



# Multnomah County Budget Advisory Committees Orientation

Multnomah County  
January 26, 2017

Located at: [www.multco.us/budget](http://www.multco.us/budget)



# Agenda

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- Introductions
- Calendar and Budget Process (5 minutes)
- Budget 101 (10 minutes)
- General Fund Forecast Overview (15 minutes)
  - ✓ Economic Background
  - ✓ General Fund Forecast
  - ✓ Revenue & Cost Drivers





# The Budget Process

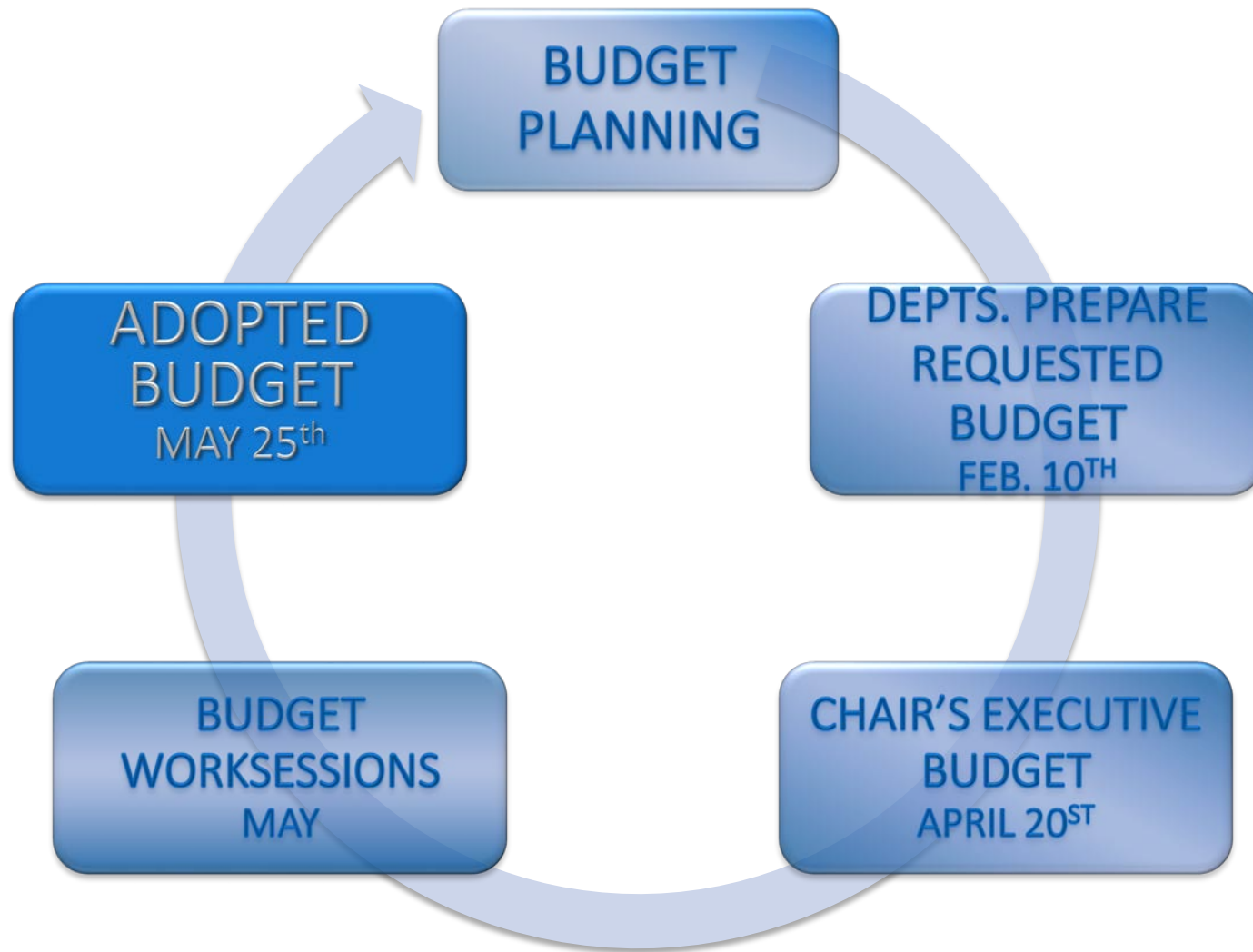


# Meet Multnomah County

- Smallest county in Oregon ~but~
- Most populous with 777,490 residents
- County Government = Home Rule Charter
- Board of County Commissioners
  - 4 Non-partisan Commissioners from districts
  - 1 County Chair elected at large
- 3 Other Independently Elected Officials:
  - District Attorney
  - Sheriff
  - Auditor



# The Annual Budget Process



# Getting to the Department Requested

## OCT. – DEC. BUDGET PLANNING

### GF Forecast

(How much do we have to spend)

### Training!

### Big Release

(Budget Manual, GF Target, Internal Services, Forms)

