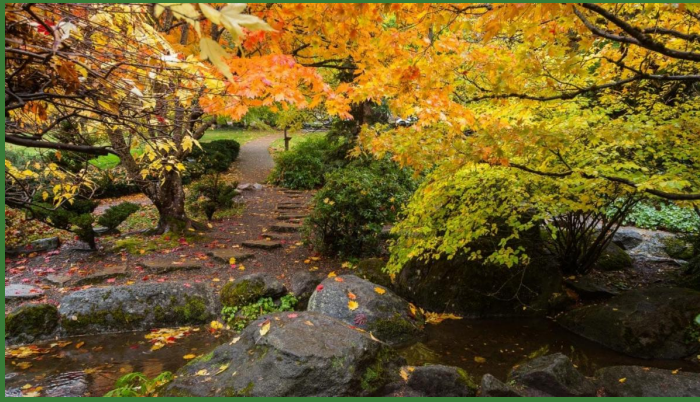


# BUDGET BULLETIN

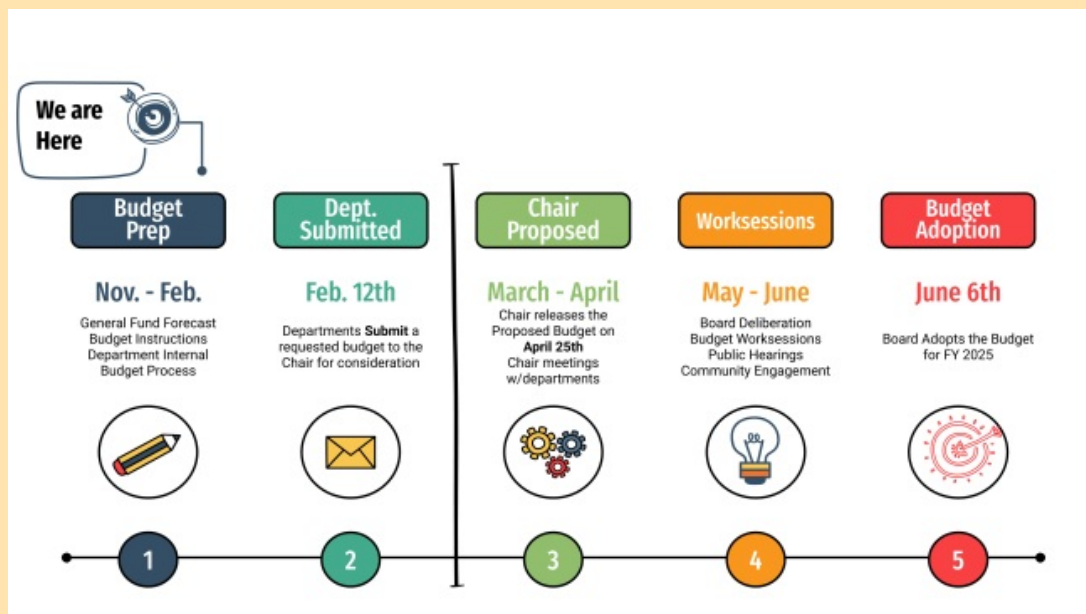
November 2023



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## FY 2025 Budget Milestones Calendar



It may still be 2023 but the FY 2025 budget season is ramping up. The Department of County Assets (DCA) is busy developing the internal service rates for support services like facilities and information technology, the Budget Office is working on finalizing the General Fund forecast including inflation factors, developing the General Fund targets, getting Qwestica set up, and updating all the templates, forms, and manuals we will need to complete the FY 2025 budget.

