housing Services funding is reduced by \$3.08 million and 6.00 FTE in the Youth and Family Services Division.

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Other Fund Reductions (not SHS)	SHS Fund Reductions	Total Reductions	FTE Red.
25022	ADVSD Adult Care Home Program	(56,724)	(135,057)		(191,781)	(1.00)
25023	ADVSD Long Term Services & Supports (Medicaid)	(110,720)	(263,619)		(374,339)	(1.00)
25024	ADVSD Adult Protective Services	(46,710)	(111,214)		(157,924)	(1.00)
25027	ADVSD Administration	(249,825)	(366,209)		(616,034)	(2.00)
25028	ADVSD Multi-Disciplinary Team	(473,567)			(473,567)	
25038	ADVSD Community Participation and Program Operations	(108,057)			(108,057)	(0.50)
25044	YFS - Domestic and Sexual Violence Coordination	(40,000)			(40,000)	
25050	YFS - Gateway Center			(120,678)	(120,678)	(1.00)
25118	YFS - Youth & Family Services Administration	(383,495)			(383,495)	(2.00)
25131B*	YFS - Peer Navigators	(415,624)			(415,624)	
25131C*	YFS - Eviction Prevention Support	(458,305)			(458,305)	

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Other Fund Reductions (not SHS)	SHS Fund Reductions	Total Reductions	FTE Red.
25131E*	YFS - Eviction Prevention: In Courtroom Support			(250,000)	(250,000)	
25133C	YFS - Eviction Prevention			(1,798,107)	(1,798,107)	(4.00)
25134*	YFS - Fair Housing Testing in East Multnomah County	(128,488)			(128,488)	
25137*	YFS - Successful Families	(593,289)			(593,289)	
25139	YFS - Multnomah Stability Initiative (MSI)			(912,045)	(912,045)	(1.00)
25151	YFS - SUN Parent & Child Development Services	(572,177)			(572,177)	
25160	YFS - Data and Evaluation Services	<u>(111,571)</u>			<u>(111,571)</u>	<u>(0.50)</u>
Total		(\$3,748,552)	(\$876,099)	(\$3,080,830)	(\$7,705,481)	(14.00)

*Program is eliminated in FY 2026.

New Investments in Ongoing and One-Time-Only Programs

Although DCHS did not add any ongoing General Fund programs, there are one-time-only investments totaling \$6.28 million and 1.50 FTE that include:

- \$150,000 to produce a comprehensive report on the **State of the Children in Multnomah County**. The report will highlight key indicators on the status of children and families across different domains related to wellbeing, including physical and mental health, education, family and community. (25000B)
- \$633,500 to provide **emergency housing and supports for families with children arriving in Multnomah County**. This one-time-only investment provides gap funding for short-term humanitarian transition services focused on emergency housing. Services will be delivered in partnership with culturally-specific organizations that serve newly arriving families (25004).
- \$3.5 million in **emergency rent assistance & eviction prevention**. The need continues to be high, and is growing due to multiple factors. These factors include increasing rents prices, higher costs of essential goods, utility rate increases, slow housing production, and slow wage increases. This program will provide emergency rent assistance for tenants with an eviction notice, written notice to vacate, or households at high risk of losing their housing within 21 days. Case managers will provide crisis support, landlord negotiations, application completion assistance, and referrals to additional resources to meet basic needs (25133B).
- \$2.0 million for **SUN Community Schools: Family Resource Navigators**. Family Resource Navigators (FRNs) will be located at regional SUN Community School hubs and work alongside families to build skills and confidence while navigating systems to get their needs met. FRN services provided include, but are not limited to: case management, group skill building, reducing language barriers, and outreach. FRNs will also be liaisons to the new Medicaid 1115 Waiver program providing up to six months of rent and Health Related Social Needs benefits. This program also includes rent assistance funding for families with children (25146).

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
25000B	State of the Children in Multnomah County		150,000	
25004	Support for Newly Arrived Families		633,500	
25133B	Emergency Rent Assistance & Eviction Prevention		3,500,000	1.50
25146*	YFS - SUN Community Schools: Family Resource Navigators		<u>2,000,000</u>	
Total		\$0	\$6,283,500	1.50

*Includes \$1.6 million of one-time-only American Rescue Plan interest earnings.

Reallocations

DCHS made a variety of reallocations. The most significant is \$2.3 million previously funding Successful Families, which has had many activities incorporated into SUN Community Schools. The reallocation of \$184,860 to the Child & Family Hunger Relief program funds the food pantry at Parklane Elementary Schools with ongoing General Fund. This food pantry is located in East County and was funded with one-time-only General Fund in FY 2025.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
County Human Services			
Made these reductions			
25131B	YFS - Peer Navigators	(222,411)	
To fund these programs			
25156	YFS - Bienestar Social Services	222,411	
Made these reductions			
25137	YFS - Successful Families	(2,323,594)	
To fund these programs			
25145	YFS - SUN Community Schools	2,323,594	
Made these reductions			
25151	YFS - SUN Parent & Child Development Services	(184,860)	
To fund these programs			
25147	YFS - Child & Family Hunger Relief	184,860	
Made these reductions			
Multiple	Multiple Intellectual and Developmental Disabilities Services (IDDSD) programs	(713,709)	(5.00)
To fund these programs			
Multiple	Multiple Administration programs	<u>713,709</u>	
Total County Human Services Reallocations		\$0	(5.00)

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated	FTE Reallocated
County Human Services				
Made these reductions				
Multiple	Multiple Intellectual and Developmental Disabilities Services (IDDSD) programs	(713,709)		(5.00)
To fund these programs				
Multiple	Multiple Intellectual and Developmental Disabilities Services (IDDSD) programs		<u>713,709</u>	<u>5.00</u>
Total County Human Services Reallocations		(\$713,709)	\$713,709	0.00

Budget Director's Message

FY 2026 Proposed Budget

Homeless Services Department (HSD)

The Homeless Services Department is taking place in a different funding landscape than previous years. HSD is facing significant budget constraints brought about by reductions and volatility in major funding sources along with uncertainty regarding federal funding. The Supportive Housing Services Measure, the largest source of funding for HSD, has decreased significantly. In December 2025, Metro released an updated 5-Year Supportive Housing Services (SHS) Measure Revenue Forecast. The update included tax collection changes, and updated information on economic conditions, driving changes, and risks. The updated forecast was significantly less than the previous forecast, down 14%.

New Ongoing and One-Time-Only Programs & General Fund Reduction/Backfill

Significant County General Fund investments in Homeless Services include \$11.1 million of ongoing General Fund and \$5.6 million of one-time-only General Fund, for a total of \$16.7 million, backfilling Metro SHS services. Additionally, the budget allocates \$10.0 million of one-time-only County General Fund investment to support the City of Portland Alternative Shelter sites, detailed in the tables below.

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Ongoing General Fund	One-Time-Only General Fund	Net Reduction
30600	Employment Programs	(3,919,682)	284,442	2,448,828	(1,186,412)
30200	Safety off the Streets - Adult Shelter		7,922,249		
30203	Safety off the Streets - Family Shelter		1,013,640		
30302	Housing Placement & Retention - Placement out of Shelter		654,092		
30304	Emergency Rent Assistance			2,918,805	
30309	Housing Placement & Retention - Primary Leasing		845,310		
30406	Supportive Housing - Frequent Users Systems Engagement		325,035	200,000	
30500	Diversion Services		<u>49,658</u>		
Total		(\$3,919,682)	\$11,094,426	\$5,567,633	(\$1,186,412)

Prog. #	Program Offer Name	Ongoing	General Fund OTO	FTE
30202C	Safety off the Streets - City of Portland Alternative Shelter Sites	<u>0</u>	<u>10,000,000</u>	<u>0.00</u>
Total		\$0	\$10,000,000	0.00

Reallocations

In FY 2026, HSD reallocated a significant amount of funding from Metro Supportive Housing Tax (SHS) to the County General Fund due to a decrease in the ongoing forecast from Metro and the continued use of one-time-only SHS funding. This reallocation was made possible by a one-time-only General Fund reallocation of \$5.8 million from the department's capital fund (located in the Department of County Assets) to be used for services.

Prog. #	Program Offer Name	OTO General Fund Reallocated
Homeless Services		
Made these reductions		
78243	Homeless Services Department (HSD) Capital Program*	(5,825,277)
To fund these programs		
30000	Director Office, Administration and Operations	(243,824)
30001	Business Services	162,792
30002	Human Resources	(162,792)
30004	Policy & Planning	243,824
30200	Safety off the Streets - Adult Shelter	2,879,020
30201	Safety off the Streets - Women's Shelter	(1,184,214)
30203A	Safety off the Streets - Family Shelter	(106,469)
30204	Safety off the Streets - Domestic Violence Shelter	(143,550)
30205	Safety off the Streets - Youth Shelter	(980,445)
30300	Housing Placement & Retention - Adults & Women Households	845,215
30301	Housing Placement & Retention - Families	3,134,325
30302	Housing Placement & Retention - Placement out of Shelter	(908,370)
30303	Housing Placement & Retention - Domestic Violence	1,056,100
30306	Housing Placement & Retention - Youth Services	1,834,160
30307	Housing Placement & Retention - Veterans	207,520
30500	Diversion Services	(808,015)
Total Homeless Services Reallocation		\$5,825,277

*This funding is being transferred from the HSD Capital to the General Fund

Budget Director's Message

FY 2026 Proposed Budget

Metro Supportive Housing Services (SHS) Reductions

Additionally, in Supportive Housing Services (SHS) the department made \$29.4 million reductions in reserves and contingency, and \$29.1 million and 6.00 FTE reductions in operating programs, as detailed in the following table.

Prog. #	Program Name	SHS Fund	FTE
Reserves and Contingency			
30006A	Regional Coordination - Reserve and Contingency	(17,195,030)	
30006B	Regional Coordination - Regional Strategies Implementation Fund	(12,194,310)	
	Total Reserves and Contingency	(\$29,389,340)	
Operating			
30000	Director Office, Administration and Operations	(177,994)	(1.00)
30004	Policy & Planning	(156,905)	(1.00)
30005	Equity-Focused System Development & Capacity Building	(1,145,760)	
30006C	Regional Coordination - Homeless Management Information System	(169,105)	(1.00)
30100	System Access, Assessment, & Navigation	(1,766,200)	
30200	Safety off the Streets - Adult Shelter	(1,661,235)	
30202A	Safety off the Streets - Alternative Shelter for Adults	(165,146)	(1.00)
30210A	Safety on the Streets	(1,961,926)	
30210B	Safety on the Streets - Navigation & Service Coordination	(697,754)	
30302	Housing Placement & Retention - Placement out of Shelter	(1,170,345)	
30309	Housing Placement & Retention - Primary Leasing	(429,660)	
30400A	Supportive Housing	(1,013,005)	
30400C	Supportive Housing - Local Bond Units and Site-Based Commitments	(4,117,650)	
30403	Supportive Housing - Families	(2,267,225)	
30404	Supportive Housing - Youth	(462,150)	
30406	Supportive Housing - Frequent Users Systems Engagement	(992,890)	
30600	Employment Programs	(809,915)	
30999	SHS Revenue for Other Departments	(9,751,972)	
	Supply Center (formally PO 30211)	(215,459)	(2.00)
	Total Operating Reductions	(\$29,132,296)	(6.00)
	Total Reserves and Operating Reductions	(\$58,521,636)	(6.00)

Health Department (HD)

New Investments in Ongoing and One-Time-Only Programs and Backfill

The Health Department's budget includes a \$0.9 million increase for the 24/7 Sobering and Crisis Stabilization Center Implementation. In addition, \$0.4 million was added to continue the Ambulance Service Plan assessment, and \$0.4 million was added to continue the Supplemental Data Sets Partnership with the Department of County Assets which funds IT staff to work on Health data. The Health Department also had significant reductions in Supportive Housing Services (SHS) funding. \$1.7 million of SHS funding was backfilled with \$0.1 million ongoing General Funds and \$1.6 million one-time-only General funds to support the Bridgeview and Shelter, Housing, and Supports programs.

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
40004B	Ambulance Service Plan Continuation		400,000	1.00
40044B	Supplemental Data Sets Partnership with DCA		400,000	
40104B	24/7 Sobering and Crisis Stabilization Center Implementation	<u>891,189</u>		<u>5.00</u>
Total		\$891,189	\$800,000	6.00

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
40074B	Bridgeview		1,300,000	
40112	Shelter, Housing and Supports	<u>149,010</u>	<u>264,563</u>	
Total		\$149,010	\$1,564,563	

Reductions

The Health Department had reductions from a variety of sources. These included Other Funds reductions, Supportive Housing Services (SHS) funds reductions, an internal General Fund reduction taken during department submission because their indirect revenue decreased from FY 2025, and General Fund reductions to their base budget. These reductions eliminate the Nurse Family Partnership program and Gas Powered Leaf Blower Project. Across all funding sources, School Based Mental Health was reduced by \$2.4 million and 13.67 FTE. The STI Clinic has an Other Funds reduction of \$0.9 million. The Health Data and Analytic Team was reduced by \$1.0 million and 5.00 FTE across all funding streams. The table on the following pages shows details of the Health Department's reductions.

