

Budget Preparation Manual for FY 2007



Multnomah County, Oregon
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Introduction

Introduction

*“Can anybody remember when the times were not hard
and money not scarce?”*

~Ralph Waldo Emerson



FY 2007 will be another financially challenging year for Multnomah County. We have responded swiftly and repeatedly to revenue shortfalls by adjusting spending and revenues in order to continue County services. We have limited the expansion of ongoing operations, and continue to work on diversifying revenue sources.

Last year at this time Multnomah County was faced with a bleak financial situation that presented a great challenge to our organization. Had we not taken action to address what we have described as a “structural deficit” in the General Fund, we would have had to reduce expenditures by more than \$45 million in FY 2007. The “structural deficit” results from a tension that exists between revenues and forecast cost increases. For the most part, the property tax limitations imposed by Measure 5 and Measure 47 limit the growth of General Fund revenue while costs continue to rise, particularly those costs associated with labor and healthcare.

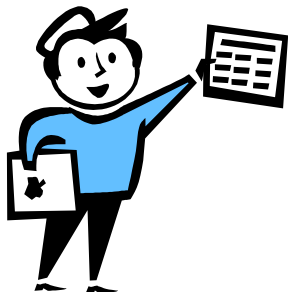
The FY 2006 budget made a great deal of progress toward restoring fiscal stability in the General Fund by, among other things, eliminating the structural deficit for FYs 2006 and 2007. This deficit reduction, combined with an improved economic picture in the County and throughout Oregon, will mitigate somewhat the difficult task we will face in budgeting without the \$32 million ITax revenue that the County has received in each of the past three years.

In order to focus the County’s resources on those services that matter most in our community, we will continue using the Priorities of Government budget process in FY 2007. The Priorities of Government approach to budgeting views all of County government—all its agencies and all its functions—as a single enterprise. Programs are evaluated in the context of all that County government does, and strategies for achieving priority results are developed with an eye on all the County resources that are available.

As our budget process and products will be very similar to last year’s, much of the instructional and informational materials featured so prominently in last year’s Budget Manual have been moved to the Appendix section. New features in the process and in the tools we use are highlighted on the next page.

Introduction

NEW for FY 2007



- The **Priorities of Government** section has moved to the Appendix, starting on page 63. It provides background on the Priorities of Government budget process, roles and responsibilities of players in the process, and definitions of terms.
- Outcome Teams have been working to refine their **Requests for Offers** (RFOs). Find out more about RFOs and how your department can best respond to them on starting on page 14.
- There are **exciting new options in this year's Web Tool** for submitting joint offers, for requesting one-time resources for one-time projects, and for scaling program offers. See pages 17 to 24 to review these and other new web tool features.
- **Performance Measures** continue to be an important element in your program offers. We're providing more instructions and training for performance measurement this year. See pages 25 to 27 for instructions and to learn more about how the **web tool has been improved** for reporting performance data.
- **How exactly will the Itax-funded programs sunset?** Find out on pages 10 and 17 to 24.

A few of last year's innovations are still required for FY 2007, including:

- A **list of all contracts**. Contact your budget analyst for required elements of this list. You may want to use the Excel template found at <http://mint.co.multnomah.or.us/dbcs/budget/#budget>
- Spreadsheets showing how **administrative and support costs** were spread to operating programs.
- Your department's **current year estimate**. Instructions for preparing the current year estimate have been moved to the Numbers section on page 73.
- See pages 32-33 for a description of how to budget personnel using the **Personnel Cost Planning module** in SAP. You will need to use the Personnel Cost Splitter found at <http://mint.co.multnomah.or.us/dbcs/budget/#budget>

This year's Appendices include:

- A **Style Guide** for writing program offers (pages 83 to 87).
- The **Priorities of Government** background information. (page 63)
- The County's **Financial Policy statements** (page 77), and our **Principles and Values of Fiscal Management** (page 70).
- Quick guides to **Budget Basics** and instructions for having how to submit **budget modifications** to be approved by the Board.

This year, the County's strategy maps, Outcome Team reports, and Requests for Offers are found on the Mint at <http://www.co.multnomah.or.us/priorities/index.shtml>

Priorities of Government for Multnomah County



Following are the policy statements for Multnomah County's six priorities, as established during FY 2005. For strategy maps, complete reports, and requests for offers, go to

<http://www.co.multnomah.or.us/priorities/aboutpriorities.shtml>

- ✓ *All Multnomah County residents and their families are able to meet their basic living needs.*
- ✓ *I want to feel safe at home, work, school, and at play.*
- ✓ *I want Multnomah County to have a thriving economy.*
- ✓ *I want to have clean healthy neighborhoods with a vibrant sense of community*
- ✓ *I want my government to be accountable at every level.*
- ✓ *I want all children in Multnomah County to succeed in school.*

Steps in the Budget Process

The County's FY 2007 Budget Process will include the following eight steps, each of which will be confirmed by the Board of County Commissioners:

Step 1: Affirm the fiscal parameters for the FY 2007 budget process. See the Economic & Revenue Forecast at <http://mint.co.multnomah.or.us/dbcs/budget/>

Step 2: Affirm Multnomah County's Priorities of Government – the overarching results that citizens expect from their County. *For more information about the County's priorities, go to* <http://www.co.multnomah.or.us/priorities/aboutpriorities.shtml>

Step 3: Affirm cause – and – effect strategy maps for each result. <http://www.co.multnomah.or.us/priorities/aboutpriorities.shtml>

Step 4: Program offers from departments due to the Outcome Teams via the Budget Office. Program offers respond to **Requests for Offers**, and link to outcomes and strategy maps. *See pages 14 to 31 for more on constructing program offers.*

Step 5: Program Alternatives. *See "Program Alternatives" on page 23 for more information on program options.*

Step 6: Prepare the Board to rank programs within priority areas. *The Budget Office will provide training on the ranking and selection tools.*

Step 7: Outcome Teams, the Chair, and the Board rank the programs in each result area.

Step 8: Executive Budget developed, followed by Board hearings by priority area, amendments process, Tax Supervising hearing, and budget adoption.

Major Financial Issues

Major Financial Issues



The immediate fiscal challenge for Multnomah County in FY 2007 will be the sunset of the temporary Personal Income Tax (Itax). When it was passed by county voters in May, 2003 the Itax was described as a bridge to better economic times. At the time, the Portland metropolitan area and Oregon were in the throes of one of the worst recessions the region had witnessed in almost 20 years. The collapse of what has been referred to as the “high-tech bubble” set the region and, in particular, Multnomah County into an economic tailspin from which it has been slow to recover.

When the Itax expires it will have generated about \$120 million per year, on average, over its three-year lifespan. Approximately 70% of total Itax revenue is passed through to local school districts in Multnomah County. For some districts, this represents a fairly significant portion of their total operating revenue. It will be a challenge for most of the districts to effectively address the revenue shortfall anticipated for FY 2007. And, as of this writing, no plan to replace the Itax revenue has been put forward.

The Itax also funds \$32 million of county programs in the human services and public safety areas. Itax revenue supports programs as diverse as emergency mental health, Women and Infant Children (WIC) nutrition education and support, and incarceration of adult offenders. The Itax accounts for about 10% of the General Fund. The challenge before us will be to figure out how best to provide services next year with roughly 90% of the revenue that is available this year.

Detailed Assumptions Underlying Fiscal Parameters: General Fund Revenues

Fortunately, economic conditions have improved considerably since the Itax was implemented. The unemployment rate in Multnomah County is heading down towards 5% and Oregon ranks sixth of all the 50 states in year over year job growth. Corporate profits, as reflected in our Business Income Tax (BIT) collections, are nearing record high levels. The BIT grew by more than 20% last year and annual revenue collections were higher than any year since FY 1999. Most leading economic indicators are headed in a positive direction so it does appear that we have, at least partially, crossed the bridge to better economic times.

But, improving economic conditions do not necessarily translate to revenue windfalls for local governments. It is true that the BIT grew by more than 20% last year – but it only accounts for between 10% - 15% of total General Fund revenue. Property Tax is the largest source of revenue in the General Fund. It represents roughly 65% of ongoing General Fund revenue. Property Tax revenues have been limited in Oregon, in one form or another, since FY 1991. As a result of the most recent limitation (Measure 47 passed in November, 1996) taxes on existing properties cannot grow by more than 3% per year.

In other words we have a revenue source that accounts for more than half of

Major Financial Issues

Detailed Assumptions Underlying Fiscal Parameters: General Fund Expenditures



the General Fund and is limited to a growth rate that, at best, just keeps pace with inflation. In fact, there are only a handful of revenue sources that account for most of the General Fund. With the exception of the BIT and Recording Fees, we have few revenue sources that are responsive to changes in economic conditions. Assuming, therefore, that Property Tax revenue cannot grow much more than 3% per year all the other revenue sources in the General Fund would have to grow by about 25% in order to offset the loss of Itax revenue.

Overall expenditure growth in FY 2007 is forecast to range from about 4.5% to 5.5% over the current year. Inflation, as measured by the Consumer Price Index (CPI) has been fairly moderate over the past few years. In that regard we have, perhaps, fared better under the Property Tax limitation measures than we might otherwise have. Recently inflation has begun to creep back over 3% on an annual level. High energy and housing prices are usually cited as the two main factors that are driving inflation upward.

It is also true, though, that US labor markets have been tightening. National unemployment is right at 5% - a level that is very close to what economists call “full employment” – and wage increases typically lead to price increases. In Multnomah County labor costs tend to drive overall expenditure growth and that will certainly be true in FY 2007. The County engages in collective bargaining with ten bargaining units, representing nearly 5,000 employees. Many of the agreements remain open but the contract with AFSCME-Local 88, the single largest employee group in Multnomah County, provides for CPI based cost of living adjustments of up to 4% next year.

On an annualized basis, the national CPI has hovered between 3.5% and 4.5% over the past few months. It certainly would not be surprising, therefore, if the employees represented by AFSCME-Local 88 received a 4% cost of living increase next year. As a point of reference, each one percent change in payroll increases costs in the General Fund by more than \$1.25 million. In addition to wage inflation, Multnomah County also faces increasing costs for employee pensions and medical/dependent healthcare.

We will experience a modest increase in PERS rates next year. The County has sufficient reserves to forestall some of the rate increases that have been estimated by PERS. However, the rates charged to departments for FY 2007 will be approximately 1.5% higher than they currently are. Healthcare costs are once again forecast to increase by double digits. Through the Employee Benefits Board (EBB) the County has sought to manage employee healthcare costs in such a way that benefits both the County and the employees. Even with that oversight, cost increases that average between 8% and 12% annually will be the norm. And, it probably does bear stating that, under current conditions, employee benefit and healthcare costs will continue to outpace all other areas of the budget.

Most other costs are forecast to grow with inflation. However, there is a fairly

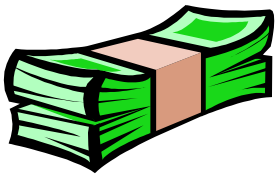
Major Financial Issues

large portion of the General Fund that is, for lack of a better word, already committed. These costs include debt service payments, the BIT revenue sharing agreement with four east county cities, state mandated court costs, and Elections to name a few. Many of these costs reflect the County's historical role as an "agent of the state." The agreements under which these responsibilities were set forth are certainly open for renegotiation but our next opportunity to effect changes will not come until the 2007 legislative session is convened.

Multnomah County will overcome the loss of the Itax revenue and expenditures will be brought into line with forecast revenue. It is important to note, though, that every year we will be faced with a fiscal challenge related to the imbalance between our revenue sources and the cost of maintaining services at a level that meets citizen demands. It is a situation that was brought about primarily by Property Tax limitations imposed by Measures 5 and 47. It is exacerbated in times when the economy is in a down cycle.

The regional economy is clearly much improved since the Itax was implemented. And, the "structural deficit", in sheer dollar terms, pales in comparison to the size of the task that must be accomplished in FY 2007. It is clear, though, that economic growth alone will not be sufficient to continue all the programs Multnomah County operates today. Any program enhancement or expansion will most likely have to be self-funding or will have to come at the expense of existing programs.

General Fund Constraint



As was the case for FY 2006, the Budget Office will not be apportioning the General Fund among departments in FY 2007. Instead, the Chair and the Board of County Commissioners will be advised on the total amount of General Fund revenue estimated to be available for next year, and they will select from the program offers those programs that contribute most toward each of the County's six priorities. Put another way, the Chair and the Board will be balancing to constraint across departmental boundaries and across the six priority areas by choosing programs that contribute most to the results. Departments will not be required to balance to a constraint for their General Fund programs.

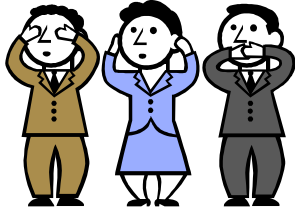
County Personal Income Tax

FY 2006 was the final year of the County's 3-year Temporary Personal Income Tax, leaving the General Fund with a \$32 million shortfall in FY 2007. **For planning purposes, we are assuming that the Chair and the Board will select from among ALL General Fund programs—including those currently funded with Itax--in the selection process.** These assumptions are based on the Priorities of Government process, in which those programs are selected for funding based on their contribution toward the County's priorities. Put another way: we expect to see program offers for all programs currently funded with Itax dollars. See page 18 for specific instructions about budgeting for formerly-Itax-funded programs.

Major Financial Issues

Budget Office

The Budget Office is responsible for :



- Maintaining the long-term fiscal health of the County; and
- Leading the overall budget process in a way that is legal and consistent with the Board's priorities and directives.