Here are the upcoming Budget Milestones to mark your calendars (*subject to change*):

- November 21st - General Fund Forecast

- December 1st - Early release of Personnel Costs & Program Offer Access to Departments
- December 8th - “Big Release” of Budget Materials
- December 12th - FY 2025 Budget Kick-off
- February 12th - Department Budgets Due
- February 23rd - Program Offers posted online
- April 25th - Chair’s Executive (a.k.a. Proposed) Budget Released
- Mid/Late May - Tax Supervising & Conservation Commission Hearing
- June 6th - Budget Adopted

We want to remind all our friends out in the departments that now is a great time to get a head start on: reviewing program offers, identifying changes in other funds, evaluating current spending, and evaluating performance measures. Please reach out to your department or central budget analyst for early help!

## General Fund Forecast - November 21, 2023

Have you ever wondered how we determine the amount of General Fund revenues we will have to spend on programs in the upcoming year? Or how the economic trends you read about in the news impact the County’s financial health? You can learn all about this in the [General Fund Forecast](#), which was presented to the Board on November 21st. Jeff Renfro, County Economist, explained the factors that influence our General Fund revenues and what that means for the FY 2025 budget process.

The General Fund forecast provides a five-year projection of revenues and expenses, and is updated three times a year. The November forecast is the most in-depth and kicks off the budget process. The Budget Office forecasted a \$14.0 million General Fund deficit in FY 2025, taking into account the ongoing funding gap for the Behavioral Health Resource Center and public safety activities supported by [Senate Bill 1145](#). This means that in order to maintain current service levels for ongoing programs, the County would need \$14.0 million in new revenue. In the out years of the forecast, the General Fund deficit is expected to increase to \$40.5 million.

## 5-Year General Fund Forecast

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Revenues</b>	721,925,865	744,327,435	770,580,634	802,329,856	829,550,707
<b>Expenditures</b>	726,032,190	760,581,852	790,059,013	827,661,959	858,430,351
<b>Ongoing Surplus/(Deficit)</b>	<b>(4,106,325)</b>	<b>(16,254,417)</b>	<b>(19,478,379)</b>	<b>(25,332,103)</b>	<b>(28,879,644)</b>
<b>SB 1145 Ongoing Funding Gap</b>	<b>(6,570,686)</b>	<b>(6,833,513)</b>	<b>(7,106,854)</b>	<b>(7,391,128)</b>	<b>(7,686,773)</b>
<b>BHRC Ongoing Funding Gap</b>	<b>(3,350,000)</b>	<b>(3,484,000)</b>	<b>(3,623,360)</b>	<b>(3,768,294)</b>	<b>(3,919,026)</b>
<b>November Forecast with SB 1145 Backfill and BHRC</b>	<b>(14,027,010)</b>	<b>(26,571,930)</b>	<b>(30,208,593)</b>	<b>(36,491,525)</b>	<b>(40,485,443)</b>

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

The forecast presentation touched on the County’s major revenue sources (Property Taxes, Business Income Tax, and Motor Vehicle Rental Tax), the economic factors that influence collections, and collections assumptions for

the next five years. On the expense side, inflation, PERS, and bargaining impacts were discussed. Each year, the forecast presentation sets the financial context for the funding and programming decisions that follow.

Slides and video from the November 21st forecast are posted on the [Budget Office website](#).

## FY 2025 Big Release & Budget Kick-off Coming Soon...

On **December 1, 2023**, a week before the “Big Release,” the Central Budget Office will open the Questica Budget Software for FY 2025, providing department budget and finance teams access to **Program Offers and Position Costing**.

On **December 8, 2023**, the Central Budget Office will provide the “Big Release” of annual budget development information. This includes:

- Internal Service Allocations (from Department of County Assets)
- Instruction Manuals, Forms, and Templates
- Budget Calendar

On **December 12, 2023, from 2:00-3:00 p.m.**, the Budget Office will host a virtual FY 2025 budget kick-off featuring Chair Vega Pederson, Chief Diversity and Equity Officer Joy Fowler, and Budget Director Christian Elkin. This meeting is your chance to learn about the financial context for the upcoming budget year and hear about new items for FY 2025. Please bring your budget-related questions. Can't make it? Don't worry - we will record the budget kick-off and post the slides and video on the [Budget Office website](#) so you can watch it at your leisure.