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Internal Constraint GF Reductions	Other Fund Reductions (Not SHS)	SHS Reductions	Total Reductions	FTE Red.
40000A	Director's Office	(1,053,960)	(226,811)			(1,280,771)	(6.00)
40001	Public Health Administration and Quality Management		(320,648)	(65,411)		(386,059)	(3.30)
40002	Tri-County Health Officer		(164,197)			(164,197)	0.00
40003	Health Department Facilities, Safety, and Administrative Support	(270,746)				(270,746)	(2.00)
40005	Public Health & Regional Health Systems Emergency Preparedness		(38,357)			(38,357)	0.00
40006/ 40060	Tobacco Prevention and Control/ Community & Adolescent Health		(420,750)			(420,750)	(3.00)
40008	Vector-Borne Disease Prevention and Code Enforcement	(116,078)				(116,078)	0.00
40010A	Communicable Disease Prevention and Control			(378,490)		(378,490)	(2.81)
40010B	STI Clinical and Community Services	(31,876)		(854,631)		(886,507)	(4.16)
40010C	Communicable Disease Community Immunization Program			(1,449,966)		(1,449,966)	(7.62)
40010D	Supportive Housing Services for Communicable Disease Clients - Supportive Housing Services				(308,100)	(308,100)	0.00
40037	Environmental Health Community Programs			(778,551)		(778,551)	(2.54)
40037B*	Gas Powered Leaf Blower Project	(219,628)				(219,628)	(0.80)
40039	Human Resources	(664,063)				(664,063)	(3.00)
40039B	Human Resources - ICS Recruitment		(178,928)			(178,928)	(1.00)
40040	Financial and Business Management Services	(506,504)	(291,182)			(797,686)	(3.00)

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Internal Constraint GF Reductions	Other Fund Reductions (Not SHS)	SHS Reductions	Total Reductions	FTE Red.
40042	Contracts & Procurement	(318,784)	(167,438)			(486,222)	(2.00)
40044A	Health Data and Analytic Team	(633,342)	(165,632)		(182,050)	(981,024)	(5.00)
40046	Health Operations Administration		(217,866)			(217,866)	(1.00)
40048	Community Epidemiology	(15,591)		(1,743,468)		(1,759,059)	(6.20)
40053	Racial and Ethnic Approaches to Community Health			(479,976)		(479,976)	0.00
40054*	Nurse Family Partnership	(1,165,085)				(1,165,085)	(6.00)
40055	Home and Community Based Consulting			(595,023)		(595,023)	(1.00)
40056	Healthy Families			(338,000)		(338,000)	0.00
40058	Healthy Birth Initiative			(112,500)		(112,500)	(0.50)
40060	Community & Adolescent Health			(381,999)		(381,999)	(3.40)
40061	Harm Reduction	(304,685)				(304,685)	(1.00)
40068	Behavioral Health Quality Management	(471,062)				(471,062)	(3.00)
40069	Behavioral Health Crisis Services				(1,930,360)	(1,930,360)	0.00
40070	Mental Health Crisis Assessment & Treatment Center (CATC)		(317,048)			(317,048)	0.00
40073*	Peer-Run Supported Employment Center		(128,215)			(128,215)	0.00
40074A	Mental Health Residential Services			(148,069)		(148,069)	(0.80)
40077	Mental Health Treatment & Medication for the Uninsured		(454,803)			(454,803)	0.00
40081	Multnomah County Care Coordination			(692,841)		(692,841)	(4.00)
40082	School Based Mental Health Services	(865,450)	(496,822)	(1,000,000)		(2,362,272)	(13.67)
40085	Adult Addictions Treatment Continuum				(500,000)	(500,000)	0.00

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Internal Constraint GF Reductions	Other Fund Reductions (Not SHS)	SHS Reductions	Total Reductions	FTE Red.
40096	Public Health Office of the Director	(291,177)	(618,711)	(800,617)		(1,710,505)	(3.70)
40101	Promoting Access To Hope (PATH) Care Coordination Continuum			(352,483)	(209,343)	(561,826)	(2.00)
Various	Administrative Reductions	(46,183)				(46,183)	
Total		(\$6,974,214)	(\$4,207,408)	(\$10,172,025)	(\$3,129,853)	(\$24,483,500)	(92.50)

*Program eliminated

Reallocations

Corrections Health made a reallocation to support the administration of suboxone to more adults in custody with active substance use disorder.

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
Health Department			
Made these reductions			
Various	Corrections Health Clinical Services	(870,852)	(4.40)
To fund these programs			
40047	Corrections Health Transition Services	<u>870,852</u>	<u>5.88</u>
Total Health Department Reallocations		\$0	1.48

Budget Director's Message

FY 2026 Proposed Budget

Behavioral Health and Public Health Beginning Working Capital

Behavioral Health and Public Health are using Beginning Working Capital (BWC), which is inherently a one-time-only resource, in the budget as shown in the tables below.

Prog. #	Program Offer Name	FY 2026 BWC Amount	FTE Funded with BWC	Total Budget (incl. BWC)
Behavioral Health BWC				
40065*	Behavioral Health Division Administration	3,757,004	2.33	7,371,068
40067	Medical Records for Behavioral Health Division	146,048	1.00	968,012
40068	Behavioral Health Quality Management	2,068,897	9.54	6,249,396
40070	Mental Health Crisis Assessment & Treatment Center (CATC)	317,047	0.00	317,047
40080	Community Based Mental Health Services for Children & Families	906,340	4.00	2,229,198
40082	School Based Mental Health Services	177,664	1.00	4,538,185
40105A	Behavioral Health Resource Center (BHRC) - Day Center	<u>228,000</u>	<u>0.00</u>	<u>5,784,956</u>
Behavioral Health Total		\$7,601,000	17.87	\$27,457,862

Prog. #	Program Offer Name	FY 2026 BWC Amount	FTE Funded with BWC	Total Budget (incl. BWC)
Public Health BWC				
40006	Tobacco Prevention and Control	168,904	0.00	1,692,358
40018	Women, Infants, and Children (WIC)	611,328	0.00	8,626,888
40048	Community Epidemiology	429,000	0.36	3,626,770
40058	Healthy Birth Initiative	<u>400,000</u>	<u>0.00</u>	<u>5,388,127</u>
Public Health Total		\$1,609,232	0.36	\$19,334,143

Budget Director's Message

FY 2026 Proposed Budget

Public Safety

District Attorney's Office (MCDA)

New/Expanded Ongoing and One-Time-Only Programs

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
15002B	Expanded IT Support for Case Mgmt. and Software Migration		<u>279,000</u>	<u>0.00</u>
Total		\$0	\$279,000	0.00

Reductions

The District Attorney's Office reduced their ongoing General Fund budget by \$0.7 million and 3.00 FTE. The District Attorney's Office added \$0.3 million in one-time-only funding to complete implementation of a case management system and convert to a new office software suite. Additionally, the Chair's Proposed budget converted \$2.3 million in one-time-only funding in FY 2025 to ongoing in FY 2026.

Prog. #	Program Offer Name	General Fund Reductions	SHS Fund Reductions	Total Reductions	FTE Red.
15000	Management Services	(111,936)		(111,936)	
15015	Victim Assistance Program		(18,867)	(18,867)	(0.13)
15101	Juvenile Unit	(198,000)		(198,000)	(1.00)
15102	Domestic Violence Unit	(222,000)		(222,000)	(1.00)
15207	MCDA Access Attorney Program (MAAP)		(265,002)	(265,002)	(1.00)
15209	Treatment Court Unit	<u>(205,064)</u>		<u>(205,064)</u>	<u>(1.00)</u>
Total		(\$737,000)	(\$283,869)	(\$1,020,869)	(4.13)

Budget Director's Message

FY 2026 Proposed Budget

Reallocations

MCDA's significant General Fund reallocations include the merging of the Pretrial program (15204 in FY 2025) into the Justice Integrity Unit (15021) and the Misdemeanor Trial Unit (15105). MCDA is also moving FTE from Child Support Enforcement (15208), Unit A/B (15203), and the Domestic Violence Unit (15102) program into the Treatment Court (15209) program.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
District Attorney's Office			
Made these reductions			
Various	Internal Service - Telecomm	(125,000)	
15204	Pretrial	(2,742,215)	(16.10)
15208	Child Support Enforcement	(201,620)	(0.50)
15203	Unit A/B	(227,184)	(1.00)
15102	Domestic Violence Unit	(241,021)	(1.00)
To fund these programs			
15002A	Information Technology Unit	125,000	
15021	Justice Integrity Unit (JIU)	1,558,185	9.60
15105	Misdemeanor Trial Unit (MTU)	1,184,030	6.50
15209	Treatment Court	<u>669,825</u>	<u>2.50</u>
Total District Attorney's Office Reallocation		\$0	0.00

Budget Director's Message

FY 2026 Proposed Budget

Department of Community Justice (DCJ)

Reductions

The Department of Community Justice reduced their ongoing General Fund budget by \$2.6 million and 12.30 FTE. DCJ's General Fund was further reduced by \$2.2 million as a result of Washington County's withdrawal from the Juvenile Detention Services (50054). DCJ did not receive new ongoing or one-time-only funding.

Juvenile Detention Services: Washington County has historically used a portion of DCJ's juvenile detention beds. However, Washington County will no longer use these services in early FY 2026 resulting in \$2.2 million of reduced General Fund revenue. In response to this reduction and to ensure continued juvenile corrections operations, DCJ will reallocate from the eliminated Juvenile Behavioral Rehabilitation (BRS) Assessment & Evaluation Program (50063 in FY 2025). The loss of this program includes a reduction of 18.00 FTE. The remaining funding from 50063 supports 3.00 FTE in the new Juvenile Culturally Responsive Youth and Family Treatment Services (50064) program.

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	SHS Reductions	Total Reductions	FTE Red.
General Fund and SHS Reductions					
50000	DCJ Director's Office	(184,054)		(184,054)	(1.00)
50002	DCJ Business Applications and Technology	(133,000)		(133,000)	
50013	Adult Culturally Responsive Supervision	(41,320)		(41,320)	
50016	Adult Services Management	(178,168)		(178,168)	(1.00)
50017	Adult Records and Administrative Services	(159,973)		(159,973)	(1.00)
50022	Adult Justice Reinvestment Program	(242,168)		(242,168)	(1.00)
50024	Adult Mental Health Unit and Mental Health Treatment Court	(178,168)		(178,168)	(1.00)
50025	Adult Sex Crimes Unit	(328,168)		(328,168)	(1.00)
50026	Adult Domestic Violence Supervision	(361,102)		(361,102)	(2.00)
50027	Adult Women and Family Services Unit	(293,138)		(293,138)	(2.00)
50033	Adult Driving Under the Influence Supervision Unit	(90,678)		(90,678)	(0.50)
50034	Adult Transition Services Unit (TSU)		(801,537)	(801,537)	
50041	Adult Stabilization and Readiness Program		(356,842)	(356,842)	
50051	Juvenile Data and Administrative Services	(108,925)		(108,925)	(1.00)
50054	Juvenile Detention Services	(132,484)		(132,484)	(0.80)
50056	Juvenile Shelter & Residential Placements	<u>(209,228)</u>		<u>(209,228)</u>	
	Subtotal General Fund and SHS Reductions	(\$2,640,574)	(\$1,158,379)	(\$3,789,953)	(12.30)
General Fund Reductions from Loss of Washington County Juvenile Detention Contract					
50063*	Juvenile Behavioral Rehabilitation (BRS) Assessment & Evaluation Program	<u>(2,199,212)</u>		<u>(2,199,212)</u>	<u>(18.00)</u>
Total Department of Community Justice		(\$4,839,786)	(\$1,158,379)	(\$5,998,165)	(30.30)

*50063 was eliminated in FY 2026. Please see the FY 2025 Adopted budget for program information.

Budget Director's Message

FY 2026 Proposed Budget

Reallocations

As a response to the department's high position vacancy rate, the Department of Community Justice reallocated underutilized contractual services funding to hire a limited duration Sworn Community Justice Manager. This will move the department to a temporary, continuous recruitment and training model. DCJ is also reallocating funding from a 1.00 FTE Business Analyst Senior in the Business Applications & Technology (50002) program to fund a Community Justice Manager (CJM) in the Juvenile Services Management (50050) program and additional client assistance in the DCJ Victim and Survivor Services (50003) program.

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
Community Justice			
Made these reductions			
50034	Assessment and Referral Center - Housing	(185,000)	
50001	DCJ Business Services	(4,742)	
50002	DCJ Business Applications and Technology	(203,141)	(1.00)
50058	Juvenile Community Healing Initiative (CHI)	(41,849)	
To fund these programs			
50016	Adult Services Management	189,742	
50003	DCJ Victim and Survivor Services	60,000	
50000	DCJ Juvenile Services Management	<u>184,990</u>	<u>1.00</u>
Total Community Justice Reallocation		\$0	0.00

Sheriff's Office (MCSO)

MCSO's FY 2026 budget maintains current staffing to operate a capacity of 1,130 jail beds.

New/Expanded Ongoing and One-Time-Only Programs

The budget for the Sheriff's Office increased by \$1.8 million for an expansion to Human Resources. Approximately half of the expansion was funded with one-time-only funding. The Chair did not request any reductions from the Sheriff's Office.

Prog. #	Program Offer Name	Ongoing General Fund	OTO General Fund	Total	FTE
60215B	Human Resources Expansion	908,788	0	908,788	6.00
60215C*	Human Resources Expansion - One-Time-Only	<u>0</u>	<u>857,527</u>	<u>857,527</u>	<u>6.00</u>
Total		\$908,788	\$857,527	\$1,766,315	12.00

*\$857,527 is one-time-only American Rescue Plan interest earnings

General Government

Department of Community Services (DCS)

The Department of Community Services reduced their ongoing General Fund budget by \$1.57 million and added \$860,000 in new ongoing programming for a net General Fund reduction of \$711,000 (see tables below). Important changes to note include:

Redesigning of Animal Service: Animal Services operations will experience several changes and reallocation of resources, including shifting from an external spay and neuter service model to inhouse services. Due to rising costs and low number of cases served after hours, emergency response services will be eliminated, as reflected in the termination of contracts with an after hours call center, no longer authorizing emergency medical services provided after hours. The overall shift in this approach saves money, as the cost of adding FTE is similar to the cost we were paying in external contracted services. Overall animal services staffing increases by 3.50 FTE.