Each County department has a budget analyst within the Budget Office who is responsible for:

- Helping departmental staff prepare department program offers, and
- Analyzing departmental program offers for the Chair and Commissioners.

If a department has questions about the budget process, its first resource should be the assigned analyst. A list of current budget analyst assignments is as follows:

Budget Office Assignments as of 11/15/05			
Name	Title	Assignment	Phone Number
Karyne Dargan	Budget Director	County Budget Process	988-3312, x22457
Mark Campbell	Deputy Budget Director	Corporate Revenue Forecasting	988-3312, x 24213
Rodd Gibbs	Administrative Assistant	Budget Office Support & Scheduling	988-3883
Christian Elkin	Sr. Budget Analyst	DCJ, DA, Sheriff's Office	988-3312, x29841
Ching Hay	Sr. Budget Analyst	DCM, DCS	988-3312, x26672
Doug Hicks	Sr. IS Analyst	Budget databases	988-3312, x26266
Mike Jaspin	Principal Analyst	DCHS, OSCP	988-3312, x28594
Julie Neburka	Principal Analyst	Health, Library, Nondepartmental	988-3312, x27351
Matt Nice	Principal Analyst	Public Safety Program Analysis	988-3312, x83364
Liang Wu	Sr. Budget Analyst	Human Services Program Analysis	988-3312, x22306

Budget Submission Requirements

Department Budget Submission Requirements



By January 27th, 2006, be sure the Budget Office has received:

- Your department director's transmittal letter (Word document)
- Your department's program offers. ***Note that program offers may ONLY be submitted via the web tool.***
- Your department's current year estimate (Excel document)
- Your department's contract list (Excel document)
- Your department's Personnel Cost Planning splitter spreadsheet (Excel document)
- Your department's Personnel Cost Plan **entered** into SAP/PCP, Version 20
- How your department's SAP cost objects **crosswalk** to your FY 2007 program offers.
- Spreadsheet showing how your department's administrative and support costs are spread.

The Budget Office will release program offers to Outcome Teams immediately upon receipt and verify the numbers concurrently.

Department Director's Transmittal Letter

For FY 2007, a department director's transmittal letter will formally convey the department's program offers to the Outcome Teams, the Chair's Office, and the Budget Office. ***The department director's letter is especially important,*** as it will be the vehicle through which the department's strategies, goals, and strategic plans are conveyed to the Outcome Teams, the Board of County Commissioners, and the community.

It should summarize how the department's program offers contribute to the County's priorities, and should:

- articulate long-range goals that set directions for the way in which a department's programs and services contribute toward the priorities;
- describe fiscal and program strategies to address pressing issues;
- explain the rationale behind new or alternative program offers;
- note any FY 2006 programs that are not offered for FY 2007, and why;
- articulate the department's annual goals and objectives, key issues, program strategies, and/or strategic plans;
- identify issues that span multiple budget years and suggest strategies for dealing with them in future years;
- note any emerging issues that have gained importance over time due to worsening conditions or deferred action, and identify any program offers that specifically address these emerging issues; and
- include an organization chart for the department down to at least the division level.

Calendar

FY 2007 Budget Calendar

Month	Date	Task
November	10	Step 1 - Affirm Financial Parameters Set and Affirm Target
<i>week of</i>	14	Release PCP data to departments
	15	Budget Manual Released
<i>week of</i>	21	Web Tool Released
<i>week of</i>	21	Web Tool Training
<i>week of</i>	21, 28	Program Offer Training
	tbd	Performance Measure Training to Departments
		Chair meet individually with departments - Issue Overview
	21	Design Team Meeting
	22	Policy Worksession with BCC
		Chair meet Executive Committee continue discussion Executive Budget
December	tbd	Budget Rodeos
<i>week of</i>	1	Internal Service Rates Published
	tbd	Program Offer Training
	tbd	Performance Measure training to Departments
	tbd	Web Tool Training
		Chair meet Executive Committee continue discussion Executive Budget
January	27	Step 3 - Departments develop and submit prioritized program offers Transmittal letter, and check list
	31	Program Offers posted to internet
	31	Budget Office review program offer technical validity, accuracy (admin & support, fte, etc)
	31	Program Offers released to Outcome Teams
		Chair meet Executive Committee continue discussion Executive Budget
February	9	Departments revise Program Offers based Outcome Team feedback
	10	Design Team Meeting
	24	Program Offers, locked and re-posted to WEB
	<i>ongoing</i>	Step 4 - Outcome Teams review program offers and complete ranking Chair meet Executive Committee continue discussion Executive Budget <i>Citizen Participation/Involvement</i>
March	2	Design Team Meeting Chair meet Executive Committee continue discussion Executive Budget Policy Worksessions with BCC
April	<i>ongoing</i>	Chair meet Executive Committee continue discussion Executive Budget Chair finalizes decisions and develops Executive Budget Auditor reports on Marquee Indicators Policy Worksessions with BCC <i>Citizen Participation/Involvement</i>
May	5	Step 6 - Chair releases Executive Budget
	15	Approved budget to Tax Supervising & Conservation Commission
	tbd	TSCC Hearing on Approved Budget
June		
<i>week of</i>	12	Step 7 - Board Adopts

Program Offers



*Program Offers are
due by January
27th, 2006.*

Program offers form the basis for the Priorities of Government budgeting process. They will constitute a department's budget request *and* narrative budget, and will provide the information that the Outcome Teams, the Chair, and the Board use in selecting programs that will best address the County's priorities in FY 2007. Following are the "journalist's questions" about program offers:

- **Who submits program offers?** All County functions that we intend to fund—from operating programs down to the General Fund contingency account—will be requested in the form of program offers.
- **What is the primary purpose of program offers?** Program Offers provide all of the information that decision-makers need to choose those programs that contribute most toward the County's six priorities.
- **Where do we propose program offers?** Program Offers will be submitted via the County's improved web-based tool. Narrative and numeric data will be entered into this tool by departments, and the Budget Office will in turn use the tool to distribute the program offers to the Outcome Teams, to the ranking tool, and to the program selection tool. Program Offers will be printed directly from the web tool for consolidation and printing as the County's FY 2007 narrative budget.
- **When are program offers due?** By January 27th, 2006.
- **How do departments create their program offers?** Step by step instructions follow on pages 17 to 24.

What makes a good Program Offer?

Conceptually, a good program offer explicitly shows the relationship between the program and results produced for a chosen priority. To do that well:

- **Carefully read and consider the Requests for Offers.** Be sure you understand what the Outcome Teams are looking for in program offers.
- Think about the cause and effect theory for the priority.
- Describe how your program offer makes a significant contribution toward achieving the priority outcome, as measured by the indicators.
- Show why the County's spending on this priority is effective – the value provided for the cost ('bang for the buck').
- Show evidence that the program has the capacity to deliver on the offer and measure its results.
- Give **performance measures that accurately track** the program's contribution toward the result.
- Link the offer to existing policy frameworks.
- Describe program activities in layperson's terms. Could a thoughtful citizen understand your offer?

Practically,

- Each offer must be submitted to **only one priority**. Of course, departments can submit their total collection of offers across more than



one priority.

- Departments are expected to submit offers on all programs they currently perform. We are doing this to guard against the possibility of some program inadvertently “falling through the cracks.” **Unless:**
 - If, in the department’s best professional judgment, a current program does not contribute significantly to one of the County’s six priorities.
 - If a current program is not proposed, it needs to be identified in the Department Director’s transmittal letter, AND the Budget Office needs to be notified about which SAP objects are no longer used. Those objects still need to be cross walked in order to report budget history correctly.
- Departments may also submit offers that change the program as it is known today. Departments can also offer brand-new programs.
- It is important that each program be unique. Each program should show specific results for specific customers, e.g., separate services to adults from services to children. Show how each program contributes to realizing the priority.

Important points for the **narrative** portion:

- Write a clear, concise description of your offer. Imagine that you have 30 seconds to explain this program to an average resident.
- Tell why you believe this offer will effectively support the strategies outlined on the strategy maps. Cite research, experience, logic, or whatever you believe convincingly makes your case.
- Clarity, consistency, and simplicity are the cardinal virtues in a budget narrative. *See the Style Guide on pages 83-87 in the Appendix.*

What the **Outcome Teams** will be looking for:

1. Outcomes! Program Offers are *not* about process. Outcome Teams will be looking for program offers that emphasize what is provided to the County, not what process happens within government.
2. Performance measures will be reviewed carefully. If your performance measure counts something that is not meaningful, it will hurt the probability of your program’s being selected.
3. Points where an additional investment could create multiple benefits.
4. The short term and long term benefits. Many offers will have short and long term benefits, e.g., “It will allow us to respond to this requirement, but it will increase overall productivity by XX% within X years.”
5. Program offers that are clear and understandable. Have someone who is not an expert read it. Does it make sense? Is it compelling? Are the justifications solid?
6. Program Offers that consider inter-departmental opportunities. What if you partner with another department to work together to get triple the output for double the cost? Many successful program offers will depend upon cross-departmental synergies.

How Program Offers Become the County's Budget

Outcome Teams rank-order program offers based on the strength of their contribution to a priority, based on the team's strategies and Requests for Offers. Ranking is a forced choice exercise; its only goal is to provide information for the Chair and the Board to use when they make their program "purchases." *Outcome Teams do not purchase programs*, but rather evaluate each program offer on its merits.

The Chair and the Board select the program offers that ultimately will make up the County's budget. They consider the Outcome Team rankings, funding source restrictions, the County's priorities, and the merits of each program offer.

Frequently Asked Questions

A great many people have been fretting about the particulars of program offers. How many program offers should my department submit? How large should program offers be? These questions will be answered in different ways by different departments; nevertheless, we've provided answers below to a few of the most-frequently-asked questions about program offers.

How many program offers should my department submit?

There is no "right number" of program offers to submit. County departments vary widely in size and in the number and types of services offered. The number of proposals that your department submits, their scope, and the magnitude of resources you request are not limited. Departments can propose to expand their scope and resources—***but only the best proposals will be selected!***

Does size matter?



How large should program offers be? This question will be answered in different ways by different departments. However, keep in mind that Outcome Teams will want to spend time on each offer. Program offers should be **large enough** to be worthy of consideration, but **specific enough** to focus on a given priority and set of outcomes. If you have a question about how your department should respond to Requests for Offers, contact your budget analyst for suggestions.

What can I do to ensure that my program offers will be purchased?

Purchasing decisions are made by the Chair and the Board of County Commissioners. There's no magic formula, few absolute mandates, and no reliable means of figuring out in advance which of your department's offers will be purchased. There are several steps you can take, though, to prepare the best possible offers. They include:

- Carefully review the Requests for Offers. Understand the logic behind the maps, strategies, and RFOs. Don't hesitate to contact a member of the Outcome Team to better understand their selection strategy
- Develop and report performance measures that matter.
- Describe your program clearly and in laypersons' terms. Keep it as simple as possible!

Step-by-Step Instructions for Preparing Program Offers

Program Offers are the vehicle through which departments will submit their budget requests again this year. They will provide all of the information—*in two pages!*—that decision-makers need to choose those programs that contribute most toward the County’s six priorities, and so it is important that they be well prepared. Following are step-by-step instructions for preparing both the narrative and the numbers and entering this data in the web tool for program offers.

Web-Based Tool



For FY 2007, all program offers will be submitted via the County’s web-based budgeting tool, found on the Mint. (*The Budget Office will notify departments once the link has been established!*) This tool enables us to enter both narrative information and financial data **once** for use in the ranking and selection tools and for use in the County’s budget narrative. Improvements to the tool include better reporting and printing options, simplified performance measure data entry screens, and more options for program offer types.

The Budget Office will be contacting departments to arrange for log-in access to the web tool, as well as offering trainings in its use during the last part of December/first part of January. *Contact your budget analyst for more information or training about the web tool.*

Guidelines

How “programs” are defined for FY 2007.

The County’s Priority-Based Budget Process encourages innovation and creative planning for delivery of County services. **Program Offers are opportunities to improve the way the County does business.** The following parameters should define your FY 2007 Program Offers:

- Our goal for FY 2007 is to provide program offers that represent discrete units that make operational sense for the ranking and selection processes. Guidelines are:
 - Program offers should be for discrete services *or* discrete populations served, whichever most appeals to common sense. For example, if your department has three very different ways in which it provides services to elders, consider whether one offer (“services for elders”) or three offers (“Elder Service A, Elder Service B,” etc.) best conveys the information.
 - The General Fund portion of program offers should be **less than \$3.0 million**. For FY 2007, however, there are several caveats to this amount. *For more information on program offer dollar amounts, see “Does Size Matter?” on page 16 and “Programs Operating in Large Facilities” on page 24.*
- Departments are to submit **current service level** program offers **for programs currently being operated**, except:

“Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.”

~Sam Ewing

- If, in the department’s best professional judgment, a current program **does not contribute** significantly to one of the County’s six priorities.
 - If a current program is not proposed, it needs to be identified in the Department Director’s transmittal letter, AND the Budget Office needs to be notified about which SAP objects are no longer used. Those objects still need to be cross walked to FY 2007 program offers in order to report budget history correctly.
 - **“Current service level”** means the cost of doing the same activities next year that you are doing this year; and
 - **Current service level includes programs currently funded with the Itax.** Do NOT assume the Itax programs will not be purchased. If an Itax program contributes to the County’s priorities, it should be considered for funding. *Continue to use the Itax wbs elements for Itax programs.*
- To develop current service level program offers, **apply inflation adjustments** to ensure adequate program funding for FY 2007.
 - **Personnel** inflation adjustments have been factored into Personnel Cost Planning by bargaining unit; see page 32 for personnel cost planning instructions.
 - For **materials and supplies**, use **3.5%** as an inflation factor unless you know that a certain category of goods—such as pharmaceuticals—will inflate at a different rate. *Be sure to document any inflation rates you use.*
 - **Internal Services** cost increases have been factored into the FY 2007 internal services rates.

