FY 2027 General Fund Forecast

Presented to the Multnomah County Board of County Commissioners

November 13, 2025

Central Budget Office

Multnomah County

Agenda

1. Economic Overview
2. Revenues
3. Expenses
4. 5-Year Forecast
5. OTO/Contingency/Risks

Multnomah County

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

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	789,081,318	810,270,796	833,987,525	863,736,631	893,740,896
Expenditures	799,616,152	831,903,298	865,841,466	909,365,465	921,590,135
November Forecast Ongoing Surplus/(Deficit)	**(10,534,833)**	**(21,632,502)**	**(31,853,941)**	**(45,628,834)**	**(27,849,239)**
Expected Deficit After Balancing FY 2027	**0**	**(10,676,276)**	**(20,459,466)**	**(33,778,580)**	**(15,524,974)**

Note: Revenues/Expenditures include video lottery, but excludes reserves and one-time resources
**Tax Increment Financing (TIF) subsidizes capital improvements using the increased tax revenue created by those improvements, usually in commercial areas*

Economic Overview

1. Slowing Employment Growth
2. Prices, Tariffs, and Interest Rates
3. Locally, declining employment and low development
4. Multnomah County lagging rest of Portland Metro

Multnomah County

Revenues

Multnomah County

FY 2026 Revenue Review

	FY 2026 Adopted[1]	November Forecast Change	Note
Property Taxes	412,946,002	0	Lower AV, Higher Compression, Less TIF Impact
Business Income Taxes (BIT)	174,730,768	0	
Motor Vehicle Rental Taxes (MVRT)	41,167,500	0	
US Marshal	1,172,875	(202,575)	Reduce Assumption to 12 Beds
State Shared[2]	14,148,034	(628,565)	Less Liquor and Cigarette Revenue
Recording Fees/CAFFA Grant	6,353,760	0	
Indirect			
Departmental	44,011,746	0	
Central Indirect/ Svc Reimburse	11,973,506	0	
All Other	58,375,696	3,000,000	Increased Interest
FY 2026 Revenue Adjustments[3]	**764,879,887**	**2,168,860**	
% of Revenue		***0.28%***	

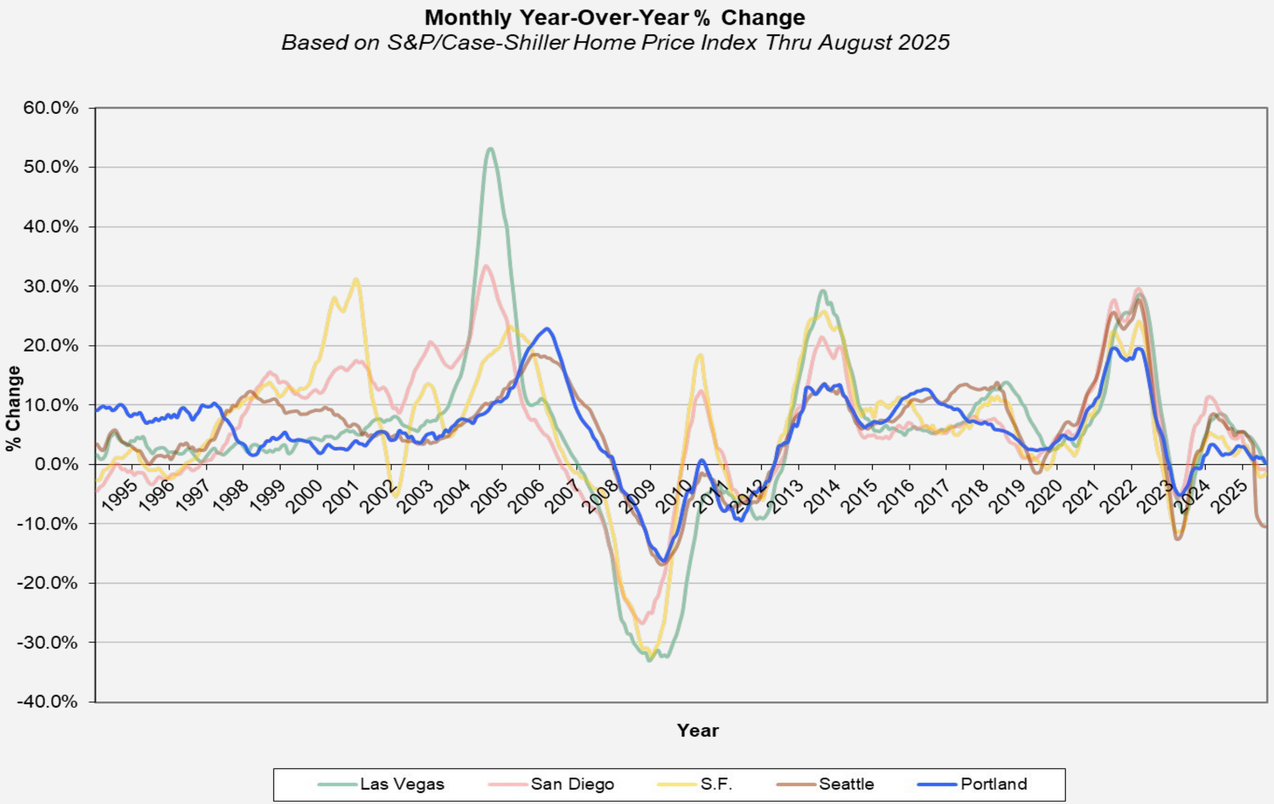
1. *Excludes BWC and Tax Title: Affordable Housing, but includes Video Lottery.*

2. *State Shared includes Liquor, Cigarette, Marijuana, Video Lottery, and Amusement*

3. *Not adjusted for revenue adjustments directly offset by expenditure changes*

Property Tax (63.5% of Discretionary CGF)

Case Shiller Home Price Index



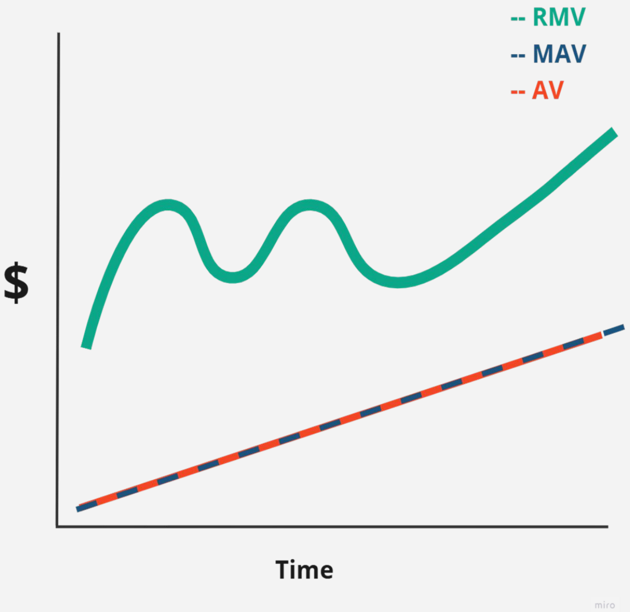
Residential Property is 59.2% of Total Assessed Value (AV)

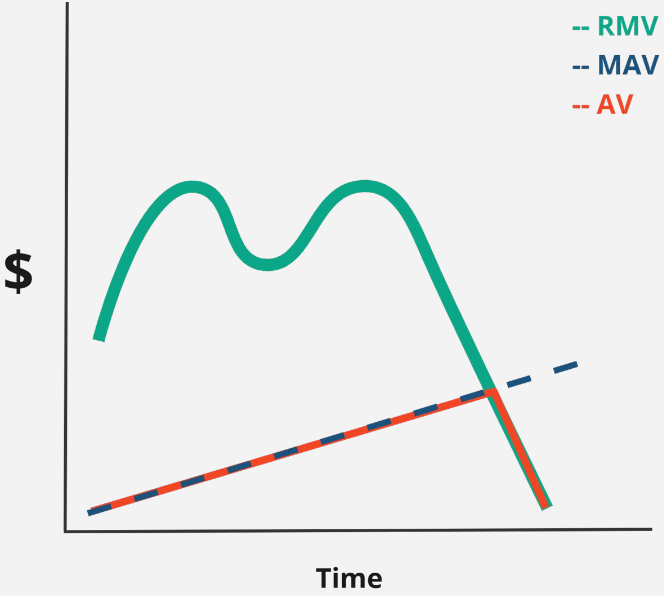
Property Tax

Downtown Property Values

Tax Rate is applied to Assessed Value (AV). AV is the lesser of Real Market Value (RMV) and Maximum Assessed Value (MAV). MAV = AV for the vast majority of Multnomah County properties.