Prog. #	Program Offer Name	General Fund Additions Ongoing	General Fund Reductions	Total	General Fund FTE Changes
90008B	Animal Services Animal Health Staffing	691,577		691,577	5.50
90006	Animal Services Field Services		(235,000)	(235,000)	
90007	Animal Services Animal Care		(227,342)	(227,342)	(2.00)
90008A	Animal Services Animal Health		(396,851)	(396,851)	
Total		\$691,577	(\$859,193)	(\$167,616)	3.50

Other **new investments** include the addition of a 1.00 Planner 1 in Land Use Planning that will support development review, long range planning and assist the current planning team to shorten timelines for land use applications. A phased permit fee increase preserves a LUP Planner position and the front desk counter position. A one-time-only General Fund investment of \$1.0 million for sidewalk ramps that meet the requirements of the Americans with Disabilities Act (ADA) standards.

New Ongoing and One-Time-Only Programs

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
90008B	Animal Services Animal Health Staffing	691,577		5.50
90010A	Elections	168,600		1.00
90018B*	Phase 4 ADA Ramps		<u>1,000,000</u>	
Total		\$860,177	\$1,000,000	6.50

*Includes Video Lottery Funds.

Budget Director's Message

FY 2026 Proposed Budget

Reductions

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Other Fund Reductions	Total Reductions	FTE Red.
90000	Directors Office	(155,877)		(155,877)	
90002	Business Services	(155,488)		(155,488)	(1.00)
90006	Animal Services Field Services	(235,000)		(235,000)	
90007	Animal Services Animal Care	(227,342)		(227,342)	(2.00)
90008A	Animal Services Animal Health	(396,851)		(396,851)	
90010A	Elections	(256,600)		(256,600)	(1.00)
90020	Land Use Planning (LUP) Code Compliance	<u>(144,887)</u>		<u>(144,887)</u>	
Total		(\$1,572,045)	(\$0)	(\$1,572,045)	(4.00)

Reallocations

Community Services reallocated resources from reducing professional services in the Directors Office to preserve two positions in other programs that otherwise would have been cut. The positions include a 1.00 FTE in Human Resources (HR Specialist Senior) and 1.00 FTE in Land Use Planning (Planner 1).

Prog. #	Program Offer Name	General Fund Reallocated	Other Funds Reallocated
Community Services			
Made these reductions			
90000	Director's Office	(313,250)	
To fund these programs			
90021	Land Use Planning	139,270	
90001	Human Resources	<u>173,980</u>	
Total Community Services Reallocations		\$0	0.00

Budget Director's Message

FY 2026 Proposed Budget

Department of County Management (DCM)

Reductions

The Department of County Management reduced their ongoing General Fund budget by \$3.9 million and 17.50 FTE with no additions in new, ongoing programming (see the table below).

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Other Fund Reductions	Total Reductions	FTE Red.
72000	Office of the COO/DCM Director	(615,378)	0	(615,378)	(2.00)
72001	Budget Office	(184,199)	0	(184,199)	(0.50)
72005	FRM Purchasing	(164,110)	0	(164,110)	(1.00)
72008B	FRM Motor Vehicle Tax	(193,089)	0	(193,089)	(1.00)
72016	Office of the Chief Human Resources Officer	(66,632)	0	(66,632)	(0.50)
72017	Central HR Services	(594,861)	0	(594,861)	(2.00)
72018	Central HR Labor Relations	(77,847)	0	(77,847)	(0.50)
72022	Workday Support - Central Human Resources	(193,997)	0	(193,997)	(1.00)
72024	DART Property Tax & Ownership	(117,823)	0	(117,823)	(0.50)
72025	DART County Clerk Functions	(94,258)	0	(94,258)	(0.40)
72038	DART Tax Title	(210,000)	0	(210,000)	0.00
72046	FRM Workday Support - Finance	(10,000)	0	(10,000)	0.00
72058	DART Passport (eliminated)	(861,780)	0	(861,780)	(7.10)
72059	FRM Purchasing - Contracting Redesign/ Process Improvement	(55,000)	0	(55,000)	0.00
72067	Public Campaign Finance (eliminated)	(504,869)	0	(504,869)	(1.00)
Total Department of County Management		(\$3,943,843)	\$0	(\$3,943,843)	(17.50)

New Ongoing and One-Time-Only Programs

Although DCM did not add any ongoing General Fund programs, there were two investments totaling \$600,000 for one-time-only General Funds that include:

- \$500,000 in the Medicaid Service Coordination Program to the Office of the COO, which will help the County better understand and develop strategies to optimize Medicaid billing for County services including housing, behavioral health, crisis services, medical services for those who are unhoused, and schoolbased mental health.
- \$100,000 in Equity Focused Organizational Development Contracting to address higher separation rates for Black and African American employees who are involved in the CIU process, the County will conduct a comprehensive review to identify root causes, including complaints, supervisory responses, and cultural factors. An Executive Workgroup will then develop a plan based on these findings to address identified issues and cultural concerns.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
72053	Equity Focused Organizational Development Contracting	0	100,000	0.00
72054	Medicaid Service Coordination	<u>0</u>	<u>500,000</u>	<u>0.00</u>
Total		\$0	\$600,000	0.00

Budget Director's Message

FY 2026 Proposed Budget

Library

Reductions

The latest Library forecast shows increasing deficits due to slow property tax growth and high inflation. The newly renovated and reopened libraries funded by the Library Bond are significantly larger which is also increasing ongoing Library costs. To address this, the Library is prioritizing the operation of Library spaces and reducing other programming.

Prog. #	Program Offer Name or Reduction Description	Other Fund Reductions (not SHS)	SHS Fund Reductions	Total Reductions	FTE Red.
80001	Central Library	(140,619)		(140,619)	
80017	Human Resources	(100,000)		(100,000)	
80022	Public Services Division Management	(97,636)		(97,636)	
80027	Library Peer Support Specialists - Supportive Housing Services		(191,000)	(191,000)	
Multiple	Reduce substitute staffing and funding for contractors	(551,591)		(551,591)	
Multiple	End some subscriptions and reduce maximum number of e-book holds	(410,200)		(410,200)	
Multiple	Reduce nightly cleaning hours	(75,000)		(75,000)	
Total		(\$1,375,046)	(\$191,000)	(\$1,566,046)	(0.00)

Backfill

The Library chose to use Library Fund resources to backfill their Peer Support Specialists in the Central Library which were previously funded by Metro SHS.

Prog. #	Program Offer Name	Library Fund Backfill Ongoing	FTE Backfill
80001	Central Library	<u>191,000</u>	
Total		\$191,000	0.00

Nondepartmental (NOND)

Nondepartmental reduced their ongoing General Fund budget by \$1.6 million and added \$900,000 in new and backfilled ongoing programming for a net General Fund reduction of \$690,000 (see tables below).

The Emergency Management and Homeless Services departments will consolidate resources to fund a single Supply Center, thereby streamlining service delivery. The Safety on the Streets – Supply Center program is transferring from the Homeless Services Department to Nondepartmental (10012C) at \$1.4 million and 2.00 FTE, funded by Supportive Housing Services dollars.

Reductions and Backfill

Although the Logistics program is reduced by 5.00 FTE in Supportive Housing Services (SHS) funding, it is still able to maintain emergency severe weather shelter capacity for 1,300 people (10012B/E). To mitigate the reduction in SHS there is an ongoing General Fund backfill of \$0.5 million and 3.00 FTE for a net decrease of 2.00 FTE in the program.

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	General Fund Backfill	SHS Fund Reductions	Total Reductions	FTE Red.
10000A	Chair's Office	(172,385)			(172,385)	(1.00)
10000C ¹	HB 4002 Implementation	(248,185)			(248,185)	
10007A	Communications Office	(166,297)			(166,297)	(1.00)
10009A ²	Local Public Safety Coordinating Council	(79,810)			(79,810)	
10011	Office of the Board Clerk	(58,069)			(58,069)	
10012A	Office of Emergency Management	(275,314)			(275,314)	(1.00)
10012B ³	Logistics	(18,000)	489,456	(736,995)	(265,539)	(2.00)
10012D	Countywide Severe Weather Shelter			(1,171,046)	(1,171,046)	
10016	Government Relations Office	(202,699)			(202,699)	(1.00)
10017A	Office of Diversity and Equity	(171,034)			(171,034)	(1.00)
10018	Office of Sustainability	(142,946)			(142,946)	(1.00)
10033 ²	Economic Development for Spectator Activities and Events	(50,000)			(50,000)	
Total		(\$1,584,739)	\$489,456	(\$1,908,041)	(\$3,003,324)	(8.00)

¹ General Fund in this program was reallocated in support of countywide ongoing General Fund

² Funded by Video Lottery Fund

³ General Fund backfills Supportive Housing Services funding.

Budget Director's Message

FY 2026 Proposed Budget

New Ongoing and One-Time-Only Programs

The NOND budget is increasing in the following areas:

- Auditor's Office adds 1.00 FTE Intake Specialist to support the Ombudsperson (10005).
- Communications Office adds 1.00 FTE General Communications Coordinator due to a surge in media requests over the past few years (10007B).
- Community Budget Advisory Committee (CBAC) 1.00 FTE (CBAC) Coordinator is added to support both the countywide and departments CBAC's (10010B).

Prog. #	Program Offer Name	General Fund		FTE
		Ongoing	OTO	
10005	Auditor's Office	108,163		1.00
10007B	Expanded Communications Capacity	171,699		1.00
10010B	Community Budget Advisory Committee Coordinator	125,000		1.00
10031	Lone Fir Cemetery		<u>1,000,000</u>	
Total		\$404,862	\$1,000,000	3.00

Reallocations

\$184,419 is reallocated to the Office of the Board Clerk for upgraded technology that moves to a cloud-based digital government that will provide easier access to records and documents. This is a neutral reallocation because the IT costs for DSS-J IT system have decreased. \$286,137 in Supportive Housing Services funding is reallocated to Logistics in order to maintain 2.00 FTE.

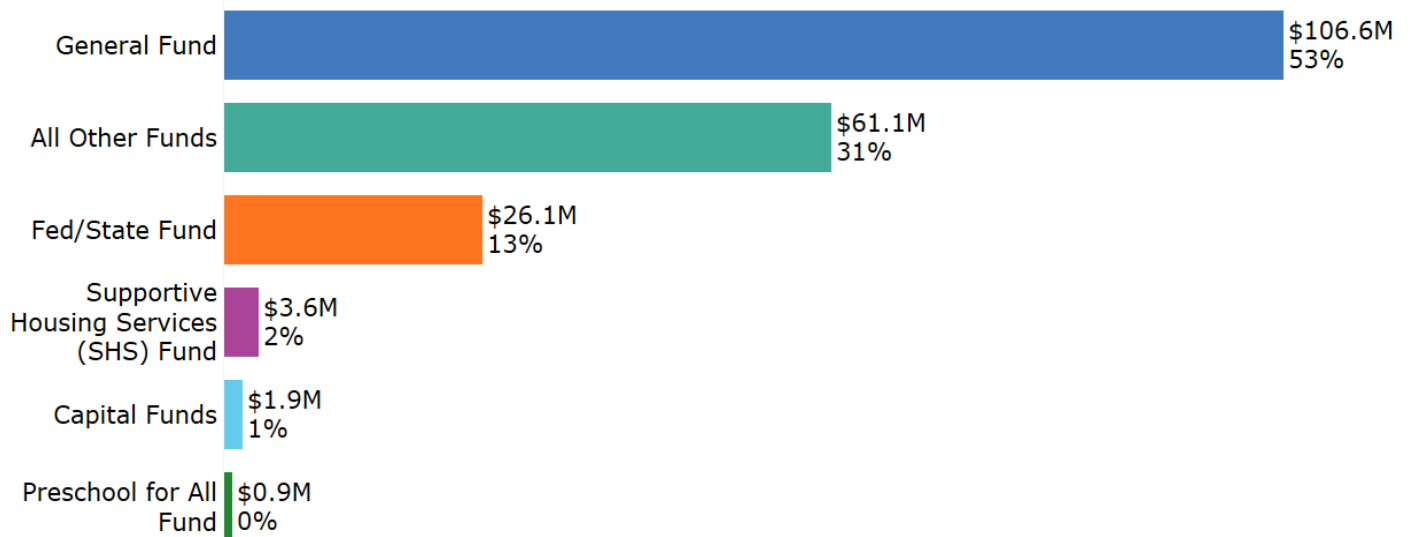
Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
Nondepartmental			
Made these reductions			
10009A	Local Public Safety Coordinating Council - DSS-J Data System	(180,419)	
To fund these programs			
10011	Office of the Board Clerk	<u>180,419</u>	
Total Nondepartmental General Fund Reallocations		\$0	0.00

Prog. #	Program Offer Name	Other Funds Reallocated	FTE Reallocated
Nondepartmental			
Made these reductions			
10012D	Countywide Severe Weather Response (supplies)	(286,137)	
To fund these programs			
10012B	Logistics Staffing	<u>286,137</u>	<u>2.00</u>
Total Nondepartmental Other Funds Reallocations		\$0	2.00

Department of County Assets (DCA)

Internal Service Fund Additions and Reductions

The Department of County Assets examines countywide internal service needs, including facilities, IT, fleet, motor pool, mail/distribution, and records/archives before the beginning of the annual budget cycle. This results in strategic investments and reductions to internal service fund budgets that determine the internal service rates paid by all County departments. Departments pay for internal services using a variety of funding sources, and changes to internal service fund budgets have a countywide impact. As shown below, the General Fund pays for 53% of internal services.



The tables below show the additions, reductions, and reallocations from the FY 2026 internal service budget process. The tables reflect both decisions made prior to the publication of internal service rates (ISR) in early December, just before the annual budget process begins for all County departments, and additional changes needed to incorporate the funding decisions for departments in the Proposed budget that had impacts on internal service funding.