## DEC. – FEB. DEPTS. PREP REQUESTED BUDGET

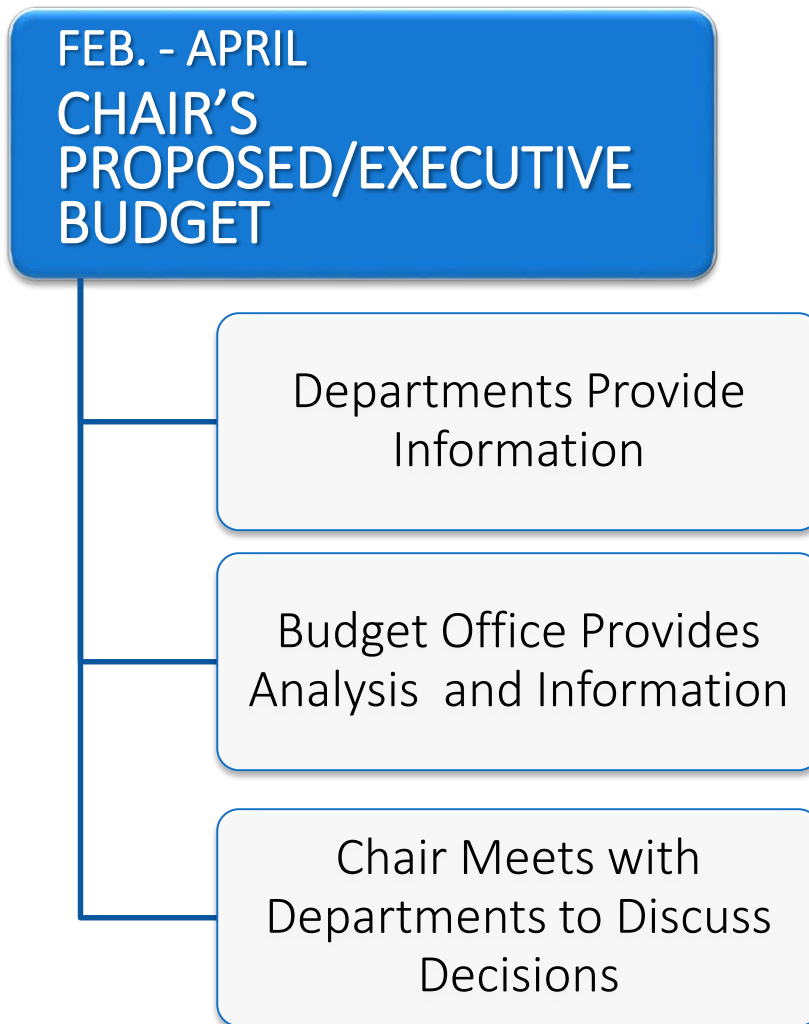
### Internal Budget Process

### Prepare Program Offers

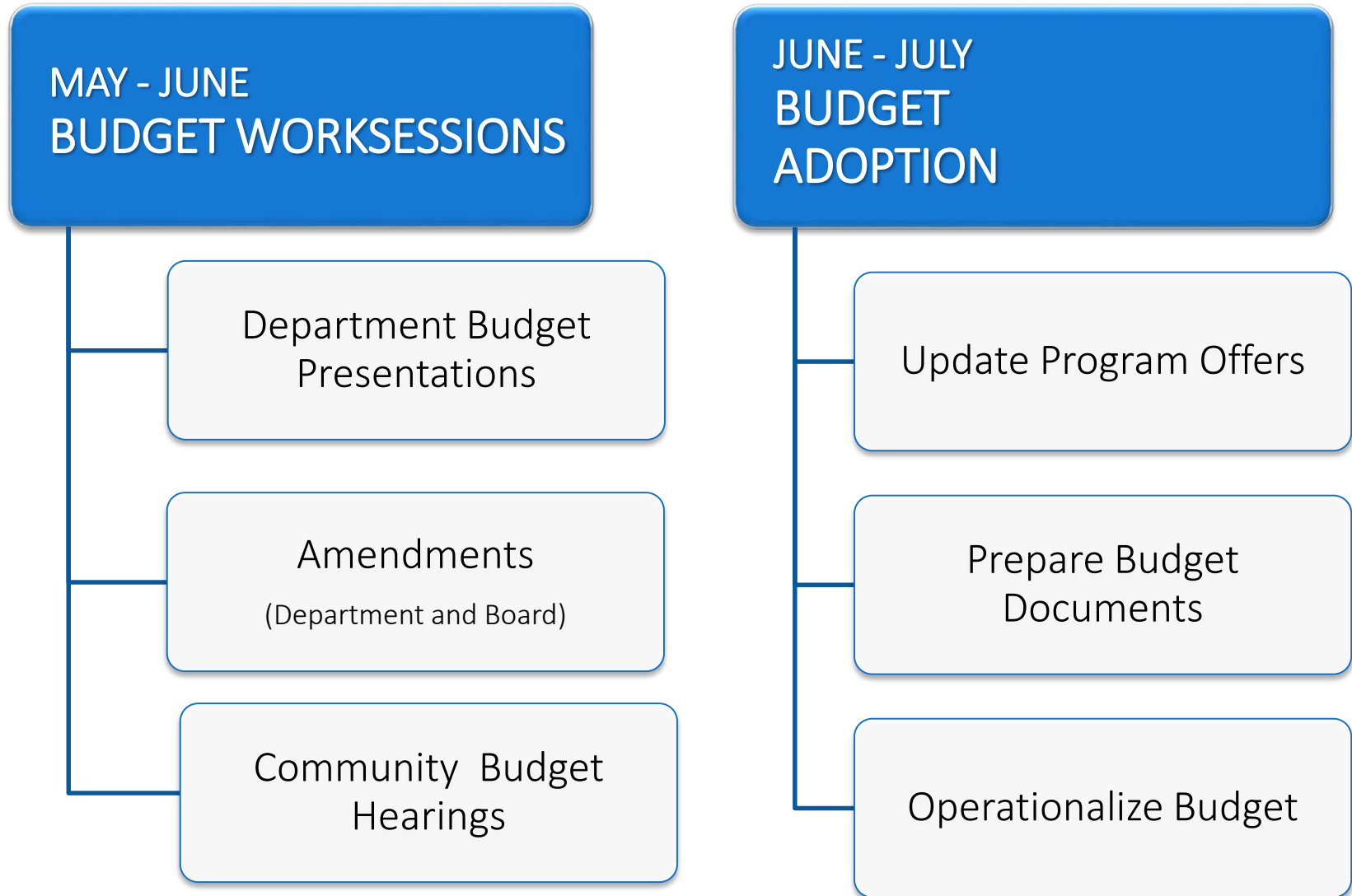
### Meet with Chair's Office



# Getting to the Chair's Proposed/Executive Budget

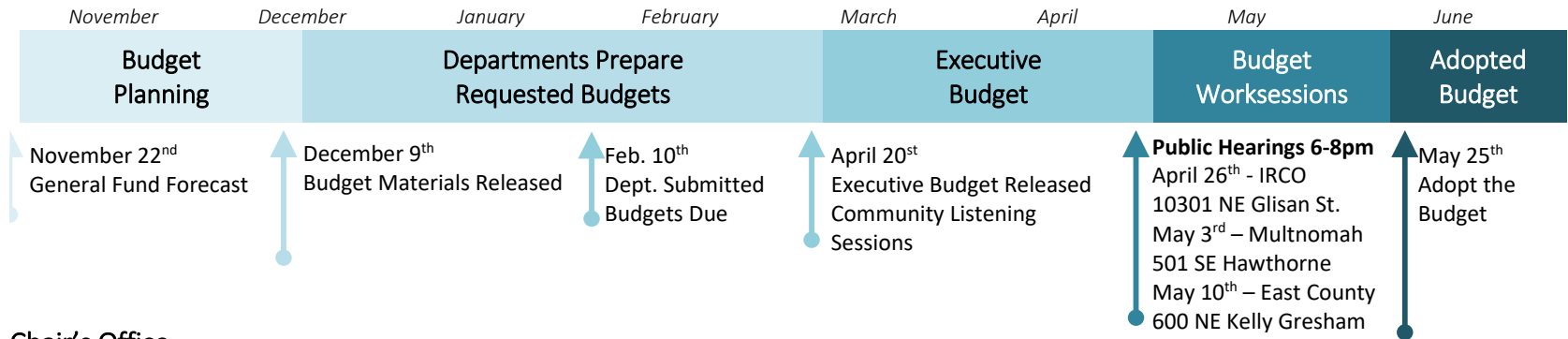


# Getting to the Adopted Budget





# Budget Process Calendar



## Chair's Office

Lead the budget process	Meet with departments to discuss challenges and opportunities	Meet with departments to discuss preliminary decisions and impacts	Conduct public hearings, worksessions and deliberations	Amend and adopt budget
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## Board of County Commissioners

Design post Executive budget process	Continue designing post Executive budget process Hold worksessions throughout the year	Confer with Chair and constituents	Conduct public hearings, worksessions and deliberations	Amend and adopt budget
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## Departments

Establish department internal budget process	Begin development of budget request Provide information to Elected Officials as necessary	Provide Chair's Office with information for decision making	Present info to BCC on Executive budget for deliberation	Prepare amendments provide information
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## Public

Conduct and attend CBAC/stakeholder meetings with departments	Conduct and attend CBAC/stakeholder meetings with departments and Board worksessions	Conduct and attend CBAC/stakeholder meetings with departments	Conduct public hearings, testimony & provide input on Executive budget	Attend public hearings, testimony, input on Exec. budget
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## Budget Office

Recommend & implement decisions for budget process General Fund forecast	Train and assist departments, prepare for budget submittals	Provide Chair's Office with information and analysis for decision making and prepare Executive Budget documents	Provide info/analysis for decision making & prepare amendments & documents	Prepare budget materials for adoption and implementing
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# Budget Website on [www.multco.us/budget](http://www.multco.us/budget)

## Budget Office

Multnomah County > Department of County Management

### About Us

The Budget Office provides the board, chair and departments with financial information, forecasting, program and financial analysis and ensures that budget processes comply with applicable laws. It is responsible for the annual budget and for helping departments prepare and administer their budgets.

Interested in what's happening with the budget right now? Check out the [Budget Google Calendar](#).

Need resources for working on the budget? For Multnomah County employees: Forms, templates, internal service rates, access to Questica (TeamBudget), the Budget Manual and more are available on the [Budget Preparer Information](#) page.

Calendar

### FY 2016 Budget

All the documents and resources related to the FY 2016 budget, including budget documents, departmental presentations, forms, calendars, economic forecasts, and more.

Current Year Budget

Prior Years' Budgets



### Budget Information by Year

Complete budget information for

### Economic Forecasts and Revenue Information

### Master Fee Schedule

Master Fee Schedules for current




# Budget Documents












## FY 2016 Budget

Multnomah County > Department of County Management > Budget Office









### Budgets and Budget Presentations

-  FY 2016 Budget In Brief (2.32 MB)
- FY 2016 Adopted Budget
- FY 2016 Chair's Proposed Budget
- FY 2016 Submitted Budget
- FY 2016 Departmental and Countywide Budget Presentation



#### Volume 1

-  FY 2016 Adopted Budget Vol 1 - Complete Document
  -  Adopted Budget - Intro (2.17 MB)
  -  Chair's Budget Message (54.81 KB)
  -  Budget Director's Message (978.53 KB)
  -  Meet Multnomah County (3.71 MB)
  -  How Multnomah County Budgets (508.94 KB)
  -  Adopted Summaries (554.9 KB)
  -  Adopted Budget Legal Detail by Fund (1.27 MB)
  -  Adopted Budget All Funds Financial Summary (
  -  Adopted Capital Budget (9.89 MB)
  -  Financial and Budget Policies (645.7 KB)
  -  Glossary of Terms (292.42 KB)

