

FY 2028 General Fund Forecast

Presented to the Multnomah County Board of County Commissioners

November 17, 2026

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 2028	FY 2029	FY 2030	FY 2031	FY 2032
Revenues	805,450,105	832,221,525	859,577,858	890,724,452	921,777,745
Expenditures	828,354,096	865,902,308	908,000,386	921,906,256	954,493,511
November Forecast Ongoing Surplus/(Deficit)	**(22,903,991)**	**(33,680,783)**	**(48,422,529)**	**(31,181,803)**	**(32,715,766)**
Expected Deficit After Balancing FY 2028	**0**	**(9,860,632)**	**(23,649,572)**	**(5,417,928)**	**(5,921,336)**

Significant Changes from Spring 2026:

- Increase COLA from 2.75% to 3.9% ($6.9 million)
- Increased Property Tax Compression ($1.8 million)
- Reduce FY 2028 BIT by $5 million (HR 1)

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

Economic Overview

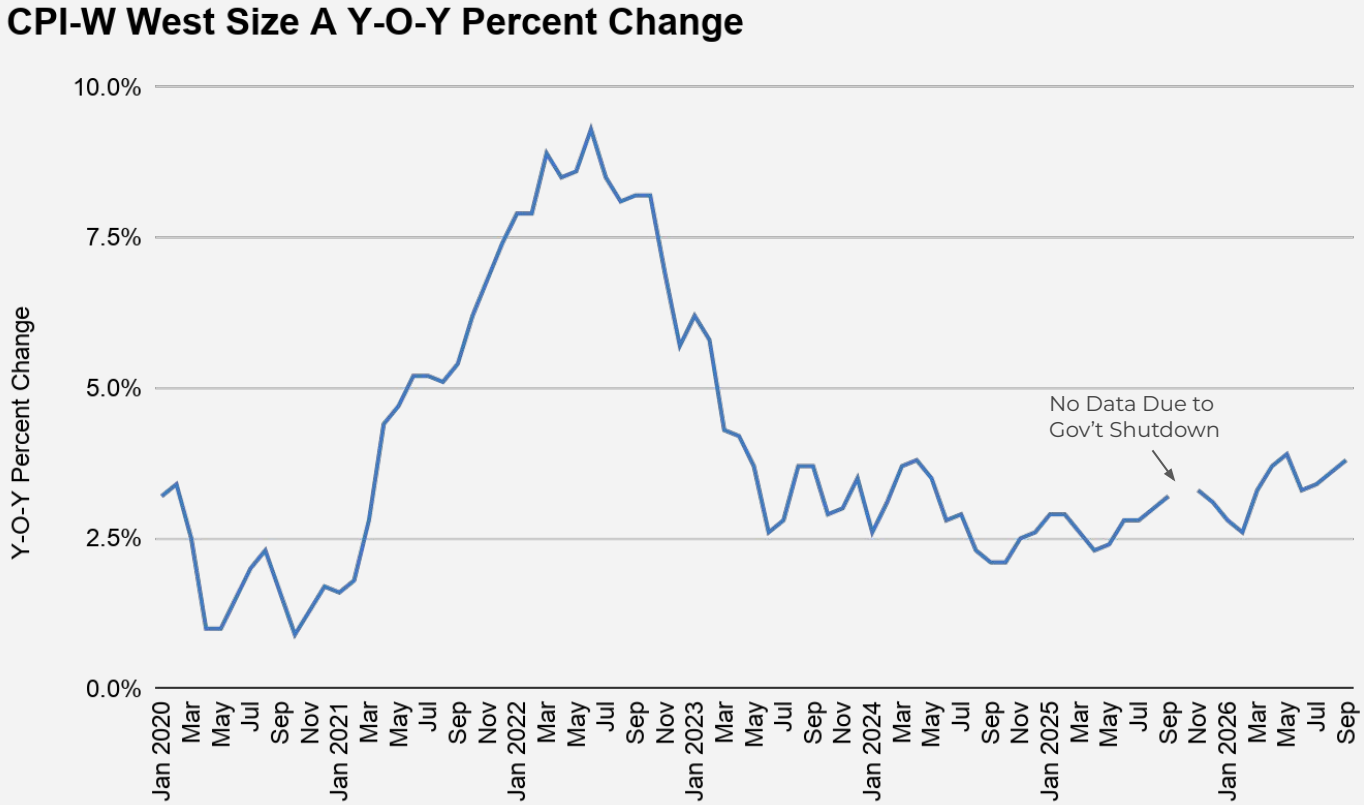
1. Inflation: Energy driving inflation
2. Interest Rates: Increasing but not yet constraining growth
3. Profits: High and highly concentrated
4. Continued Local Struggles: Layoffs slowing but slow job growth



Multnomah County

FY 2027 Expenses

Inflation

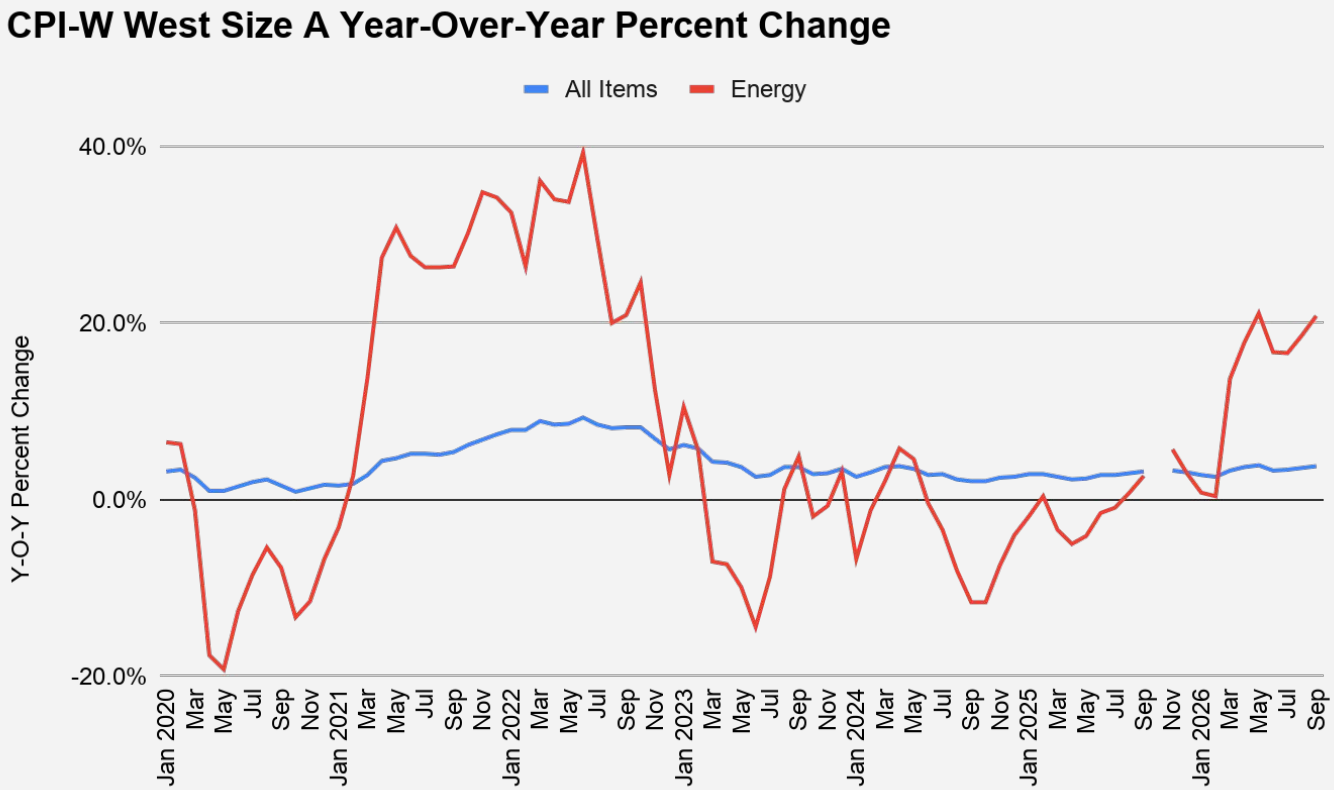


Progress on inflation reversing. Expected to remain above Fed target for extended period.