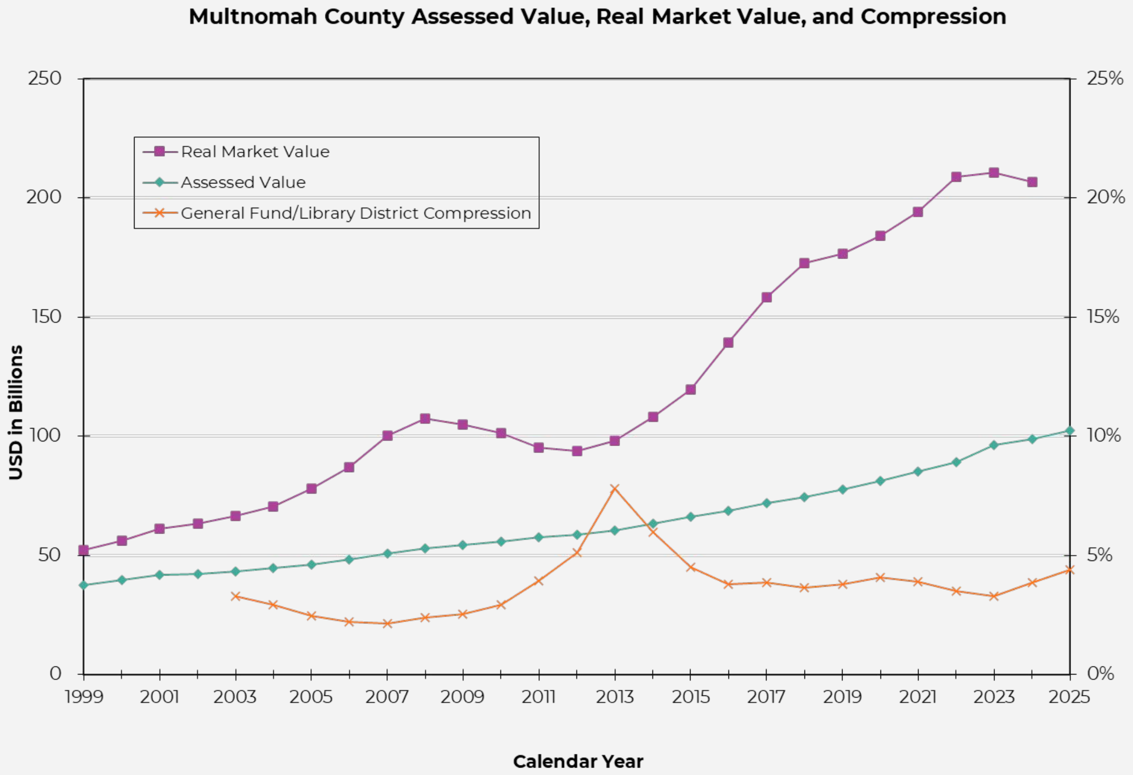
Rapid decline in Downtown RMVs is (in some cases) enough to pull down AV.