Priority Area

Program offers are not displayed by department, but by one of the County’s six priority areas. The web tool contains a drop-down menu to use for selecting which of the six priority areas your program offer best supports. Your department’s program offers are likely to fall into **several different priority areas**, based on the strength of the offer’s contribution to the priority.

Following are guidelines for choosing a priority area for your program offers:



- Program offers may link to **only one priority**. We learned in the FY 2005 mid-year process that linking a program to multiple priority areas only contributes confusion to the ranking and selection processes.
- Assign your program offers to priorities based on the contribution they make toward achieving results in that priority area. This may mean **assigning your program offer to a priority area that is outside of your “traditional” realm of operations.**
- Think carefully about how your program offer will **effectively support the strategies and sub-strategies** outlined in the priority’s strategy map. Cite research, experience, logic, or whatever you believe convincingly makes your case.

Program Offer Name & Type

The web tool will contain a text box for you to enter the program offer name, will automatically assign an offer number, and will provide a drop-down menu to use for selecting the type of program offer you are submitting. Following are definitions of the seven different types of program offers for FY 2007:



1. **Administration:** Department or division-level management and related expenses (i.e. office space, supplies, telephones, etc.) Direct program supervision is considered to be a part of the operating program (NOT administration), and should be included in the operating program's offer. ***NOTE that Administration program offers will not be ranked or selected, but will be printed in the department's program narrative. Therefore, offers must be submitted for all administrative functions.***
2. **Support:** An activity in a department that provides services directly to some or all operating programs within a department. Examples include the Health Department's pharmacy, which supports the various health clinics; the Library's Technical Services, which maintains the Library's materials and catalog system-wide; or the District Attorney's Human Resources unit. ***NOTE that departmental support program offers will not be ranked or selected, but will be printed in the department's program narrative. Therefore, offers must be submitted for all departmental support functions.***
3. **Operating Program:** An "on the ground" activity of the County. Includes front-line supervisors/program managers with specific responsibilities for particular operating programs. This level of service should be the current level of service being provided *based on the most recent (FY 2006) budget decisions. See page 17 for specific dollar/size limits for operating program offers.*
4. **New Program:** An "on the ground" or support activity that the County currently does not do.
5. **Program Alternative/Reconstruction:** A program that is currently *or has been* operated by one or more County departments that is proposed to be operated either in a different way, by different providers, or with different business models.
6. **Internal Service:** for programs in funds 3501-3505.
7. **Revenue:** Budget Office use only, to budget discretionary (primarily General Fund) revenues at the fund level. Program revenues should be budgeted with the applicable program offer.

Links: to other offers and to frameworks

In FY 2006, the web tool allowed you to link your program offer to **other program offers** and/or to one or more of the County's **policy frameworks**. For FY 2007, however, the web tool has been re-configured to allow different information to be displayed. The next three sections detail these new options.

Joint Offers

NEW Web Tool Feature!

Some County programs fall into a “continuum” of services, with different service elements provided by different County departments. Some or all elements of such services may best be proposed by two or more departments as a **joint program offer**.

The web tool has been re-configured for FY 2007 to enable joint offers. By clicking the “joint offer” box on a program offer, the web tool will allow staff from two or more departments to view a joint program offer together **while both departments are working on it**. *Web Tool trainings will provide specific information on the technical details of joint program offers.*

Backfill/ Identifying fund source changes

NEW Web Tool Feature!



In FY 2006, it was difficult for the Chair and the Board to determine when they were making decisions to backfill expiring grants with General Fund dollars. For FY 2007, the web tool has been configured with a check box to identify programs for which departments are proposing General Fund backfill. What exactly IS backfill? What isn't it?

- **Backfill** is defined as “discretionary dollars (General Fund) applied to a program that formerly was funded by a grant, state, or other dedicated funding source.”
 - If your grant **goes away entirely**, and your department proposes continuing the program with General Fund dollars, check the backfill box for that program offer.
 - If a **portion** of your grant goes away, and your department proposes continuing the program in part with General Fund dollars, **scale the program** (*See Scaling Options, page 24*). The first increment, or base offer, is **NOT** backfill. The second increment—the General Fund portion—**IS** backfill.
- **DO NOT use this check box for Itax programs.** For the purposes of the Chair's selection process, Itax programs are considered to be ongoing. They will be purchased (or not) based on their contribution toward the priorities.
- **DO NOT** use this checkbox for proposing an **increase** to a General Fund program. *See Scaling Options, page 24*

If you have questions about whether or not your program offer constitutes a “backfill,” please consult your budget analyst for clarification.

Program Offers for One-Time- Only projects

NEW Web Tool Feature!

For FY 2007, the County will find itself in the awkward position of reducing ongoing expenses while making available one-time-only funds for one-time projects. **If your department has a one-time project for FY 2007**, answer the following questions in your program offer, and check the “one-time-only” box on the web tool for that program offer.

1. Who is the sponsor of this project? The Board? The department?
2. What is this project? Is this a new process/project or an improvement to a current process? How is the current process different? Describe the



project and its goals.

3. What are the performance benefits? Is this a cost removal, cost avoidance, or performance improvement proposal? Take into account benefits derived from efficiency gains, productivity improvements, risk reduction, increased convenience for employees and customers, revenue generation, etc. How certain and how soon can we see these benefits?
4. How do we know that these benefits will be realized? Document the benefits with performance measures. If available, cite experiences from others who have done the same thing, or industry norms.
5. What is the initial cost? Initial costs are costs that are required prior to the project becoming fully operational. Describe fully all initial costs related to the investment such as capital, licenses, training, installation, additional staff, etc. How certain are you about these costs?
6. How soon before the project is fully operational? How certain are you about the timeline?
7. What is the ongoing cost? Ongoing costs are those that continue after the project is fully operational. These include maintenance, ongoing staff, licenses, etc. that are required to continue the project. How certain are you about these costs?
8. Describe the amount saved as a result of funding this project. How certain and how soon can we see these benefits?

Lead Agency & Program Contact

Use the drop-down box in the web tool to choose the lead agency for your program offer, and type in a program contact. The program contact should be someone with direct responsibility for the program who can answer specific questions about it.

Executive Summary

In 50 words or less, write a clear, concise description of your program offer. Imagine that you have 30 seconds to explain this activity to your next door neighbor.

Program Offer Description

A **program** is an organizational unit that provides services to the public or other County departments. In the Program Offer Description text box, briefly and clearly describe the activity or set of activities that are encompassed in this program offer. If the offer involves a partnership with another County department or organization, please indicate the nature of that partnership. If your offer represents a change in current practice (reorganization, staffing levels, service hours, etc.), briefly describe the nature of that change. Remember that your program offer **may be reviewed by people who are not experts in your area**, so use language that makes sense to regular citizens.

The County operates according to a variety of principles, plans and/or requirements, some of which are applicable to all departments, including the Emergency Management Plan, the Sustainability Plan (a strategic plan to come out soon), HIPAA, the Facilities Disposition Plan, the Five Year Capital Plan, and the Asset Preservation Plan. If your offer supports one of these or another department-specific strategic plan, please note that linkage in the program description text box.

Program Offer Justification & Link to Priority

In the web tool's Program Offer Justification text box, describe how this program offer will effectively support the strategies and sub-strategies outlined in the priority's strategy map. Cite research, experience, logic, or whatever you believe convincingly makes your case. Remember that the program offer likely will be reviewed by people who are not experts in your area; so use language that makes sense to regular citizens.

If you are proposing to do something that your department does not currently do, briefly describe how you created your cost estimate – historical costs, conversations with other jurisdictions or departments, knowledgeable assumptions, or some other methodology. In addition, it will be important to demonstrate that your department has the capability to deliver on what you are proposing.

Performance Measures *NEW!*

A great deal of work has gone into improving the performance measurement systems available for departments to use. The web tool has been re-configured to capture a number of different types of performance data for each program offer. All of this new information warrants its own section in the Budget Manual. See the following section (pages 25 to 27) for detailed instructions for preparing and reporting program performance measures.

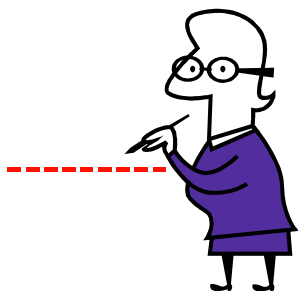
The Auditor's Office will continue to be the keeper of the data for each priority's "marquee" indicators. <http://www.co.multnomah.or.us/auditor/>

Legal & Contractual Obligations

Many program offers will be constrained by legal or contractual mandates. If your program offer is affected by a mandate, please note the mandate and its authorizing document (statute, a contract, etc) in the appropriate text box in the web tool. Consider grantor requirements, state legislation or rules, charter requirements, etc. Explain **only** those things the County Commissioners **must** comply with, and describe the consequences of failure to comply.

Projected Program Costs

Program Offers are intended to show the **County's full cost** of providing the program, including the program's share of administrative, support, or other shared costs; and revenues generated by the program for its support.



The web tool displays a program offer's share of administrative and support costs *as these costs are apportioned by your department*. Put another way: it is the department's responsibility to determine how the total amount of department administration and support is divided among program offers. Some programs may be more administration-intensive than others, or some programs may use support services that others do not. See pages 28 to 31 for the specifics and mechanics of apportioning administration and support in the web tool.

Explanation of Revenues



This section is to explain how non-General Fund revenues or General Fund fee revenues were estimated. Revenue estimates should be intelligible to the general reader, and should clearly demonstrate the reasonableness of the estimate. Examples of revenue estimates include:

- Estimated number of client visits multiplied by \$XXX rate
- Estimated caseload for the upcoming year and how funding is apportioned by a grantor to the estimated caseload
- Size of the grant award and length of award
- State share of XXXX tax revenue

Significant Program Changes

NEW Feature for FY 2007!

This section is to explain significant **programmatic** (NOT financial “up and down”) changes that affect the program. Submit as complete and detailed a set of explanations as possible. Make sure to include the following information:

- Increases or decreases in the scope or level of services
- Increases or decreases in net personnel resources (FTE’s)
- Revenue increases or decreases
- How this change affects other departments and/or service delivery programs.

Mark the **check box** if your program has significantly changed. Use the **drop-down menu to link your FY 2007 program to its FY 2006 predecessor**, if applicable. Note that program offer numbering will have changed between fiscal years.

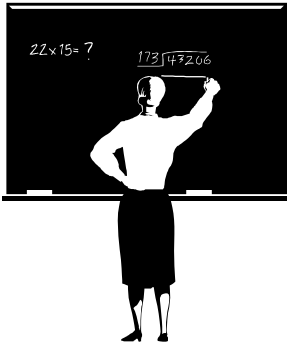
Program Alternatives

You are free to develop effective alternative programs for the Board’s consideration, within these parameters:

- Program options must ascribe both a result and a price to the same degree of precision that the current program offers.
- Options must be feasible in the (relatively) short term. The test is whether they can be implemented starting July 1, 2006, and be ***operational within three months***.
- Think like the principal intended beneficiary or *customer* of the program. What alternatives would they want to see in place?
- Program alternatives can be generated for mandated areas as well – down to minimal mandated levels of service or levels of funding.
- There are neither preferred solutions nor any models to be held as givens. The only “out of bounds” are –
 - Illegal or immoral acts. (However, advocating law changes or changes in the interpretation of the law is acceptable.)
 - Changes that reopen labor contract agreements (i.e. “outsourcing” of current services is not to be considered).
 - The options must not rely on new or enhanced revenues or revenue sources.



Scaling Options



Many County programs can deliver their services at varying levels. For example, an Alcohol and Drug Treatment Program may be able to offer 100 slots, 150 slots, or 200 slots, and the department may want to provide decision-makers with the option to choose from among those levels. **The purpose of scaling is to allow decision makers to purchase a particular service or level of service.** Here is how to propose a **scaled program offer**:

- Determine the **base level of service** you would recommend. In the example above, the base level of service would be 100 slots of A&D treatment. Assemble a program offer for this base level of service.
- Determine what the **incremental levels of service** would be. In the A&D treatment example, one increment would be 50 additional beds, and another, separate increment would be 100 additional beds. Due to database limitations, increments need to be **additive** and **discrete**. (Put another way, decision-makers would not be able to simply choose the same increment several times over.) Assemble individual program offers for each discrete increment.
- Scaling has to be:
 - “purchasable:” it has to be something that could actually be implemented in the way it is purchased. **Services that are integral to each other need to be scaled identically.**
 - in increments that are **small enough** to allow choice but **large enough** to prevent being overwhelmed by volume.
- The **web tool will automatically assign a letter** to the base level program offer to keep the scaled options connected sequentially to the base level offer.

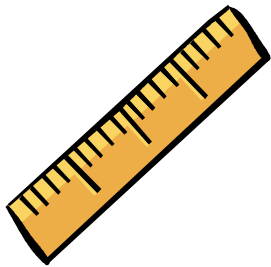
Programs operating in large facilities

NEW!