Inflation tied directly to personnel cost growth by labor contracts.

Economic Overview

Inflation



Iran War driving rapidly increasing energy prices.

Energy price increases flow through to all parts of economy.

Economic Overview

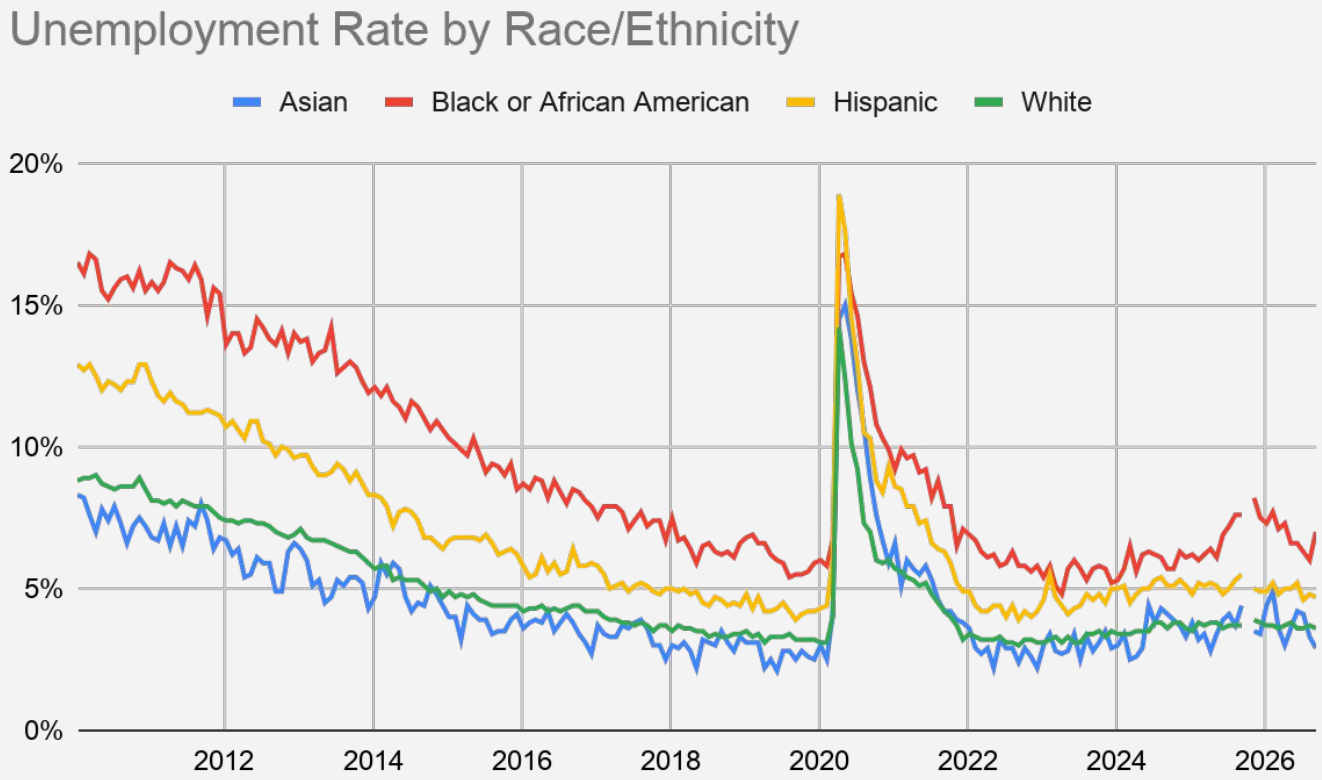
Unemployment



Low Hire/Low Fire: Long-Term Unemployment Continues to Grow

Economic Overview

Unemployment



Persistent disparities in unemployment rate. Recent increase in Black or African American Unemployment Rate.



Revenues

Multnomah County

FY 2027 Revenue Review

	FY 2027 Adopted[1]	November Forecast Change	Note
Property Taxes	431,257,673	(2,991,063)	Higher Compression
Business Income Taxes (BIT)	184,806,660	22,000,000	Net BIT Forecast Change (OTO)
Motor Vehicle Rental Taxes (MVRT)	42,196,688	(1,196,688)	Weak Despite Strong PDX Traffic
US Marshal	1,190,300	0	
State Shared[2]	14,080,907	(1,100,000)	Less Liquor and Video Lottery
Recording Fees/CAFFA Grant	7,175,104	(725,104)	Continued Impact of High Interest Rates
Indirect			
Departmental	43,374,880	0	
Central Indirect/ Svc Reimburse	12,567,383	0	
All Other	61,496,664	4,000,000	Increased Interest
FY 2027 Revenue Adjustments[3]	**798,146,259**	**19,987,145**	
% of Revenue		***2.50%***	