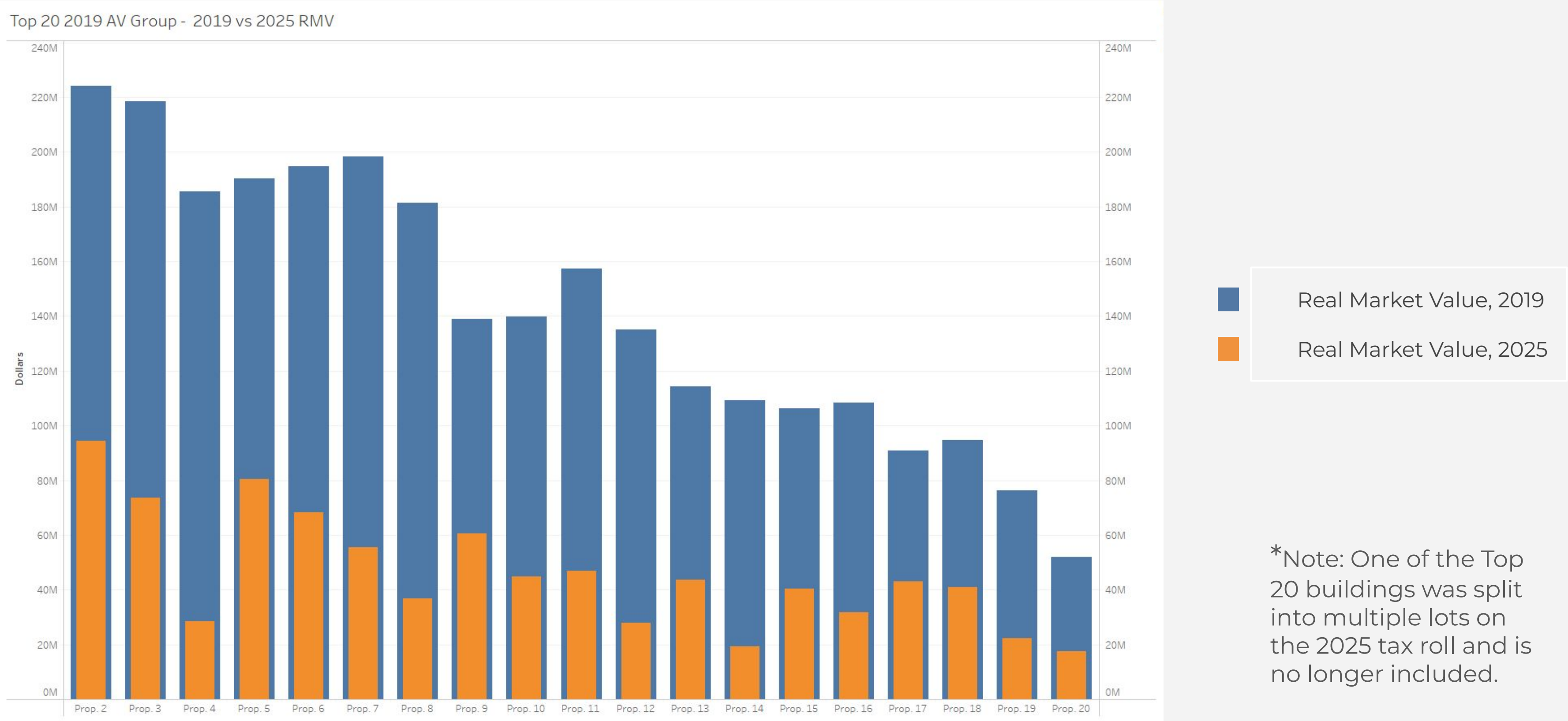
Property Tax

History of RMV, AV, and Compression in Multnomah County



Property Tax

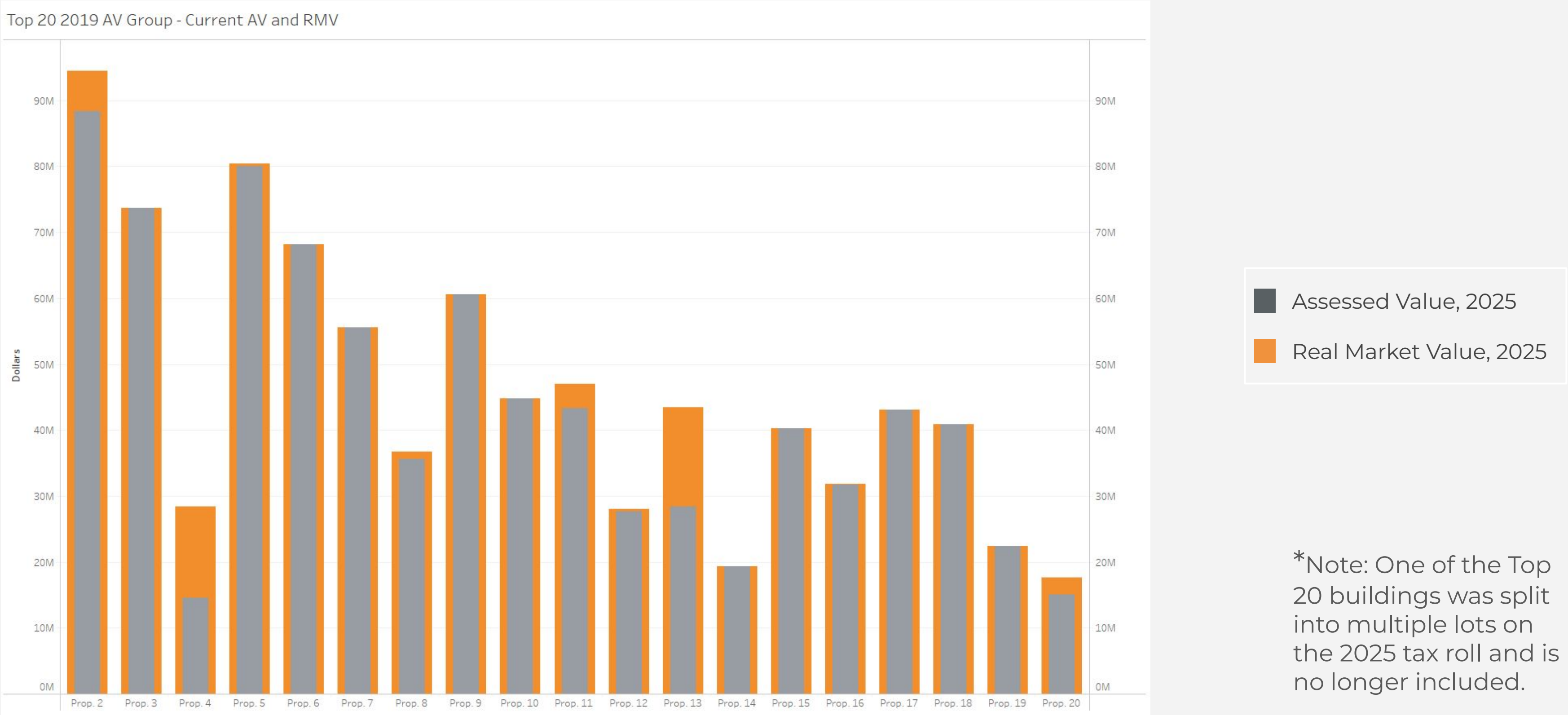
Real Market Value for 20 highest-value office properties has fallen since 2019



*Note: One of the Top 20 buildings was split into multiple lots on the 2025 tax roll and is no longer included.

Property Tax

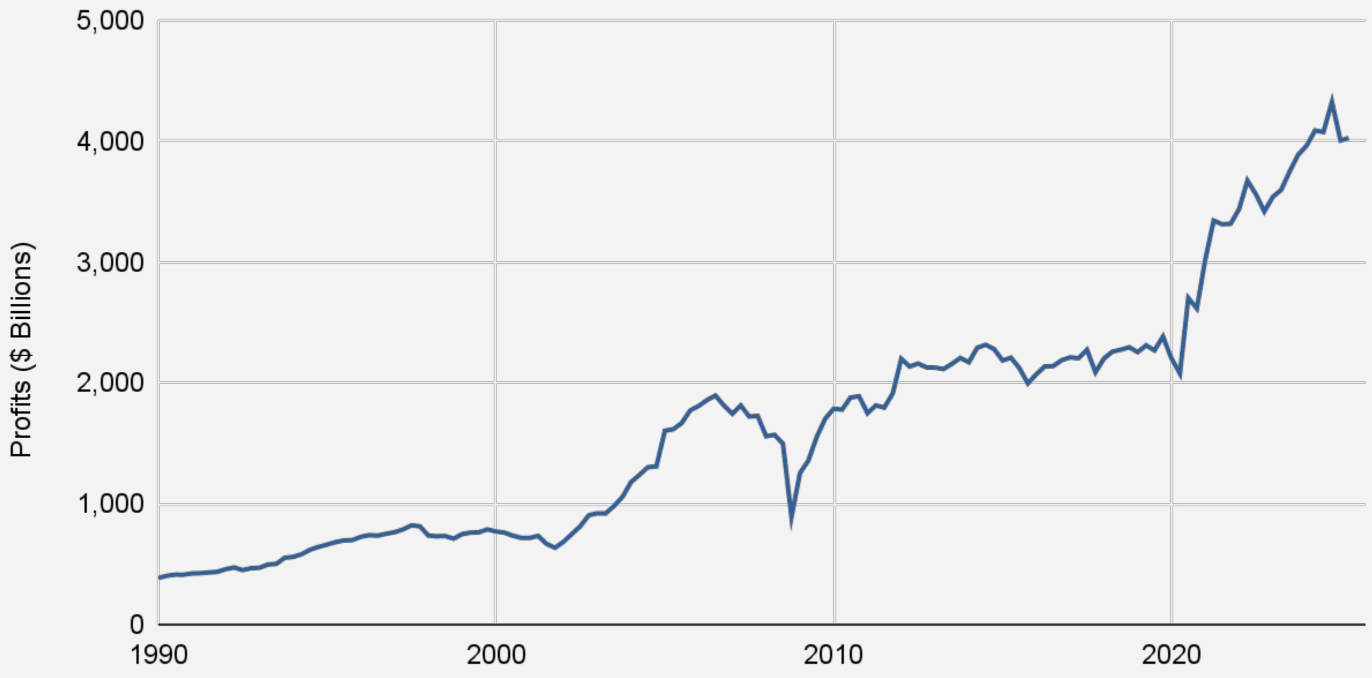
For many offices, Real Market Value is near or equal to Assessed Value in 2025



*Note: One of the Top 20 buildings was split into multiple lots on the 2025 tax roll and is no longer included.

Business Income Tax (BIT) (26.0% of Discretionary CGF)

