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Multnomah County Chair

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Friday, November 20, 2026

Dear Directors,

As Multnomah County prepares for another difficult budget in the Fiscal Year 2028, the people we serve will once again look to County leadership to make the best decisions possible within the constraints we must work with. These are never easy decisions, but they continue to present opportunities to determine the most impactful and unique services provided by Multnomah County.

This is my final budget guidance letter I will be sending as Chair, and my team is committed to working with you all until my last day. I have also consulted with Chair-elect Singleton on this guidance, who will be sworn in as the new Chair of Multnomah County next year. We are committed to a smooth and strong transition.

I continue to trust and appreciate your leadership as I have over these last four years, and I know you will remain focused on what is most essential to the community. Based on the latest budget forecast, here is my final budget guidance as Chair of Multnomah County.

Fiscal Year 2028 Budget Principles

In preparing for the Fiscal Year 2028 budget, we must remain grounded in Multnomah County's values and continue to be guided by the following principles:

Equity in Budgeting

Multnomah County services must continue to prioritize our most vulnerable populations through a commitment to equity and eliminating disparities. Adding to this challenge will be a federal administration that continues to be hostile to our local values, yet maintaining this approach will make the biggest impact and achieve

the best outcomes for everyone we serve.

To achieve this, I ask that you work closely with your department Equity Manager and with the Office of Diversity and Equity to include clear and explicit analysis detailing equity impacts in your proposed reduction packages. This analysis must specifically identify any disparate impacts to ensure equity remains central to budget decisions.

Strategic Alignment to Focus on Core Services

Department budget proposals must remain focused on preserving direct services to Multnomah County residents, particularly the services we provide that are unique compared to other services available in our community. And we must center those who rely on us the most. Continued budget restraints means we must continue to increase the efficiency of the work we preserve.

Comprehensive Community Engagement

I expect each Department to be full partners in supporting your CBAC and budget staff, working closely with the Office of Community Involvement. Please keep your CBAC updated on key budget issues for your department and provide accessible, timely budget materials as requested.

Budget Proposal Expectations & Guidance

General Fund Allocation

To provide the incoming Chair a range of options to address another budget deficit, I'm asking all departments except DART to submit a 9% prioritized reduction package. Be prepared to explain your prioritization of proposed reductions during all future budget meetings.

Departments should submit base budgets at current service levels in Questica, along with your General Fund Reduction Packages equivalent to the 9% of General Fund reductions, as detailed further below. In your baseline budget, you should include a cost-of-living adjustment (COLA) of 3.9% for our General Fund human services contractors. The General Fund Allocations include an inflationary factor for Contracted Services that should reflect the cost of providing this increase.

Reductions in your FY 2028 requested budget should use the following best practices:

- Reductions or eliminations must be ongoing and not one-time-only.

- Related internal service costs should be included when entire programs or significant portions of programs are eliminated. Please work directly with the Department of County Assets (DCA) and the Central Budget Office (CBO) to determine any internal service reductions.
- Administrative constraints should be commensurate with the proposed reductions.
- Departments heavily reliant on federal or state funds are asked to conduct more rigorous constraint exercises and multi-year planning. I strongly caution departments to refrain from backfilling state and federal cuts at this point in the budget process. Any backfill must be identified in your requested budget.

How Internal Service Rates are determined

At my request, this autumn DCA has already taken a 3.63% constraint, for a total cut of $3,809,475. That follows a 6% reduction during the last fiscal year. This is part of the ongoing work to improve efficiencies on countywide initiatives and move forward the One County approach I have championed as Chair.

New Ongoing Requests

New ongoing budget requests should be prioritized within a department's base current service level budgets by reallocating funding. If it's a high enough priority to be requested in this continued constrained financial environment, we're assuming that it's also a higher priority than some of the services you are currently providing. There will be limited exceptions to this guidance where new requests can be made through an add package. However, these exceptional requests must be justified based on how they contribute to our larger County priorities and they must be tied directly to improving outcomes.

New One-Time-Only Requests

One-time-only (OTO) resources available for FY 2028 are more than FY 2027 due to a large, one-time payment, but without that payment OTO resources would continue the downward trend. After adjusting to fully fund our reserves, we estimate having $38.5 million of available OTO resources (with half of those funds going to facilities/IT projects and half allocated to other use, per Board policy). Departments can request new one-time-only General Funds through designated add packages. We must continue to focus on financial best practices of not using one-time-only funding for ongoing expenses and prioritize these dollars for true one-time-only expenses.

Internal Service Additions

Departmental requests to add internal services from DCA will be treated similarly to requests for new General Fund resources. These items, and plans to financially support them, should be included in discussions by the department receiving the service with the Chair's Office, after confirming DCA would have the capacity to provide the service.

Strategic Workforce & Resources Evaluation

- Departments must evaluate and analyze their current ratios of management to non-management as well as represented to non-represented employees.
- Departments must analyze all vacant positions, including the length of time each position has been vacant. Proposals should justify the continued need for all long-term vacant positions.
- Departments must evaluate the current level of and need for administrative programs and the proportional relationship of these programs to programs that directly deliver services to the community. Proposals should demonstrate that administrative functions are streamlined and optimally support frontline service delivery.
- Departments must evaluate the necessity and efficacy of Training, Professional Services and Materials and Supplies Budgets in relation to maximizing service delivery to the community. Justify all expenditures in these areas as directly supporting core service delivery and mandated requirements.

Final Note

Together I know we can still accomplish big things, and build off our work to support families and residents of all ages. For example, Multnomah County is now on the precipice of achieving the voter approved mandate to provide universal tuition-free preschool ahead of the 2030 target date. Continued progress towards achieving this goal remains among my highest priorities as I finish my term as Chair. This last fiscal year, Preschool for All provided over 7,000 tuition-free seats all across Multnomah County. We now have updated demographics and a true cost of care study to help guide us through these final stages of growth.

Working alongside you as Chair to develop four Executive Budgets – three of which involved significant constraints – has not been easy work. I am extremely grateful for your leadership and commitment through this critical, lengthy annual process. You have put an enormous amount of thought and care into making very difficult decisions, where year after year we seek the most out of every dollar we have.

Despite our challenges, I believe I will be ending my term as Chair by leaving the County in a strong position to persevere through the headwinds ahead. We have shown our values through our investments and a commitment to continuous improvement of how we do our work to best serve the people of Multnomah County.

Thousands upon thousands of Multnomah County residents are helped and provided a lifeline through the services funded by the budgets you oversee. For that, I will always be thankful.

Sincerely,



Jessica Vega Pederson

Multnomah County Chair