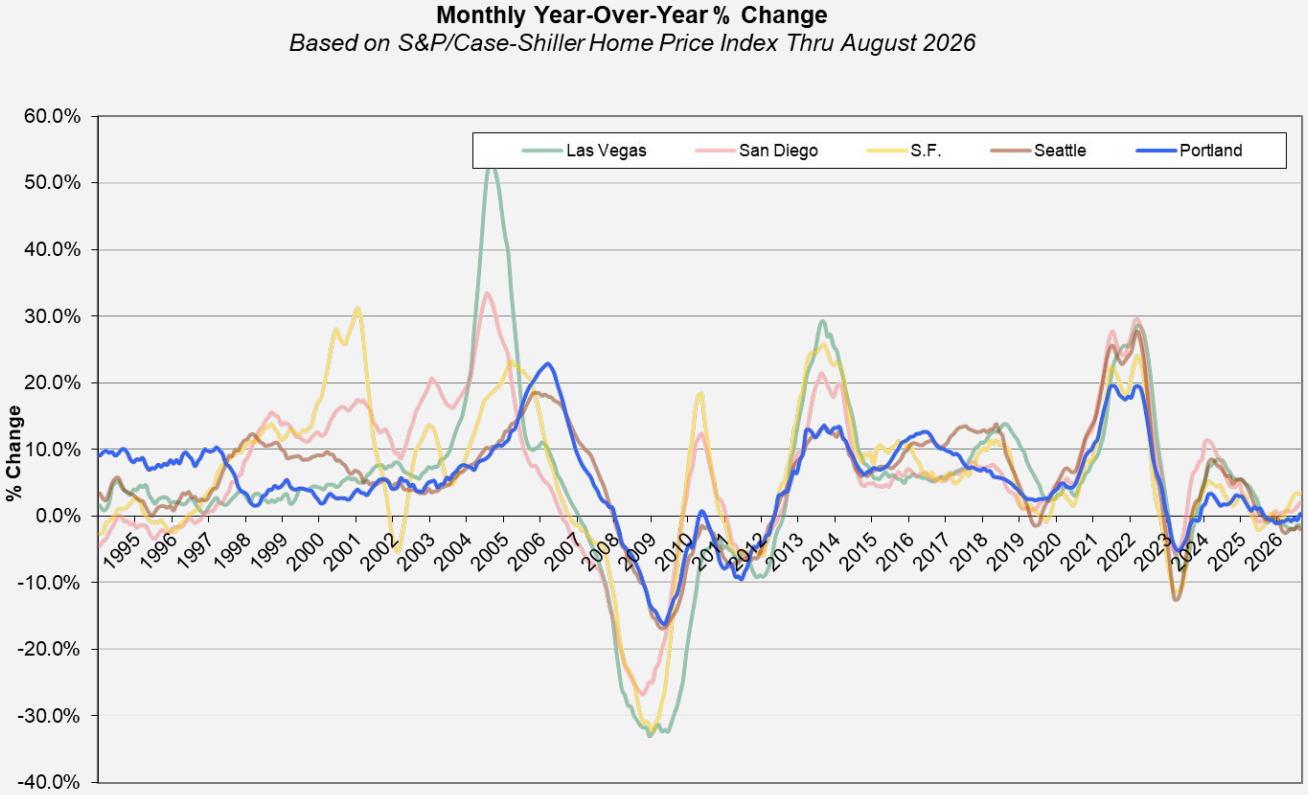
1. Excludes BWC and Tax Title: Affordable Housing, but includes Video Lottery.

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% of Discretionary CGF - $431 million in FY 2027)

Case Shiller Home Price Index



Multco Residential Property is 59.4% of Total Assessed Value (AV) ($61 billion)

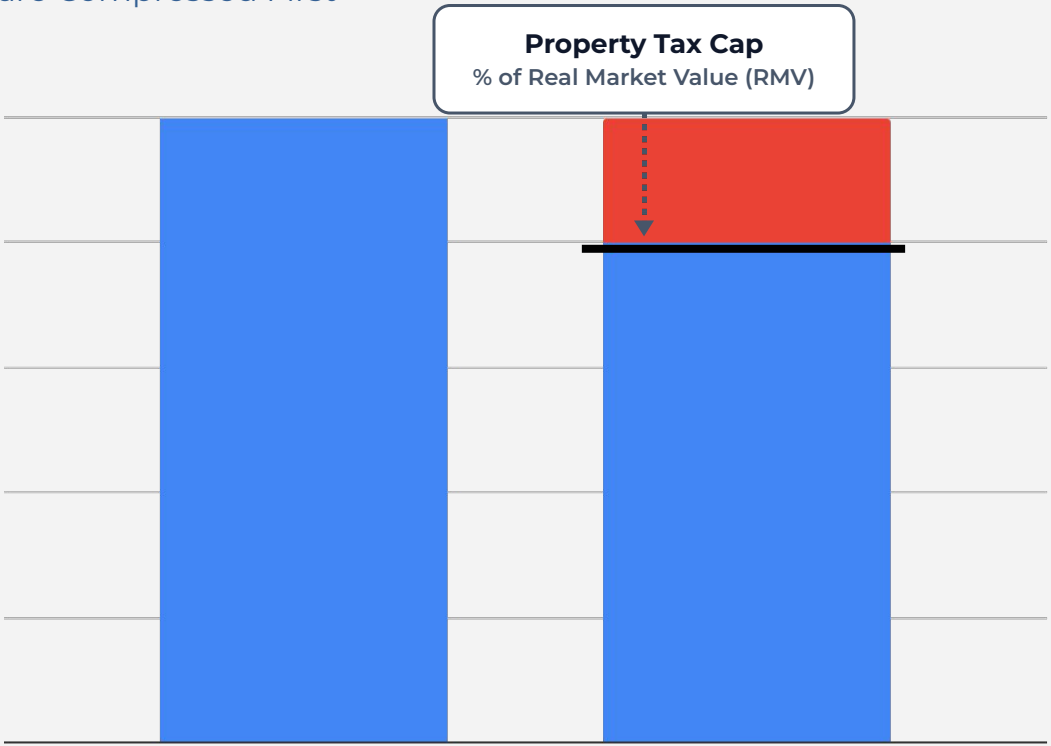
Property Tax - Compression

Local Option Levies are Compressed First

Extended Tax

Assessed Value × Tax Rate

Total tax calculated on property prior to applying constitutional caps.



Compression Loss

Tax revenue lost due to the constitutional RMV cap limit.

Local Option Levies are compressed first.

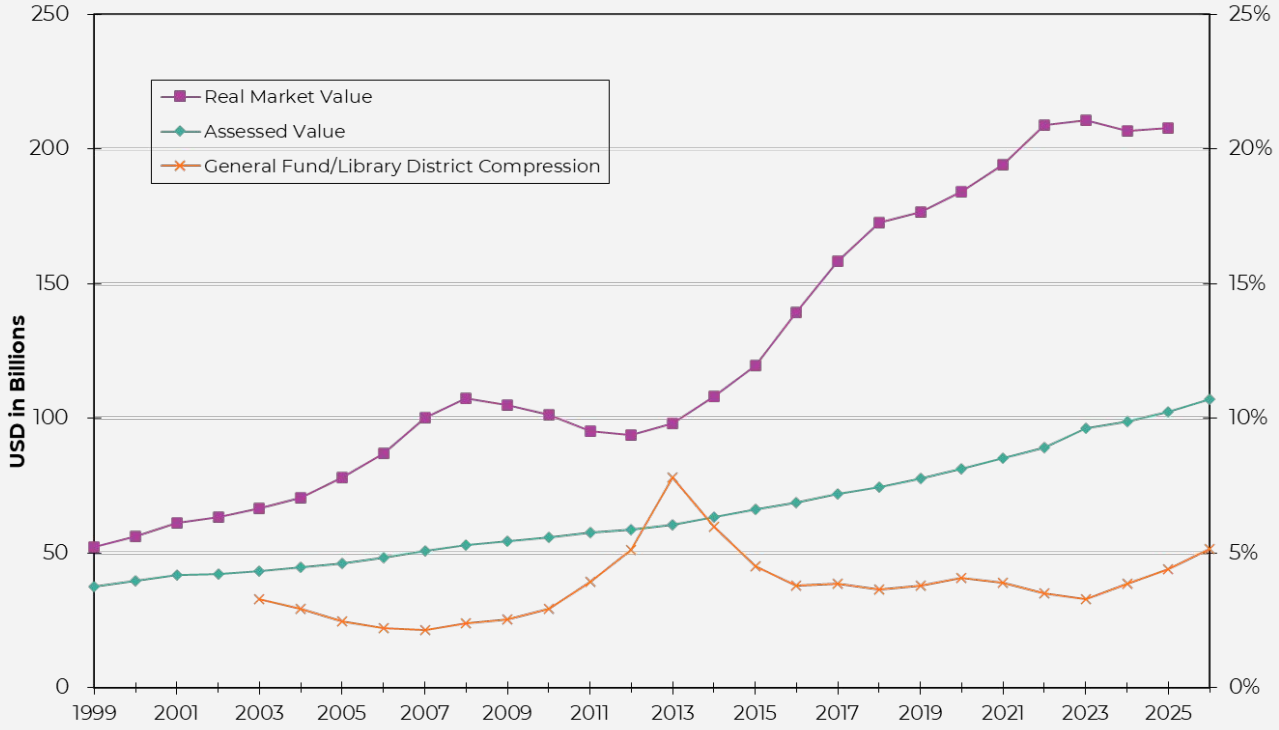
Imposed Tax

What People Actually Pay

Final collectable tax billed after applying compression reductions.