As shown below, DCA reduced their ongoing General Fund by \$563,000 and 3.00 FTE in Business Services. This includes the elimination of DCA's Strategic Sourcing program, which includes 2.00 FTE (included in the Business Services FTE reduction). This restructuring shifts a small amount of contract ownership to individual departments and decentralizes that effort. Their internal service reductions and additions, resulted in a \$632,000 and 2.00 FTE net reduction in Facilities and a \$647,000 and 0.00 FTE net reduction in Information Technology. These savings will be passed through to departments and across funds as lower internal service costs.

Budget Director's Message

FY 2026 Proposed Budget

Prog. #	Program Offer Name or Reduction Description	General Fund Reductions	Internal Service Funds Additions	Internal Service Funds Reductions	Total	FTE
78105	DCA Business Services	<u>(562,698)</u>			<u>(562,698)</u>	<u>(3.00)</u>
DCA Administrative Total		(\$562,698)			(562,698)	(3.00)
78200	Facilities Director's Office			(213,178)	(213,178)	(1.00)
78202	Facilities Operations and Maintenance		150,000	(530,107)	(380,107)	(1.00)
78203	Facilities Client & Support Services		<u>180,000</u>	<u>(218,929)</u>	<u>(38,929)</u>	
Facilities & Property Management Total			\$330,000	(\$962,214)	(\$632,214)	(2.00)
78304	IT Telecommunications Services		85,000	(140,665)	(55,665)	
78305	IT Mobile Device Expense Management			(200,000)	(200,000)	
78306	IT Network Services		100,000		100,000	
78307	IT Desktop Services			(121,195)	(121,195)	
78308	IT Asset Replacement		119,824	(1,087,000)	(967,176)	
78313	IT Enterprise Resource Planning Application Services		99,000	(150,000)	(51,000)	
78316	IT Division Administration			(394,537)	(394,537)	(1.00)
78317	IT Data Center & Technical Services		255,000	(677,916)	(422,916)	
78327	IT Cybersecurity and Data Compliance Services			(145,000)	(145,000)	
78341	IT Enterprise Architecture		200,000		200,000	
78342	IT Application & Data Services		623,078	(251,569)	371,509	1.00
Multiple	Multiple, IT Division		<u>1,038,000</u>		<u>1,038,000</u>	
Information Technology Total			\$2,519,902	(\$3,167,882)	(\$647,980)	0.00
Total Department of County Assets		(\$562,698)	\$2,849,902	(\$4,130,096)	(\$1,842,892)	(5.00)

Budget Director's Message

FY 2026 Proposed Budget

New Ongoing and One-Time-Only Programs

The table below shows only new funding for these programs.

Prog. #	Program Offer Name	General Fund		
		Ongoing	OTO	FTE
78233	Justice Center Electrical System Upgrade - Bus Duct Replacement Phase 2		3,300,000	
78235	Walnut Park Redevelopment Planning		150,000	
78240	Hansen Complex Deconstruction Project		1,000,000	
78244	Juvenile Justice Complex Security Foyer		1,500,000	
78250	Vance Pit Security Fence		125,000	
78251	DCJ East Campus Expansion		1,000,000	
78252	Downtown Real Estate Options Analysis		200,000	
78253	FPM Prophet Center Relocation Options Analysis		150,000	
78254	Downtown Jail Site Replacement Study		150,000	
78332	Public Website and Digital Services Transformation		<u>1,500,000</u>	
Total		\$0	\$9,075,000	0.00

*Funded by the General Fund and budgeted in other funds.

Reallocations

The table below shows an ongoing reallocation of Capital Improvement Project offset funds to Capital Improvement Administration funds within the Asset Preservation Fund (Fund 2509) to fund 2.00 FTE new Capital Improvement Project Manager positions within the existing Capital Improvement Plan (CIP).

Prog. #	Program Offer Name	Other Funds Reallocated	FTE Reallocated
County Assets			
Made these reductions			
78245	Facilities Capital Improvement Program (Project funds)	(399,208)	
To fund these positions			
78245	Facilities Capital Improvement Program (Staffing)	<u>399,208</u>	<u>2.00</u>
Total County Assets		\$0	0.00

Budget Overview All Funds

The County's Total Budget is our legal budget, totaling \$4.0 billion in FY 2026. We are required by Oregon Budget Law to report the budget at this level. It includes all of the resources that we know about and balances our expenses against these total resources. The County will always provide budget information at this level because of our legal obligations, but doing it this way overstates what we actually plan to spend on programming in the fiscal year. The total budget includes unappropriated balances (which is how we budget reserves), contingencies (funds that we will hopefully not have to use), and cash transfers from one fund to another (which counts the same resource twice - once in each fund).

This budget document will often focus on the Operating Budget (a subset of the total budget) because it avoids some double counting and provides a clearer picture of what the County or a department expects to spend in a year. The operating budget excludes unappropriated balances, contingencies, and cash transfers. At the countywide level, the operating budget does not completely eliminate double counting because it reflects costs when one department provides a service to another ("internal service reimbursements") - although looking at the operating budget for a single department will not have such double counting. In addition, the County budgets all of the resources for major capital projects in the relevant capital fund, even if they will be spent down over several years.

FY 2026 Budget	
Operating Budget	2,983,310,665
Contingency (All Funds)	134,058,257
Internal Cash Transfers	59,967,266
Reserves (Unappropriated Balances)	<u>824,729,699</u>
Total Budget	\$4,002,065,887

Department Revenues All Funds (\$3.4 billion)

Total direct resources, or “revenues,” for FY 2026 are \$3.4 billion, an \$11.9 million decrease from FY 2025 (excluding service reimbursements and cash transfers between funds). The County’s two main resources for ongoing expenditures are intergovernmental revenues and taxes, while beginning working capital (i.e. funds that were not spent in a prior fiscal year) is also a significant resource.

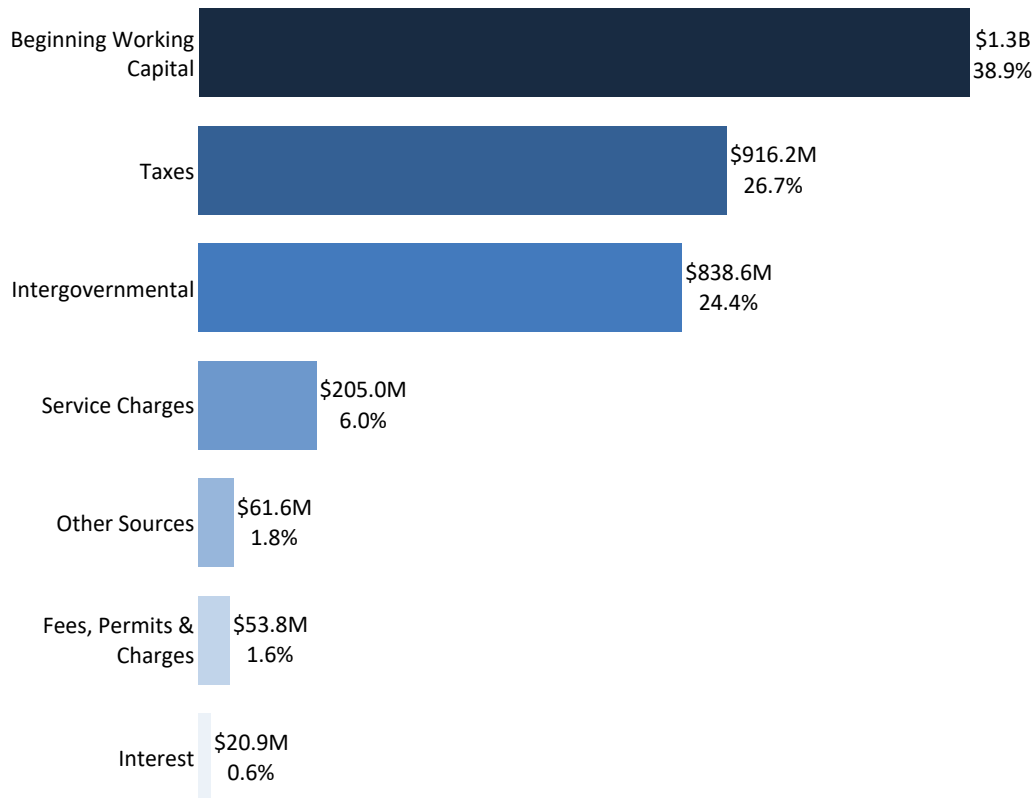
Intergovernmental revenues are the County’s third largest revenue category at \$838.6 million or 24.4%. This reflects a \$21.1 million or 2.5% decrease from FY 2025. The decrease is mainly due a downward forecast adjustment for Metro Supportive Housing Services (SHS) funds and decrease in Federal/State Funding, mainly due to spending down one-time resources in FY 2025 for Sobering Center capital and Emergency Response Kits. Intergovernmental revenues include any revenue transferred from another government entity to the County to support County-provided services. These revenues fund a variety of services from bridge operations and HIV harm reduction to nutrition assistance and weatherization.

Taxes constitute the second largest revenue source at 26.7% and include Property Tax, Business Income Tax (BIT), Motor Vehicle Rental Tax, Transient Lodging Tax, and County Gas Tax. Tax collections are anticipated to increase 5.0% from \$872.8 million in FY 2025 to \$916.2 million in FY 2026. The increase is driven by BIT returning to growth after two years of decline, and an increase in Preschool for All Personal Income Tax revenue.

Beginning working capital (BWC) is the County’s largest resource for FY 2026, at \$1.3 billion or 38.9%. BWC decreased by 3.5% from \$1.4 billion in FY 2025 to \$1.3 billion in FY 2026. There were significant year-over-year decreases in BWC in the General Fund due to declining departmental underspending, the SHS Fund due to decreased carryover as the Homeless Services Department spends down one-time SHS resources, and the Library Bond Fund due to the advanced stage of the bond projects. These were offset by increases in BWC in the Preschool for All Fund and the Health Department’s FQHC Fund.

Budget Director's Message

FY 2026 Proposed Budget



The following table provides details on the budgeted amounts by revenue type for the FY 2025 Adopted budget as compared to the FY 2026 Proposed budget.

Revenue Type	FY 2025 Adopted	FY 2026 Proposed	Change from FY 2025	% Change
Beginning Working Capital	1,385,242,137	1,336,559,952	(48,682,185)	-3.5%
Taxes	872,784,775	916,226,201	43,441,426	5.0%
Intergovernmental	859,678,575	838,554,371	(21,124,204)	-2.5%
Service Charges	202,631,036	204,967,690	2,336,654	1.2%
Fees, Permits & Charges	51,567,403	53,820,706	2,253,303	4.4%
Other/Miscellaneous	54,359,215	61,631,610	7,272,395	13.4%
Interest	<u>18,260,500</u>	<u>20,878,586</u>	<u>2,618,086</u>	14.3%
Total Revenue	\$3,444,523,641	\$3,432,639,116	(\$11,884,525)	-0.3%

Fund Comparison: Year over Year

The FY 2026 Adopted budget (including internal charges, transfers, and loans) has increased by \$18.4 million (0.5%) over the FY 2025 Adopted budget. The changes are due to a variety of factors, the most notable of which are increases in Beginning Working Capital (BWC) in the Preschool for All Fund and the Health Department FQHC Fund, along with a decrease in the Supportive Housing Fund and Multnomah County Library Capital Construction (GO Bond) Fund. A few changes worth noting include:

- **Federal/State Fund:** The \$25.9 million increase is primarily from a \$50 million increase in the Homeless Services Department from assuming they will receive 20% of the statewide funding investments in homeless services, which follows historical allocations. This increase is offset by a reduction of \$16.2 million in one-time-only State Executive Order 24-02 FY 2025 funding for Oregon All In and Oregon Rehousing Initiative. In addition, the County received \$25 million for a sobering and deflection center in FY 2025, which has been partially spent. The FY 2026 budget includes \$13.4 million for the remaining amount, which is a decrease of \$11.6 million from FY 2025.
- **Coronavirus (COVID-19) Response Fund:** The \$18.9 million decrease in this fund is primarily due to the American Rescue Plan Act (ARP) funds expiring. The remaining balance is from interest earnings on the ARP funding, along with some department-specific ARP funds that had a different expiration date in the Department of Community Services.
- **Supportive Housing Fund:** The \$122.6 million decrease in this fund is a combination of Metro's most recent forecast which was revised downward and a reduction in assumed carryover. With limited historical data, there are risks the forecast will be revised again. For FY 2026 Metro is forecasting \$136.6 million ongoing revenue.
- **Preschool for All Program Fund:** 24.9% increase due to \$125.0 million of additional beginning working capital (mostly related to the Dedicated Savings strategy), an additional \$12.0 million in tax revenue, and \$5.3 million in interest earnings.
- **Multnomah County Library Capital Construction (GO Bond) Fund:** The significant decrease of \$110.5 million in this fund from the FY 2025 Adopted Budget is expected spending down of the Library Capital Bond Funds.

The table below shows the year over year change by fund type, while a detailed table in the Financial Summaries tab of Volume 1 shows the year over year change by individual fund (Fund Comparison: Year over Year).