#### Volume 2

-  FY 2016 Adopted Budget Vol 2 - Complete Document (4.49 MB)
  -  Adopted Budget Vol 2 - Intro (360.04 KB)
  -  Department of Community Justice Adopted Budget (1.62
  -  Department of Community Services Adopted Budget (1.6
  -  Department of County Assets Adopted Budget (3.63 MB)
  -  Department of County Management Adopted Budget (2.3
  -  District Attorney Adopted Budget (1.64 MB)
  -  Sheriff's Office Adopted Budget (3.96 MB)

#### Volume 3

-  FY 2016 Adopted Budget Vol 3 - Complete Document (4.85 MB)
  -  Adopted Budget Vol 3 - Intro (360.04 KB)
  -  Department of County Human Services Adopted Budget
  -  Health Department Adopted Budget (3.15 MB)
  -  Library Adopted Budget (1.88 MB)
  -  Nondepartmental Adopted Budget (2.87 MB)

#### Adopted Budget Individual Program Offers

<https://multco.us/budget/fy-2016-program-offers>



# Program Offers

## Program Name and Number

## Budget and Position Counts

## Fiscal Year

## Narrative



### Program # 15015 - Child Support Enforcement

Version 2/15/2013

Lead Agency: District Attorney  
Program Offer Type: Existing Operating  
Related Programs:  
Program Characteristics:

#### Executive Summary

The Child Support Enforcement program provides parents of children up to age 18 or 21, if attending school, with legal assistance in establishing, modifying and collecting child support and medical support and legal paternity.

#### Program Description

The program works cooperatively and collaboratively with all Oregon county jurisdictions, state and federal agencies, all 50 states and dozens of foreign governments in the establishment and collection of child support and enforcement of medical coverage. In addition, the program works to legally establish paternity when necessary through DNA analysis and legal proceedings. With two locations (Downtown and East County) the program routinely carries average caseload of approximately 8300 cases and collects approximately \$34 million annually. Every dollar collected (less a \$25 annual fee) through the program is sent out directly to custodial parents for the benefit of the minor child or children. This program benefits over 10,000 children annually in Multnomah County. This program helps provide economic stability for thousands of families and over ten thousand children in Multnomah County.

#### Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY11-12)	Current Year Purchased (FY12-13)	Current Year Estimate (FY12-13)	Next Year Offer (FY13-14)
Output	Cases worked per year	7,189	7,250	7,100	7,100
Outcome	Amount of child support collected	30,566,890	32,500,000	30,027,858	30,000,000

#### Performance Measure - Description

Output - Number of cases worked per year based on monthly averages.

Outcome - The total amount of child support and past due child support collected during the year.

## Performance

#### Legal/Contractual Obligation

ORS 25.080 provides the statutory authority and responsibility for the Multnomah County District Attorney Support Enforcement Division per Intergovernmental agreement with the Division of Child Support, Oregon Department of Justice.

#### Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2013	2013	2014	2014
Program Expenses				
Personnel	\$565,000	\$1,689,975	\$595,500	\$1,616,025
Contracts	\$0	\$10,000	\$0	\$10,000
Materials & Supplies	\$0	\$34,790	\$0	\$35,336
Internal Services	\$0	\$480,461	\$0	\$468,618
Total GF/non-GF:	\$565,000	\$2,215,226	\$595,500	\$2,129,879
Program Total:	\$2,780,226		\$2,725,379	
Program FTE	7.40	18.60	7.33	16.67
Program Revenues				
Indirect for dep't Admin	\$106,785	\$0	\$99,380	\$0
Fees, Permits & Charges	\$0	\$40,000	\$0	\$40,000
Intergovernmental	\$0	\$2,155,225	\$0	\$2,089,879
Other / Miscellaneous	\$0	\$20,000	\$0	\$0
Total Revenue:	\$106,785	\$2,215,225	\$99,380	\$2,129,879

#### Explanation of Revenue

Federal Matching Funds - \$1,598,178  
DEFRA Fee - \$40,000  
State General Fund - \$187,804  
Incentive - \$303,897

#### Significant Program Changes

Last year this program was: #15019, District Attorney's Office-Child Support Enforcement

## Revenue Sources





# Budget Basics



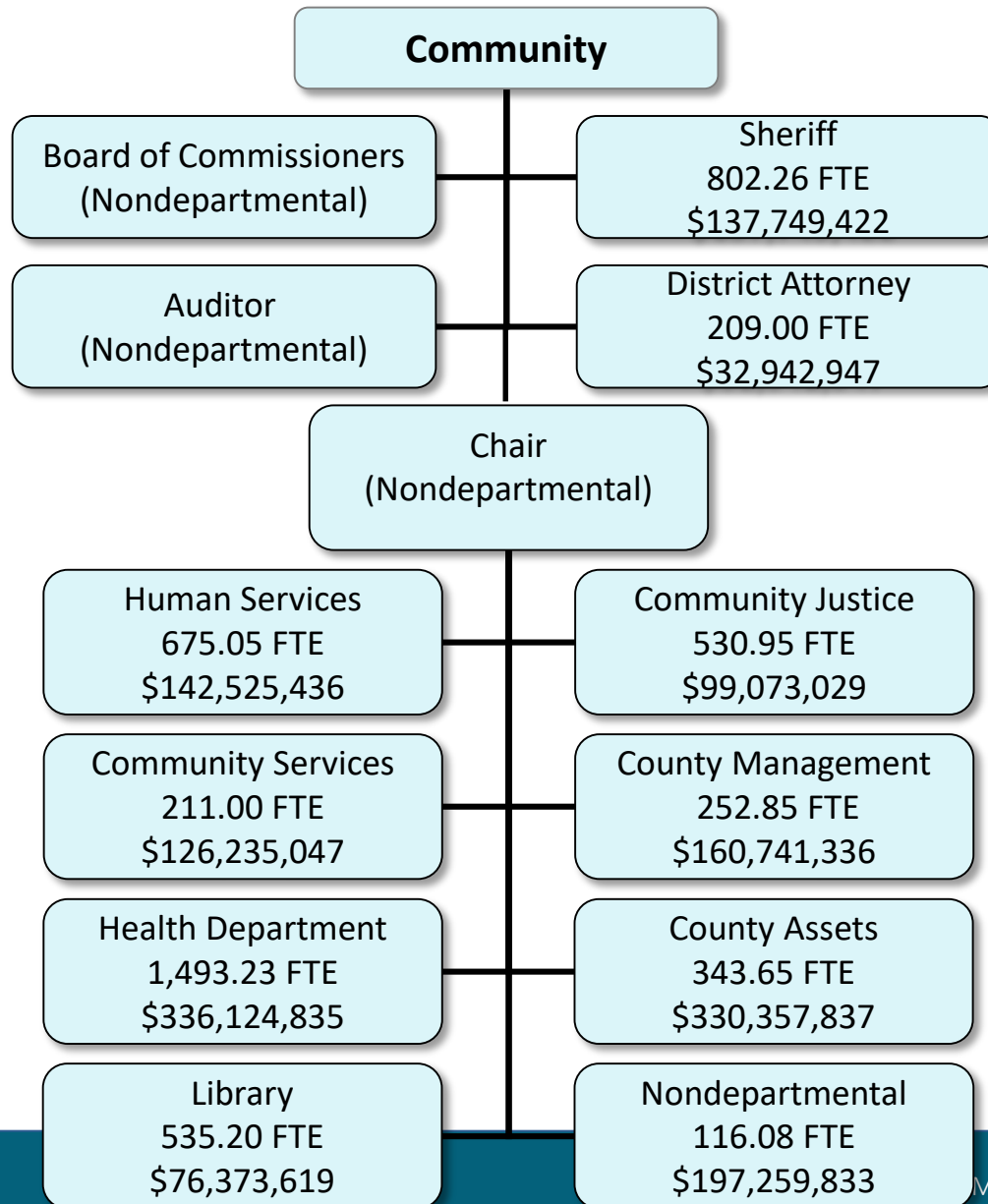
# Budget Facts

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- Total Budget (FY 2017) = \$1.88 Billion
- 10 Departments
- 34 Funds of Various Types
  - Operating
  - Capital Improvement/Project
  - Debt Service
  - Internal Services
- Total Budgeted Positions = 5,169.27 FTE
- Personnel Costs Account for About 43% of Total Operating Budgets