Property Tax

History of RMV, AV, and Compression in Multnomah County (Calendar Year)



Overall RMV Increase but Additional Properties Pushed into Compression

Property Tax

Local Option Levies

2026 – 2031

Oregon Historical Society

Levy Rate

$0.05

per $1,000 of AV

FY 2027 Compression

26.9%

2024 – 2029

City of Gresham Fire & Police

Levy Rate

$1.35

per $1,000 of AV

FY 2027 Compression

11.6%

2024-29 / 2026-31

Portland Children's & Parks Levies

Levy Rate

$1.8026

per $1,000 of AV

FY 2027 Compression

31.0%

2025 – 2030

Portland Public Schools

Levy Rate

$1.99

per $1,000 of AV

FY 2027 Compression

29.5%

Business Income Tax (BIT) (~26% of Discretionary CGF - $185 million in FY 2027)

US Corporate Profits

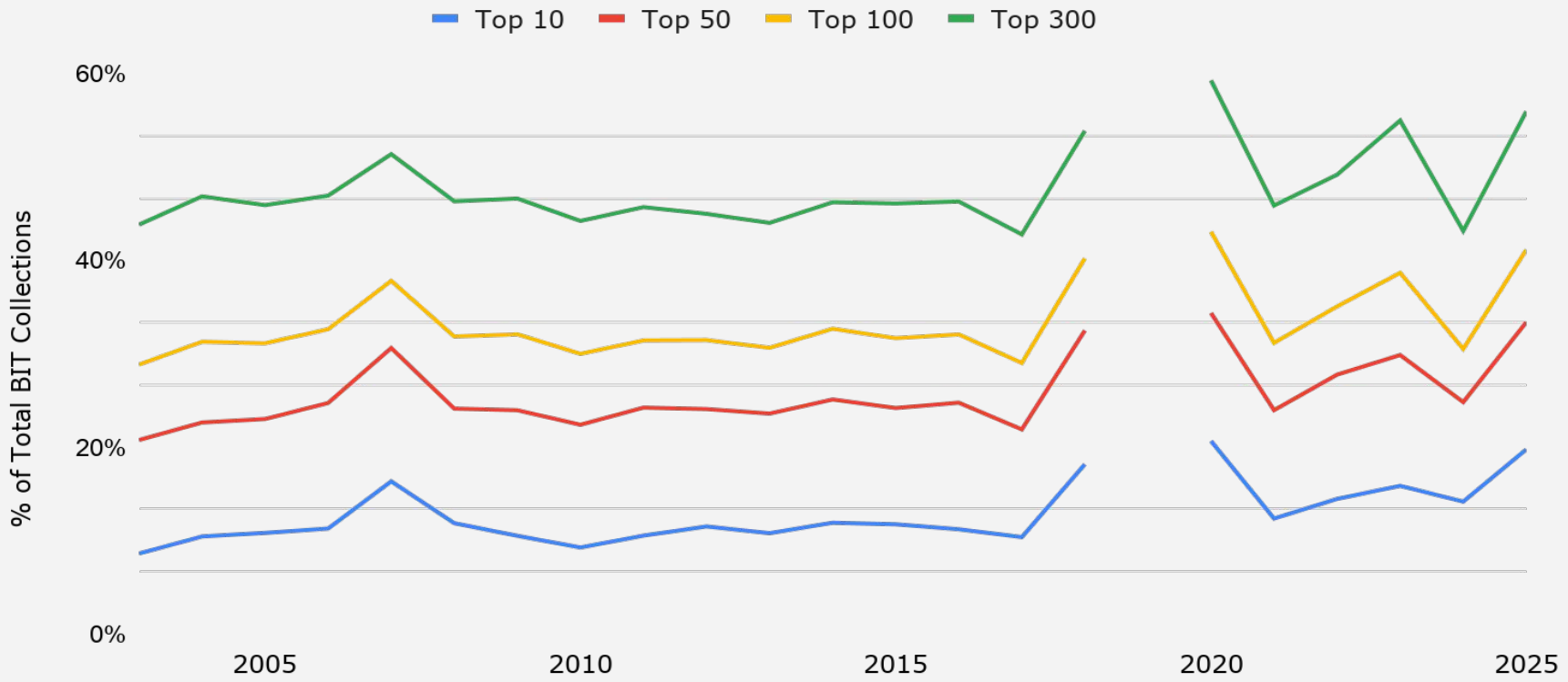


BIT payments are based on Net Income and correlated with US Corporate Profits

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

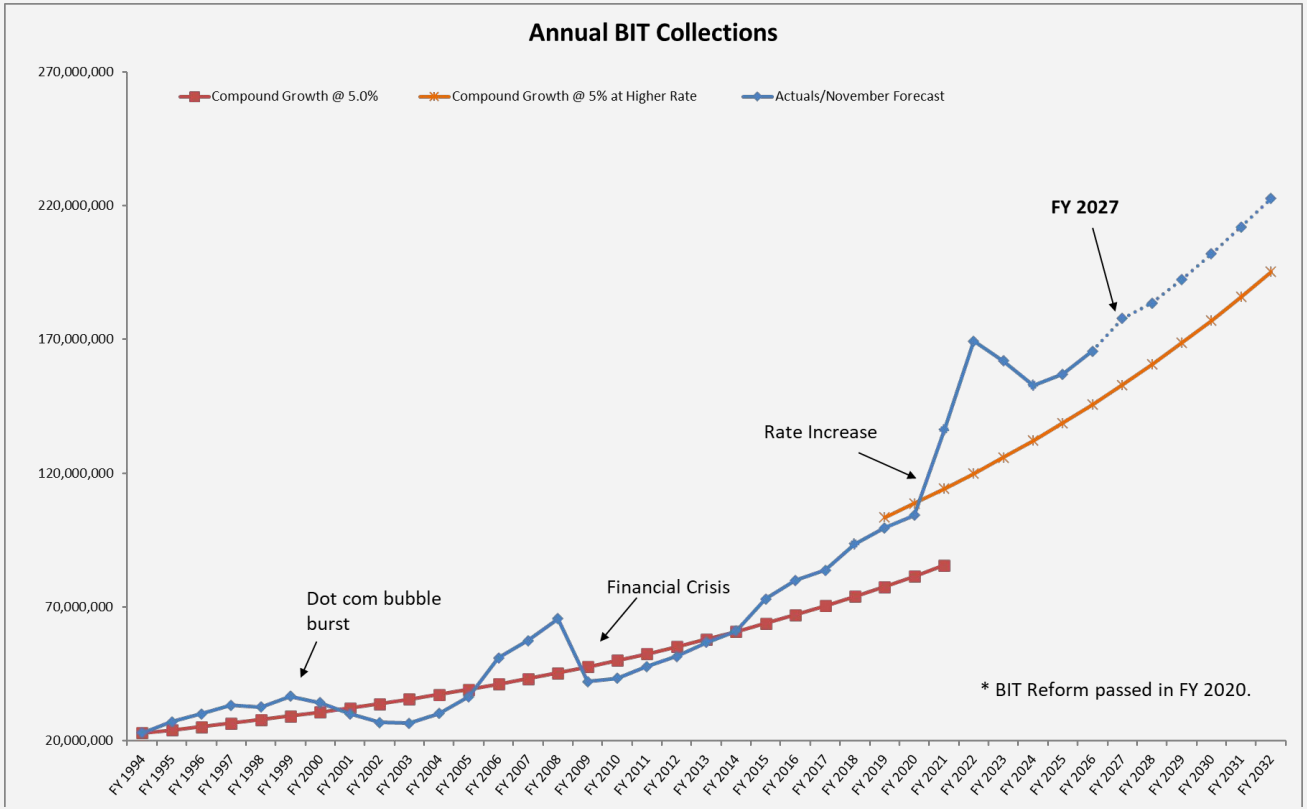
Business Income Tax (BIT)