Fund Type	FY 2025 Adopted	FY 2026 Proposed	Change from FY 2025	% Change
General Fund	887,924,932	897,389,117	9,464,185	1.1%
Special Revenue Funds	1,695,504,132	1,759,260,564	63,756,432	-24.9%
Debt Service Funds	165,741,041	165,423,912	(317,129)	-0.2%
Capital Projects Funds	467,146,250	350,627,753	(116,518,497)	12.9%
Enterprise Funds	266,708,241	301,067,237	34,358,996	5.5%
Internal Service Funds	<u>\$500,639,981</u>	<u>528,297,304</u>	<u>27,657,323</u>	3.8%
Total Revenue	\$3,983,664,577	\$4,002,065,887	\$18,401,310	0.5%

Budget Director's Message

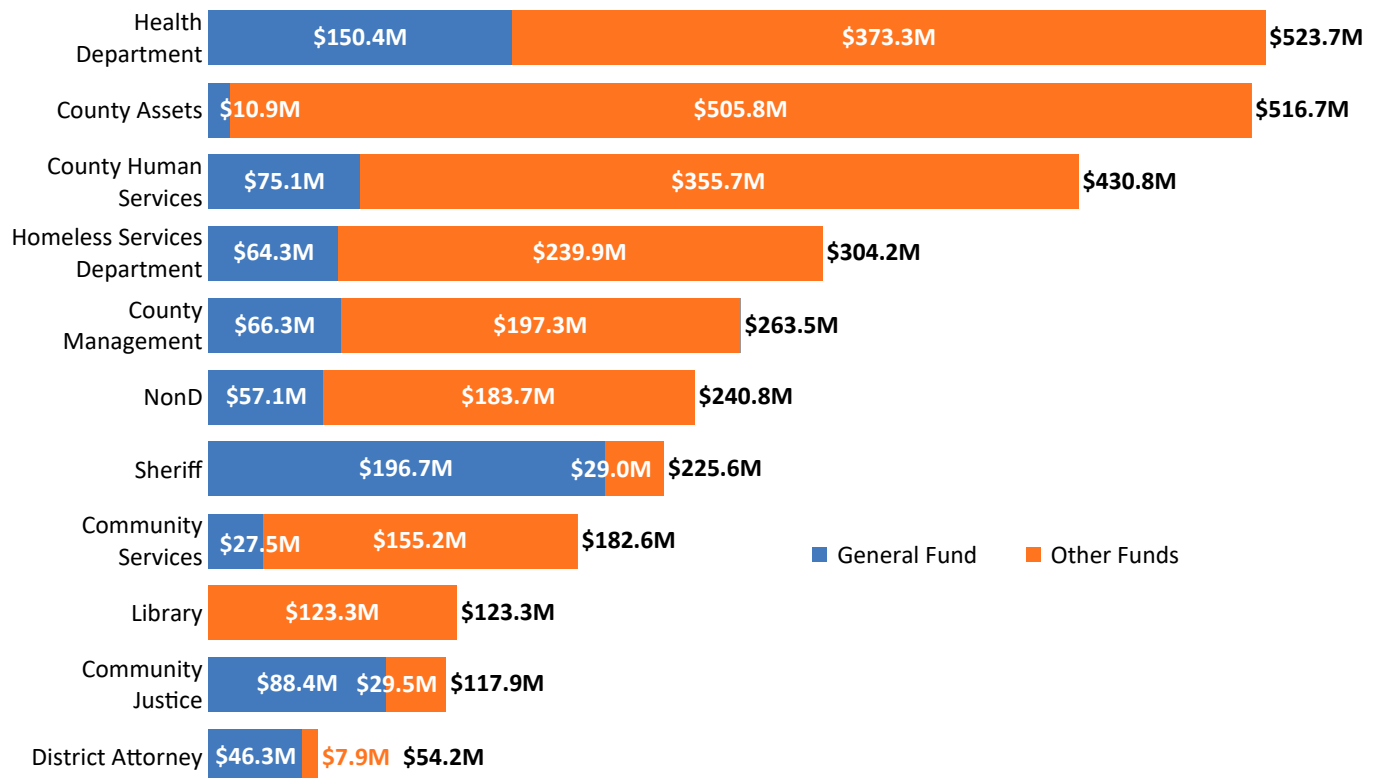
FY 2026 Proposed Budget

Department Expenditures All Funds (\$3.0 billion)

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, decreased to \$3.0 billion from \$3.1 billion in the FY 2025 Adopted Budget.

The bar chart below shows appropriations by department in millions of dollars for both the General Fund and Other Funds. These figures include internal service payments, and thus represent some double-counting.

The Library General Obligation (GO) Bond capital projects (\$142.9 million) and the actual GO Bond (\$57.1 million) financing are budgeted in the Department of County Assets and Nondepartmental (respectively), greatly increasing the size of those departments' budgets. The Health Department's budget includes \$216.8 million in the Federally Qualified Health Center (FQHC) enterprise fund that accounts for the County's community health clinics.



The General Fund

Multnomah County's revenue is divided into two types: legally restricted funds and unrestricted revenue in the General Fund. Nearly 78% of revenue is legally restricted to fund specific services, and about 22% is unrestricted General Fund.

Restricted funds can only be used for specific purposes outlined in the law. For example, vehicle registration fees can only be spent on roads and bridges, but General Fund revenues have fewer restrictions and can be used to fund services to address the County's needs. In Multnomah County, nearly 50% of the General Fund supports public safety, including the Sheriff's Office, District Attorney's Office, and the Department of Community Justice. The rest of the General Fund is divided among other services.

General Fund Revenues (\$824.1 million)

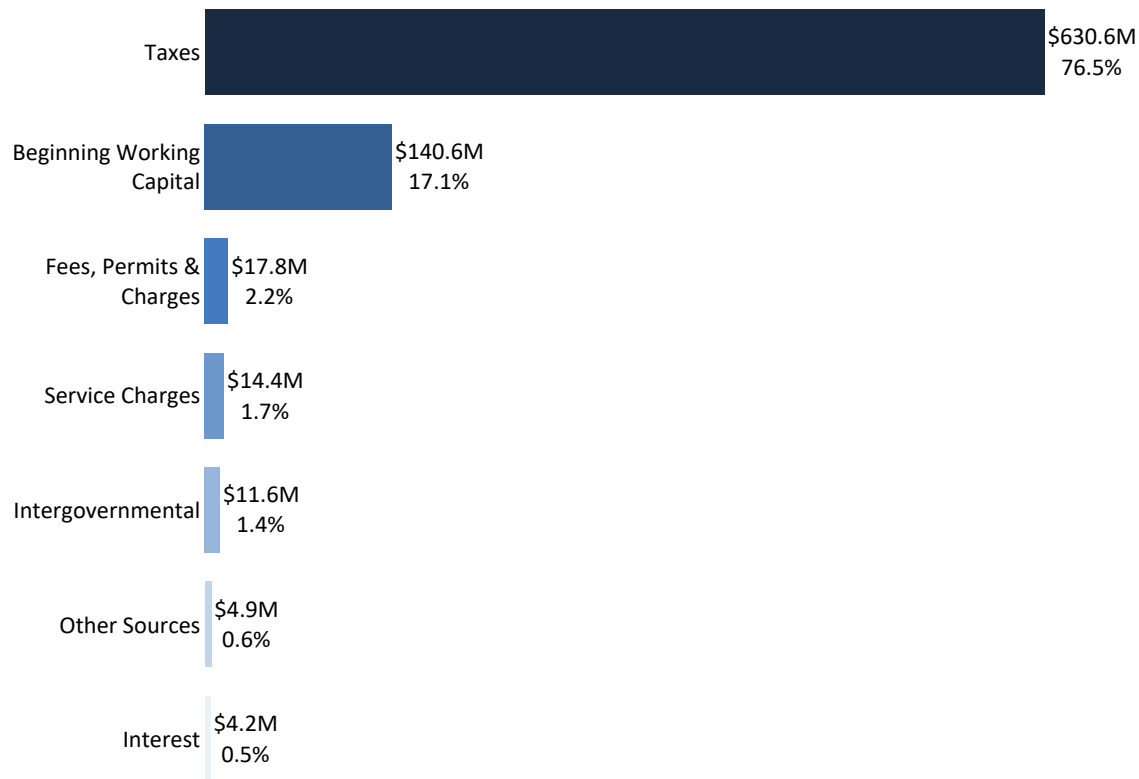
General Fund resources for FY 2026 (excluding \$73.3 million of service reimbursements and cash transfers) have increased only slightly from FY 2025. Direct resources are budgeted at \$824.1 million – a \$5.0 million increase over FY 2025 (or six-tenths of 1%).

As shown in the chart below, taxes make up the majority of General Fund revenues. If one excludes Beginning Working Capital (BWC) and service reimbursements, taxes account for nearly all of the Board's discretionary ongoing funds. Taxes include:

- **Property taxes**, accounting for \$412.9 million, are budgeted to increase by \$9.0 million or 2.2%. Underlying Assessed Value (AV) growth is expected to slow considerably due to slowing development and declining downtown property values.
- **Business income taxes (BIT)**, accounting for \$176.0 million, are budgeted to be up \$13.0 million or 8.0% due to continued strong corporate profits. While the total BIT budgeted in FY 2026 is \$176.0 million, this includes \$1.3 million of potential additional collections due to the City of Portland's new tax collection software. If these revenues do materialize, they will be paid to the City as part of the County's contribution to the software upgrade costs. Therefore, the amount of discretionary BIT revenue available to the County is \$174.7 million.
- **Motor vehicle rental taxes (MVRT)**, accounting for \$41.2 million, are budgeted to increase by \$4.4 million or 12.1%. Most of this increase is due to an increase in passengers flying into PDX.

Budget Director's Message

FY 2026 Proposed Budget



General Fund Expenditures and Reserves (\$897.4 million)

The \$897.4 million General Fund comprises 22.4% of the County's budget. It is the largest pool of discretionary funds that the Board of County Commissioners can allocate. Resources include property taxes, the Business Income Tax (BIT), motor vehicle rental taxes, interest earnings, State shared revenues, and beginning working capital (BWC). The General Fund also includes a \$1.0 million one-time-only (OTO) investment in the Tax Title Affordable Housing subfund in response to a Supreme Court decision (see the Policy Issues and Opportunities section for detail) and Opioid Settlement Funds in the Health Department.

While the vast majority of General Fund expenditures support departments (referred to as "operating expenses"), the budget also includes contingency, reserves, and cash transfers. Reserves are set by Board policy and the majority of the Contingency is the BIT Reserve which is also set by Board policy. Cash Transfers generally come from One-time-only resources. Even after adding Cash Transfers and One-Time-Only General Funds in the following table, the amount of One-Time-Only resources are significantly less than they have been post-Pandemic. This is due to declining departmental underspending and more accurate revenue forecasts.

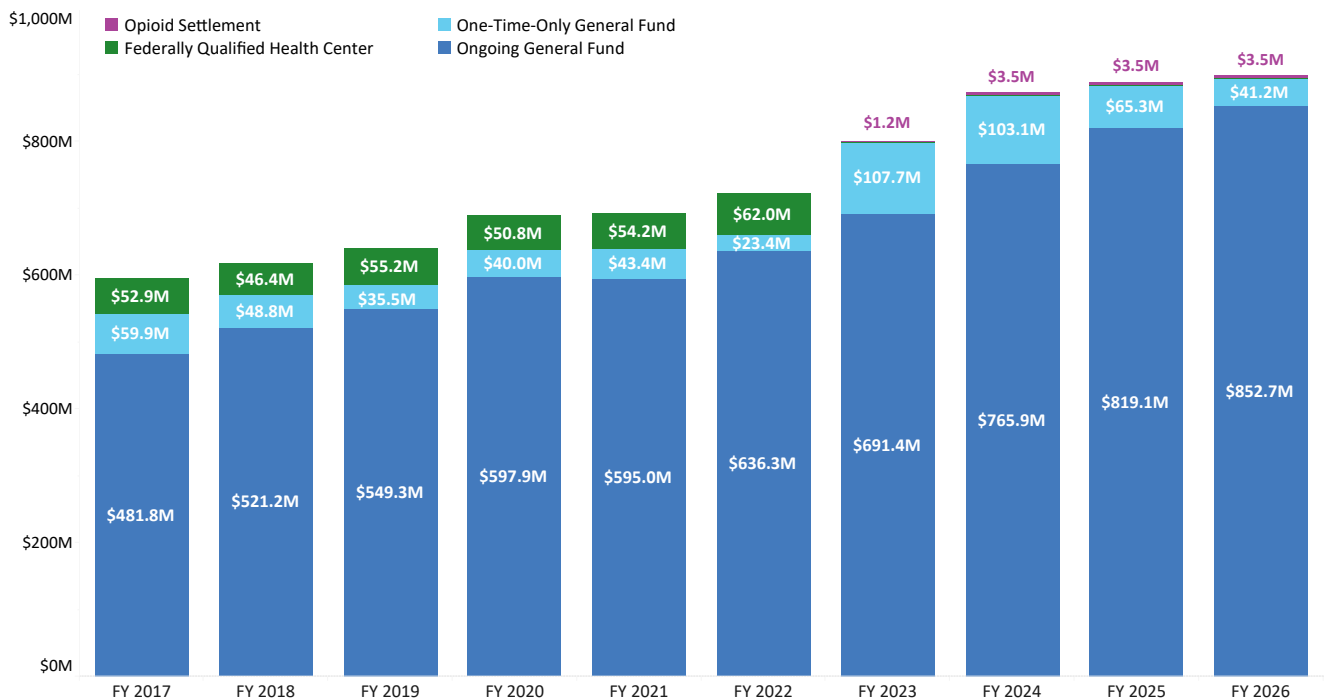
Budget Director's Message

FY 2026 Proposed Budget

Ongoing General Fund	\$747.3M
Reserves	\$77.8M
One-Time Only General Fund	\$32.1M
Contingency	\$27.6M
Cash Transfers	\$9.1M
Opioid Settlement	\$3.5M

The following graph shows total General Fund “spending,” including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2017 through FY 2026. The graph details how much one-time-only (OTO) and ongoing funding was budgeted. Combining each segment provides the total General Fund. The FY 2022 Adopted budget was the last year that the General Fund included Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds. In mid-FY 2022, these funds were moved to the newly created Health Department FQHC Enterprise Fund for easier reporting. Starting in FY 2023, resources from Opioid Settlements were added to the General Fund.