# Organizational Chart

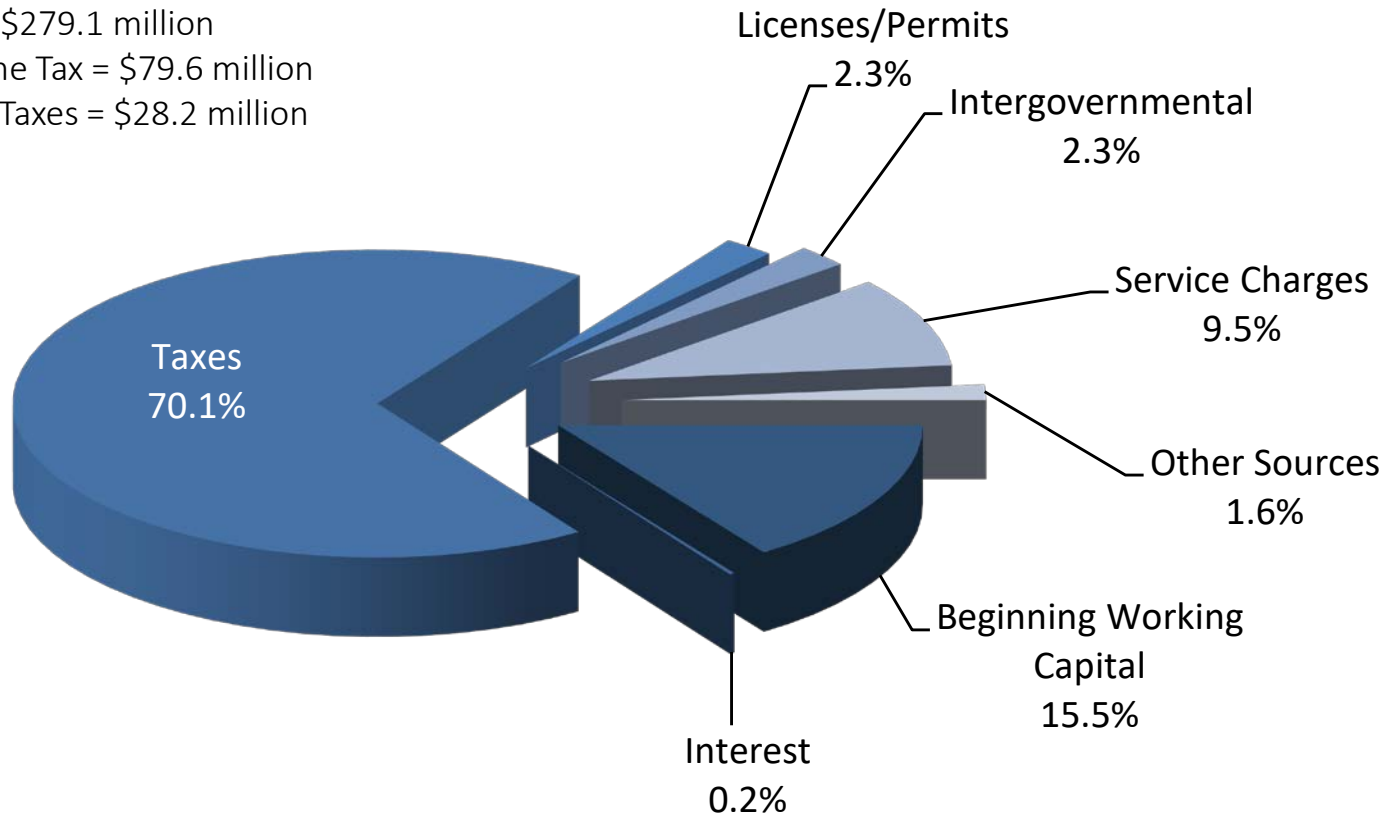




# General Fund Revenues - \$564 Million\*

*Where the money comes from*

Property Tax = \$279.1 million  
Business Income Tax = \$79.6 million  
Motor Vehicle Taxes = \$28.2 million



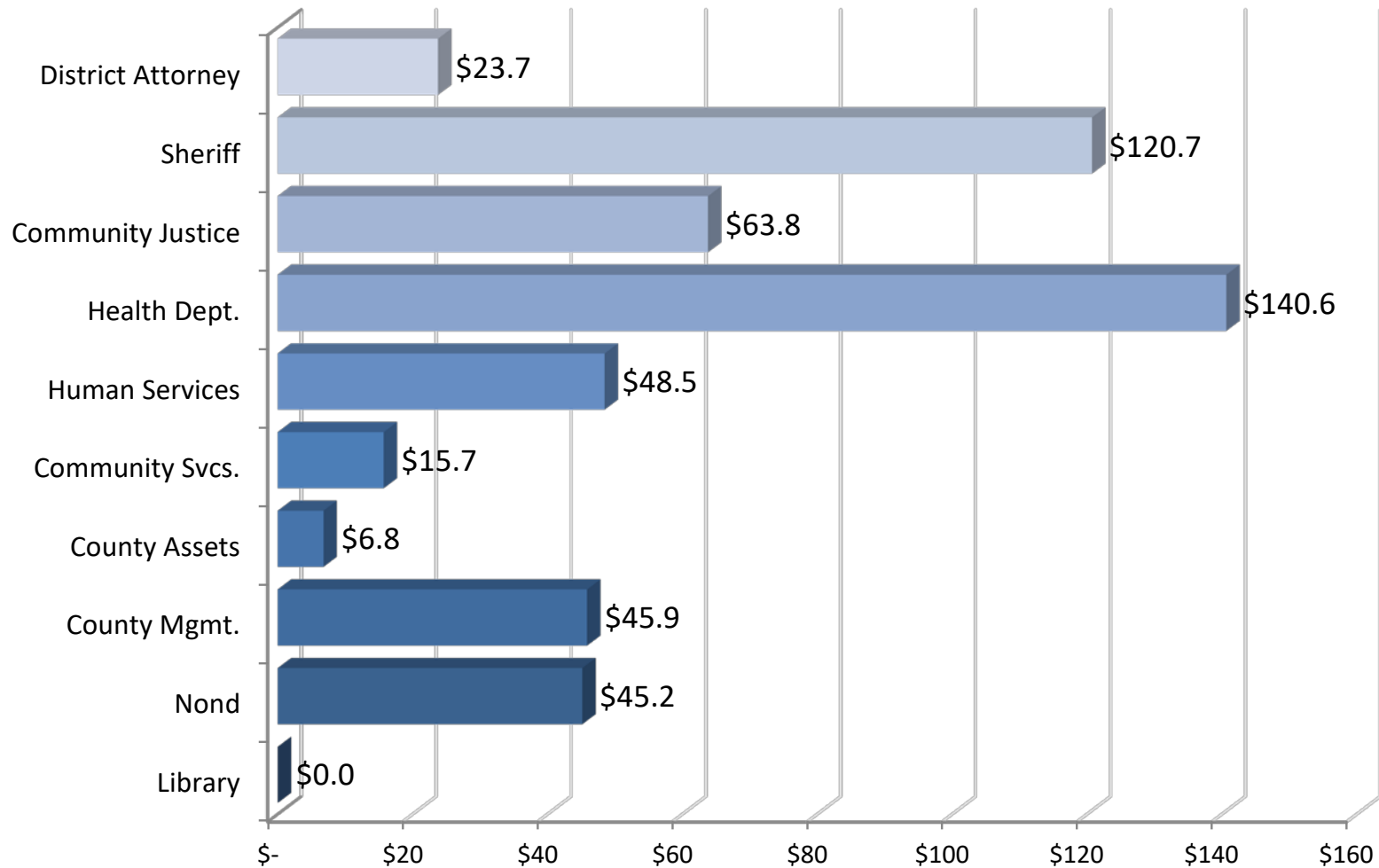
*\*Note: does not include cash transfers and service reimbursements*





# General Fund Operating Expenditures - \$511 Million

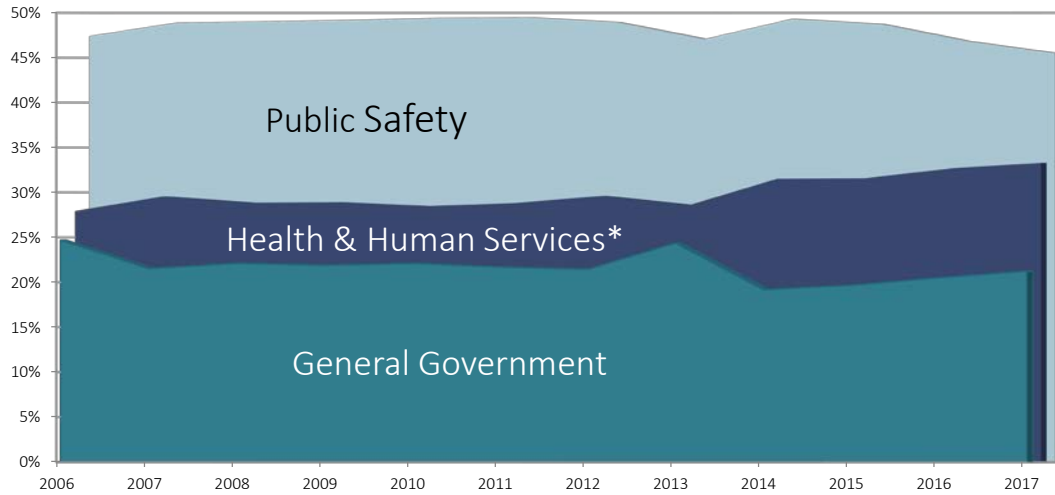
*Where the money goes to*



*\*Note: does not include transfers, reserves, and contingencies (\$83.7M).  
Health Dept. includes \$52.9 M of FQHC/PCPCH*