Share of Payments by Tier



Business Income Tax (BIT)

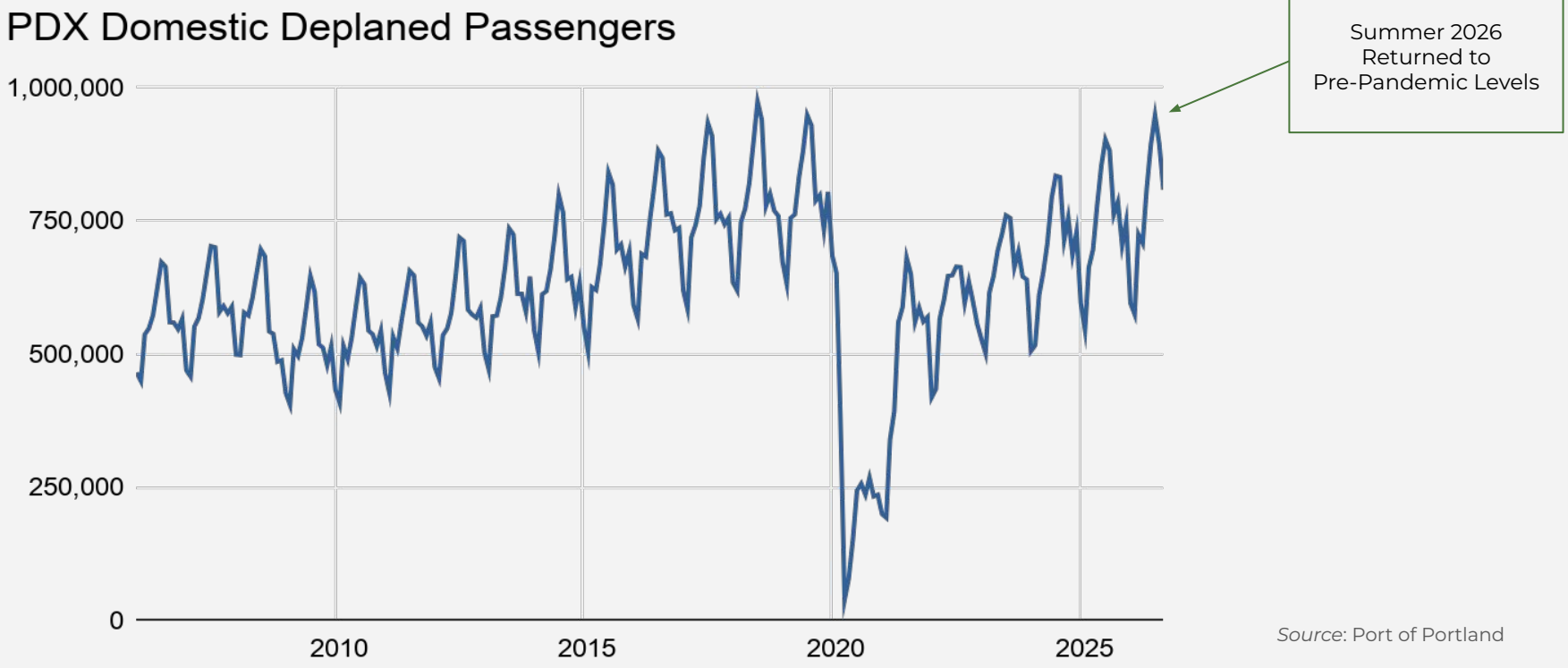
Annual BIT Collections: History and Forecast



Key Question: How Long is HR 1 Tail?

Motor Vehicle Rental Tax (MVRT) (~6% of Discretionary CGF - $41 million in FY 2027)

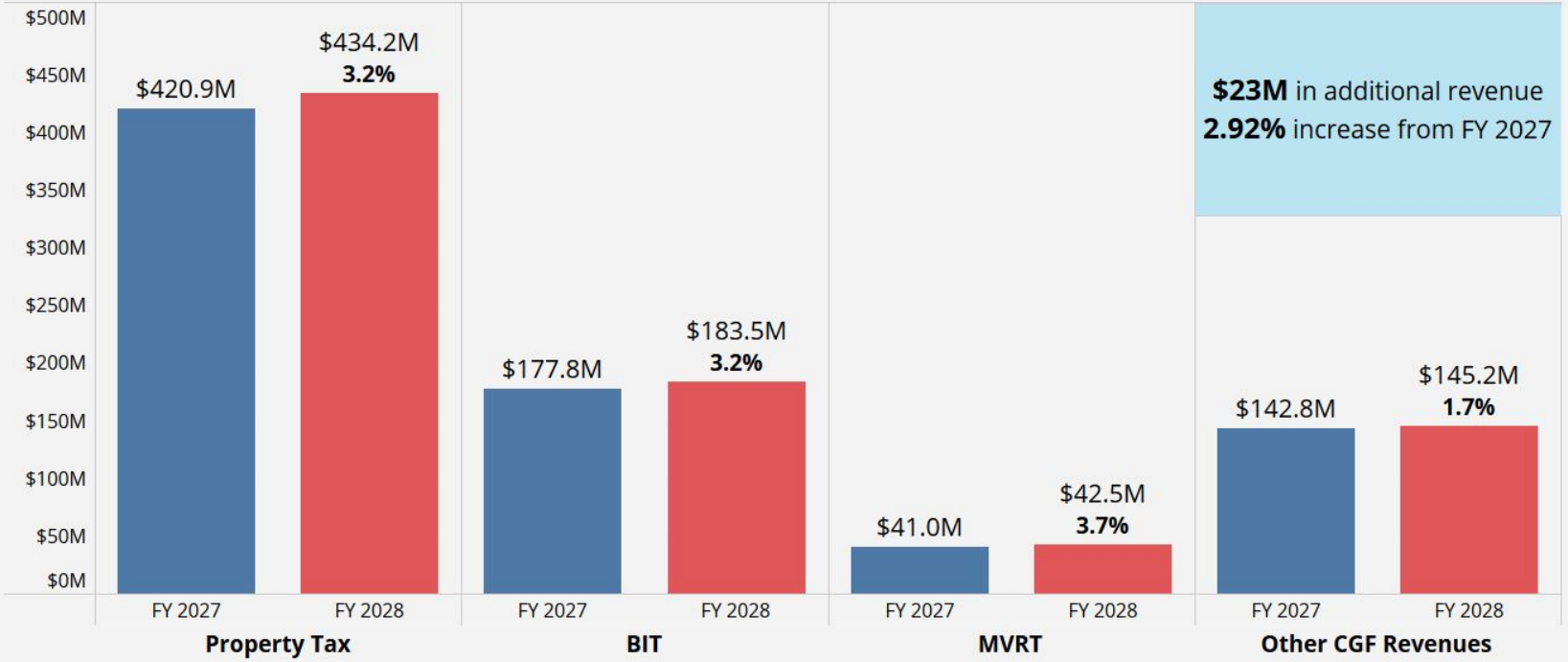
Domestic flights into PDX have increased since the pandemic