Multnomah County operates several of its programs in large single-purpose facilities. As we learned during the FY 2006 budget process, it is not practical to “purchase” these programs—most of which are funded in large part with General Fund—in \$3 million increments. Therefore, in FY 2007, we will accept program offers for programs operating in big buildings that have a **greater than \$3 million base cost**.

Contact the Budget Office for further instructions if you think this section applies to your department. The Budget Office *will not accept* offers for programs operating in big buildings if the department has not first contacted the Budget Office. Do not jeopardize your department’s budget planning by neglecting to contact the Budget Office; we **will not release large-facility program offers** that we have not first reviewed.

Performance Measures



Performance Measurement is the process of developing and using meaningful and objective indicators that can be systematically tracked to assess progress made in achieving predetermined goals. The process requires ongoing data collection to determine if a program is implementing activities and achieving objectives. It typically measures resources, activities performed, and results over time. The data are used to determine the difference between what customers and stakeholders expect and what programs deliver.

Why measure performance?

- Performance measures show progress toward the County’s “marquee indicators.”
- Performance measures help decision-makers refine strategies and improve results.
- Performance measures help build community support for County programs.
- Performance measures help managers deliver expected results. *What gets measured gets managed!*

Sound performance measures are a critical component of the priority-based budget process. Departments provide performance indicators as a part of their program offers. The Board uses the information to aid in their decisions to purchase programs. Purchase decisions are based on how well the program contributes to the priority—the County’s long-term strategies—and what these programs promise to deliver.

Not unlike budgeting, performance measurement is an art unto itself. The Budget Office Evaluation staff has prepared detailed instructions, references, trainings, and templates for departments to use in managing their performance measures. The manual is found on the Mint at <http://www.co.multnomah.or.us/dbcs/budget/performance/index.shtml> General guidelines for performance measurement follow, but for more information, consult the performance measurement manual on the Mint!

Instructions

There are eight steps to take in developing and reporting on performance measures.

1. Gather the appropriate program managers and staff, budget and finance staff, research and evaluation staff from the department to review and discuss the program offer’s characteristics.
2. Review the program offer description; understand the specific service the program is to deliver.
3. Fill out the program modeling template: identify what services will be delivered, who the primary customers/clients are, and list the program inputs, outputs, outcomes, efficiency, and quality measures. *This template is found on the Mint in the Performance Measures Manual Appendices.*
NOTE THAT filling out the template is **optimal but optional** for FY 2007.

4. Use the Performance Measure Selection template to select the most meaningful measures; identify the measure type, its definition, the data source and contact person. *This template is found on the Mint in the Performance Measures Manual Appendices.*
5. Submit copies of the template to the Budget Evaluation Office. Remember to keep copies on file for next year and in case the Outcome Teams or others want to review them.
6. Fill the performance measures section of the web tool for both the static output and outcome measures. For existing programs, all fields should be filled; some fields can be left blank if it is a new or substantially redesigned program or measure.
7. Use the optional measurement slots for the additional measures per department discretion.
8. Review the final program offer with the basic checklist questions; make any revisions as needed before final submittal.

Performance Measure Data Entry into the Web Tool



Once you have chosen performance measures for your programs, you can enter your data into the program offer web tool, as follows:

1. Login to the web-tool and select the appropriate program offer.
2. To enter a new measure simply select the measurement type with the drop down box.
3. Enter the performance measure definition. This should be a simplified definition—technical language, acronyms and jargon should be avoided, if necessary be included on the template.
4. Enter the data into each cell (Previous Actual Result, Last Year's Purchased Target, Current Estimate, and New Proposed Target)
5. Select the percentage check-box if the data in the cells should be reported as percentages
6. Repeat the steps for the additional measures.

Enter any clarifying information into qualitative explanatory section.

Performance Measures for Scaled Offers

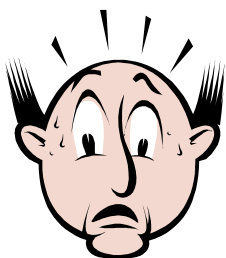
Special attention should be given to scaled offers. Each scalable offer's performance measures should report only those services that the scaled offer supports. For example, if the primary offer is for 10 residential beds, then the performance measure must reflect only those 10 beds. If the secondary scaled offer is for an additional 10 residential beds, then additional performance measures must reflect those additional 10 beds, and not the combined 20 beds. It would not be unusual for equally distributed offers to have similar performance measures (e.g., drug treatment days, successful drug treatment completion rates, etc.), especially if the data were from the same system.

Introduction

The following sections detail the technical aspects of assembling program offers for FY 2007. We will continue to use the web tool that was developed for the FY 2006 budget process

As of November 15th, improvements to the web tool were still in development. The Budget Office will be scheduling trainings and preparing materials on how to use the improved web tool during the last part of November/first part of December.

Changes to the way we use SAP



The web tool has changed the way we get the budget into SAP, as follows:

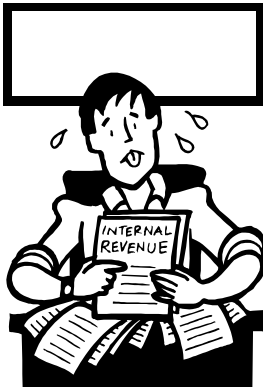
- The Budget Office **will not be copying SAP Version 10 to SAP Version 20**. You may still build your budget in V10, and we will copy from CO/PS into FM if you use that method to balance. The Budget Office has instructions for how to download numbers from SAP. You may also build your program offer budgets in spreadsheets if you like.
- You may enter your numbers manually into the web tool, or you may use the **upload file** found on the Mint at <http://mint.co.multnomah.or.us/dbcs/budget/> to upload all of your numbers at once.
- **Version 20 will be uploaded into SAP** after the Chair's Executive Budget decisions are made sometime in April. The Budget Office will do this upload. *It means that you **may not use plan assessments or settlements** in your FY 2007 budget.* Note that you may still use actual assessments or settlements.

Training and materials on the web tool will be available at the end of November /beginning of December. The Budget Office will be arranging trainings and, as always, you may contact your budget analyst for more information, for a private tutoring session, or with questions you may have.

Assembling Program Offers

Program offers contain both numbers and narrative *together*. In the past, the Budget Office has assembled the narrative document. In FY 2007, program offers will constitute the department's narrative budget, and therefore, **departments are responsible for putting the numbers and words together**.

How will this happen? It helps to have a picture of how the budget data will be displayed in the program offer in the web tool. That picture will look more or less like this:

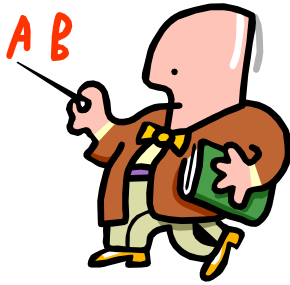


Projected Program Cost:				
	Adopted General Fund FY 2005	Adopted Other Funds FY 2005	Proposed General Fund FY 2006	Proposed Other Funds FY 2006
Program Expenses				
Personnel	827,912	4,685,077	852,749	4,825,629
Contracts	91,493	1,589,767	94,238	1,637,460
Materials & Supplies	124,964	237,967	128,713	245,106
Internal Services	110,951	722,260	114,279	743,928
Capital Equipment	0	5,300	0	5,459
Subtotal: direct exps:	1,155,319	7,240,372	1,189,979	7,457,583
Administration	259,761	595,102	267,554	612,955
Program Support	158,750	321,406	163,513	331,048
Subtotal: other exps:	418,511	916,508	431,066	944,003
Total: GF/non-GF	1,573,830	8,156,880	1,621,045	8,401,586
Program Total	9,730,710		10,022,631	
Program FTE	0.00	69.35	10.61	58.74
Program Revenues				
Grants & Contributions	0	574,020	0	591,241
Fees & Charges for Svcs.	0	7,582,860	0	7,810,346
Other Revenues	0	0	0	0
Indirect for dep't admin	595,102	0	612,955	0
Total:	595,102	8,156,880	612,955	8,401,586

How do these numbers get into the web tool? There are two ways:

- You may enter them manually.
- You may upload them, using the template found on the Mint at <http://mint.co.multnomah.or.us/dbcs/budget/>
- The web tool will aggregate cost elements into the correct expenditure, revenue, and FTE amounts, but administrative costs and support costs must be entered manually for each program offer. See the following sections for directions on how to assign administrative and/or support costs to program offers.
- **Bonus for Techies!:** Do not split SAP cost objects between one or more program offers. If necessary, create new SAP cost centers or wbs elements to maintain a one-to-one relationship between SAP cost objects and program offer numbers in the web tool.

Assembling Program Offers



The basic mechanics of assembling budget numbers have not changed. The first step is to compile budgets in SAP cost objects (cost center, wbs elements, and internal orders) according something resembling the following process:

1. Gather inputs:
 - a. Revenue data
 - b. Personnel Cost Planning
 - c. Allocations from internal service providers
 - d. estimates for other expenses for the upcoming year
 - e. Budget Manual instructions
2. **Assemble administrative budgets**, by SAP cost object by cost element.
3. **Assemble drafts of support service budgets**, by cost object by cost element. Refine as operating program budgets are built.
4. **Assemble operating program budgets**, by cost object by cost element.
5. Using the budgets built in steps 2-4, above, managers and techies work together to **assemble program offers** from the group of operating budgets. *This last step is the familiar “crosswalk” from the SAP structure to the program offer structure.*
6. Once the program offers are assembled, assign support services costs and administrative costs to them.

How to Assign Administrative Costs to Program Offers

Recall that you must submit a program offer for administrative costs. These administrative program offers **will not be** ranked against other programs, nor will they be “purchased.” They **will** be printed as a part of your department’s narrative.

For Operating Departments AND Internal Service Providers

Program offers, however, **will be** ranked and “purchased,” and therefore need to reflect the total cost of the program, including administration and support. Therefore, you will need to assign administrative costs to program offers. **We are asking departments to use their judgment in assigning administrative costs**, as there is no one formula that would assign costs rationally among programs that may consume differing amounts of administration. Also, ***note that*** internal service providers **will have completed this step by the time they prepare program offers**, as they will have already completed their budgets and have issued rates for the upcoming year.

Here are recommended steps for spreading administrative costs among program offers:

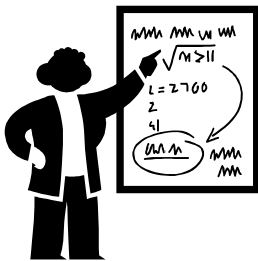
1. Assemble administrative budgets (step 2 above).
2. Assemble all program offers (step 5 above).
3. Analyze the program offers for the amount of administrative cost

they should fairly bear. Take into consideration such factors as numbers of employees managed in the program, numbers of contracts managed in the program, or other organizational functions that require administrative attention.

4. Divide the total administrative cost among the program offers, based on the analysis done in step 3. **You do not need to split administrative costs by cost element type**—i.e., you do not need to note personnel, M&S, and internal service costs for administration.
5. Note how administration was split, on a spreadsheet or in a Word document.
6. Type the administrative cost per program into each offer. *There is no way to automate administrative splits in the web tool.*

How to Assign Support costs to Program Offers:

For Operating Departments



Recall that you must submit a program offer for support costs. “Support” is defined as *“an activity in a department that provides services directly to some or all operating programs within a department. Examples include the Health Department’s pharmacy, which supports the various health clinics; the Library’s Technical Services, which maintains the Library’s materials and catalog system-wide; or the District Attorney’s Human Resources unit.”* These support program offers **will not be** ranked against other programs, nor will they be “purchased.” They **will** be printed as a part of your department’s narrative.

Program offers, however, **will be** ranked and “purchased,” and therefore need to reflect the total cost of the program, including administration and support. Therefore, you will need to assign support costs to program offers. **We are asking departments to use their judgment in assigning support costs**, as there is no one formula that would assign costs rationally among programs that may consume differing amounts of various support functions. Here are recommended steps for spreading support costs among program offers:

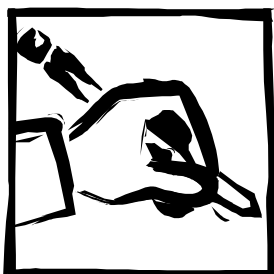
1. Assemble support budgets (step 3 above).
2. Assemble all program offers (step 5 above).
3. Analyze the program offers for the amount of support cost they should fairly bear. Take into consideration all program and/or organizational functions that require support in order to operate.
4. Divide the total support cost among the program offers, based on the analysis done in step 3. **You do not need to split support costs by cost element type**—i.e., you do not need to note personnel, M&S, and internal service costs for administration.
5. Note how support budgets were split, on a spreadsheet or in a Word document.
6. Type the support cost per program into each offer. *There is no way to automate support splits in the web tool.*

How to Assign Support costs to Program Offers:

Internal Service Providers **will** submit program offers for their services, even though the costs of those services are shown in the internal service line items in operating department program offers. This is for transparency: ISR program offers will serve as the Department of Community & Business Services' budget narrative. These internal service program offers **will be** ranked against other programs, and they **will be** "purchased."

For Internal Service Providers

Note that internal service providers **will have completed this step by the time they prepare program offers**, as they will have already completed their budgets and have issued rates for the upcoming year.