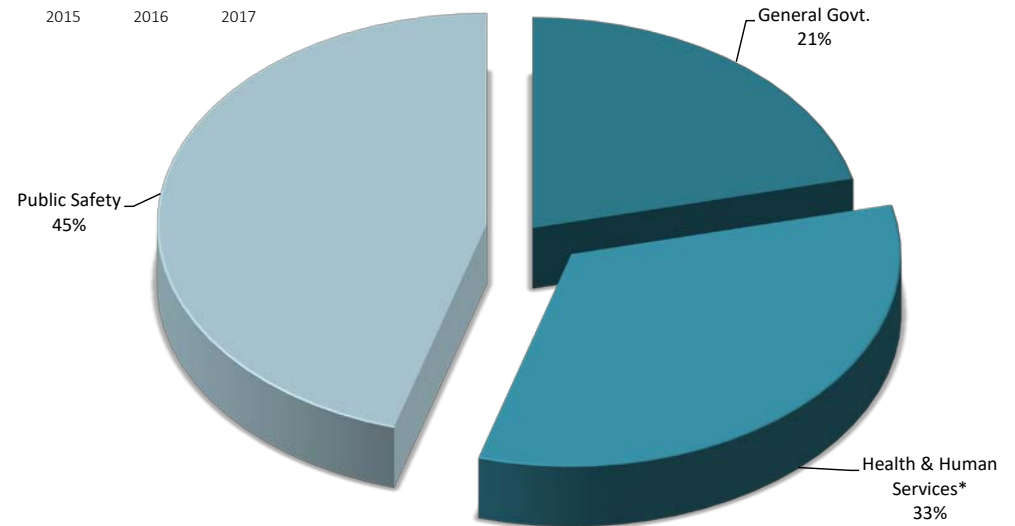
# Where Do We Spend General Fund?

*FY 2006 Adopted to FY 2017 Adopted*



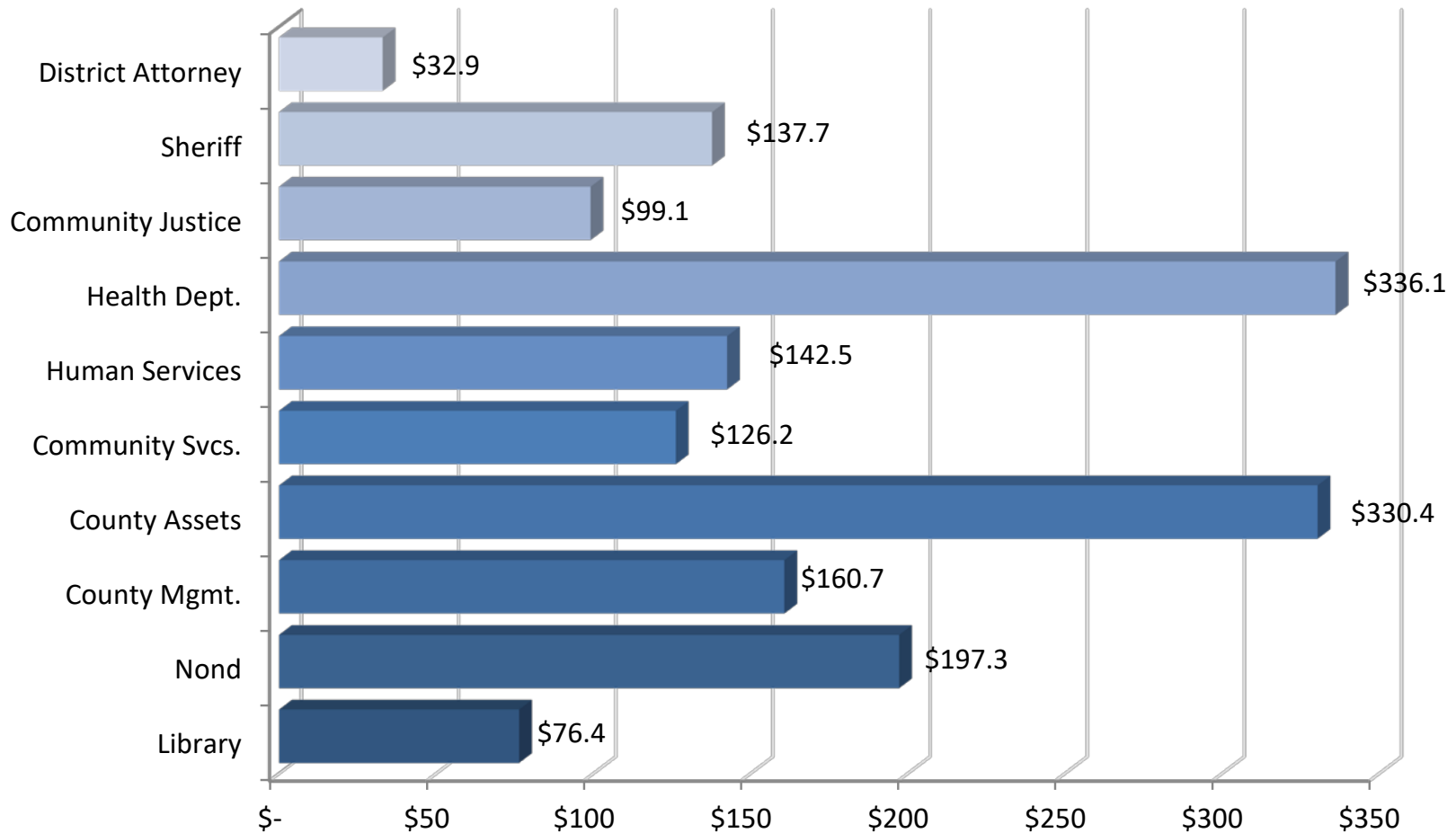
Based on department appropriations

\*Health does not include FQHC Expenditures



# All Funds Operating Expenditures - \$1.64 Billion

*Where the money goes to*



*\*Note: does not include transfers, reserves, and contingencies*



# FTE by Union Year over Year

	FY 2016 Adopted	FY 2017 Adopted	Difference
Painters & Allied Trades	1.00	1.00	0
Operating Engineers	14.00	16.00	2.00
Electrical Workers	19.00	23.00	4.00
Physicians	23.00	27.80	4.80
Juvenile Custody Svcs. Spec.	73.00	60.00	(13.00)
Prosecuting Attorneys	78.50	79.00	0.50
Deputy Sheriff's	115.37	116.62	1.25
Parole/Probation Officers	131.00	129.00	(2.00)
Oregon Nurses	203.90	218.33	14.43
Corrections Deputies	444.32	438.04	(6.28)
Exempt/Management/Elected Officials & Staff	770.94	801.37	30.43
AFSCME Local 88	<u>3,107.74</u>	<u>3,259.11</u>	<u>151.37</u>
<b>Total</b>	<b>4,981.77</b>	<b>5,169.27</b>	<b>187.50</b>