Source: Port of Portland

General Fund Revenues

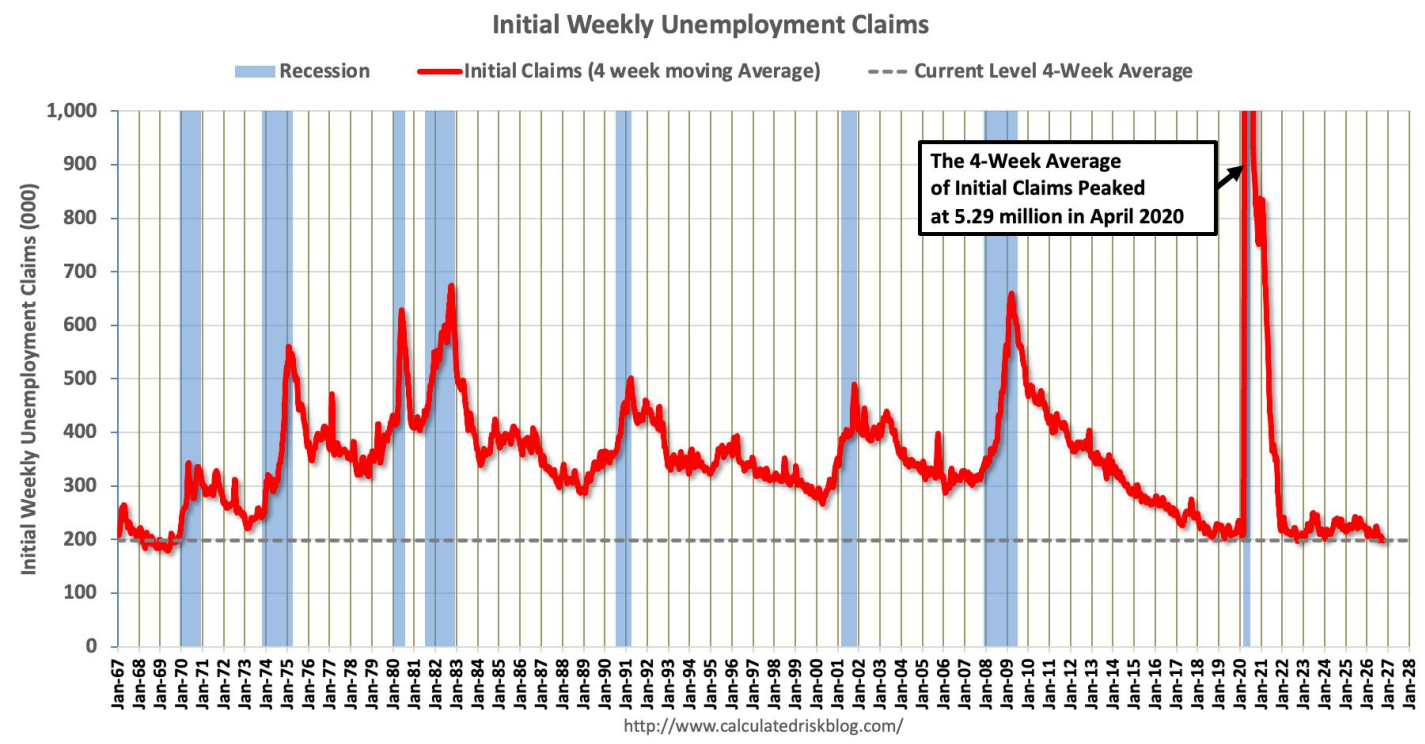
FY 2027 (Updated) vs. FY 2028 Forecasted Revenue Comparison



Revenues are increasing but need **$33 million** to cover Current Service Level

Economic Overview

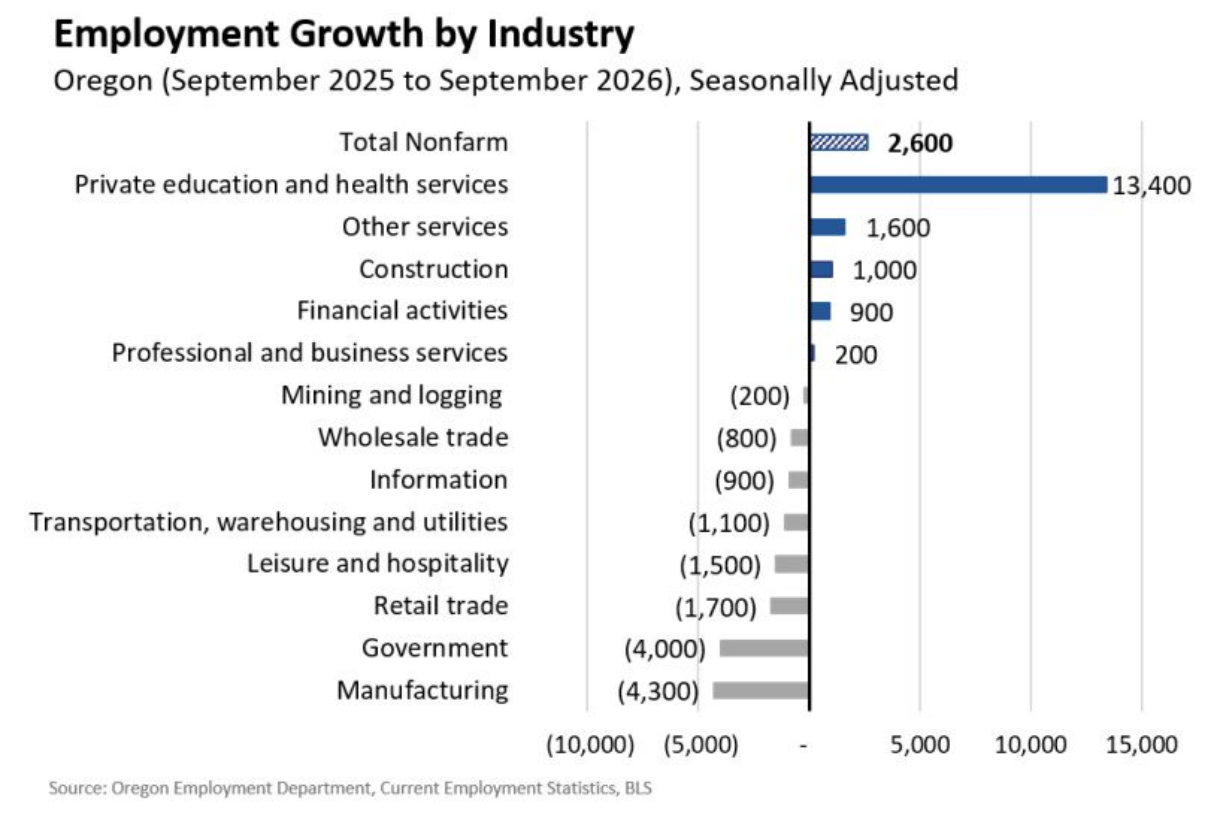
Initial Weekly Unemployment Claims



Nationally, layoffs remain low but hiring has slowed and job listings. Peak in layoffs has passed in Oregon.