## Budget Equity Training from the Office of Diversity and Equity on November 30, 2023

The Equity & Empowerment Lens is a framework for policy, programming, and workforce analysis used to highlight critical assumptions and unintended impacts to our most vulnerable communities. The Office of Diversity and Equity (ODE) provided department-specific workshops throughout October and November on budget equity and the lens. If you were not able to attend, **ODE will be providing a countywide training on Budget Equity and the Equity & Empowerment Lens on Thursday, November 30, 2023**. Please sign up for that training in [Workday](#).

ODE is also offering an Equity & Empowerment Lens training in Workday that, while not focused on budget issues, will have plenty of useful information. You can sign up for that January 31, 2024, workshop [here](#).

ODE provided the [FY 2025 Budget Equity Tool](#) and [Worksheet](#) at the fall workshops, which are full of helpful explanations and prompts.

## County Budget Process Audit Report

The Multnomah County Auditor's Office published a



report on the budget process in October, and presented the findings to the Board on [November 21, 2023](#). While the audit noted that many of the County's budget processes are consistent with best practices, it also identified areas of concern and made specific

recommendations. Below are the four recommendations, along with a brief summary of what is being done with respect to them.

### **Recommendation 1:**

To improve transparency, the central budget office and Chief Financial Officer should develop an administrative procedure requiring all county departments to report to the Board of County Commissioners at least once each fiscal year on revised budget to actual expenditures at the foundational unit of the county's budget, which is currently the program offer level.

### **Summary of response:**

The County agrees with this recommendation and is actively working towards its implementation. As noted by the Auditor's Office, a FY 2024 Budget Note called for coordination and development of countywide budget-to-actuals reports, and County staff began working toward this type of reporting prior to the adoption of this Budget Note.

### **Recommendation 2:**

To improve transparency, the Board of County Commissioners should develop a policy requiring departments to report to them when they intend to make expenditures in a way that the Board defines as materially different from how they propose to spend funds in program offers.

### **Summary of response:**

Current Board rules, along with written guidance from the Budget Office, require formal budget modifications for changes to full time equivalent employees (FTEs), as well as for increases or decreases in revenues and expenditures. While departments are required to update their budget by fund, they are not required to present a formal budget modification for changes that may be made across accounting line items, unless such changes involve significant policy/programmatic changes, even if there is no net budget impact.

Determining the right thresholds for a material difference will be key to ensure the County balances the need for transparency with the added workload within departments, the Budget Office and for the Board. The Chief Operating Officer, Chief Budget Officer and the Chief Financial Officer will research best practices and compare those to the County's current budget and financial rules. Once this review is complete they will bring policy recommendations to the Board for consideration.

**Recommendation 3:**

The Chair should direct the central budget office and departments to engage community budget advisory committees earlier in the budget process and provide them with information sooner, so their comments have more time to be addressed with the release of the Chair's proposed budget.

**Summary of response:**

The Office of Community Involvement (OCI) is working to establish standard guidance and timelines for the community budget advisory committee process. OCI is commencing a process over the next year to bring forth recommendations to the Board of County Commissioners to be implemented for FY 2025.

**Recommendation 4:**

The Board of County Commissioners should study whether the county should budget on an annual or biennial process and report on the results of this study. Areas to study could include potential impacts on community involvement in the budget process, budget inputs and outcomes, and monitoring of adopted budget to actual expenditures.

**Summary of response:**

The Chief Operating Officer, Chief Budget Officer and the Chief Financial Officer will convene to discuss details regarding how such a study could be conducted, and will present that information to the Board of County Commissioners.

For additional details, please see the [report](#) and [response letter](#).