Here are recommended steps for spreading support costs among internal service program offers:

1. Assemble support budgets (step 3 above).
2. Assemble all program offers (step 5 above).
3. Analyze the program offers for the amount of support cost they should fairly bear. Take into consideration all program and/or organizational functions that require support in order to operate.
4. Divide the total support cost among the program offers, based on the analysis done in step 3. **You do not need to split support costs by cost element type**—i.e., you do not need to note personnel, M&S, and internal service costs for support functions.
5. Note how support budgets were split, on a spreadsheet or in a Word document.
6. Type the support cost per program into each offer. *There is no way to automate support splits in the web tool.*

Personnel Cost Planning

New! for FY
2007



In November, the Budget Office prepared and sent out spreadsheets containing a significant amount of information on departmental positions and personnel costs for FY 2007, including the assumptions behind the cost estimates. The positions in the spreadsheets are the positions (and the people in them) that were uploaded into SAP's Personnel Cost Planning Module in December. The uploaded positions are those in SAP that were valid as of November 1, 2005 and were occupied.

- Positions that are temporary, on-call, or vacant are NOT included in the upload. (*Contact your budget analyst with questions or for instructions on creating vacant positions in Personnel Cost Planning.*)
- **FY 2007 base pay as uploaded represents:**
 - the calculated base pay for FY 2007, assuming a step/merit pay increase, a 3.5% COLA for **all positions regardless of contract status**, any recently added/adjusted steps, VEBA and briefing pay adjustments, 2080 hours for hourly positions, and that the position is full time.
 - **Note:** as of this writing, FY 2006 contracts for the following bargaining units have yet to be settled:
 - Deputy Sheriff - Dep Sheriff's Assoc
 - Corrections - Corr Officers Assoc
 - Electrical - IBEW Local 48
 - Sign Fabricator - Sign Painters
 - HVAC - IUOE Local 701
 - Deputy DA - Pros Atty's Assoc

For these bargaining units:

- **Positions budgeted in the General Fund** will have a COLA held in a set-aside account until a wage settlement has been reached with the bargaining units.
- **For all other funds** please calculate an amount equal to about 5.0% of budgeted Base Pay (60000), Overtime (60110), and Premium (60120.) This amount should be added to the Premium line in each cost center and WBS element that has budgeted positions.

The Mechanics of Personnel Cost Planning (PCP)

Please note the following two requirements for the FY 2007 budget:

- Your **personnel budget still must be built in SAP/PCP**. We will maintain PCP as a central repository for the County's FY 2007 personnel cost plan.
- You will need to **submit a spreadsheet as part of your budget request that shows how your department's personnel costs are split between cost centers and wbs elements**. We will use this spreadsheet to check the totals for personnel costs in both PCP and in the CO and PS modules. You may use the Personnel Cost Splitter

found on the Mint at

<http://mint.co.multnomah.or.us/dbcs/budget/#budget>

or you may create your own spreadsheet to use for this purpose. The information required by the Budget Office is shown below:

CC/wbs	JCN	FTE	Base (60000)
210000	6020	1.00	40,000
ltax.oscp	9631	3.00	150,000
250000	6001	1.00	20,000
250000	6555	5.50	195,200

Budgeting for Employees that moved into or out of County Business Services

During the FY 2005 budget process, many Human Resources and Finance employees moved out of operating departments and into the County Business Services (CBS) organization. *After* the FY 2005 budget process, some of those employees moved back into operating departments.

All departments should double-check to make sure they have budgeted for employees who may have been transferred to County Business Services in prior years. For FY 2007, many Human Resources and Finance employees have been moved back into department budgets.

Calculating Personnel Costs:

Definitions, Rates, and Methods of Computation.



Definitions

- **Permanent Full-Time:** Any employee working 32 hours per week or more on a regular basis. Full time employees are entitled to full benefits. *[The Base Pay for such a position is part of Cost Element 60000.]*
- **Permanent Part-Time:** Any employee working 20 - 32 hours per week on a regular basis. Entitlement to step increases varies by bargaining unit. Check the appropriate contract to determine when a step increase is anticipated for permanent part time employees. Permanent part-time employees are entitled to **half** benefits for health, dental and full life insurance. *[The Base Pay for such a position is part of Cost Element 60000.]*
- **Temporary:** Any employee working less than 20 hours per week or working full-time for less than half the year. You must budget for FICA, Tri-Met tax, workers' compensation, and unemployment. Temporary exempt employees are entitled to all County benefits except Holiday pay.

Methods of Computation:

To determine what your staffing costs will be, use the SAP Personnel Cost Planning module to calculate the future costs of current employees.

Remember to check the following:

- ***Are there vacant positions or new hires since November 15th, 2005 in your organization?*** Double check to see that the vacancies have been recorded in Personnel Cost Planning. You may need to create the positions from scratch. You may check the current version of SAP for more information.
- ***Note that contract provisions have been factored into the data uploaded into Personnel Cost Planning.***
- The medical/dental insurance “flat amount” has increased for FY 2007, from \$8,854 per employee to **\$10,443 per employee.**

If you are *manually* calculating the cost of Permanent employees, do the following:

60000 Calculate Personnel Costs

Calculate Base Pay (60000)

Determine the base pay for the position, either a current employee or a new or vacant position.

- ***For bargaining unit (Hourly) employees:*** Multiply the employee’s base pay hourly rate by the total number of hours for the fiscal year. Total hours for next year for full time are 2080. If an employee is entitled to a step increase during the year, you will have to determine how many work hours will be paid at the beginning rate and how many work hours fall after



the step increase. These figures added together will be the total base pay for that position.

- **Exempt Employees:** For all exempt employees, multiply the employee's semi-monthly rate by 24. If an exempt employee is entitled to a merit increase it will apply as of July 1. Check to make sure that exempt employees are not at the top of the range before applying a merit increase.
- **Adding or Reclassifying a Position:** See "Personnel Cost Planning" instructions (received during SAP budget training) for adding or reclassifying a position.
- **Budgeting for Salary Savings:** Use "9999" as a JCN, and budget that FTE's salary as a negative number. This will result in a lower overall 60000 total in the org where it is budgeted. In addition, you can include a "salary savings" cost element for a position in Personnel Cost Planning that will reduce the total base pay for a single position if you know a position will be vacant part of the year but do not want to reduce the authorized FTE for the job. *The Budget Office **does not** encourage the use of salary savings in the budget, so please minimize its use.*

60130

Calculate Benefits Costs

***NEW!** Rates for OSRP members*

To Calculate Salary Related Expense (60130):

Salary Related Expense includes retirement, FICA, and Tri-Met tax. There are **four** possible choices. Permanent employees are eligible for Uniformed PERS (that is, qualifies for Police & Fire Retirement Benefits), for Non-Uniformed PERS, for OSRP Uniformed PERS, or for OSRP Non-Uniformed PERS. Computing its cost involves choosing which of the four rates applies and attaching the appropriate cost element to the employee. (See pages 61-62 for specific rates.)

The 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired **on or after August 29, 2003** become part of OPSRP, unless membership was previously established in PERS. See the PERS web site at <http://oregon.gov/PERS/> for more information.

For instructions on calculating benefits for temporary, overtime or premium pay, see the instructions for the temporary employees.

60140

Calculate Insurance Costs

The **Insurance benefits** category includes two components:

- Amounts for bus passes, workers' compensation, liability, unemployment, retiree medical/dental, long term disability and exempt employees' life insurance -- all of them based upon a percentage of base pay. Rates vary by department and by organizational unit from 5.5% to 9.0%. (*See pages 49-50 for specific rates.*) Choose the appropriate cost element for the department/fund/ bargaining unit combination and assign it to the position.

Note that Workers' comp and liability vary by department, fund and/or

bargaining unit. *Rates for each department, bargaining unit and/or fund follow on pages 49-50.*

- Rates for medical, dental, health promotion, and non-exempt employees' life insurance will be billed at the same dollar amount no matter what the individual level of coverage is. **For FY 2007, the flat amount is \$10,443.** Use the cost element for Benefits Full in Personnel Cost Planning.

Temporary, Overtime, and Premium Detail

We want to know how you came up with your numbers. Please explain your rationale if you base your budget figures on historical/projected usage rather than actual position-by-position calculations.

- Document the calculation you use, either in the long text box in the web tool, the long text field in SAP, or on a spreadsheet.
- **BE SURE TO LIST YOUR LEAD WORKERS IN THE LONG TEXT** for 60120 if you choose not to include Lead Pay as a cost element in that employee's position.

60100

Temporary Employees



Method of Computation:

1. Explain what you anticipate using temporary employees to do (the nature of the work, or the project they will be working on).
2. Show the computation of the amount you are requesting and explain how you arrived at your total amount.
3. Calculate Salary Related Expense and insurance amounts for the temporary employees, and record them in Cost Elements 60135 and 60145.
 - a. Salary Related Expense rates for temporary employees include FICA and Tri-Met tax (and retirement if applicable). The appropriate rates to use differ by department and bargaining unit. Find the appropriate rates by referring to the Salary Related Expense and Insurance rate tables on pages 61-62.
 - b. Insurance rates for temporary employees include workers' comp, liability and unemployment. Exempt employees are entitled to health benefits.

Note that

- Temporary employees working at least 600 hours per year will begin receiving retirement benefits after a six-month waiting period. If temporaries work less than this they are not entitled to retirement benefits.
- If a temporary employee works for another PERS employer, and the combined hours will reach 600 hours per year, then both employers pay retirement benefits. If the employee is already in the PERS system, their retirement benefits begin immediately.
- Exempt temporary employees must work at least 40 hours a week and will receive retirement benefits after the six-month waiting period.

60110

Overtime

Method of Computation:

1. Explain on the Overtime budget request the nature of the tasks that require overtime coverage and any other information that will justify the request.
2. Show the computation of the amount you are requesting or explain how you arrived at your total amount.
3. Calculate figures for Salary Related Expense and Insurance benefits based on this amount and include them in Cost Elements 60130 and 60140.
 - a. Overtime pay for permanent employees includes the same Salary Related Expense and insurance components as for permanent pay excluding medical/dental insurance, health promotion and Life Insurance.
 - b. Find the appropriate rates by referring to the Salary Related Expense and Insurance rate tables on pages 61-62.

60120

Premium Pay

Several categories of employees receive amounts in addition to their base pay, because of the type of work or hours of work involved. These categories include:

- Shift differential
- Incentive pay
- Trainer pay
- Lock-up premiums
- Hazardous or obnoxious work
- Lead work.

Method of Computation:

1. Explain the need for this kind of pay.
2. Show the computation of the amount. The base pay is allocated to cost element 60000, Permanent. *Only the amount in addition to the employee's regular rate is charged to Premium Pay.* Lead Workers are no longer in a separate classification - you may list them here and budget for the premium pay. You may also attach a "lead pay" cost element to the position and include the appropriate amount in the position.
 - Some categories of work are compensated by a flat rate of premium pay. Estimate the total hours of work and multiply by the premium rate.
 - Other categories receive a premium based on a percentage of base pay. In these cases you will need to determine how many hours will be paid the premium and then multiply by the appropriate percentage.

Note that if you record lead pay under 60120, Premium, you should remember to calculate figures for Salary Related Expense and Insurance benefits based on this amount and include them in Cost Elements 60130 and 60140.



Premium pay for permanent employees includes the same Salary Related Expense and insurance components as for permanent pay excluding medical/dental insurance, health promotion and Life Insurance.

Find the appropriate rates by referring to the Salary Related Expense and Insurance rate tables on pages 61-62 or see cost elements 60130 and 60140 for more information.

60135

Non-Base Fringe

Use this cost element ONLY for fringe costs for temporary employees.

Use 60130 to budget fringe costs for lead and/or premium pay.

60145

Non-Base Insurance

Use this cost element ONLY for insurance costs for temporary employees.

Use 60140 to budget insurance costs for lead and/or premium pay.

Direct Materials & Services

The following cost elements are used for the “stuff” departments need to do their work: contracts, supplies, and sundry other things. Please note that the definitions that apply to pass through, professional services contracts, and indirect costs have changed slightly from previous years.

60150 County Match & Revenue Sharing

These are payments made by the County in support of the programs of other jurisdictions or organizations. Examples include the County’s share of the budgets for “City-County Organizations” such as the County’s support for Regional Arts & Culture Council activities.

*These payments **must** be explained in the Long Text for the Cost Element.*

60155 Direct Program & Client Assistance

Use this cost element for services or materials that are purchased by the County on behalf of clients within a certain County program and have a relationship of a vendor nature per A-133. The intent of this cost element is **to limit the Pass-Through cost element** (60160) to services and programs that meet the federal definition of sub recipient regardless of funding source, and to consolidate non-sub recipient client services into one account for reporting purposes. This new account will also separate client expenses from County operational expenses.

60160 Pass-Through & Program Support

These are funds that are simply passed through to other agencies, **via a contract**. The County’s responsibility for the funds ends when payments are made, except that the County is responsible for ensuring the funds under the contract or program are being spent as intended by the County and the Funder.

*Requests must be explained in the Long Text for the Cost Element. **Note that** there is no “pass-through” indirect rate for FY 2007. See 60350, below, for more information on indirect.*

60170 Professional Services

Professional Services are services provided to the County by non-County employees and/or companies. Budgets can be for almost any service, and vary widely.

Note that:

- External Data Processing contracts are budgeted under cost element 60290 (External Data Processing).
- Equipment maintenance contracts are budgeted under cost element 60220 (Repairs & Maintenance).
- Food contracts are budgeted under cost element 60250.
- Training services contracts are budgeted under cost element 60260.

Include a description of the type of service you propose to purchase and the anticipated dollar amount by type of service.



Numbers

Expenditures: calculations and definitions

60180

Printing

This cost element is for all printing, binding, graphics, and photography services provided by the County's printing contractor. This cost element includes leased or rented copier machines.