US Corporate Profits

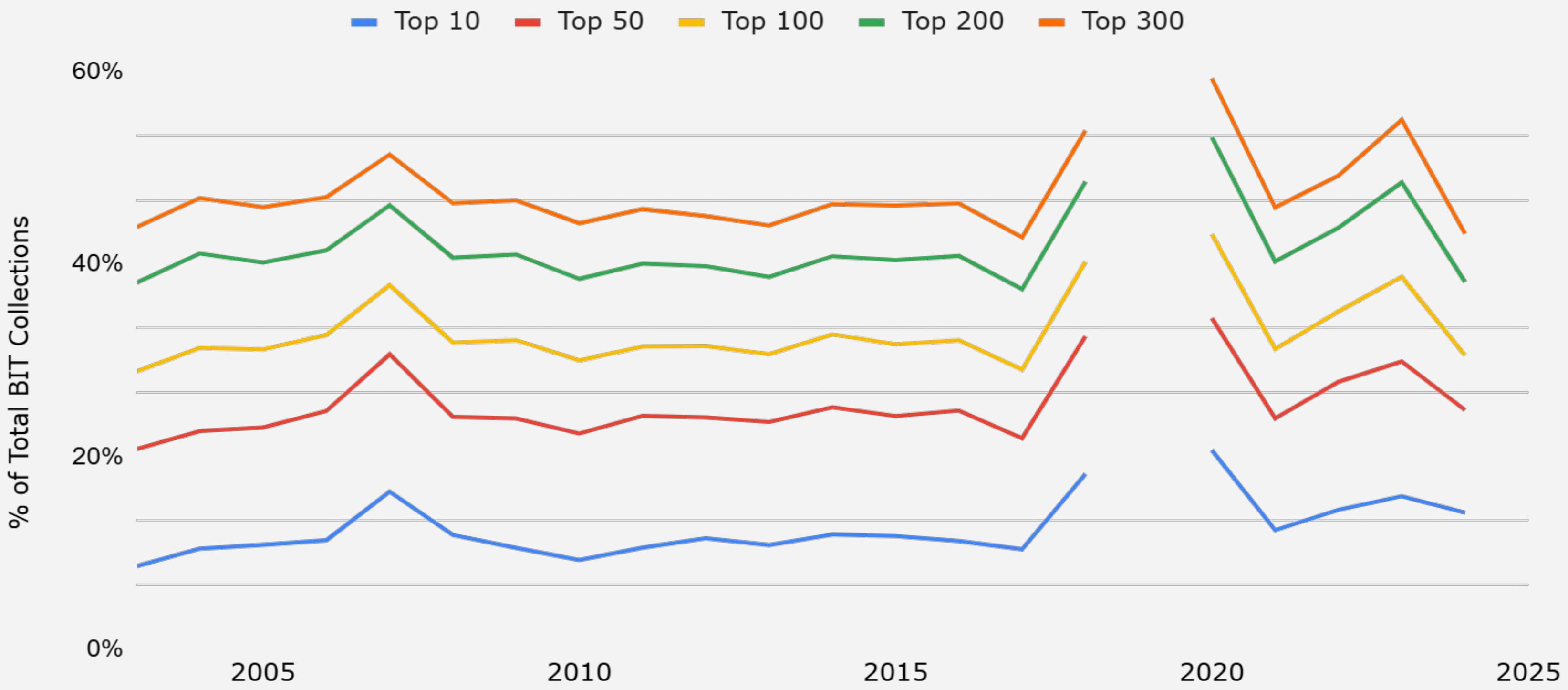


BIT payments are based on Net Income and correlated with US Corporate Profits

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

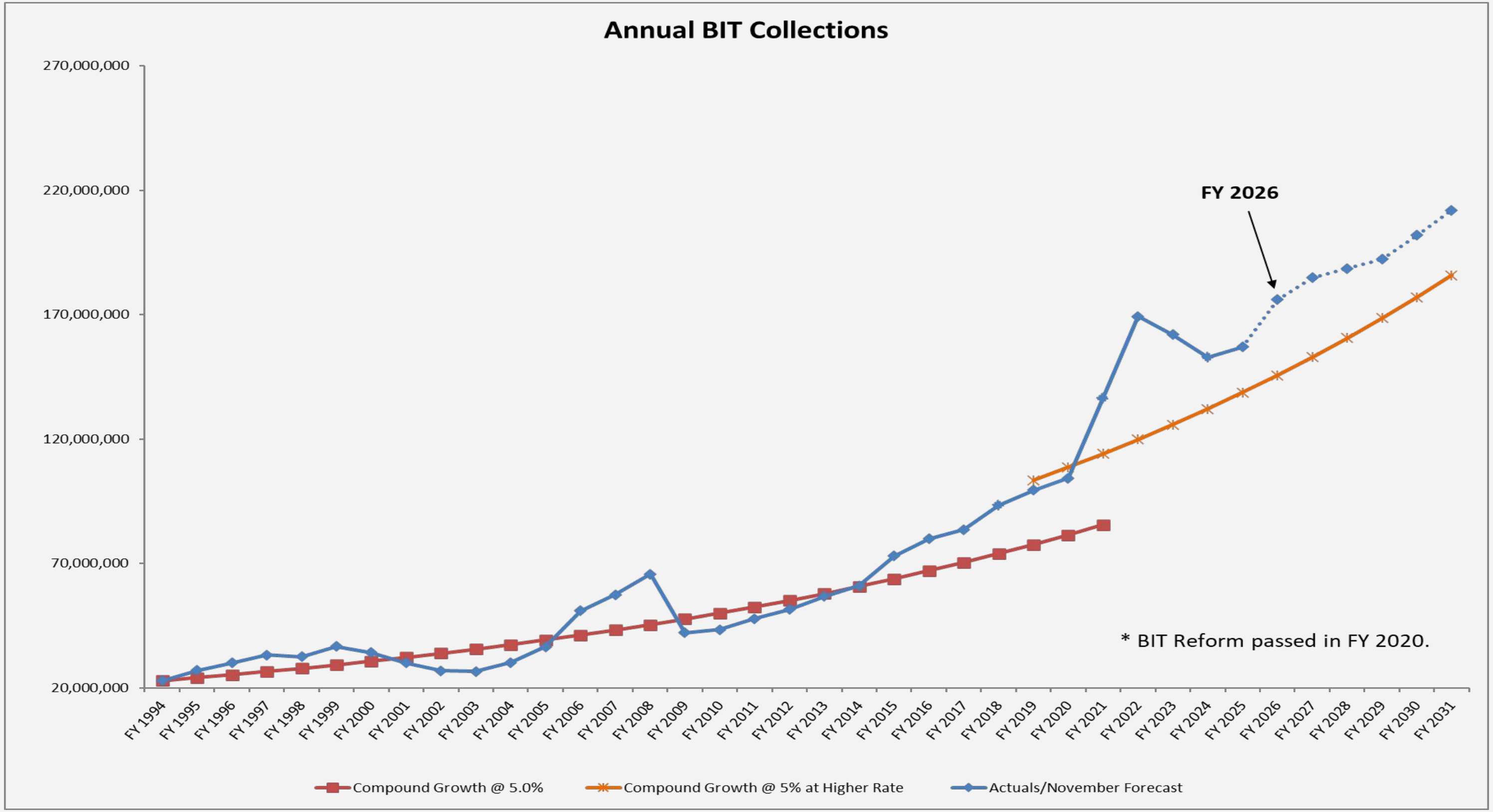
Business Income Tax (BIT)

Share of Payments by Tier



Business Income Tax (BIT)

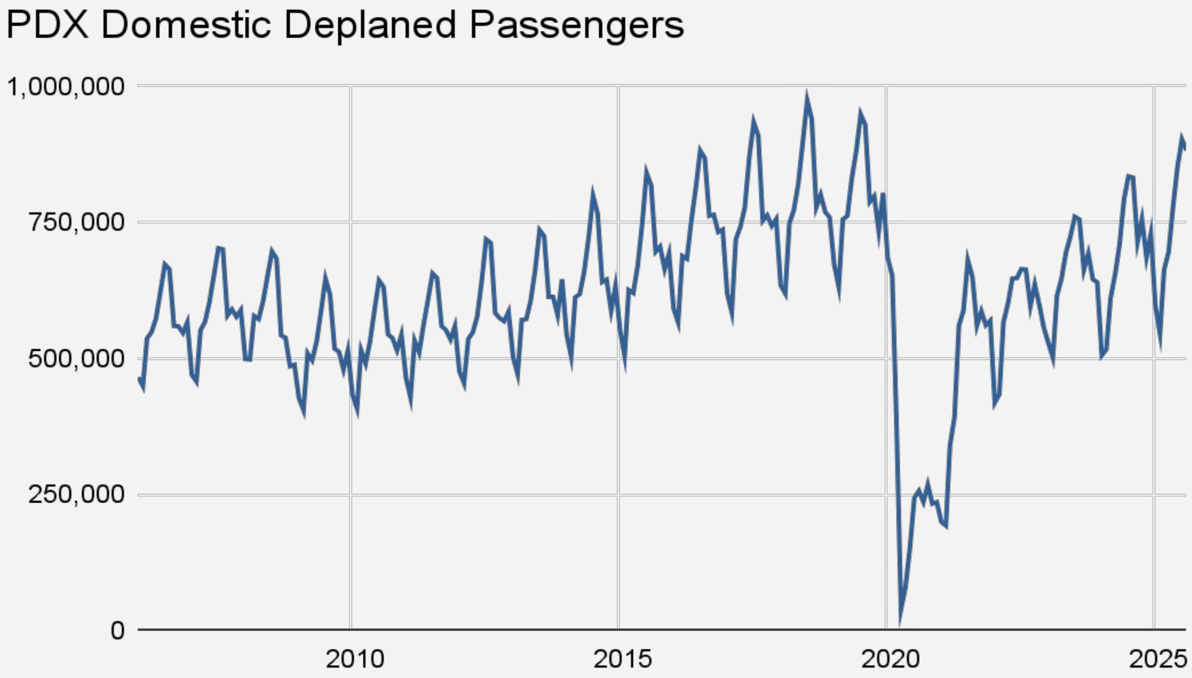
Annual BIT Collections: History and Forecast



Updated forecast reduces out-year growth expectations

Motor Vehicle Rental Tax (MVRT) (5.9% of Discretionary CGF)