## Public Access to FY 2024 Budget Monitoring Dashboard Coming Soon...

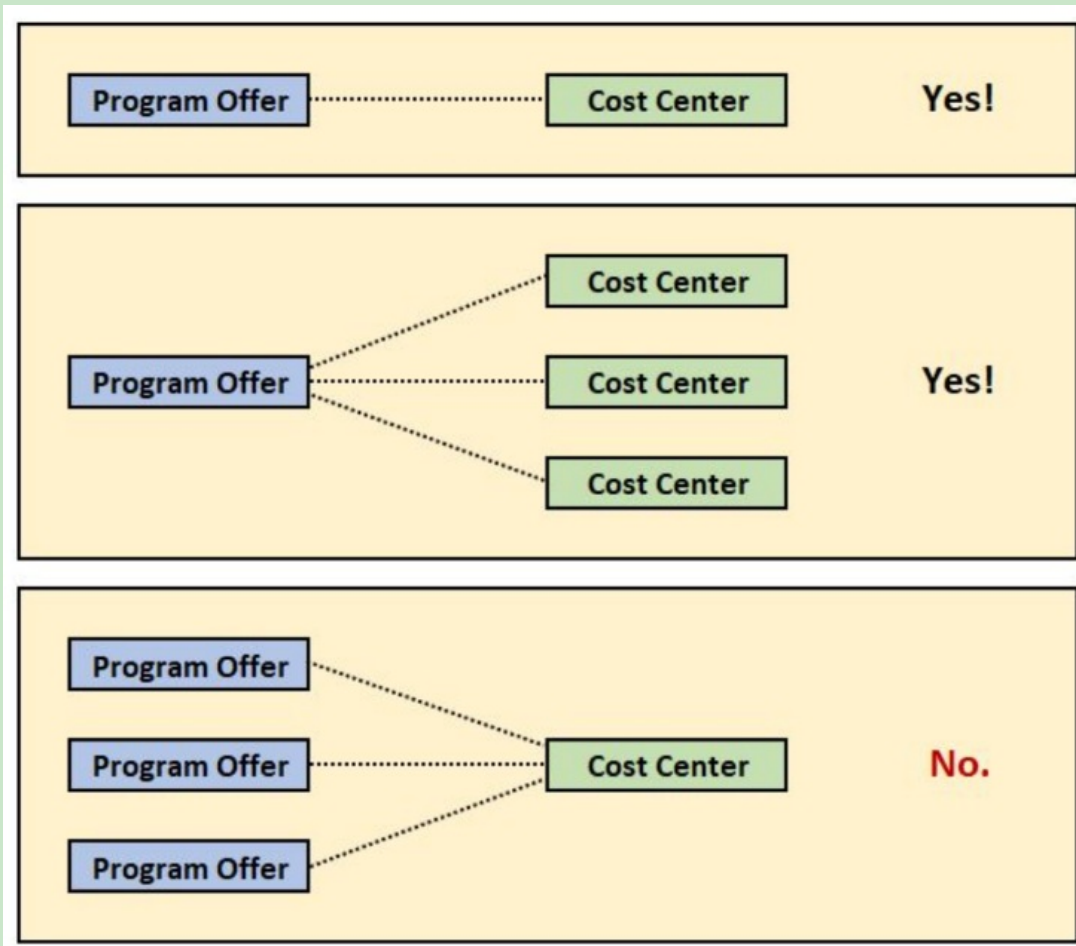
As part of the budget monitoring that the Board and recent budget audit have requested, the Central Budget Office has created an internal FY 2024 Budget Monitoring Dashboard. **A public-facing version of the dashboard featuring summary-level data will become available to the public in December.** This public-facing dashboard provides an easily understood graphical representation of current budget spending by department, fund, and major expense category (e.g. personnel, contractual services, etc.). It also includes department historical spending information. The data will be refreshed periodically.