60190

Utilities

This cost element is used to budget costs for electricity, water, natural gas, fuel, oil, and garbage not paid by Facilities Management. **Facilities Management will pass through the cost of most utilities, and will provide estimates for budgeting these costs along with the Facilities charges for each building.** Contact Mike Meinecke at x84476 with questions about utilities estimates.

Note that if your organization pays for utilities on behalf of others, for example by issuing utility vouchers for program clients, you should budget those costs either in 60150 (County Supplements) or 60160 (Pass Through Payments), depending on the source of funds.

60200

Communications

Telecommunications equipment and miscellaneous communications charges for organizations **not using the County Northern Telecom (NTI)** should be budgeted here. NTI users budget their costs in cost element 60370 (Telecommunications service reimbursement). Use past monthly billings from the phone company to predict future charges. For further information, call Terrie Walker at the County Telecommunications Section at x85300.

60210

Rentals

This cost element is used to budget rental or lease of space or equipment from companies or individuals outside the County. Leased or rented copying equipment is budgeted in 60180 (Printing).



Lease/purchase agreements that exist for more than one year will be budgeted here. Lease/purchase agreements which are complete within one fiscal year should be budgeted as a purchase in the 60550 (Capital Equipment) line item.

*Notify Dave Boyer at x83903 if you plan to enter into **any** lease/purchase agreements.* (Under Federal Law, the County could be subject to IRS penalties if the total of our debt issues, lease/purchase agreements, loans, long-term contract, etc., is not correctly anticipated and budgeted.)

60220

Repairs and
Maintenance

This item is used to budget for all maintenance and repairs – that is for repairs for which no pre-existing maintenance agreement exists and for maintenance contracts or service agreements with contractors outside the County. Repairs may be to machinery, buildings, or equipment.

60230

Postage

This cost element is normally used only by FREDs.

This cost element is used to budget for U. S. postage costs or other delivery services – FedEx, UPS, etc. Most postage used by County organizations will be paid by Mail/Distribution and billed to your budget in cost element 60460 (Mail/Distribution). If you propose budgeting for U. S. postage in addition to that paid by Mail/Distribution, contact Tom Guiney at x85353.

Numbers

Expenditures: calculations and definitions

60240

Supplies

This cost element is to be used for all supplies whose original unit cost is less than \$5,000 including such items as office supplies, janitorial supplies, operating supplies, minor equipment and tools, clothing and uniforms, repair and maintenance supplies, and computer equipment and software that is not capital. The maximum cost per item is \$5,000. Items that cost \$5,000 or more per item are capital and are budgeted under cost element 60550, Equipment.

60245

Library Books &
Materials

This cost element is normally used only by the Library.

This cost element includes library books, periodicals, videos, tapes, microfiche, microfilm, CD-ROMS, and other copyrighted materials used to provide library and/or information services.

60246

Medical and
Dental Supplies

This cost element is normally used only by the Health Department.

“Medical and dental supplies” is limited to supplies related to or used for patient treatment. Examples include needles, syringes, cotton balls, bandages, tape, thermometer covers, gloves, normal saline, suture kits, q-tips, etc. This category also includes durable items with unit costs of less than \$5,000, such as electronic thermometers, blood pressure cuffs, and stethoscopes. Durable items that cost \$5,000 or more per item are capital and are budgeted under cost element 60550, Equipment.



Note that drugs and vaccines (including Depo-Provera, topical antibiotics, lidocaine, etc.) should be budgeted under 60310, Drugs. Supplies to administer drugs (such as syringes and needles) should be budgeted under 60246, Medical and Dental Supplies.

60250

Food

This cost element is to be used for food provided by contract or for client groups. **Food supplied for meetings or hearings should be budgeted as supplies** in cost element 60240.

60260

Education &
Training

This cost element is used to budget for expenses including registration and attendance at professional or trade conferences and conventions, tuition and fees, course materials, out-of-town travel and per diem, lodging, contracts for training services, etc.

Note: Do not confuse the travel associated with a seminar with local travel, which is dealt with in ‘Local Travel and Mileage’ below.

60270

Local Travel and
Mileage

Use this cost element to budget for mileage associated with travel within the greater metropolitan area, including Salem.

- As in FY 2005, **cost recovery for bus passes is built into the insurance rate**, so **DO NOT budget for employee bus passes in this cost element.**

Note that bus passes are a general benefit; you do not need to count the number of passes your department will actually use.

- Agencies supplying bus/train tickets to clients should budget them in cost element 60240, supplies.
- All bargaining units now use the Federal mileage reimbursement rate, which is **\$0.485 per mile** beginning September 1st, 2005. *Payroll will notify departments if the IRS announces a change to this rate.*

60280

Insurance

Use of this cost element is limited to liability insurance, fire insurance, employee bonding, and other non-personnel insurance. *[Personnel insurance is included in cost elements 60140 and 60145 – Insurance Benefits.]*

Note that in the areas of liability and property insurance, the County is self-insured. Before entering into an external insurance obligation, contact Dave Boyer in the Finance Division at x83903.

60290

External Data Processing

Charges for data processing services performed under contract with **non-County** organizations are budgeted here. Costs of data processing services provided by the County Information Services Division are budgeted in cost element 60380 – Data Processing Services. *See also cost element 60380, IT Services.*

60310

Drugs

This cost element includes charges for all drugs and vaccines purchased by the County, either from external sources or through the County's store supplies. **Note that** supplies used to administer drugs (syringes, needles, etc.) should be budgeted under cost element 60246, Medical & Dental Supplies.

60330

Claims Paid/Judgments

This cost element is normally used only by Risk Management.

The cost element is used to budget payment of insurance claims, whether coverage is by policy or through self-insurance. Areas of insurance include, but are not limited to: property, general liability, unemployment and workers' compensation insurance. It is also used to budget for anticipated "money judgments" attained against Multnomah County by outside private or business parties through the court system.

60340

Dues and Subscriptions

This cost element is used to budget dues for memberships in associations, societies, or other organizations; as well as for subscriptions for newspapers, trade journals, magazines or newsletters.

Note that memberships must be in the name of the County, not in the name of the individual County employee. The exception to this rule is where a membership is a requirement of employment and payment of the yearly dues has approval of the Board of County Commissioners. (Example – Bar Association dues for attorneys.)



60470

Contingency

Please consult your Budget Analyst for advice on how to estimate, and budget for, Contingency in an operating fund that is shared by two or more departments.

This cost element is normally only used by the Budget Office.

A general Contingency may be included in any operating fund. Per ORS 294.352, it is to be budgeted as a separate line item within an operating fund. It should be kept separate from departmental expenditures and it is considered an intrafund transfer in the sense that the Board must approve a budget modification authorizing a transfer from the Contingency line item. Also, transfers from Contingency are limited to 15% of total appropriations authorized for the fund so great care should be made in estimating the amount to be budgeted in this line item.

Since the Contingency is considered a “fund level” expenditure any amount budgeted in this line item should be included in the Overall County cost center (950000xxxx) for that fund. The Contingency estimate must be reasonable and based on previous experience. It cannot be made in place of an estimate for expenditures that are known to be necessary and can be anticipated.

60480

Unappropriated Balance



This cost element is normally only used by the Budget Office.

This cost element should be used **only** to account for proceeds that are expected to be held in reserve for future purposes. It is not an appropriation and it cannot be authorized for expenditure during the year except under extreme circumstances. An example of where Unappropriated Balance should be budgeted is the General Reserve Fund which was established to move the County toward its 10% reserve target.

In general, the only funds that should budget an Unappropriated Balance are the General Fund, General Reserve Fund and bond repayment funds. Other dedicated funds may budget an Unappropriated Balance in lieu of an operating Contingency. An example of an acceptable use of this cost element might be the Fleet Management Fund where proceeds are used to fund replacement of vehicles to be purchased in future years.

Please consult Mark Campbell in the Budget Office at x24213 if you have questions about **or are budgeting an amount** in this cost element.

60490

Principal

This cost element is for principal payments for the retirement of Bonds or Certificates of Participation. The amounts budgeted here must be supplied by Dave Boyer in Finance. List and explain all interest payments and schedules of loans and Bonds. Do not confuse this with Lease Payments to the Capital Lease Retirement Fund (60450).

60500

Interest

This cost element is for interest payments for the retirement of Bonds or Certificates of Participation. The amounts budgeted here must be supplied by Dave Boyer in Finance. List and explain all interest payments and schedules of loans and Bonds. Do not confuse this with Lease Payments to the Capital Lease Retirement Fund (60450).

Internal Service Rates

Budgeting for Internal Service Reimbursements



Internal Services include Facilities, FREDs, and Information Technology (IT) (including Telecommunications). These services are paid for with service reimbursements revenue from your organization. This revenue is credited to dedicated internal service funds for each service provided. Be sure to coordinate your work load estimate with these organizations before you submit your program offers!

For FY 2007, the Budget Office will serve as the official clearinghouse for Internal Service rates by publishing them on the Mint at:
<http://mint.co.multnomah.or.us/dbcs/budget/#budget>

--BUT--

Internal service providers are responsible for meeting with departments to negotiate rates and levels of service. Service providers will contact your department to discuss rate proposals.

The purpose of having publication dates is to manage various versions of the rates and to have an official publication site for them. For FY 2007, the publication date will be:

On or before December 1st, 2005 via the MINT

Note that in for FY 2007, internal service rates will be published **once**. As always, there may be some additional changes in developing the Chair's Executive budget, and it is the responsibility of the department to inform the Budget Office and any internal service provider of those changes, so they may be checked and tracked accordingly via an internal amendment process.

The only exception to this schedule is the Risk Fund. Revised rates will not be available until after February. Any adjustments that need to be made will need to be coordinated through the Budget Office.

60350 Indirect: Central Administration

The County's indirect cost plan has changed **again** with the demise of County Business Services. Costs that formerly were recovered directly—such as human resources costs and some financial costs— through service reimbursements will now be recovered through the indirect cost plan.

There are two indirect cost rates for each Department:

- The **central services rate**, to recover costs for central services such as General Ledger, Treasury, Budget, Human Resources, Finance, and the Auditor. This rate is higher than it was last year, 2.42% of eligible expenditures, reflecting the return of some services formerly provided by County Business Services.
- The **department support services rate**, to recover costs for individual department support functions. This rate will be different for each

Numbers

Expenditures: calculations and definitions

Please note that indirect charges are not applied to the flat fee or to other capital expenditures. Also, indirect charges are NOT applied to internal service funds with the exception of the Risk Fund.

department, and should be budgeted under cost element 60355.

- **Indirect cost rates for FY 2007 will be available on or just after December 31st, 2005.** If you have any questions, contact LeeAnn Thompson in General Ledger (x22301). Additional information can be found on the Mint at http://mint.co.multnomah.or.us/dbcs/finance/general_ledger/

Several notes:

- There is **not** a separate rate for pass-through payments. *Use the departmental rate for all cost elements subject to indirect.*
- We will no longer record General Fund support for grants that do not pay indirect. *Budget indirect costs only for those sources that pay it.*
- Indirect will NOT be charged on ANY internal service funds except for the Risk Fund (cost elements 60140 and 60145). *Exclude internal service charges and capital expenditures from your indirect cost calculations.*

Indirect revenue generated by the central services rate accrues to the General Fund and is budgeted by the Budget Office.

60355

Indirect:
Departmental
Administration

Use this cost element to budget that portion of indirect costs generated for your own department. Refer to the indirect cost plan for your department's rate.

Note that the revenue generated by the departmental indirect rate accrues to your department to be used to pay for support functions. Please budget in the General Fund under revenue cost element 50370, Departmental Indirect Revenue.

Indirect revenue generated by the central services rate accrues to the General Fund and is budgeted by the Budget Office.

60360

Finance Ops

DO NOT USE THIS COST ELEMENT FOR FY 2007. This cost element was used to budget the costs associated with Finance Operations in County Business Services.

60365

HR Ops

DO NOT USE THIS COST ELEMENT FOR FY 2007. This cost element was used to budget the costs associated with Human Resources Operations in County Business Services.

60370

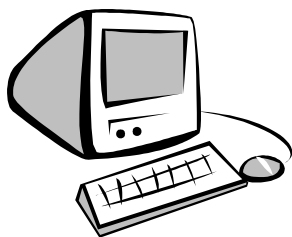
Telecom-
munications

This cost element covers County-supplied telecommunications services and is used by all NTI users. It is also used to budget for cellular telephone charges. Notices with proposed budget amounts will be sent from the Telecommunications Section. Long distance charges should be based on your past monthly TMS billings. Credit card calls should be based on past history. For further information, call Terrie Walker at the County Telecommunications Section at 988-5300 or x85300.

Detail your request **if it is different** from the proposal submitted by Telecom.

60380

IT Services



This cost element is for services provided by the County's Information Technology Organization. *See also Flat Fee Service Reimbursement and Electronics Service Reimbursement below.* Costs included in the IT service estimates include:

- IT personnel costs
- Flat Fee (PC), telephone, training, and supplies for IT personnel
- Hardware and software purchases, maintenance, contracts, and repair/replacement costs
- IT professional services

Contact Janet Thompson at 988-3749 or x26641 to confirm the systems that will be run for your organization in FY 2007, and to determine how much you will budget as a service reimbursement to the Data Processing Fund in your budget. See also the rates for your department published on the Mint at <http://mint.co.multnomah.or.us/dbcs/budget/#budget>

Detail your request if it is different from the proposal submitted by Information Services. If it is the same as the IT proposal, make a note of it in the detail.