Domestic flights into PDX have increased since the pandemic

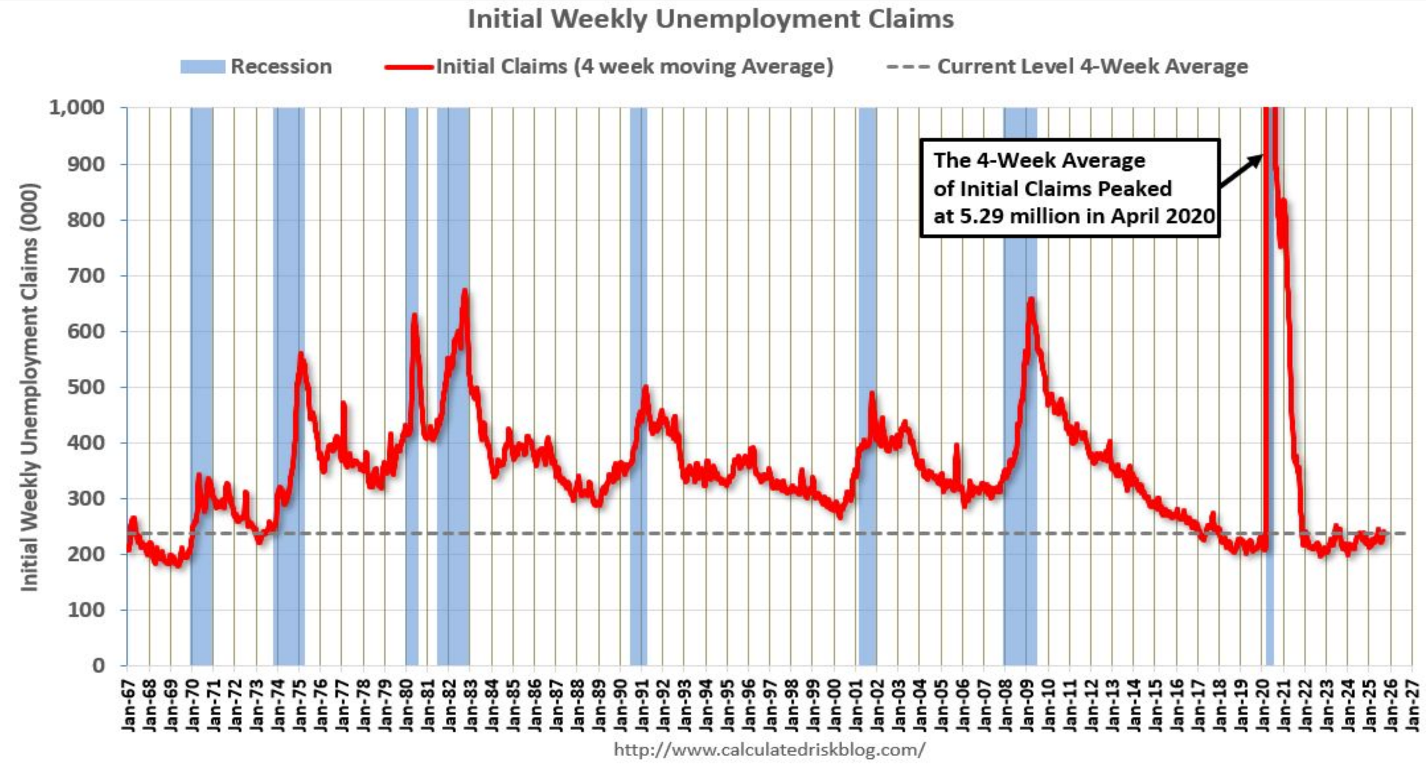


Summer 2025 deplaned passengers just short of pre-pandemic levels

Source: Port of Portland

Economic Overview

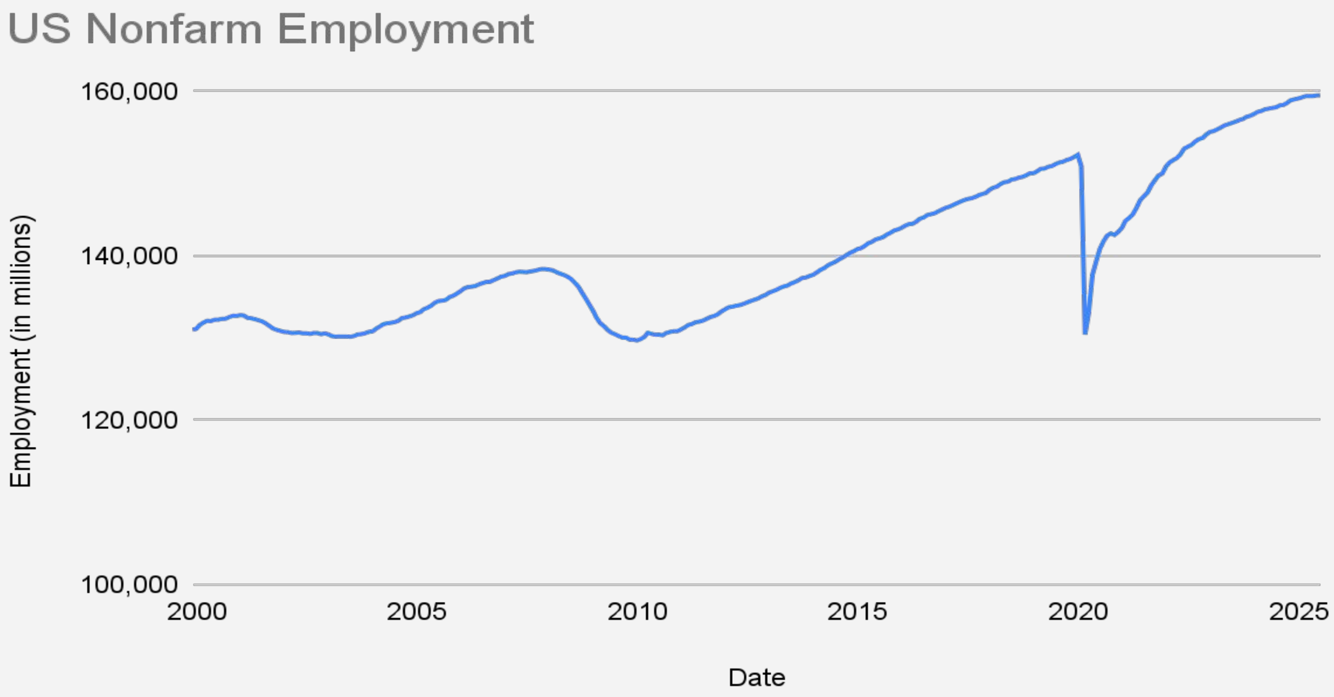
Initial Weekly Unemployment Claims



Nationally, layoffs remain low but hiring has slowed and job listings have declined.

Economic Overview

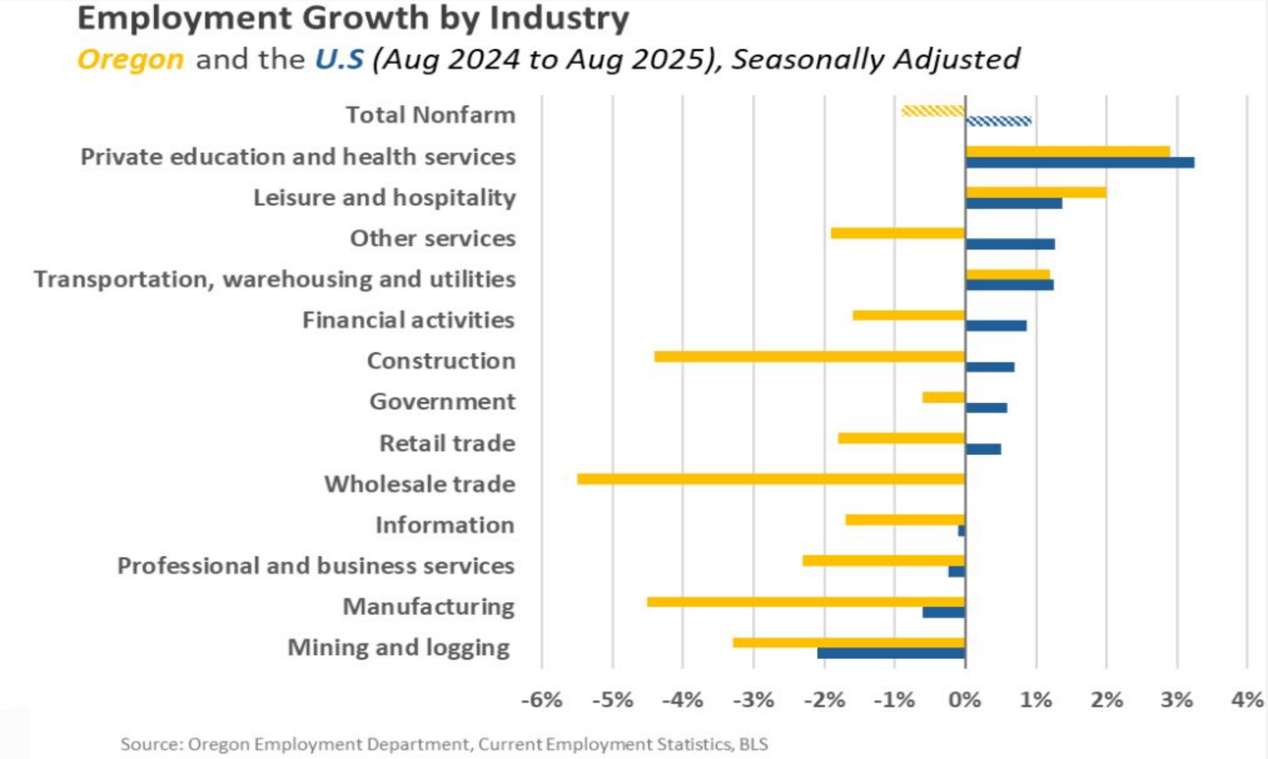
Job Growth



US Employment growth has slowed following Pandemic recovery.