Economic Overview

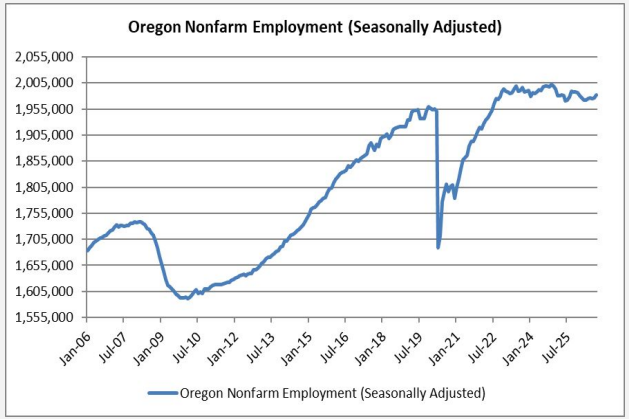
Oregon Employment Change by Industry

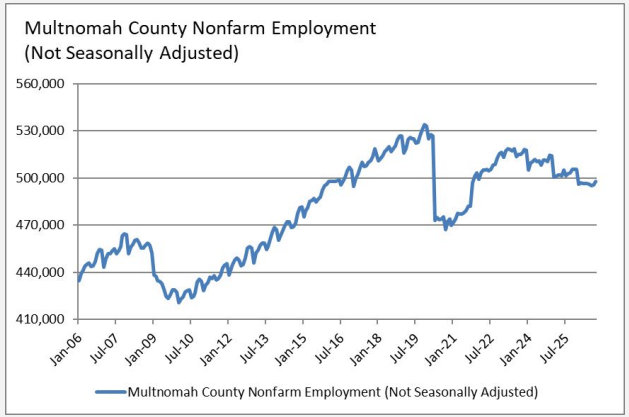


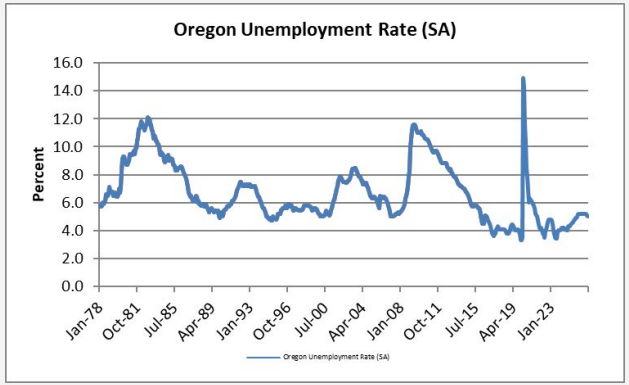
Oregon Employment Trends Converging Back to National Trends

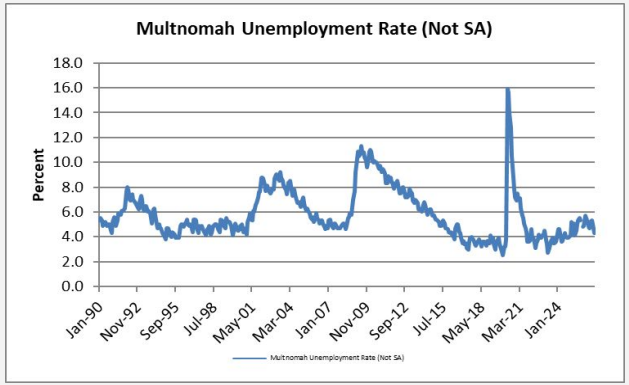
Slide Courtesy of Oregon Office of Economic Analysis

Economic Overview
County and State Employment











Expenses

Multnomah County

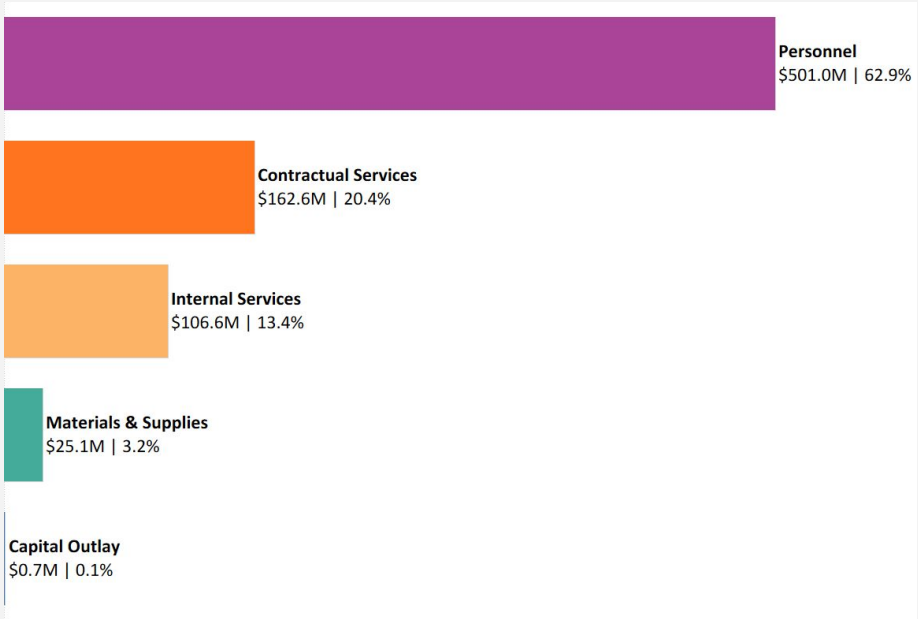
FY 2028 Expenses

Cost Drivers

Personnel/Labor Costs (change in rates)		**5.68%**
COLA	3.90%	
Step/Merit/Contract Changes	1.73%	
Medical/Dental	6.00%	
PERS	0.26%	
Retiree Medical	0.00%	
Liability/Workers Comp/ TriMet	0.07%	
Materials and Supplies		**3.90%**
Contractual Services		**3.90%**
Internal Services*		**3.67%**