# General Fund Forecast

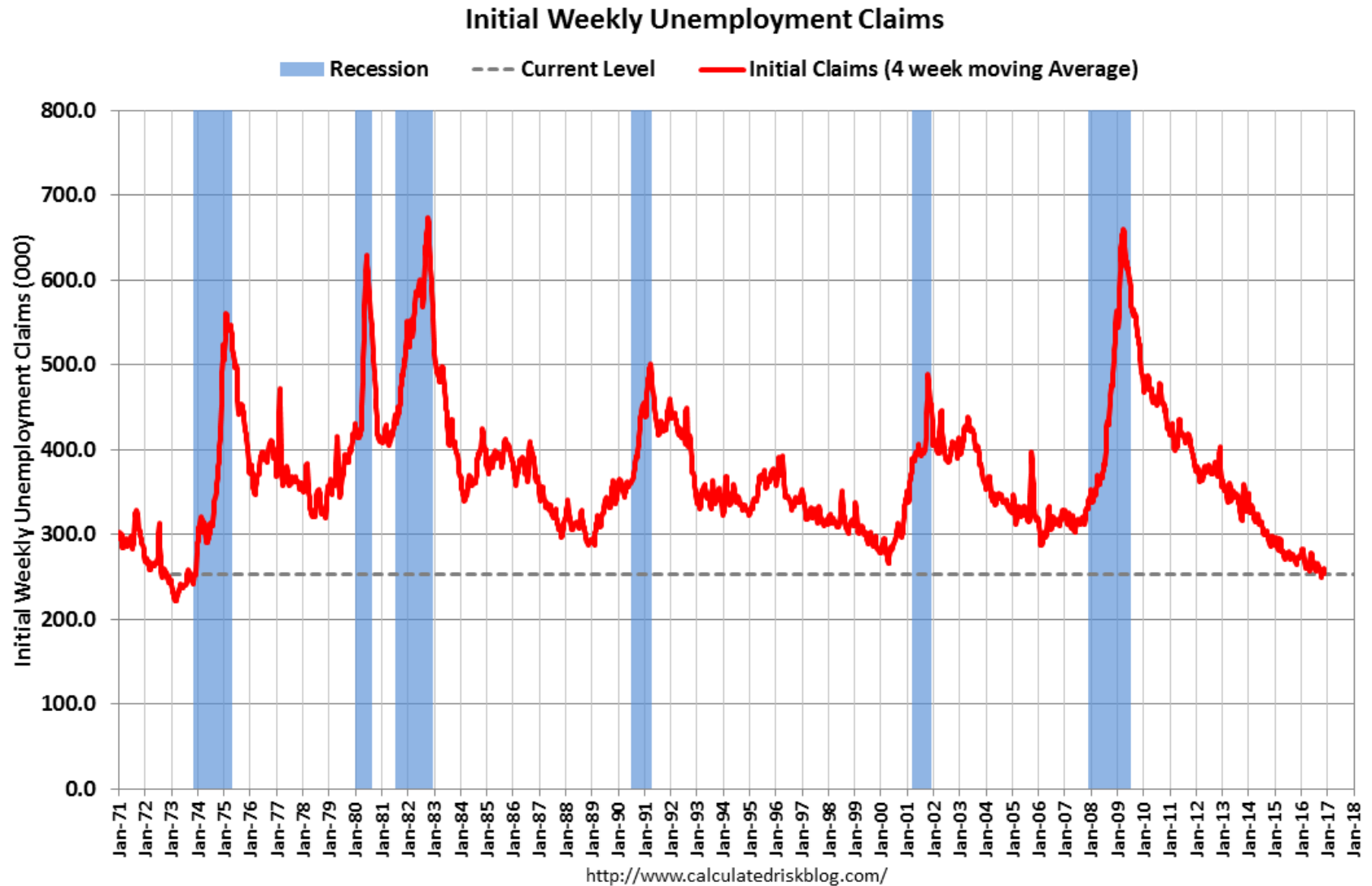
# Economic Overview

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- U.S. growth has been modest, but sustained, and has improved during the year
  - ✓ GDP growth of 0.8%, 1.4%, and 2.9% in the first 3 quarters
- Employment data positive but little room for additional growth
  - ✓ Oregon at or near full employment
  - ✓ Increased wage growth
- Stabilization of energy prices and continued strong dollar
- Uncertainty related to new Presidential administration & Congress
  - ✓ Possible economic boost in the short-term if fiscal stimulus package is passed.
  - ✓ Medium term risks include:
    - Changes to Trade Policies
    - Immigration Policy Changes
    - Higher Interest Rates and a Stronger Dollar
    - Regulatory Changes

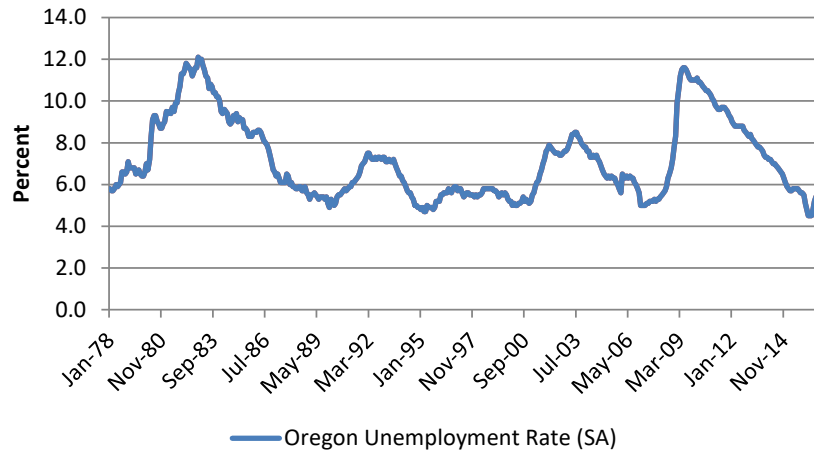


# Economic Overview

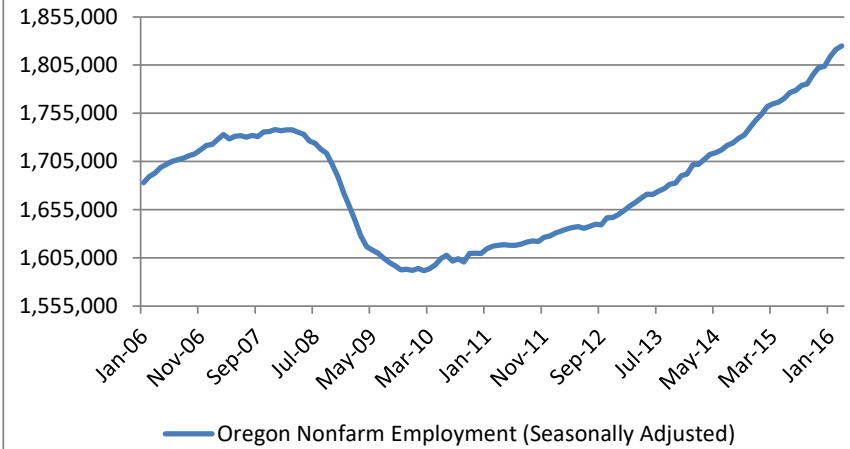


# Economic Overview

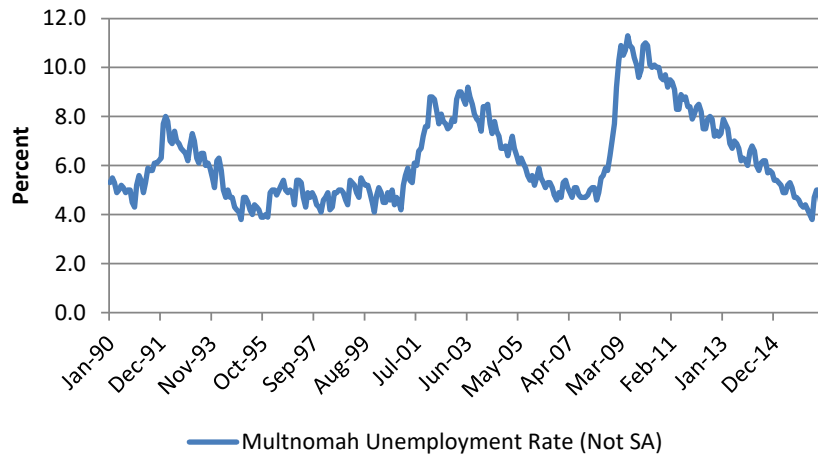
**Oregon Unemployment Rate (SA)**



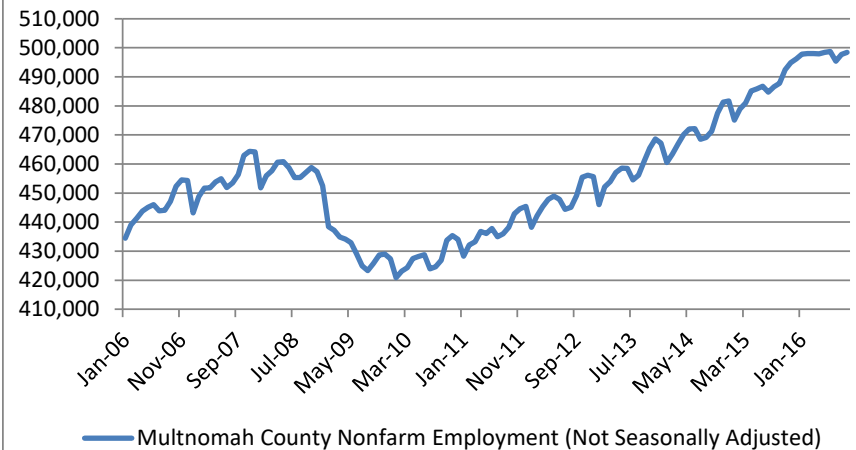
**Oregon Nonfarm Employment (Seasonally Adjusted)**



**Multnomah Unemployment Rate (Not SA)**



**Multnomah County Nonfarm Employment (Not SA)**





# General Fund Forecast

- Forecast assumes average to slightly better than average economic growth in the Portland Metro area with increasing employment. Property values are projected to continue growing but a slower rate than in 2016.
- Revenues are greater than current expenditures, but expenditures grow faster than revenues and by year-five (FY 2022) are roughly equal.
- Without debt payments, County can support current programs over five years.