Economic Overview

Oregon Employment Change by Industry

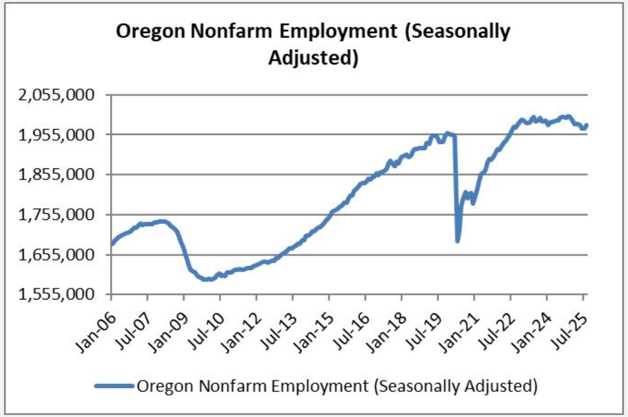


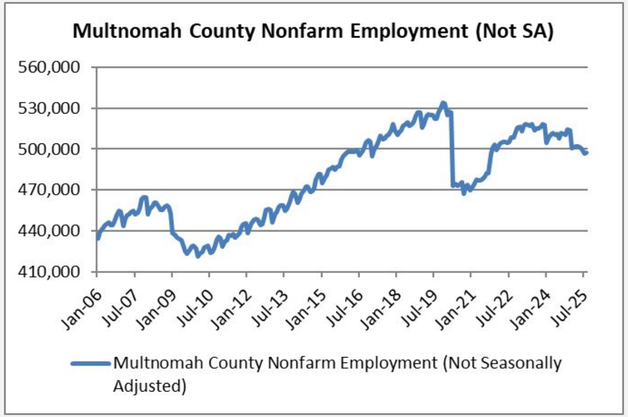
Slide Courtesy of Oregon Office of Economic Analysis

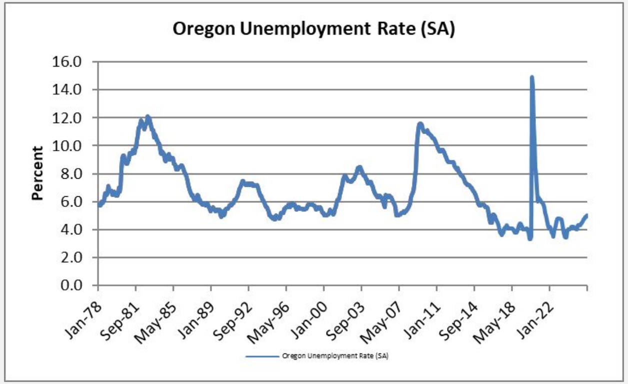
Broad-based declines across industries in Oregon, counter to national picture.

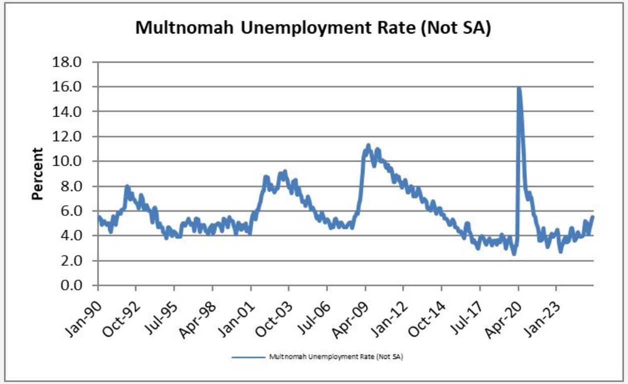
Economic Overview

County and State Employment









Expenses

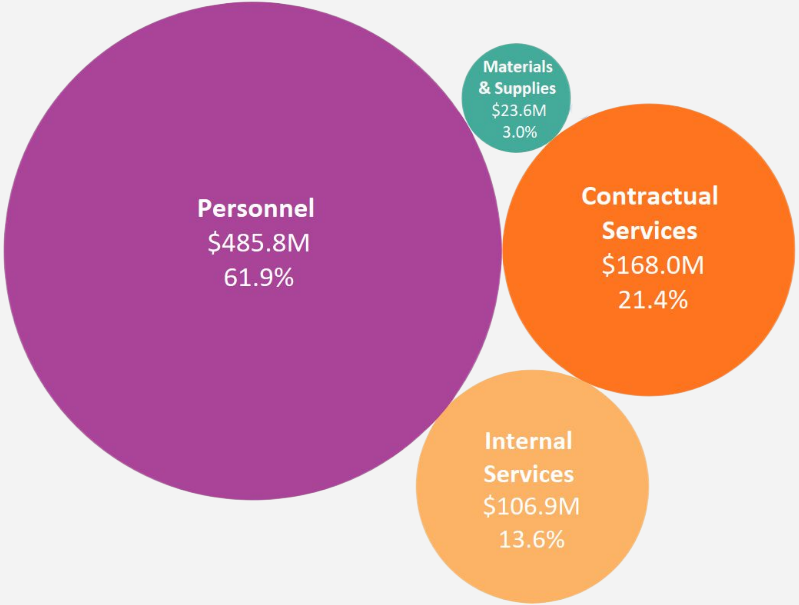
Multnomah County

FY 2027 Expenses

Cost Drivers

Personnel/Labor Costs (change in rates)		**4.98%**
COLA	3.30%	
Step/Merit/Contract Changes	1.80%	
Medical/Dental	5.00%	
PERS	0.57%	
Retiree Medical	-0.50%	
Liability/Workers Comp/ TriMet	0.01%	
Materials and Supplies		**3.30%**
Contractual Services		**3.30%**
Internal Services*		**4.96%**

*Estimate to be updated later



FY 2026 General Fund Expenses

FY 2027 Expenses

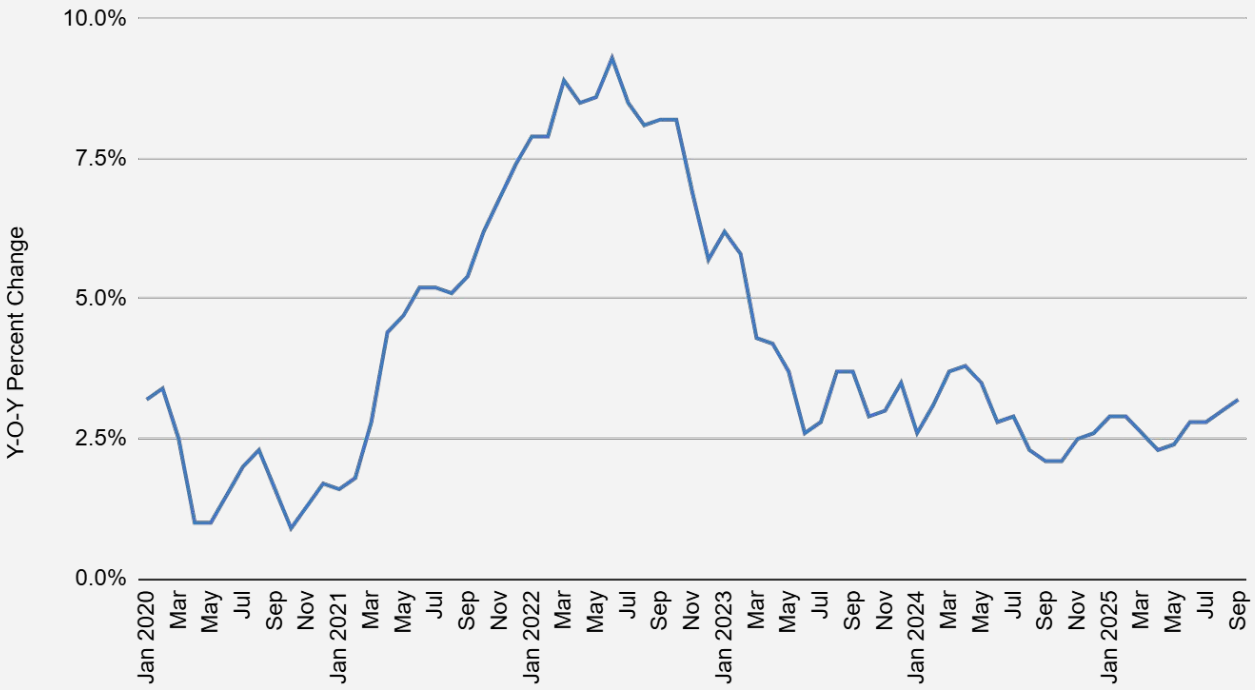
Cost Drivers (continued)