The total amount of one-time-only shown in the following graph differs from the FY 2026 breakout above because of a difference in how the resources funding reserves and contingency are defined.



General Fund Reserves

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2026, reserves in the General Fund are 12% of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes.

The FY 2026 budget fully funds the General Fund reserves at \$77.8 million and is in compliance with the Financial and Budget Policies. The level of General Fund reserves is considered a fundamental measure of financial health. The FY 2026 budget also includes the Business Income Tax (BIT) reserve at \$21.1 million (12% of BIT revenues). This stabilization reserve is in addition to the General Fund reserve and is specifically intended to mitigate the risk of an unexpected downturn in the regional economy as the BIT is a volatile revenue source.

The County continuously reexamines its financial policies and strives to remain in line with best practices related to financial stability. The County is engaged in a multi-year project to raise the level of General Fund reserves to 15%.

Use of One-Time-Only (OTO) Funds

The tables on the next pages summarize the \$62.3 million in one-time-only (OTO) General Fund investments and highlights \$9.6 million in significant OTO Other Funds investments for FY 2026. The tables are in the following order:

- One-Time-Only for Capital Projects
- One-Time-Only for One-time Expenditures

After excluding the Business Income Tax (BIT) Reserve, remaining interest from American Rescue Plan (ARP) resources and Video Lottery Fund investments from the table, there are a total of \$35.6 million in new, one-time investments after fully funding the County's General Fund reserves. The major sources of OTO revenues include:

- \$34.2 million of additional Beginning Working Capital (BWC) in FY 2025 from departmental underspending and higher revenues in FY 2024.
- \$1.0 million in November 2024 Forecast adjustments, mainly from upward property tax and motor vehicle rental tax revisions.
- \$2.3 million in additional interest revenue from the March 2025 Forecast update.
- \$2.4 million in ARP Interest that is budgeted in its own fund (Coronavirus (COVID-19) Response Fund (1515)). Programs funded with this revenue are included in this table because of the flexibility of the funding.
- Rolling over \$1.0 million of the remaining Tax Title Settlement funds to cover potential settlements and using the remaining \$3.0 million to fund other OTO programs. \$0.8 million of funds dedicated to funding the last round of employee retention incentives were also rolled over.

Budget Director's Message

FY 2026 Proposed Budget

One-Time-Only Resources for Capital Projects (per financial policy)

The County's financial and budget policies state that after fully funding reserves, 50% of any remaining one-time-only resources will be allocated to the capitalization, or recapitalization, of major County facilities and/or information technology projects. Based on the FY 2026 General Fund forecast, that goal is \$18.6 million. As can be seen from the table below, the Proposed Budget is short of the goal by \$7.8 million. Due to the programmatic demands and the deep reductions in our Supportive Housing Services revenue, policy tradeoffs were made including allocating \$10 million (26.8% of the available one-time-only funding) to provide continued support for the City of Portland's operational budgets for the Temporary Alternative Shelter Sites (TASS) and Safe Rest Village shelter sites.

Prog #	Program Name	Dept.	Total General Fund	OTO General Fund
15002B	Expanded IT Support for Case Mgmt. and Software Migration	DA	279,000	279,000
40044B	Supplemental Data Sets Partnership with DCA	HD	400,000	400,000
40096	Public Health Office of the Director	HD	3,444,521	27,380
90018B*	ADA Ramps Phase - 4	DCS	1,000,000	1,000,000
General Fund Cash Transfers				
95000	~Walnut Park Redevelopment Plan (78235)		150,000	150,000
95000	~Hansen Complex Deconstruction Phase 1 (78240)		1,000,000	1,000,000
95000	~Vance Pit Security Fence (78250)		125,000	125,000
95000	~DCJ East Campus Expansion (78251)		1,000,000	1,000,000
95000	~Downtown Real Estate Options Analysis (78252)		200,000	200,000
95000	~FPM Prophet Center Relocation (78253)		150,000	150,000
95000	~Downtown Jail Site Replacement Study (78254)		150,000	150,000
95000	~Public Website and Digital Services Transformation (78332)		2,460,000	1,500,000
95000	~Juvenile Justice Complex Security Foyer (78244)		2,068,000	1,500,000
95000	~Justice Center Electrical System Upgrade - Bus Duct Replacement Phase 2 (78233)		<u>12,601,441</u>	<u>3,300,000</u>
Total One-Time-Only for Capital Projects			\$25,027,962	\$10,781,380

*Video Lottery Fund

Budget Director's Message

FY 2026 Proposed Budget

One-Time-Only Resources for One-Time Expenditures

Prog #	Program Name	Dept.	Total General Fund in PO	OTO General Fund in PO	Other Funds
10030	Employee Retention Incentives - Final Year	NOND	750,000	750,000	
10031	Lone Fir Cemetery	NOND	1,000,000	1,000,000	
25000B	State of the Children in Multnomah County	DCHS	150,000	150,000	
25004	Support for Newly Arrived Families	DCHS	633,500	633,500	
25133B	Emergency Rent Assistance & Eviction Prevention	DCHS	3,500,000	3,500,000	
25146	YFS - SUN Community Schools: Family Resource Navigators	DCHS	2,000,000	2,000,000	
30202C	Safety off the Streets - City of Portland Alternative Shelter Sites	HSD	10,000,000	10,000,000	
30304	Housing Placement & Retention - Emergency Rent Assistance	HSD	2,918,805	2,918,805	
40004B	Ambulance Service Plan Continuation	HD	400,000	400,000	
40074B	Bridgeview	HD	1,300,000	1,300,000	
40112	Shelter, Housing and Supports	HD	413,573	264,563	9,615,877
60215C*	Human Resources Expansion - One-Time-Only	MCSO	857,527	857,527	
72044A	FRM Construction Diversity and Equity	DCM	1,900,377	1,900,377	0
72044B	Regional Construction Workforce Diversity Funder Collaborative	DCM	200,000	200,000	0
72053	Equity Focused Organizational Development Contracting	DCM	100,000	100,000	0
72054	Medicaid Service Coordination	DCM	500,000	500,000	0
72066	DCM Tax Title Reserve Fund	DCM	1,000,000	1,000,000	0
95000	General Fund Contingency	Countywide			
	~Additional Contingency for Uncertainty			1,743,437	
	~Contingency for Flex Jail Dorm Earmark			1,200,000	
95000	BIT Reserve at 12%			<u>21,120,761</u>	0
	Total One-Time-Only		\$27,623,782	\$51,538,970	\$9,615,877

*Funded with ARP interest earnings

Voter Approved Initiatives (Year 5)

In 2021, local voters passed two new taxes and approved a General Obligation (GO) Bond detailed below.

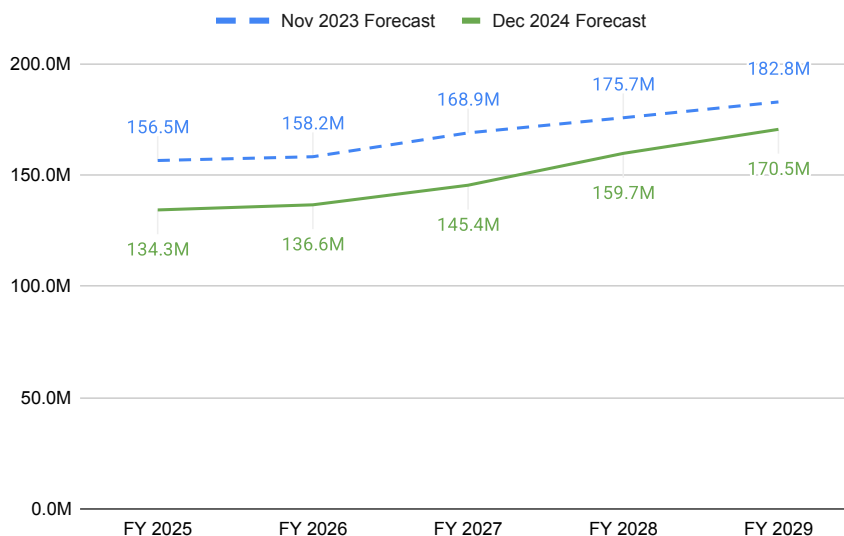
Voter Initiative	Operating Budget	Reserves, Contingencies, & Dedicated Savings	Total Budget
Supportive Housing Services (SHS) Measure	178,000,002	4,165,730	182,165,732
Preschool for All	172,406,686	542,256,817	714,663,503
Library Capital Bond	142,915,708	0	142,915,708

Metro Supportive Housing Services Measure (SHS Measure) - \$182.2 million

The \$122.6 million decrease in this fund is a combination of Metro's most recent forecast, which was revised downward, and a reduction in assumed carryover. With limited historical data, there are risks the forecast will be revised again. For FY 2026 Metro is forecasting \$136.6 million ongoing revenue.

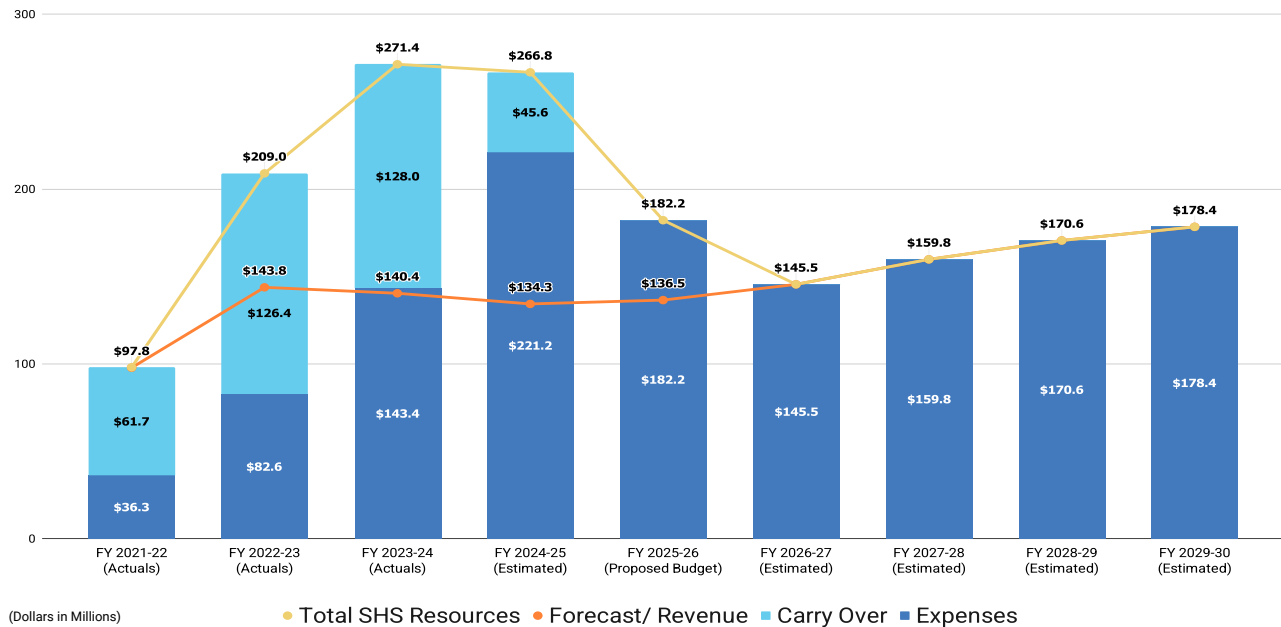
In February 2025, the County announced that the Homeless Services Department was facing a \$104 million shortfall for FY 2026. This shortfall resulted from a combination of faster than expected programmatic spending and changes in the expected SHS revenue collections. For FY 2025, HSD budgeted \$148.0 million in SHS carryover but actual carryover was \$113.0 million. In December 2024, Metro provided an updated FY 2025 forecast of \$134 million, which was a reduction of \$22 million from the previous forecast of \$156.5 million. Together, the reduction in FY 2024 carryover and the drop in FY 2025 revenue create a \$57 million gap in the adopted budget. These changes will result in a reduction in anticipated carryover for FY 2026, which combines with the \$21.6 million decrease in the FY 2026 revenue forecast to create the \$104 million shortfall.

Metro Forecast Change for Multnomah County SHS Revenue

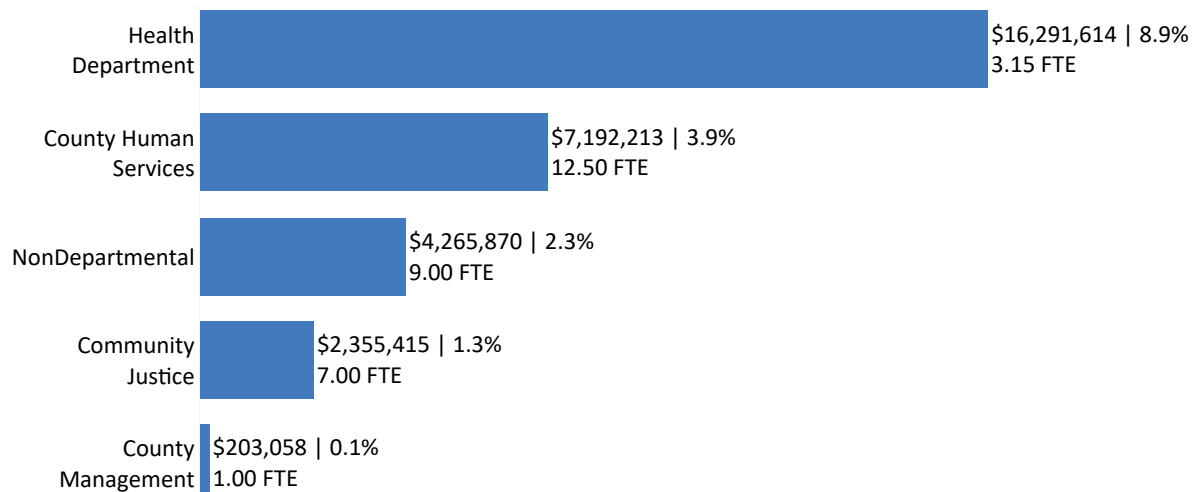


Budget Director's Message

FY 2026 Proposed Budget



FY 2026 is the fifth year of a Metro Business Income Tax and personal income tax on high-income households that funds an expansion of permanent supportive housing programs for a ten year time span. Per the intergovernmental agreement, after collections cost and Metro administration, the revenue allocation is split Multnomah County 45.3%, Washington County 33.3% and Clackamas County 21.3%. The budget includes \$182.2 million (including \$4.2 million of contingencies) of SHS Measure-funded programming. HSD partners with other County departments and community providers on coordination and implementation serving our houseless neighbors. Prior to FY 2024, the entire SHS budget was housed in HSD. In FY 2025, department budgets have a direct allocation of Supportive Housing funding. This transfer reflects the collaboration between County departments and Homeless Services to establish a unified approach in addressing homelessness. The budget appropriations included with the various department partners are shown in the bar chart and table below. Of the \$178.0 million SHS operating budget, \$147.7 million (83%) is budgeted in JOHS and \$30.3 million (17%) budgeted in partner departments.