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

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Revenues</b>	481,389,047	494,472,013	508,406,101	523,686,507	541,704,606
<b>Expenditures<sup>1</sup></b>	457,640,376	477,505,511	498,402,855	521,735,445	543,481,610
<b>Surplus/(Deficit)</b>	<b>23,748,671</b>	<b>16,966,502</b>	<b>10,003,246</b>	<b>1,951,062</b>	<b>(1,777,004)</b>
<i>Change in Surplus from Prior Year</i>		<i>(6,782,169)</i>	<i>(6,963,256)</i>	<i>(8,052,184)</i>	<i>(3,728,066)</i>
<i>Surplus/(Deficit) is this % of Expenditures</i>	5.19%	3.55%	2.01%	0.37%	-0.33%
<i>Note: Revenues/Expenditures include video lottery, but excludes reserves, FQHC wraparound and prospective health payments</i>					



# General Fund Forecast

- Adding debt payments associated with construction of the Downtown Courthouse, Health Department Headquarters, and ERP reduces the surplus/increases the deficit.
- Reflects General Fund impacts and the ERP cost will also impact other funds by a similar amount.
- Covering the cost of current programs and the additional debt would require lower labor cost growth, additional revenues, absence of a recession, or the use of OTO funds to buy down debt.
- Assumes all one-time-only funded programs in FY 2017 are not continued, which is unlikely.

**Table 2: General Fund Ongoing Balance with Additional Debt Payments & ERP Costs**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Surplus/(Deficit) (from Table 1)	23,748,671	16,966,502	10,003,246	1,951,062	(1,777,004)
Courthouse Debt <sup>1</sup>	(5,078,457)	(5,078,457)	(5,078,457)	(5,078,457)	(5,078,457)
Health HQ Debt <sup>1</sup>	(2,990,529)	(2,990,529)	(2,990,529)	(2,990,529)	(2,990,529)
ERP Debt & Incremental Cost <sup>2,3</sup>	(3,240,796)	(3,650,877)	(3,680,376)	(3,651,014)	(3,562,279)
<b>Surplus/(Deficit)</b>	<b>12,438,889</b>	<b>5,246,639</b>	<b>(1,746,116)</b>	<b>(9,768,938)</b>	<b>(13,408,269)</b>

1. Reflects current estimated borrowing requirements and funds borrowed with a 30-year term @ 4%.

2. Reflects General Fund share of ERP costs.

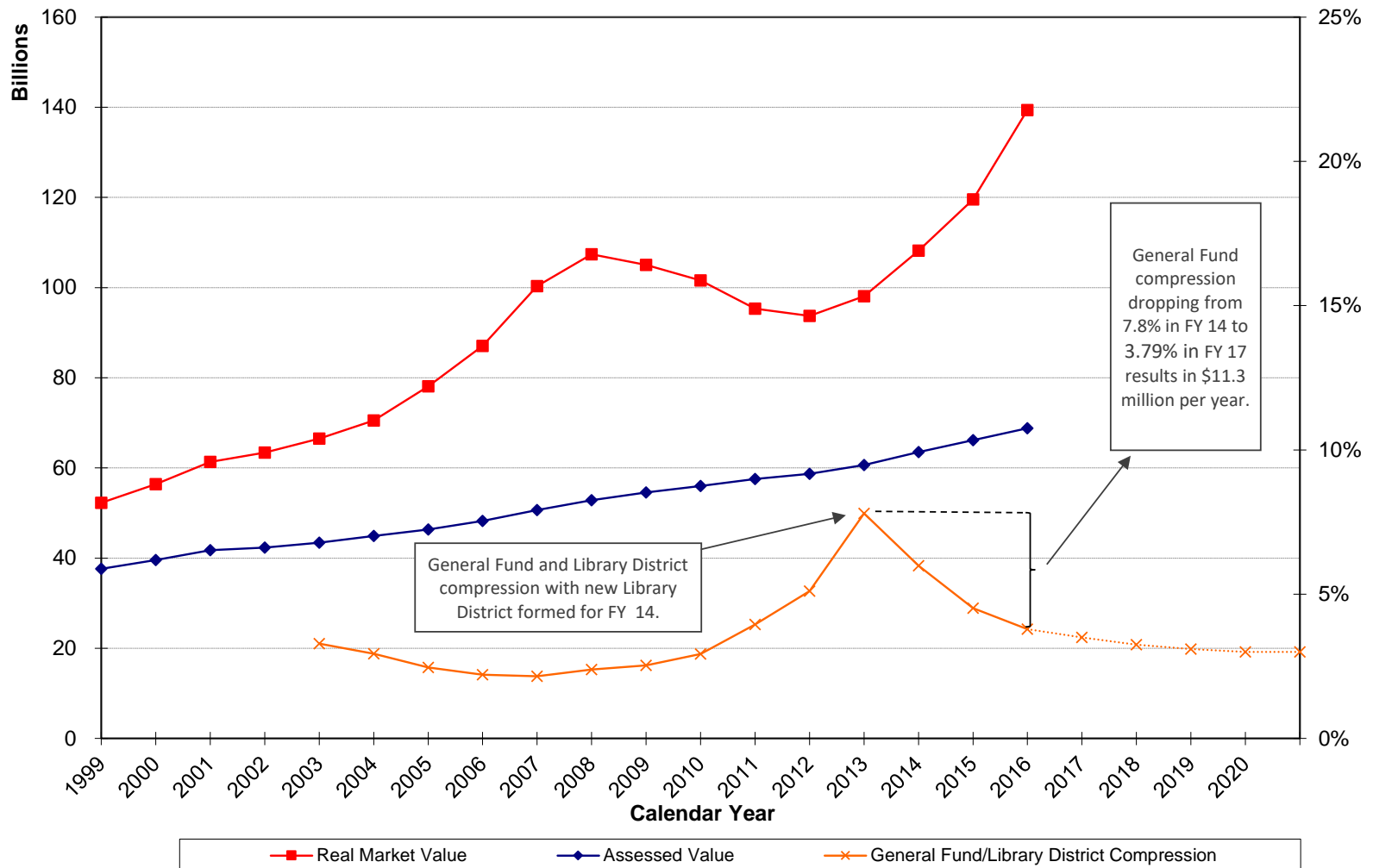
3. Does **not** assume expiring East County Data Center debt payments are re-programmed to offset ERP debt costs.

Reprogramming those funds reduces the debt payment by \$950,000 with \$475,000 going to the General Fund.