General Fund Cost Driver Notes	A 1% increase in base pay = approx. $4.1 million
	A 4% increase in medical/dental rates = approx. $2.3 million
	A 1% (of base pay) increase in PERS = roughly $2.9 million
Reserve & Contingency Assumptions	**General Fund Contingency**: $1.85 million
	BIT Reserve: 12% of BIT revenues ($21.1 million)
	General Fund Reserve: 12% of corporate revenues ($77.8 million)

FY 2027 Expenses

Inflation

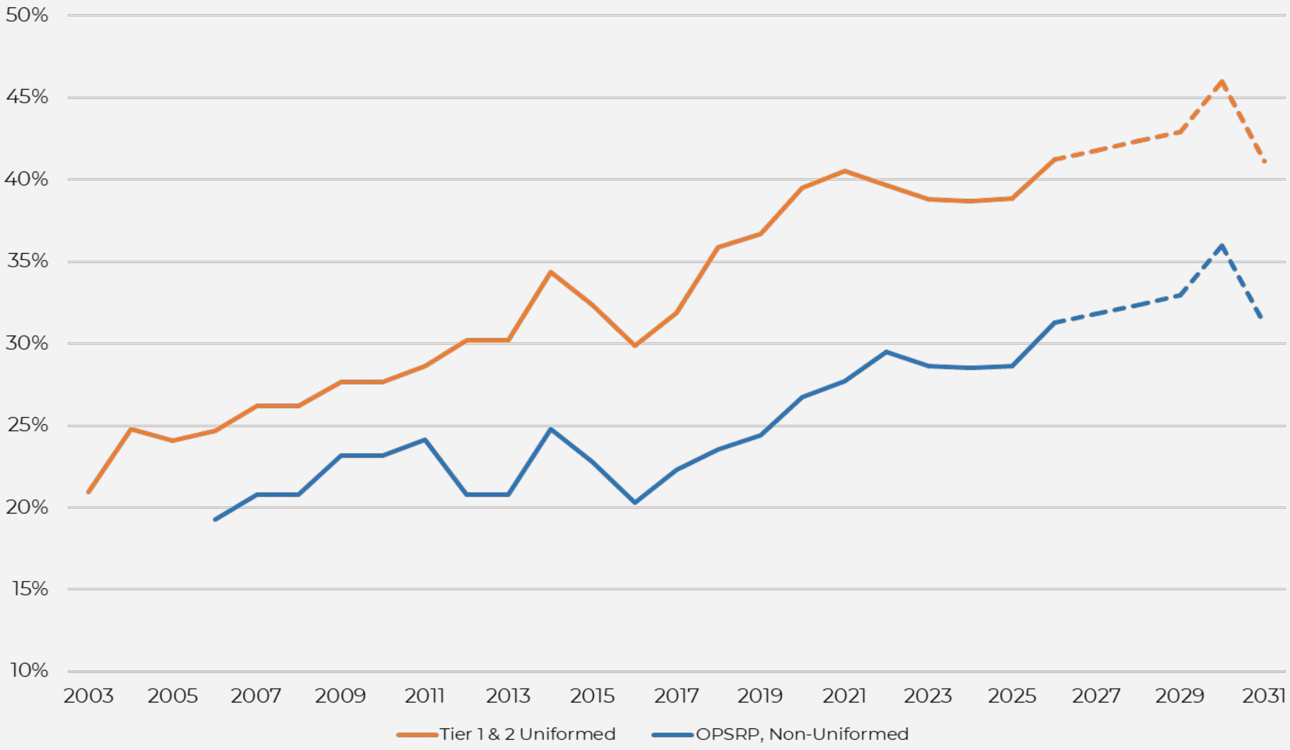
CPI-W West Size A Y-O-Y Percent Change



Inflation much improved, but needs to go and stay lower to put County on a more sustainable path.

FY 2027 Expenses

PERS Rate Assumptions



Multco Employee PERS Stats[1]

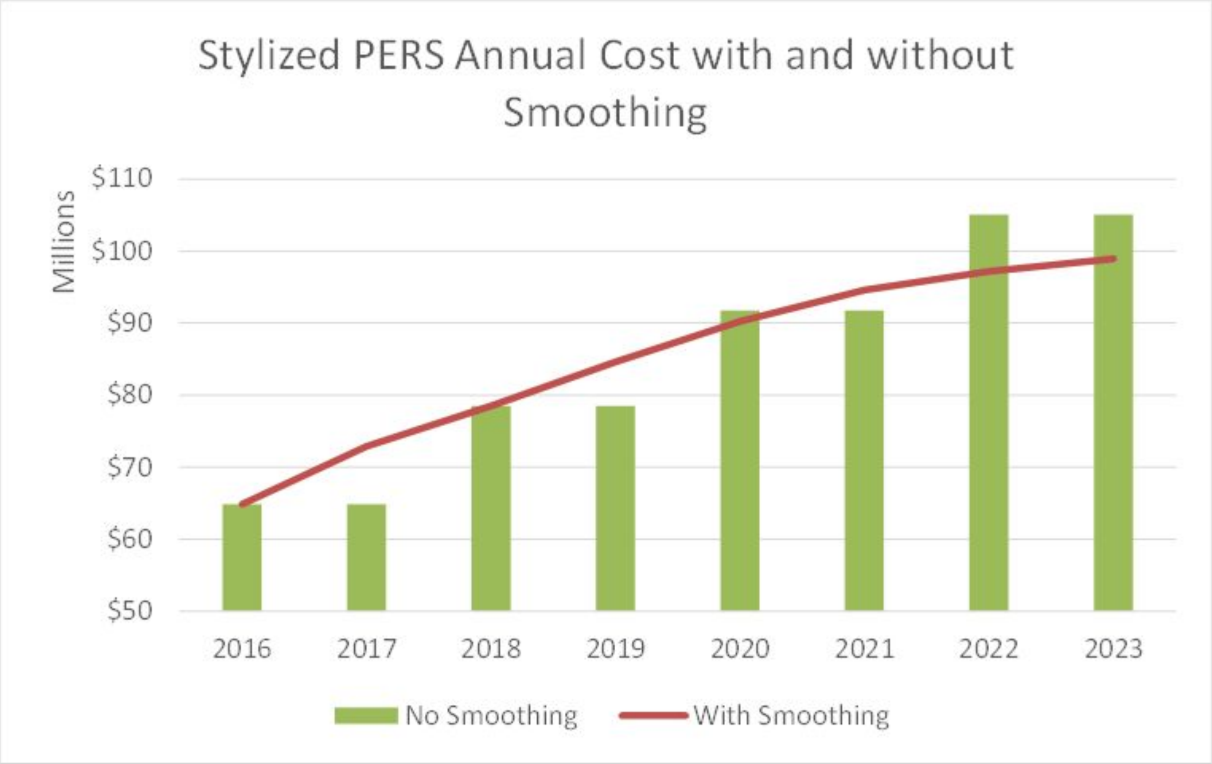
86% OPSRP
11% Tier 2
3% Tier 1

15% Uniformed
85% Non Uniformed

***1.** PERS Tiers are based on actual employees (as of July 1, 2025. Total of 5,428.60)*

FY 2027 Expenses

PERS Smoothing Strategy - Revisiting 2016 Presentation



Smoothing reduces year-to-year volatility, and is used to pay PERS Bond Debt Service and has helped to fund PERS Side Accounts.