*Estimate to be updated later

FY 2027 General Fund Expenses



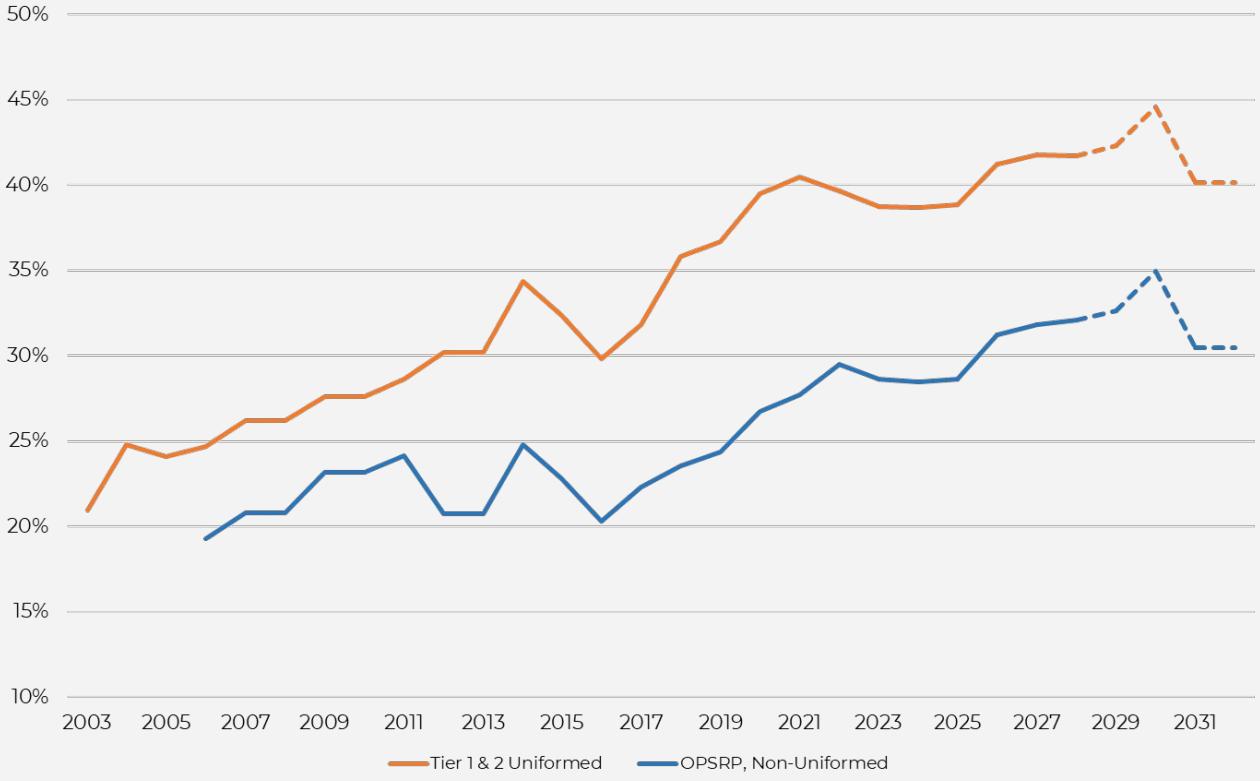
FY 2028 Expenses

Cost Drivers (continued)

General Fund Cost Driver Notes	A 1% increase in base pay = approx. $5.0 million
	A 4% increase in medical/dental rates = approx. $2.3 million
	A 1% (of base pay) increase in PERS = roughly $3.0 million
Reserve & Contingency Assumptions	**General Fund "Regular" Contingency**: $2.0 million
	BIT Reserve: 12% of BIT revenues ($22.0 million)
	General Fund Reserve: 12% of corporate revenues ($82.7 million)

FY 2028 Expenses

PERS Rate Assumptions



End of Surplus Benefit in FY 2030 Followed by End of PERS Bond Debt Service in FY 2031.



Five-Year Forecast

Multnomah County

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

Multnomah County

Table 2: General Fund FY 2027 Beginning Working Capital & FY 2028 OTO [1, 2]

Year-End as of October 27, 2026

FY 2027 Actual Beginning Balance [3]	147,348,632
FY 2027 Budgeted Beginning Balance	125,834,425
Additional FY 2027 BWC (OTO)	**21,514,207**
Less FY 2027 Revenue Adjustments	(2,012,855)
Plus Net FY 2027 BIT Changes	22,000,000
Less Set Aside for BIT Refund Risk	?
Less Amount for East County BIT Payment	(1,870,000)
Less Amount to Maintain FY 2028 Reserves at Board Policy Level	(1,179,709)
OTO Funds for FY 2028 per Nov. Forecast	**38,451,643**
50% Dedicated to County Facility/IT Projects per Board Policy	*19,225,822*
Remaining 50% to be Allocated	*19,225,822*

Includes **$24.5 million** of departmental underspending offset by revenues coming in lower than forecast.

1. *Assumes the FY 2027 General Fund Contingency is fully spent in FY 2027.*

2. *Assumes departments fully spend their FY 2027 appropriation.*

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

4. *Can be used as part of FY 2028 Budget Process if not used in Winter.*

FY 2027 One-Time-Only (OTO) Program Offers

Assumed to not continue into FY 2028

Total Program Offers

15 Offers

$14.7M One-Time-Only Investments

Largest Allocation

$7.13M

HSD Additional Placement out of Shelter

OTO by Department

Nond	$50,000
District Attorney	$514,000
Human Services	$1,750,000
Homeless Services	$10,100,000
Health Dept.	$825,000

Prog. #	Program Name	Dept.	FY 2027 OTO
10009D	Justice Fellowship Cohort and Stipends	NOND	50,000
15206B	Strategic Prosecution Unit - OTO	DA	514,000
25004	Immigrant Family Resilience and Stability Program	DCHS	450,000
25131B	YFS - Peer Navigators	DCHS	60,000
25131C	YFS - Eviction Prevention Support	DCHS	210,164
25133D	Medicaid 1115 Health Related Social Needs Rapid Rehousing	DCHS	200,000
25134	YFS - Fair Housing Testing in East Multnomah County	DCHS	78,000
25145A/B	YFS - SUN Community Schools	DCHS	1,200,000
30302B	Additional Placement out of Shelter	HSD	7,130,912
30308B	East County Homeless Services	HSD	50,000
30600	Employment Programs	HSD	2,948,924
40080A	Community Based Mental Health Services for Children & Families	HD	490,329
40080B	Gun Violence Response Program	HD	164,689
40084	Culturally Specific Mental Health Services	HD	10,000
40096B	Safe School Zones Policy Enforcement	HD	159,800
	Total One-Time-Only for Programs		**13,716,818**

FY 2027 Contingency Update

Contingency	
General Fund "Regular" Contingency	1,600,000
Less Eviction Mitigation Program	(339,000)
Less Rose City Resource	(50,000)
Remaining Non-Earmarked Contingency	**1,211,000**
Earmarked Contingency	
Earmark - Severe Weather	500,000
Earmark - Restorative Justice Remaining	150,000
Earmark - 82nd Ave Enhancements	0
Total Earmarked Contingency	**650,000**
Total General Fund Contingency	**1,861,000**
BIT Reserve @ 12% (in General Fund Contingency)	22,176,799
Total General Fund Contingency	**24,037,799**

***Note**: The forecast assumes the General Fund Contingency will be fully spent, with the exception of the Reserves, which is "rolled over" to FY 2028.*

Risks

1. Inflation
2. AI Bubble?
3. Labor Market and Business Cycle



Multnomah County

Questions?