60390

Flat Fee Service Reimbursement

This cost element is for capturing the flat fee service reimbursement based on number of personnel computers and the rate as developed by the Flat Fee administrator. **This year's flat fee has been reduced to \$500 per personal computer.** Note that indirect is not charged on the flat fee. Please contact Flat Fee administrator Carrie White at x27038 if you have any questions. Additional information about the flat fee program can be found on the MINT at <http://mint.co.multnomah.or.us/dbcs/it/sections/flatfee/>

60400

Information Asset Preservation

This cost element allows departments to make contributions to the Capital Acquisition Fund in order to deal with major IT equipment that must be replaced over time. Additional information about the ITAR program can be found on the MINT at <http://mint.co.multnomah.or.us/dbcs/it/sections/flatfee/>

60410

Motor Pool Services

This cost element is used to budget the use of County vehicles. Joyce Resare (x29508) of Fleet Services will be contacting known County vehicle users to arrive at a FY 2007 vehicle use rate and an appropriate budget figure. First-time vehicle users, or those who do not hear from the Fleet office, should contact Joyce to receive an estimate for budgetary use. Agencies that anticipate the purchase of vehicles should contact Fleet, and budget the purchase here. Detail your request if it is different from the proposal submitted by Fleet.

Numbers

Expenditures: calculations and definitions

60420 Electronic Service Reimbursement

This cost element captures costs of electronic radios and other small electronic equipment in facilities and vehicles. Facilities electronics include paging equipment and detention facility electronics (e.g. Security cameras, electronic door lock controls, etc). Electronic equipment in vehicles include 2-way radios, mobile digital terminals, sirens, light bars, etc. Joyce Resare (x29508) of Fleet Services will be providing the estimates for budgetary use. Detail your request if it is different from the proposal submitted by Fleet Services.

60430 Building Management

This cost element is used for charges to all programs (including all grants that require space allocations) by Facilities Management for routine and non-routine building costs, including space, utilities, maintenance, space planning and other special requests. ***If your program will require more space, less space, or new space, you must work with Facilities Management to budget total costs.***

Detail space requirement information if it is different from the proposal submitted by Facilities Management. Also detail estimates, by program area, of your need in FY 2007 for non-routine maintenance work. For further information contact your department's Facilities Property Manager.

60440 Other Internal

It's baaaack!

New again! In FY 2006 we re-instituted the use of this cost element, as we are not using the SAP plan assessments that replaced it.

This category is used to pay for work done for an organization by another County organization in a different fund. For example, if the sign shop in the Road fund makes a sign for the Sheriff's Office, the Sheriff's Office will be charged for the work and that charge may be budgeted by the Sheriff's Office in this line item.

For budgeting purposes, ***use of this cost element must be explained***, with an explanation of the services to be provided, the cost of the services, **and which fund will be reimbursed**. The fund being paid **must** be indicated so that the appropriate revenue can be included for that fund. Here are two helpful tips to remember when you use this cost element:



- **EVERY** instance of cost element 60440 **requires** a corresponding instance of 50310 in another fund; and
- **ONLY** use this cost element for **interfund** transactions. Put another way: you can't budget 60440 and its corresponding 50310 in the same fund.

Numbers

Expenditures: calculations and definitions

60450

Capital Lease
Retirement Fund

This cost element lists payments made to the Capital Lease Retirement Fund for principal and interest payments on Certificates of Participation or bonds. The Finance, Budget and Tax Office will contact those programs that have obligations that should be listed here.

60460

Mail &
Distribution,
Records and
Materials
Management

This cost element covers payments for U.S. postage and mail distribution for interoffice mail and U. S. mail. It is also used for Records and Materials Management costs. Joyce Resare x29508 will provide an estimate of these costs to organizations currently being served. *Detail your request if it is different from the proposal submitted by FREDs.*

Numbers

Insurance Rates

Components of Salary Related Expenses (60130)

"Regular" PERS Employees

	Non-Uniformed					Uniformed				
	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT
Regular' Employees	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
DA	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
OSCP	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
DCHS	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
Health	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
DCJ	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
MCSO	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
Library	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
DCM	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%
DCS	7.65%	17.05%	6.75%	0.64%	32.09%	7.65%	19.45%	6.75%	0.64%	34.49%

* FICA on first \$93,000 of salary is 0.0765; and 0.0145 for wages over \$93,000 (Preliminary)

** Includes both the Employer cost and the 6.00% pick-up

Components of Salary Related Expenses (60130)

OPSRP Employees

	Non-Uniformed					Uniformed				
	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT	FICA *	PERS**	PERS Bond Surcharge	Tri-Met	TOTAL 60130 PCT
OPSRP Employees	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
DA	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
OSCP	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
DCHS	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
Health	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
DCJ	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
MCSO	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
Library	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
DCM	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%
DCS	7.65%	14.04%	6.75%	0.64%	29.08%	7.65%	17.65%	6.75%	0.64%	32.69%

* FICA on first \$93,000 of salary is 0.0765; and 0.0145 for wages over \$93,000 (Preliminary)

** Includes both the Employer cost and the 6.00% pick-up

Note: Add 0.0675 PERS Bond Surcharge for temps working more than 600 hours per calendar year. See 60110, Temporary, on page 36 for more information.

Component Pieces of Insurance Benefits (60140) Rates

Rates Rounded Up for Configuration in MERLIN

	Worker's Comp	Liability	Unemployment	Health/ Benefits Admin*	Retiree Medical	LTD/STD/ Life	TOTAL 30140 RATE	Rounded Rate
DCHS	0.95%	1.20%	0.90%	1.00%	1.00%	0.60%	5.65%	6.00%
Health	0.75%	2.10%	0.90%	1.00%	1.00%	0.60%	6.35%	6.50%
DCJ	0.90%	1.60%	0.90%	1.00%	1.00%	0.60%	6.00%	6.00%
Library	0.75%	1.10%	0.90%	1.00%	1.00%	0.60%	5.35%	5.50%
MCSO	1.65%	3.40%	0.90%	1.00%	1.00%	0.60%	8.55%	9.00%
DA	1.00%	1.30%	0.90%	1.00%	1.00%	0.60%	5.80%	6.00%
NOND ***	0.70%	1.45%	0.90%	1.00%	1.00%	0.60%	5.65%	6.00%
DSCP	0.95%	2.05%	0.90%	1.00%	1.00%	0.60%	6.50%	6.50%
DCM (except listed below)	0.90%	2.00%	0.90%	1.00%	1.00%	0.60%	6.40%	6.50%
Facilities (4010)	1.40%	2.35%	0.90%	1.00%	1.00%	0.60%	7.25%	7.50%
FREDS (4035)	1.20%	2.16%	0.90%	1.00%	1.00%	0.60%	6.86%	7.00%
DCS (except listed below)	0.90%	2.00%	0.90%	1.00%	1.00%	0.60%	6.40%	6.50%
Animal Control (4005)	1.90%	3.05%	0.90%	1.00%	1.00%	0.60%	8.45%	8.50%
Land Use Planning (4015)	1.25%	2.20%	0.90%	1.00%	1.00%	0.60%	6.95%	7.00%
Acctg Entities (4025)	0.90%	2.00%	0.90%	1.00%	1.00%	0.60%	6.40%	6.50%
Transportation (4045)	1.60%	2.85%	0.90%	1.00%	1.00%	0.60%	7.95%	8.00%
Administration (4050)	0.85%	2.00%	0.90%	1.00%	1.00%	0.60%	6.35%	6.50%

* Includes County-wide bus pass benefit cost.

*** Includes Chair's Office, Commissioner Offices, Auditor, Attorney, CIC, MHRC, and TSCC

Flat Insurance Benefits (60140) Rate

Current flat amount per full-time employee per year = \$8,854

Estimated Increase @ 17.95% for FY 2007= \$10,443

Current flat amount per part-time employee per year = \$4,790

Estimated Increase @ 17.95% for FY 2007= \$5,650

Cost Element Definitions: Revenues



For FY 2007, we've continued to provide the following section of **expanded definitions** for revenue codes. The list of revenue codes has been increased due to the implementation of GASB Statement 34, which lays out the Government Accounting Standards Board's revised requirements for the annual financial reports of state and local governments.

GASB 34 requires the County to distinguish between *program* or *restricted* revenues and *general* or *unrestricted* revenues. Further distinctions include operating and capital grants; fees and charges for services, and particular types of taxes. For the most part, departments will budget restricted or program revenues.

All revenue estimates should be documented in the program offers. The exceptions to this rule are Internal Service Reimbursements (50310 thru 50321) and Miscellaneous Revenue (50360) where receipts would not total more than \$2,500 in any single cost object.

Documentation of revenue estimates should include the following:

- Who/Where is the revenue received from?
- A calculation that shows how the estimate was developed
- If the revenue is a Fee or Charge for Service does the County have authority to increase the rate?
- If the revenue is a Grant or Contribution when will it expire?

Special thanks to the friendly people in General Ledger who provided the cost element definitions for revenue cost elements.

Also, if your department has a fee schedule(s) or resolution(s) please submit a copy of those with your budget request.

For questions about coding revenues to the correct cost elements, contact General Ledger. For all other questions about revenues, contact Mark Campbell in the Budget Office at x24213.

Note: in the cost element definitions found on the following pages, the word "intergovernmental" is abbreviated "IG."

Restricted or Program Revenues: Grants & Contributions

Grants are contributions or gifts of cash or other assets from another entity. A grant may be received either directly from the granting government or indirectly as a pass-through from another government.

Capital grants are restricted by the grantor for the acquisition or construction of capital assets.

Operating grants are such contributions to be used or expended for a specific purpose, activity, or facility.

50175 IG Direct Fed: Capital

Use this account for funds received directly from the federal government. Its use is restricted to the purchase or construction of capital assets as specified in the governing grant or contract. **If a grant or contract contains funding for both capital acquisition and operations, the entire grant or contract should use the operations revenue cost element.**

50185 IG Fed thru State: Capital

Use this account for federal funds received through the State of Oregon where the state is acting as a pass through agency. Its use is restricted to the purchase or construction of capital assets as specified in the governing grant or contract. **If a grant or contract contains funding for both capital acquisition and operations, the entire grant or contract should use the operations cost element.**

50215 Non-gov't Grants: Capital

Use this account for funds received for capital acquisition from non governmental sources.

50301 Donations: Capital

Use this cost element for restricted use donations to be used for capital purchase or acquisition.

50111 CAFFA

County Assessment Function Funding Assistance Account ~ These are operating grant revenues from the Oregon Department of Revenue that fund the County's Assessment and Taxation program.

50113 Government- Shared: Program

Use this cost element for revenues shared with other governments – such as ODOT Revenue sharing for Roads and Bridges. The shared revenues recorded in this account are restricted, program shared revenues. Unrestricted shared revenues are recorded in 50112.

50117 In Lieu of Tax: Program

Use this cost element for revenues that the County receives in lieu of local taxes. These revenues are typically restricted in use. Revenues received from the federal government under the Oregon & California (O&C) Railroad Grant Lands are an example of revenues to budget under this cost element.

Numbers

Revenues: Definitions

50170 IG Direct Fed: Operations	Use this cost element for funds received directly from the federal government, where use is restricted to the provision of services that are specifically defined by a formal agreement with a federal agency. If the agreement includes provisions for both operations and capital acquisition, all revenue is considered operations revenue under 50170.
50180 IG Direct State: Operations	Use this cost element for funds received directly from the State of Oregon that do not include any funds the state passes to the county from another source. Their use is restricted to the provision of services that are specifically defined in a formal agreement with the state. If the agreement includes provisions for both operations and capital acquisition, all revenue is considered operations revenue under 50180.
50190 IG Fed thru State: Operations	These are federal funds passed through the state. They are restricted to services outlined in the state agreement, which in turn must meet federal requirements. As with all operations revenues, if the agreement includes provisions for both operations and capital acquisitions, the entire agreement is treated as operational revenue.
50195 IG Fed thru Local: Operations	These are federal funds received from a local source. This includes local governments such as City of Portland, Washington County and others. They are restricted to services outlined in the agreement with the local agency, which in turn must satisfy federal use requirements. As with all operations revenues, if the agreement includes provisions for both operation and capital acquisition, the entire agreement is considered operations revenue.
50200 IG Local: Operations	These are restricted use funds received from a local government that do not include pass through funding from another source, for example the federal government. Use is restricted to services as outlined by the governing agreement with the local agency. If the agreement includes a provision for both operations and capital acquisition, all revenue is considered operations revenue.
50210 Non- governmental Grants: Operations	Use this cost element for restricted use funds received from a nongovernmental source such as a private foundation or a non profit agency. The funds must not include federal funds the organization is passing through to the county. Use is restricted to services outlined in the governing agreement. If the agreement includes a provision for both operations and capital acquisition, all revenue is considered operations revenue.
50300 Donations: Operations	Use this cost element for donations where use is restricted to the provision of a stipulated service. Revenues recorded here are classified as operating grants by program / function in the financial statements.

Restricted or Program Revenues: Fees & Charges for Services

For questions about whether or not grant awards are subject to Single Audit rules, contact Alice Street in General Ledger at x22781.

Fees and charges for services are charges for current services.

There are some federal grant and contribution revenues that are considered to be fees or charges for services and should be coded as such. These grant revenues do not fall under the federal A-133 Single Audit rules. For example, most Medicaid funds paid by the federal government to the states are federal financial assistance payments and are covered under the Single Audit Act. Medicaid arrangements between the state and providers, however, are contracts for services, and thus they are not considered to be federal financial assistance subject to the Single Audit Act. Multnomah County both receives Medicaid revenue that is subject to the Single Audit Act (in Aging Services, for example), **and** serves as a vendor for providing Medicaid-funded services (in the Health Department, for example). *The former should be recorded under “operating grants” cost elements, and the latter should be recorded under “fees for services” cost*

50220 Licenses & Fees

Use this cost element for charges imposed by county ordinance for specific licenses and fees. Examples of licenses include adult care home, cat, dog, food handler, marriage, restaurant, and swimming pool licenses. Examples of fees include adult care home, alarm permit, cable franchise, recording, and library fees.