Budget Director's Message

FY 2026 Proposed Budget

Supportive Housing Services - Partner Departments

Prog. #	Program Name	SHS Fund	General Fund	Other Funds	Total Cost	SHS FTE
Nondepartmental						
10000B	Homelessness Response System and Action Plan	922,122			922,122	3.00
10012B	Logistics	1,093,051	443,871		1,536,922	4.00
10012C	Safety on the Streets - Supply Center	1,375,000			1,375,000	2.00
10012D	Countywide Severe Weather Response	<u>875,697</u>			<u>875,697</u>	
	Total Nondepartmental	\$4,265,870	\$443,871	\$0	\$4,709,741	9.00
County Human Services						
25000	DCHS Director's Office	187,076	3,478,738		3,665,814	1.00
25000A	DCHS Director's Office	198,440	3,567,638		3,766,078	1.00
25011	IDDSB Budget and Operations Support	450,878	625,651	7,391,286	8,467,815	1.00
25012	IDDSB Services for Adults	234,076	1,580,128	9,252,373	11,066,577	1.00
25029	ADVSD LTSS Nursing Homes and Homeless Services (Medicaid)	1,420,243	512,823	6,081,411	8,014,477	6.00
25050	YFS - Gateway Center	612,953	958,214	1,078,679	2,649,846	1.00
25118	YFS - Youth & Family Services Administration	188,927	2,388,527	-	2,577,454	1.00
25139	YFS - Multnomah Stability Initiative (MSI)	3,867,515	3,396,324	919,595	8,183,434	
25160	YFS - Data and Evaluation Services	<u>219,181</u>	<u>1,895,939</u>		<u>2,115,120</u>	<u>1.50</u>
	Total County Human Services	\$7,192,213	\$14,925,244	\$24,723,344	\$46,840,801	12.50
Health						
40069	Behavioral Health Crisis Services	1,000,000	1,638,934	17,633,850	20,272,784	1.00
40084A	Culturally Specific Mental Health Services	556,970	1,836,478		2,393,448	
40085	Adult Addictions Treatment Continuum	2,015,865	2,465,088	8,255,389	12,736,342	
40101	Promoting Access To Hope (PATH) Care Coordination Continuum	551,167	720,152	561,662	1,832,981	2.15
40105A	Behavioral Health Resource Center (BHRC) - Day Center	1,437,800	3,327,933	1,019,223	5,784,956	
40105B	Behavioral Health Resource Center (BHRC) - Shelter/Housing	1,113,935	3,002,764		4,116,699	
40112	Shelter, Housing and Supports	<u>9,615,877</u>	<u>413,573</u>		<u>10,029,450</u>	
	Total Health	\$16,291,614	\$13,404,922	\$27,470,124	\$57,166,660	3.15

Budget Director's Message

FY 2026 Proposed Budget

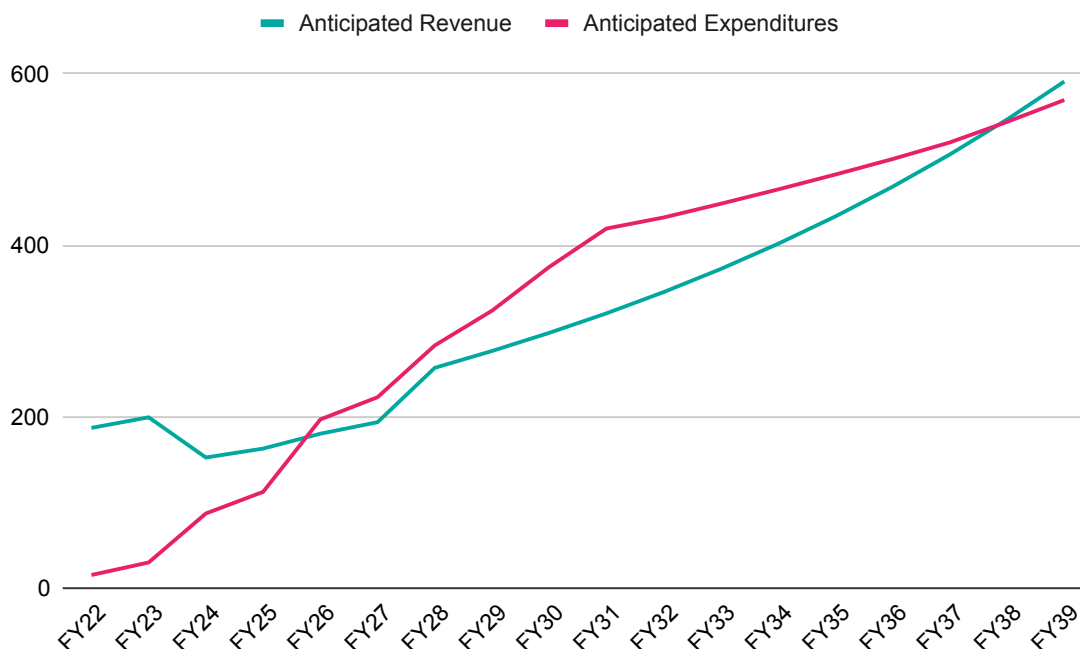
Prog. #	Program Name	SHS Fund	General Fund	Other Funds	Total Cost	SHS FTE
Community Justice						
50034	Adult Transition Services Unit (TSU)	1,361,752	4,928,268	1,922,807	8,212,827	2.00
50041	Adult Stabilization and Readiness Program (SARP)	<u>993,663</u>			<u>993,663</u>	<u>5.00</u>
	Total Community Justice	\$2,355,415	\$4,928,268	\$1,922,807	\$9,206,490	7.00
County Management						
72012B	FRM Fiscal Compliance Supportive Housing Services	\$203,058			\$203,058	1.00
	Total All Partner Departments	\$30,308,170	\$33,702,305	\$54,116,275	\$118,126,750	32.65

In April 2025, HSD released a new, public dashboard that shows the number of people experiencing homelessness and how many people are being served with housing, shelter, support services, and eviction prevention. The new dashboard can be found here: www.johs.us/data-dashboard.

Preschool for All (PFA) - \$714.7 million, 3,800 preschool slots

FY 2026 is the fifth year of a voter-approved personal income tax on high-income households to fund universal preschool. The FY 2026 budget includes \$175.0 million in new funding from FY 2026 tax collections. The remaining resources come from interest (\$5.3 million) and carryover from previous fiscal years (\$534.3 million) which seeds the program's Dedicated Savings set aside to address expected future deficits, and program contingencies and reserves. The reserve and contingency funds are long-term financial stability strategies. Dedicated Savings is a limited-term strategy which will be used to address the challenge of expenditures outpacing annual revenue beginning in FY 2027. Based on current revenue and cost estimates, there will be an 11-year period from FY 2027 to FY 2037 when costs are higher than the anticipated revenue. This happens as the program nears universal preschool access. Over time, the gap between revenues and expenses narrows as the pace of slot growth slows.

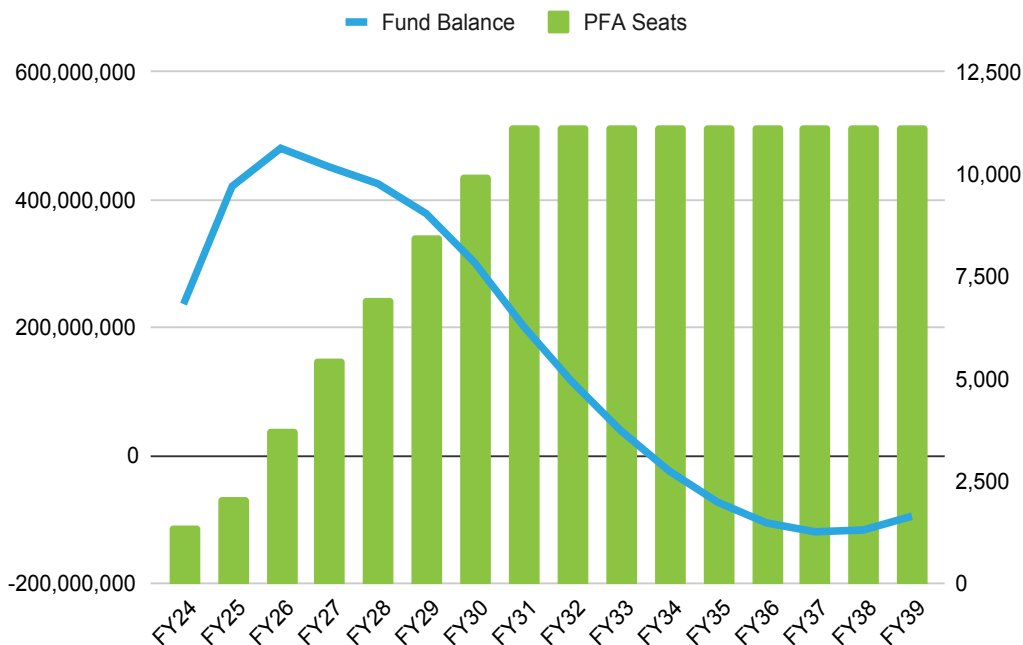
The following graph shows anticipated Preschool for All revenue and expenditures. In the early years of the program, revenues are higher than expenses. The money set aside during the early years of Preschool for All implementation when seat numbers remain lower will be used as Dedicated Saving dollars to ensure that PFA can provide consistent levels of high-quality preschool experiences for Multnomah County families. These Dedicated Savings resources will be used to offset an anticipated operational deficit between FY 2027 and FY 2037 of over \$599 million. In the longer term, the modeling shows that once the program hits universality, revenues are expected to grow faster than expenditures. Updated demographic modeling assumes that the number of three- and four-year olds in Multnomah County will level off and the number of PFA seats will remain constant. In the PFA Fund Balance graph below, this shows up as an increasing fund balance after FY 2037. The Multnomah County Board has the authority to make adjustments to the program to better align revenues and expenditures, but given the uncertainty of forecasting beyond five years, the forecast will likely continue to develop and change as more data becomes available.



Budget Director's Message

FY 2026 Proposed Budget

The money saved during the early years of Preschool for All (PFA) implementation, when seat numbers remain lower, will be used as Dedicated Savings dollars. The latest PFA forecast update (April) shows a potential shortfall in resources beginning in FY 2034. This means that the amount of revenue saved during the early years would not be sufficient to cover anticipated deficits. The goal of forecasting is to assist with planning and identify any potential issues well before they become acute. PFA leadership has policy options available to them to adjust the trajectory of expenditures. The graph below shows the anticipated build up and spend down of these dollars over the program's implementation. Applications for the first round of preschool seats opened in spring 2022 and the first students were in classrooms in FY 2023. The number of preschool seats will grow every year until 2031 when publicly funded preschool will be universal.



Multnomah County - Library General Obligation Bond - \$142.9 million

Multnomah County voters passed a General Obligation Bond that will fund capital projects for Multnomah County Libraries. Voters approved over \$387 million in new bonding capacity, which will fund eight major Library projects, including renovations, redevelopments, and the construction of a new East County Flagship Library. The Bond will also fund the creation of a new Central Sorting Center (opened in FY 2024), the expansion of Automated Materials Handling (AMH) in the Library branches, and improvements in all Library branches. The total budget includes the contingency funds available through the bond issuance process, not all of which are currently allocated but are available to use in the event of unexpected costs.

For more information about individual bond projects and timelines, see DCA Program Offers 78228A-J.

Policy Issues and Opportunities

The FY 2026 budget is based on the best information available at the time of development. The budget document lays out the County's plan to address community needs within budgetary limits, but there are issues that cannot be addressed in one year, or emerging issues that the County is tracking when planning for the future.