## Program Offer to Cost Center/Cost Object Relationship in FY 2025

In FY 2025, the Budget Office will be creating dashboards that show budget vs. actuals at the program offer level. In order to do this, each **cost center** should be associated with only one parent budget program offer (or group of scaled program offers) in a budget year. Program offers may contain multiple cost centers. This relationship between cost centers and program offers applies to cost centers used as primary cost objects and to cost centers used as related worktags. This means that grant tags,

projects, and MOCS should only appear in the same program offer as their related cost center.

Limited exceptions to this rule may include cost objects for one-time-only funding, capital projects, or other unique budget situations. Any exception to this practice must be approved by the Central Budget Office. At a minimum, each cost object will always be associated with only one parent budget program offer.



You may find it helpful to review the new [Core Data Best Practices Guide](#) that ERP Finance published in October 2023. The guide is intended to be a reference for County finance and budget managers, supervisors, and staff. It focuses on the rules and best practices governing the creation and use of cost objects and funds in Workday.

If you have questions, please reach out to your department budget/finance manager, with whom we've been working very closely.

## Supplemental Budget Allocating \$62.5M One-Time-Only Funding approved on September 28, 2023

On September 28, the Board of County Commissioners approved a supplemental budget allocating \$62.5 million in one-time-only funding for added shelter capacity, more recovery housing, new sobriety and stabilization services, expanded day services for people without shelter, and rent assistance to prevent people from entering homelessness.

Funding for this infusion of resources came from available Federal American Rescue Plan (ARP) dollars and from the County's share of unanticipated Supportive Housing Services revenue collected by Metro.

**ARP:** During the FY 2024 budget process, the Board directed that it be notified of the final ARP balance as soon as FY 2023 actual spending was finalized. That balance was \$12.4M, of which \$11.7M was allocated in the supplemental budget (the remaining \$0.7M of ARP funds were [budgeted on October 19](#) for retention incentives and gun violence prevention).

**SHS:** In June 2023, Metro officially notified Multnomah County that the Supportive Housing Services (SHS) tax raised unanticipated FY 2023 revenue for Multnomah, Clackamas, and Washington counties. For Multnomah County, this amounted to \$50.5 million in unexpected funding from FY 2023, which was carried over to FY 2024 to be allocated.

The 4-1 vote approving the supplemental budget followed a series of public meetings and work sessions ([July 20](#), [Aug. 10](#), [Aug. 29](#), [Sept. 14](#) and [Sept. 21](#)) where Board members could discuss their priorities for the funds, ask each other questions, and receive detailed information from departments.

For more information, please see the [County's press release](#) and the [Board Clerk's website](#) (agenda item R.1 on 9/28/23).

As a reminder, a supplemental budget allows the Board to make changes to the County's Adopted Budget to address changes in financial conditions not anticipated at the time the budget was adopted. As defined by Oregon Budget Law, all budget modifications that go before the Board are supplemental budgets, and the majority of budgetary adjustments qualify for exemptions that allow the changes to be adopted by simple resolution. When those exemptions are not applicable a supplemental budget is required. A supplemental budget is an entire budget process in miniature, with public hearings and public notices.

## Rebalancing Budget Modifications to Address State/Federal Funding on 8/31 and 11/9 with more to come...

As noted during the FY 2024 budget process, the County's budget was built on the best information we had regarding State and Federal funding. We understood that we would likely need to rebalance or "true-up" our budget based on the outcome of the State Legislative session and Federal funding decisions (which often follow a different funding cycle). November 9 was one of a series of budget actions to align the County budget with the actual revenues we will receive. These budget modifications will help departments manage their budgets more efficiently and effectively in the coming months.

Oregon's budget covers two fiscal years (a biennium). When we're between bienniums, the rebalancing items will usually be significantly smaller. However, when we're going from one biennium to the next (as was the case with the FY 2024 budget) and the State is making new

funding decisions, we'll have bigger items to consider.