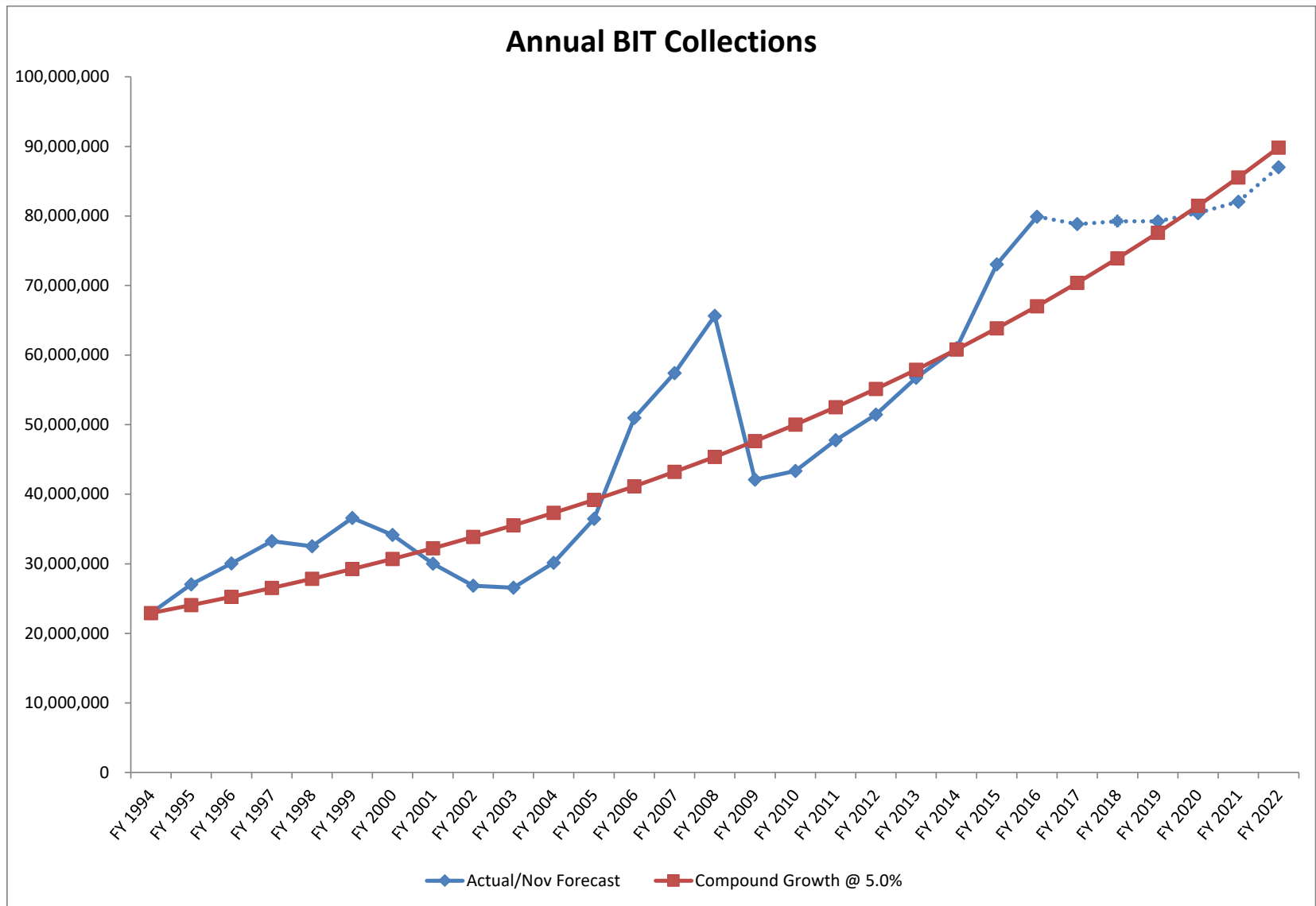


# General Fund Forecast

Multnomah County Assessed Value, Real Market Value, and Compression



# General Fund Forecast



# General Fund Forecast

## ■ Cost Drivers for FY 2018:

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Inflation	2.25%	Second Half Portland CPI-W
Labor Costs (Change in rates)	4.73%	Prior assumption was 4.79%
COLA	2.25%	Dependent on Unit & Contract Status
Step/Merit	1.67%	Dependent on Unit Demographics
Medical/Dental	4.00%	Was assumed to increase by 6%
PERS	1.55%	Was assumed to increase by 1.25%
Retiree Medical	0.00%	
Liability/Workers Comp/TriMet	-0.15%	
Materials and Services	2.25%	
Internal Services	3.73%	

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## ■ Cost Driver Notes (*for General Fund*)

- ✓ A 1% increase in base pay = \$2.6 million
- ✓ A 4% increase in medical/dental rates = \$1.6 million
- ✓ A 1% (of base pay) increase in PERS rates = roughly \$2 million

## ■ Reserve & Contingency Assumptions

- ✓ General Fund Contingency - \$1.25 million
- ✓ General Fund Reserve – 10% of ‘corporate’ revenues
- ✓ BIT Reserve – 10% of BIT Revenues (\$8 Million)



# General Fund Forecast

## ■ December 31, 2015 Valuation

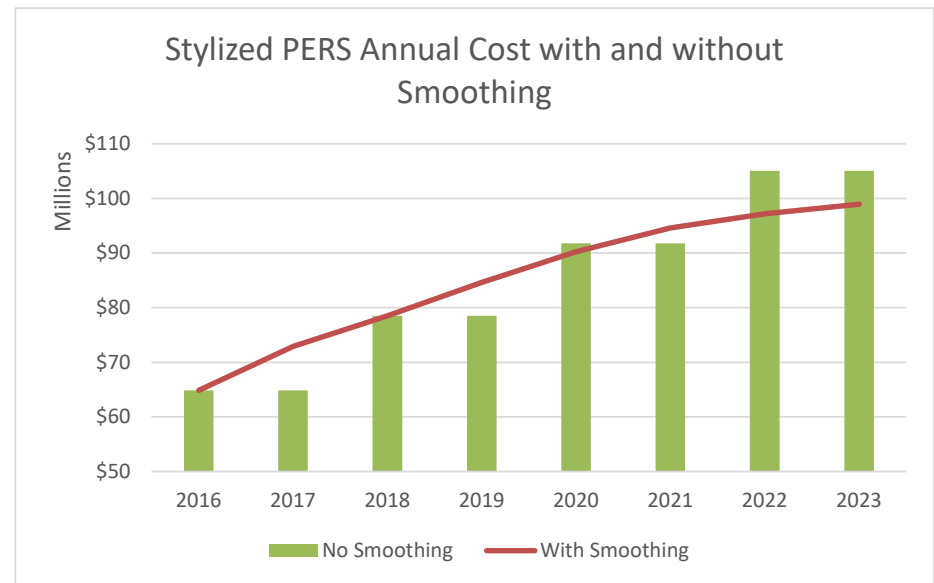
- ✓ Multnomah County's Net UAL increased from \$89.2 million (Pre-Moro, Dec 2013) to \$540 million

## ■ Sources of Increase in Unfunded Actuarial Liability (UAL)

- ✓ *Moro* adjustments to projected benefits
- ✓ Reduced assumed earnings rate to 7.50%
- ✓ Updated mortality assumptions
- ✓ Impact from lower earnings in 2015

## ■ Planning for the Increase and Assumptions

- ✓ PERS rates up 3.85% of payroll
- ✓ A 2.3% of payroll increase in FY 2017 to begin "smoothing", so net increase to departments is 1.55%
- ✓ Planned for steady increases of 0.5% to 1.75% through 5-year forecast, continuing into FY 2023



# General Fund Forecast

## General Fund FY 2017 Beginning Working Capital & FY 2018 OTO<sup>1,2</sup>

Year-End as of October 25, 2016

FY 2017 Beginning Balance <sup>3</sup>	101,276,784
FY 2017 Budgeted Beginning Balance	80,869,107
<b>Additional FY 2017 BWC (OTO)</b>	<b>20,407,677</b>
Plus Additional Revenue (above budget)	4,426,391
Plus Video Lottery (above budget)	181,742
Less Amount to Maintain BIT Reserve @ 10%	(39,812)
Less Amount to Maintain Reserves @ Policy Level	(1,489,872)
OTO to Ongoing Adjustment	914,395
<b>OTO Funds for FY 2018 per November Forecast</b>	<b>24,400,521</b>

<i>50% Dedicated to County Facility Projects per Board Policy</i>	12,200,261
<i>Remaining 50% to be Allocated</i>	12,200,261

If no new programs are added in FY 2018 and assuming debt & ERP	12,438,889
<b>OTO Funds for FY 2018 With Policy Assumptions</b>	<b>36,839,410</b>

<i>50% Dedicated to County Facility Projects per Board Policy</i>	18,419,705
<i>Remaining 50% to be Allocated</i>	18,419,705

- \$1 million higher corporate revenue (Property Tax, BIT, MVRT, US Marshal)
- \$15 million departmental underspending

1. Assumes the FY 2017 General Fund Contingency is fully spent in FY 2017.

2. Assumes departments fully spend their FY 2017 appropriation.

3. Adjusted for additional restricted County Clerk BWC, Prospective Health Payments, and Tax Title: Affordable Housing.



# Questions

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