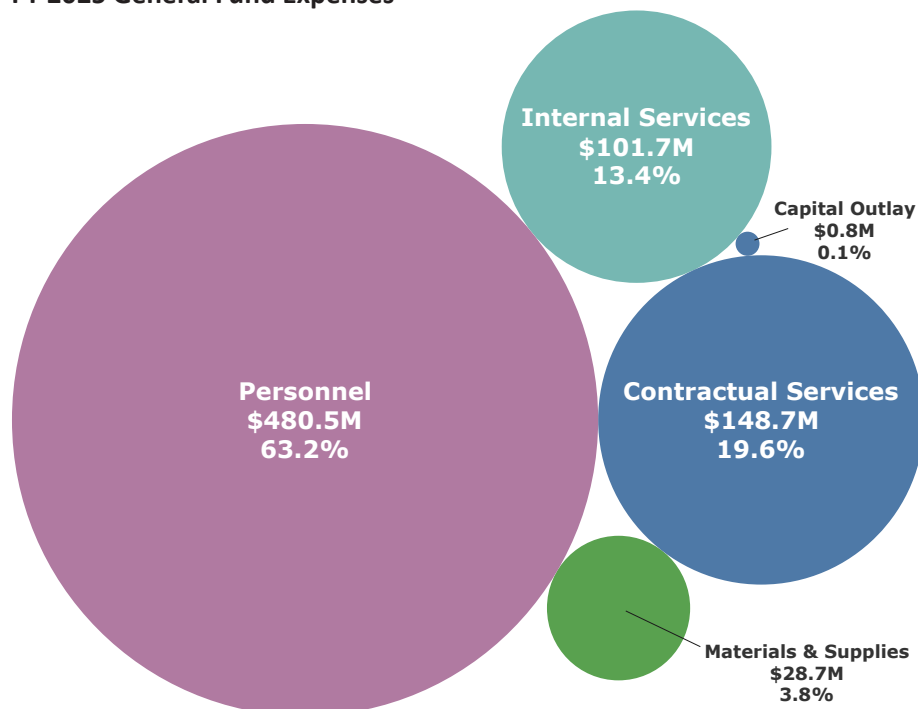
Federal Landscape

The County receives approximately \$250 million from the Federal Government (either directly or passed-through the State). The current uncertainty around Federal funding creates risk for County programming. The County has formed a taskforce to track the rapidly changing Federal landscape and regularly report out to the Board and the public about emerging risks

Labor and Personnel Costs

Personnel costs make up 63.2% of General Fund expenses. Approximately half of Contracted Services go to community partners where it mostly supports staff salaries, and even internal services are largely the cost of employees providing IT and Facilities support. As a result, the County's expenditure trajectory is driven by personnel cost changes which are based primarily on inflation, medical costs, and PERS. The graph below shows the breakdown of costs in the General Fund for the FY 2025 Adopted Budget.

FY 2025 General Fund Expenses



Budget Director's Message

FY 2026 Proposed Budget

The County currently has six open labor contracts, including AFSCME Local 88 which represents approximately 60% of County FTE. The County's forecast assumes the status quo for contracts going forward. As a result, bargaining can quickly change the County's financial position. The last time the County had this many open labor contracts, settling the contracts resulting in increased ongoing costs of approximately \$18 million. The table below shows the COLA that was assumed in the FY 2026 budget for each bargaining unit.

Bargaining Unit	Assumed COLA in FY 2026 Budget	Notes
AFSCME Local 88	2.40%	Open contract
Corrections Deputies Association	2.40%	Open contract
Dentists	2.40%	Closed contract
Deputy Sheriffs Association	2.40%	Closed contract
Federation of Parole and Probation Officers	5.00%	Open contract
International Brotherhood of Electrical Workers	2.40%	Closed contract
Juvenile Custody Services Specialists	2.40%	Closed contract
Operating Engineers	2.40%	Closed contract
Oregon Nurses Association	2.40%	Closed contract
Painters and Allied Trades	2.40%	Closed contract
Pharmacists	2.40%	Open contract
Physicians and Psychiatrists	2.40%	Open contract
Prosecuting Attorneys Association	2.40%	Open contract

Actual COLA or Assumed COLA for FY 2026 are based on the status quo methodology in the most recent labor contracts.

Deflection and Sobering Services

Coordinated Care Pathway Center

In FY 2025, the State provided \$25 million for a deflection and sobering center. \$3.8 million was transferred to the Department of County Assets (DCA) in FY 2025 for the temporary Coordinated Care Pathway Center. In spring 2025, 13 sobering stations will be added to the facility.

24/7 Sobering & Crisis Stabilization Center

In FY 2025, \$7.8 million was transferred to DCA for the acquisition and associated costs (\$6.2 million) and the beginning of the project (\$1.6 million) for the permanent 24/7 Sobering & Crisis Stabilization Center. The remaining \$13.4 million is budgeted as being transferred to DCA for construction in FY 2026. Project costs for the new center, including the \$1.6 million for FY 2025, are estimated to be \$29.8 million. Services will be transferred from the Coordinated Care Pathway Center to the new Sobering & Crisis Stabilization Center once construction is completed.

Tax Title Supreme Court Case

In response to the U.S. Supreme Court's Tyler v Hennepin decision, the budget includes \$1.0 million of one-time-only General Funds in the Tax Title reserve fund (72066) that can be used to fund potential refunds owed by the County.

As a result of the decision, a portion of Oregon law directing the distribution of property tax foreclosure sale proceeds is invalid. Oregon's legislature was unable to pass a bill in the current session in response. With a statewide workgroup meeting to find consensus, the State's 2025 session could result in a new direction of tax foreclosure proceeds going forward and for past years. For now, the County may owe some property owners partial refunds on the proceeds of properties that were auctioned following nonpayment of property taxes.

Climate Resilience

In April 2025, Multnomah County released a draft Climate Justice Plan for public comment. The Plan was created in collaboration with organizations representing communities affected first and worst by climate change. The finalized Plan will create a roadmap for achieving the collective climate action vision in the County. More information about the draft Plan can be found here: www.multco.us/info/submit-your-feedback-climate-justice-plan.

Countywide Strategic Planning

In FY 2026, the County will continue the work to update and refresh its Strategic Plan. This will expand on recent work to update its Mission, Vision, Values. This program will support departments in the development or alignment of their strategic plans with the new countywide strategic plan. By aligning strategic plans the County can identify and advance key countywide priorities based on shared values.

2024-2028 Workforce Equity Strategic Plan (WESP)

The [2024-2028 Workforce Equity Strategic Plan](#) (WESP) offers a road map for renewing and growing the County's internal equity efforts over the next four years, embracing a forward-looking strategy to continue building a more equitable workplace environment and experience.

The County's first Workforce Equity Strategic Plan (WESP), adopted in 2018 and amended the year after, recommended focus areas and recommendations aimed at meaningfully addressing inequities, employee experiences and organizational practices that harm employees of color and other marginalized groups. The newly adopted plan builds on the infrastructure, practices and other improvements established in accordance with the first plan. It consists of 33 action benchmarks across eight categories to be implemented over the course of a four-year cycle.

Burnside Bridge Replacement

Built in 1926, the Burnside Bridge has been designated as an official emergency transportation lifeline route by Metro. As such, it is the Transportation Division's highest priority to ensure that the bridge meets seismic standards to withstand the anticipated magnitude 9.0 Cascadia Subduction Zone event that the Oregon Department of Geology and Mineral Industries has calculated as having a 27% chance of occurring before 2065. The bridge is not up to current seismic standards and needs rehabilitation or replacement in order to ensure it can meet its obligation to serve as the lifeline corridor. In response, the Board approved Resolution 2018-114 to create a seismically resilient Burnside Bridge project.

In FY 2024, the National Environmental Policy Act (NEPA) phase of the the Earthquake Ready Burnside Bridge (90019) was completed and the design phase with a goal of 60% design completion by the end of FY 2026 was started. The Board of County Commissioners approved the Inverted Y cable stayed option bridge design on September 12, 2024. Updated project cost estimates will be available in the summer of 2025.

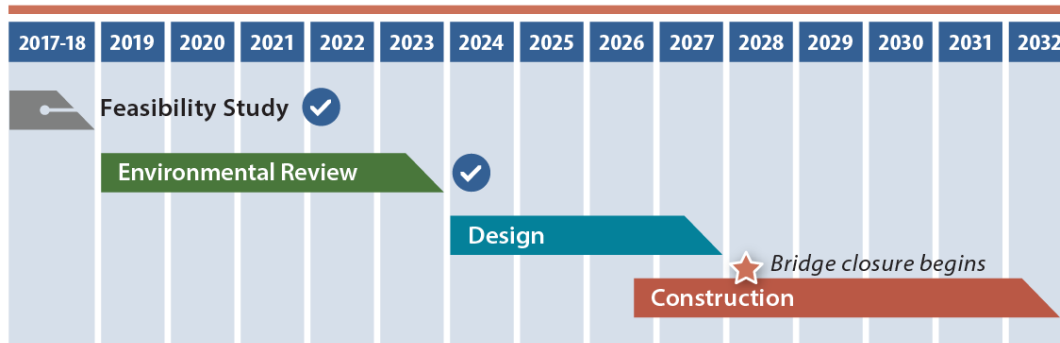


Budget Director's Message

FY 2026 Proposed Budget

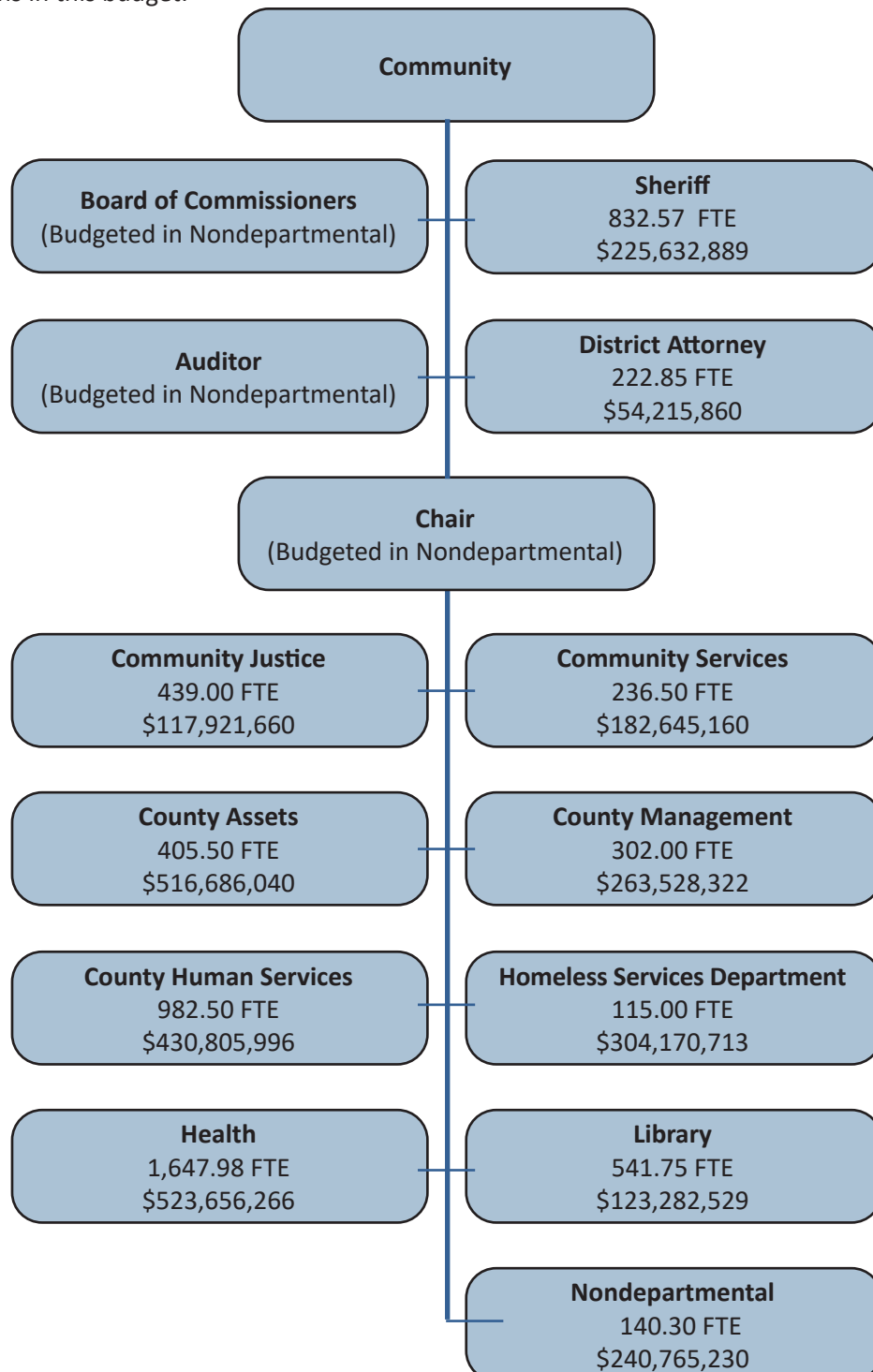
The program does not assume any debt issuance in FY 2026. DCS transportation division continues to track Federal, State and regional potential funding options for this project as significant funding gaps remain.

More project information can be found at www.multco.us/programs/earthquake-ready-burnside-bridge. The current project timeline is below.



Multnomah County Organization Chart

Multnomah County delivers its services through 11 departments, including two managed by independently elected officials, Nicole Morrisey O'Donnell, Sheriff, and Nathan Vasquez, District Attorney; and Jennifer McGuirk, County Auditor (whose office resides in Nondepartmental). There are 5,865.95 full time equivalent (FTE) positions in this budget.



Appreciation

Every year, the budget document is the product of many hours of work and analysis by County departments, offices, and their staff. I would like to personally thank each and every one of you for your contributions and to our community members who take time to participate in our budget process and shape our services. Particularly, I want to thank the leadership in the Chair's Office - County Chair Jessica Vega Pederson, Chief of Staff Jenny Smith, Deputy Chief of Staff Stacy Borke, and Budget & Strategic Partnerships Director Sara Ryan - and the County's Chief Operating Officer Christopher Neal and Deputy Chief Operating Officer Travis Graves who was acting as Interim COO for much of the budget process. I also want to extend my sincere appreciation to the department leaders and constitutional officers, along with their budget teams and staff, for their hard work, cooperation and flexibility.

Finally, I want to acknowledge the remarkable teamwork by the people in the Central Budget Office who were instrumental in putting this budget together: Jenna Bryant, Althea Gregory, Ching Hay, Leah Isaac, Dianna Kaady, Aaron Kaufman, Evan Kersten, Ashlye Manning, Jeff Renfro, Erin Russell, and Chris Yager.

It is an honor to work with the dedicated people who serve our County.

Christian Elkin

Multnomah County Budget Director

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