**August 31st SB 1145 Public Safety State Rebalance:** It should also be noted that one of the largest items requiring realignment was the Senate Bill (SB) 1145 allocation, which the County knew going into the FY 2024 budget cycle would be lower than what we needed to maintain current service levels. DCJ, MCSO, and LPSCC all receive funding from the State of Oregon, Department of Corrections through SB 1145. This is a formula grant awarded to Oregon counties and, for the past several years, the State's allocation has not kept pace with actual costs.

In the FY 2024 Adopted budget, the Board set aside \$6.0M one-time-only funds in contingency, while waiting for further details from the State. Then, on August 31, the Board went through a process to refine and allocate that contingency funding to our public safety departments. The [Board approved a \\$6.3M General Fund contingency budget](#) that included both the earmarked contingency amount and additional un-earmarked contingency funds. The contingency can be used to operate programs for one more year or provide a ramp down. However, other ongoing solutions will need to be identified for FY 2025 and beyond.

**November 9th Fed/State Rebalance:** The Board considered 8 individual budget modifications from 7 departments, with a net change to the FY 2024 budget for the Federal/State Fund (1505) of \$92,202.

### FY 2024 Fed/State Rebalance // Summary by Department

<b>Total Net Changes</b>	<b>\$92,202</b>
Department of Community Justice	\$251,160
Sheriff's Office	(\$110,842)
County Human Services	(\$100,000)
Joint Office of Homeless Services	\$242,087
Health Department	(\$400,000)
Nondepartmental/LPSCC	\$292,652
District Attorney	(\$82,855)

For more information, please see the materials for November 9th's agenda items R.2-R.9 on the [Board Clerk's website](#).

Additional rebalancing items will be brought forward at future Board of County Commissioners meetings:

- **Oregon All In** - an update will be included in the November 28th Joint Office and Housing Multnomah Now briefing. Any needed budget actions will follow on November 30th.
- **Ageing, Disability, Veterans Services (ADVSD)** - will provide an update in partnership with Government Relations in December.
- **Rent Assistance (Youth & Family Services)** - will be coming to the Board in December to discuss changes to State funding for the Rent Assistance program.



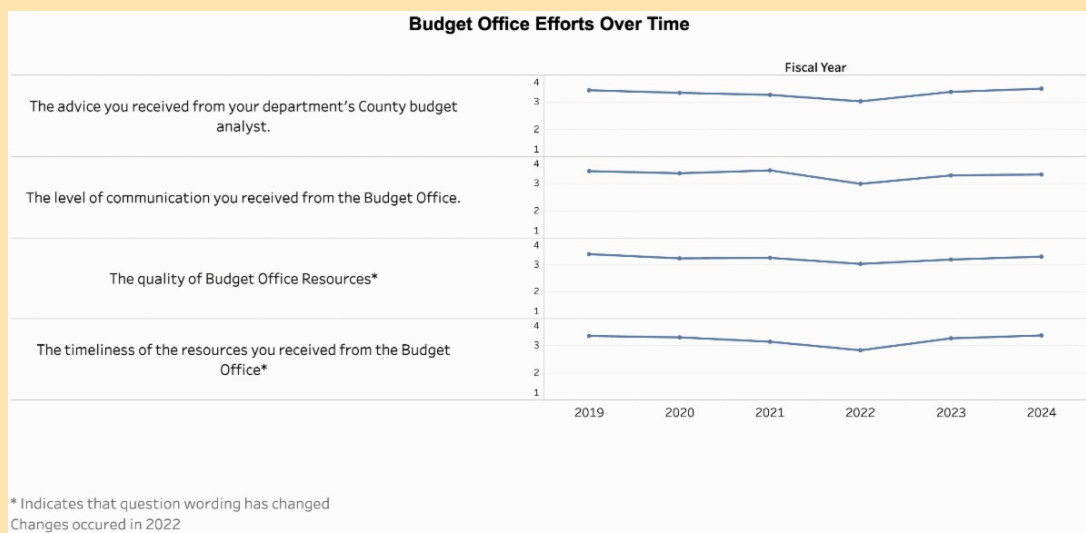
- **HB 3194 Competitive Grant (LPSCC and Public Safety Partners)** - will provide an update in January 2024 when the award is finalized.