Five-Year Forecast

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One-Time-Only (OTO) Contingency, and Risks

Multnomah County

Table 2: General Fund FY 2026 Beginning Working Capital & FY 2027 OTO [1, 2]

Year-End as of November 5, 2024

FY 2026 Actual Beginning Balance [3]	166,307,602
FY 2026 Budgeted Beginning Balance	137,688,220
Additional FY 2025 BWC (OTO)	**27,619,382**
Plus Additional FY 2026 Revenues	2,168,860
Less Amount to Maintain FY 2027 Reserves at Board Policy Level	(4,368,943)
OTO Funds for FY 2027 per Nov. Forecast	**25,419,299**
50% Dedicated to County Facility/IT Projects per Board Policy	*12,709,649*
Remaining 50% to be Allocated	*12,709,649*

Includes **$31.0 million** (4.2%) of departmental underspending

***1.** Assumes the FY 2026 General Fund Contingency is fully spent in FY 2026.*

***2.** Assumes departments fully spend their FY 2026 appropriation.*

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

FY 2026 One-Time-Only (OTO) Program Offers

Assumed to not continue into FY 2027

Offer/Activity	FY 2026 Budget
10009D - Summerworks Youth Program Expansion - One-Time-Only	285,000
15206B - Organized Retail Theft Task Force	425,056
15206C - Auto Theft Task Force	425,055
15403B - Body Worn Cameras Unit - Expansion	810,500
25004 - Support for Newly Arrived Families	633,500
25133B - Emergency Rent Assistance & Eviction Prevention	3,500,000
25134 - YFS - Fair Housing Testing in East Multnomah County	128,000
25146 - YFS - SUN Community Schools: Family Resource Navigators	2,000,000
25147B - YFS - East County Culturally Specific Community Food Systems	74,000
30202C - Safety off the Streets - City of Portland Alternative Shelter Sites	10,000,000
30304 - Housing Placement & Retention - Emergency Rent Assistance	1,925,142
30306 - Employment Programs	2,448,828
40004B - Ambulance Service Plan Continuation	400,000
40010D - Restore STI Clinic Capacity	328,756
40074B - Bridgeview	1,300,000
40112 - Shelter, Housing, and Supports	264,563
50041 - Adult Stabilization and Readiness Program (SARP)	841,324
60215C - Human Resources Expansion - One-Time-Only	857,527
72044A - FRM Construction Diversity and Equity	1,900,377
72044B - Regional Construction Workforce Diversity Funder Collaborative	200,000
72054 - Medicaid Service Coordination	500,000
72066 - DCM Tax Title Reserve Fund	1,000,000
90010B - Elections - Special Elections	700,000
90010C - Elections Grants for RCV Voter Outreach and Education	100,000

FY 2026 One-Time-Only (OTO) Program Offers - Capital & Cash Transfers

Assumed to not continue into FY 2027

Offer/Activity	FY 2026 Budget
10031 - Lone Fir Cemetery	1,000,000
15002B - Expanded IT Support for Case Mgmt. and Software Migration	279,000
40044B - Supplemental Data Sets Partnership with DCA	400,000
90018B - ADA Ramps Phase - 4	1,000,000

Cash Transfers

Offer/Activity	FY 2026 Budget
95000 - Walnut Park Redevelopment Plan (78235)	150,000
95000 - Hansen Complex Deconstruction Phase 1 (78240)	1,000,000
95000 - Vance Pit Security Fence (78250)	125,000
95000 - DCJ East Campus Expansion (78251)	1,000,000
95000 - Downtown Real Estate Options Analysis (78252)	200,000
95000 - FPM Prophet Center Relocation Options Analysis (78253)	150,000
95000 - Downtown Jail Site Replacement Study (78254)	150,000
95000 - Public Website and Digital Services Transformation (78332)	1,500,000
95000 - Juvenile Justice Complex Security Foyer (78244)	1,500,000
95000 - Justice Center Electrical System Upgrade - Bus Duct Replacement Phase 2 (78233)	3,300,000
95000 - ADA All-Gender Restroom Multnomah Building (78255)	236,335

FY 2026 Contingency Update

Contingency	
General Fund "Regular" Contingency	1,644,496
Additional Contingency for Uncertainty	1,143,437
Remaining Non-Earmarked Contingency	**2,787,933**
Earmarked Contingency	
Earmark - Flex Dorm	0
Earmark - Lobbying Transparency	100,000
Earmark - Contracted Security Services	0
Total Earmarked Contingency	**100,000**
Total General Fund Contingency	**2,887,933**
BIT Reserve @ 12% (in General Fund Contingency)	21,120,761
Total General Fund Contingency	**24,008,694**

Note: *The forecast assumes the General Fund Contingency will be fully spent, with the exception of the Reserves, which is "rolled over" to FY 2027.*

Risks

1 Open Labor Contracts

2 Inflation

3 Labor Market and Business Cycle

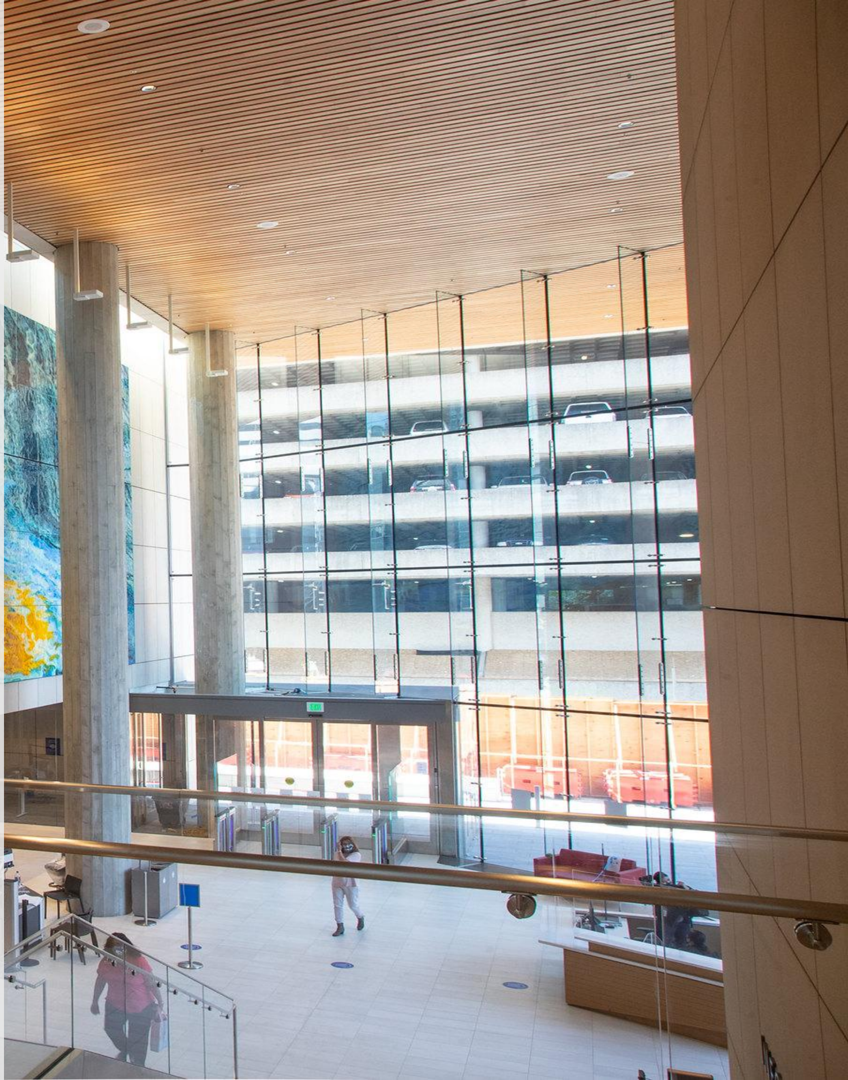
Multnomah County

Coming in January - Forecast Week

1. Library District
2. SHS
3. PFA Revenues

Multnomah County

Questions?



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