## FY 2024 Budget Survey Results

Thank you all for participating in the annual budget survey. Check out the [FY 2024 Budget Survey](#) results on the Budget Office website, alongside survey results dating back to FY 2004. And thank you to the Evaluation and Research Unit for putting together such an informative and interactive Tableau presentation.

The survey includes questions on County policy direction, internal service allocations, departments' budget processes, and Central Budget Office products and performance. Past responses to this survey have led to specific changes in the budget process, such as offering new training modes and opportunities, tailoring updates in written documentation, and more robust communication.

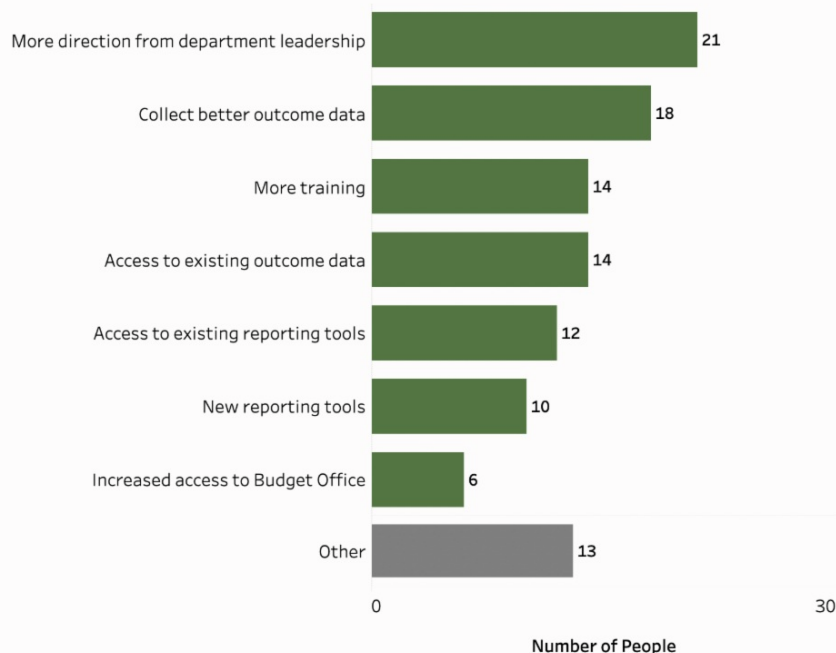
We're glad to see that your FY 2024 experience with the Budget Office was consistent, even slightly improved over the previous year.



For the FY 2024 Budget Survey, we included a more robust section focused solely on the development of program offers. We'll carefully consider your responses to help us continue to address the needs of budget participants.

## Program Offer

What tools would help you develop your program offer?



The Budget Office values your feedback, and you don't have to wait until the next budget survey to share your thoughts. Please reach out to anyone in our office with your suggestions, comments, or struggles as we move through the FY 2025 budget development process. You can find our contact information on the [Budget Office website](#).

## New Staff



Please welcome **Anisha Govindankutty**, who joined the Budget Office in August as a Hatfield Fellow from Portland State University. A recent graduate from University of Oregon, her academic focus was on transportation, housing, and community engagement. Anisha is a key player in the Budget Office's expansion of its budget and performance data analytics capacity. She is helping design a budget-focused performance management plan to enhance data-driven budget decisions. She also assists with the Budget Office's ongoing budget development and analysis work. When not at work, Anisha can be found volunteering, reading, or getting lost in maps.

## Staffing/Assignment Updates

There have been some changes to the Budget Office's staff and departmental assignments. Below is an updated assignment list.

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**Anisha Govindankutty**  
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