50221 Photocopy Charges

Use of this cost element is limited to those County programs that track revenues from copy machines used by the public. The Library and the County Attorney’s Office normally use this cost element.

50222 Printer Charges

This cost element is normally used only by the Library. It is used to track revenue from printers used by the public.

50230 Permits

Use this cost element to budget revenues earned from permits. Such permit charges include permits granted for bridge use, concealed weapons, land use planning, and rights of way.

50235 Charges for Services

Use this cost element for charges for services that are not set by county ordinance, that are not charged to other governments, and that are not sales of goods. Examples of such charges are Central Stores services fees, client fees, District Attorney discovery fees, jury duty pay turned over to the County, medical records fees, and/or third party payers for Health Department services.

50236 IG Charges for Services



Use this cost element for charges for services to local governments. Examples of revenues to budget under this cost element include OMAP (Oregon Medical Assistance Plan [Medicaid/Title XIX]) charges to local governments.

NOTE that Medicaid payments to Multnomah County for providing patient care services to Medicaid-eligible individuals are not considered federal awards expended under the Single Audit Act A-133. Hence Medicaid payments are recorded in this revenue account for a better audit trail and to segregate this revenue from revenue reported for A-133.

50240 Property/Space Rentals

Use this cost element for revenue from rental of county property (buildings, offices, rooms, parking, DCJ transitional housing).

50241 Motor Pool Parking

This cost element is normally used only by Fleet. Use this cost element for revenue from employees (charged through payroll) for parking in Motor Pool lots.

50250 Sales to the Public

Use this cost element to record revenues from selling good to citizens (as opposed to County clients or other governments. Examples of revenues to record here include Library sales, Assessment & Taxation information sales and copy fees, survey charges, and sales of surplus property, including vehicle auction revenues.

50260 Election Reimbursement

This cost element is normally used only by the Elections Division. Use this cost element for recovery of elections costs from state and local governmental bodies.

50280 Fines & Forfeitures

Use this cost element to record revenue from the courts, criminal forfeitures, informal restitution, and animal control.

50290 Dividends & Rebates

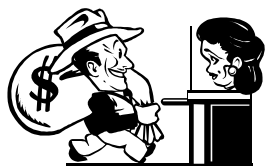
Use this cost element to record revenues from insurance rebates, fuels tax refunds, and other refunds and rebates.

50291 Retiree Health Premium

This cost element is normally used only by Risk Management.
Use this cost element to record Retiree Health Benefits premiums.

50310	This cost element is normally used only by County Business Services.
Internal Service Reimbursements	Use this cost element to record revenues received in internal service funds from service reimbursements.
50311-50319, 50321	This cost element is normally used only by Risk Management.
	Use this cost element for service reimbursements to the Risk Fund for various insurance coverages.

Unrestricted or General Revenues: Taxes



Unrestricted or general revenues include taxes—property taxes levied for general purposes, business income taxes, selective excise and use taxes, and payments in lieu of taxes—as well as miscellaneous revenues, interest and investment earnings, and state-shared governmental revenues.

Grants and contributions that do not qualify as “program” revenues are considered to be unrestricted and are reported as general revenues.

For the most part, unrestricted or general revenues are budgeted at the County-wide level by the Budget Office. For questions about budgeting in the following cost elements, contact Mark Campbell in the Budget Office at x24213.

50100 Property Taxes: Current

Use this cost element for property tax revenue collected from the current year’s tax levy. Taxes are levied on an assessed valuation of real and / or personal property. The County’s property tax calendar is from July 1st through June 30th and revenue is recorded in the year for which they are levied. Property tax bills are due November 15th for the same year

50101 Property Taxes: Prior Year

Use this cost element for property taxes collected from the previous year’s tax levies and recorded as revenues in the current year.

50102 Property Taxes: Penalties

Use this cost element for those revenues derived from failure to pay or file a personal property, industrial or utility tax return on time, as opposed to actual property tax receipts above. Note that separate accounts are used for penalties & interest.

50103 Property Taxes: Interest

Use this cost element for property tax interest assessed on property taxes after their due date. Interest is charged on delinquent property taxes from their due date to the date of actual payment. Note again that separate accounts are used for penalties & interest.

50110 Tax Title

Use this cost element for revenues generated from the sale of properties foreclosed for non-payment of property taxes. There are two examples: 1. properties that have been sold on contracts by the County and payments are received monthly; 2. properties that have been sold by the County and payment received in full. Proceeds the County receives from foreclosed property sales are unrestricted.

50112 Gov’t Shared: General

Use this cost element for general revenues shared from other governments. Examples include shared revenues from the State of Oregon for cigarette taxes, WOST timber taxes, amusement taxes and local liquor taxes from the Oregon Liquor Control Commission. Ad Valorem tax revenue is also recorded to this account. The shared revenues recorded into this account are general revenues and unrestricted.

50115 Lottery Revenues

Use this cost element for lottery revenues. These revenues are unrestricted and include revenues from Video Poker received from the State of Oregon periodically.

50116 In Lieu of Tax: General



Use this cost element for revenues the County receives in lieu of taxes. These revenues are unrestricted, and include US Forest Service reserve payments and Federal Bureau of Land Management payments in lieu of taxes. The County also has agreements in place with two corporations for payments in lieu of tax. These agreements are with LSI Logic (for 15 years) and with Microchip Technologies (for 7 years).

Use cost element 50117 for restricted in lieu of tax payments, such as those received for the O&C land grant.

50120 Transient Lodging Tax

Use this cost element for revenue generated by a tax imposed on the transient rental of lodging / hotels in Multnomah County. The City of Portland collects all taxes within the City and transfers them to the County monthly. All other hotels in Multnomah County pay directly to the County on a quarterly basis.

50130 Motor Vehicle Rental Tax

Use this cost element for revenues generated by a tax on the rental of motor vehicles from commercial establishments doing business in Multnomah County.

50140 County Gas Tax

Use this cost element for revenue generated from the consumption / sale of gasoline within Multnomah County. It is received monthly from the Oregon Dept of Transportation.

50150 County Marine Fuel Tax

Use this cost element for revenue generated from the consumption of marine fuel within Multnomah County. It is received monthly from the Oregon Dept of Transportation.

50160 Business Income Taxes

Use this cost element to record revenue generated by a tax imposed on all business income within the City of Portland and Multnomah County. The tax is based on net income (gross income less certain deductions permitted by law). All businesses with gross income of \$25,000 and over must file. It is collected by the City of Portland and paid to the County approximately every few days.

50165 Personal income taxes	Use this cost element to record revenues raised by Multnomah County's Temporary Personal Income Tax. This tax was effective January 1st, 2003 and will run through the end of 2005. The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer). This tax measure will provide for three years of bridge funding for Multnomah County schools, senior and low-income health services and public safety needs.
50270 Interest Revenue	Use this cost element to record interest earnings. Examples include Interest earned on Investments, Property Taxes, Business Income Tax and Tax Title revenues.
50302 Donations – General	Use this cost element for those donation revenues that do not qualify as program or capital revenues and are unrestricted in their use. They would not be capital in nature (i.e., land or buildings) nor restricted for a specific program.
50360 Miscellaneous	Use this cost element for miscellaneous revenues. Miscellaneous revenues are the “catch-all” revenue category for funds that do not appear to be classified elsewhere. Examples of County miscellaneous revenues are reimbursements, refunds and recoveries for things like photo copies, phone calls and cash register overages and shortages. Also revenue transactions for the trust and agency funds – public guardian fees, etc. are recorded in miscellaneous.

Other Revenues

The following are revenue cost elements that are used in limited situations for particular purposes. Please contact your budget analyst if you have questions about budgeting these cost elements.

50000 Beginning Working Capital (BWC)

BWC represents the cumulative excess (deficit) of revenues over expenses (expenses over revenues) from prior fiscal years. The account is in countywide cost centers except funds 1513, 1516, and 3500. The Federal / State Fund never has any BWC as this fund is required to net to zero at the end of each fiscal year.

50320 Cash Transfer Revenue

Use this cost element to record scheduled cash transfers between funds. Beginning in FY 2003, the County eliminated the use of General Fund Cash Transfers in the Federal/State fund to provide for a better audit trail and more documentation on Federal/State Fund expenditures for the County's financial reporting.

Contact Mark Campbell at x 24213 if you have questions about budgeting cash transfers between funds.

50330 Financing Proceeds

Use this cost element to record proceeds from the issuance of debt, such as bond proceeds. Always budget the full amount of the debt issue.

50370 Departmental Indirect Revenue

Use this cost element for revenue generated by the departmental portion of the indirect cost plan. This revenue may be used for departmental support costs not recovered directly.

Numbers

Current Year Estimate

Current Year Estimate

For Current Year Estimated expenditures, list by Personnel Services, Contractual Services, Materials & Supplies, and Capital Outlay. Identify changes from adopted budget amounts and explain substantive deviations. The CYE should be on spreadsheets sent electronically to your budget analyst.

Step by Step Procedure for Current Year Estimate

The narrative should identify the difference between adopted budget and Current Year Estimate in a systematic fashion. You can use the following steps in developing your current year estimate.



Step 1: Identify the Department, Division, adopted budget, CYE, and difference.

Step 2: Identify delayed programs and the amount saved by the delay. List by program and amount.

Step 3: Identify the savings from unfilled positions (total FTE and total dollars only).

Step 4: Explain other differences if material.

Note that staffing FTE for the Current Year Estimate should be the **current approved budgeted amount (in version 0 in SAP)**.

The CYE expenditure spreadsheet should identify the Agency, Fund, Division, the type of expenditure (Personnel Service, Contracts, Materials and Supplies, or Capital) and amount.

Current Year Estimate for Revenues

The CYE revenue spreadsheet should identify the department, Business Area, Division, Revenue Source, and amount. It will be helpful to calculate the difference between the Adopted Budget and your projected CYE as shown on the example below. For revenue sources where you are expecting receipts to be "materially" different (more than +/- 10%; minimum of \$25,000) than the budgeted amount please provide an explanation for your projection.

Recreation Services Fund

Parks Division

Revenue	Revenue Name	FY 2001-2002		(CYE-Adopted)	(Percentage)	Explanation (if needed)
		Adopted	CYE	Difference	Difference	
50150	County Marine Fuel Tax	120,000	126,450	6,450	5.38%	
50220	RV Licensing Fee	271,000	307,000	36,000	13.28%	Fee increase scheduled 1/1/00
50150	Marine Board Fuel Tax	15,000	22,000	7,000	46.67%	
50360	Sale of Real Property	42,003	45,000	2,997	7.14%	
50250	Sales to the Public	<u>10,300</u>	<u>10,300</u>	<u>0</u>	<u>0.00%</u>	
Totals:		458,303	510,750	52,447	11.44%	

Budget Amendments



The Priorities of Government budgeting process changes the amendment process as we have done it in the past. Again in FY 2007, we intend to minimize the preparation of technical, staffing, and most carryover amendments.

- We expect that changes to program offers (which would have been done in the past via program amendments) will be proposed earlier in the process this year, during the period of time when the Outcome Teams are evaluating program offers. Put another way, the entire program offer would be revised to include the new option(s).
- Once program offers are ranked by the Outcome Teams and the Board, they are “set in stone:” they cannot be changed. Therefore, many of the small technical and/or staffing amendments we’ve done in the past are not applicable. Minor program changes can be made via internal bud mods at any time during the fiscal year.

Amendment Preparation Guidelines

Technical amendment due dates will be set in April, 2006; contact your budget analyst after that time for exact dates. The exception to this date is if the Board requests a change to a program offer that affects your departments. In that instance, work with your budget analyst to revise the program offer. Forms are available on the Mint at <http://mint.co.multnomah.or.us/dbcs/budget/#budget> (choose the “modification” form) or from your budget analyst, and must include line-item detail and a brief description of the change being made. *Program amendments require a supplemental staff report describing and justifying the requested change.*

Revenue Amendments

We will still accept revenue “amendments,” as these are a means of recognizing revenues that were not included in the program offers submitted in February. An example of a revenue amendment would be a grant that is awarded to a department in April, after the department’s program offers have been turned in. *Contact your budget analyst for further information on preparing revenue amendments.*

Carryover Amendments

The Priorities of Government process affects carryover amendments as well. To review—carryover is a one-time-only *re-appropriation in the new year* of an expenditure *authorized in the prior year*. Your budget’s **ending balance**, or unspent appropriation, should be adequate to cover the purchase in the new year.

We will accept carryover amendments **ONLY** for those items that have been purchased but not received by June 30, 2006. As always, please provide your budget analyst with the applicable SAP PO number.

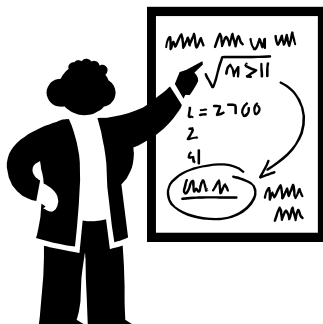
Priorities of Government

In the fall of FY 2005, the County undertook a priority-based budgeting process in anticipation of Ballot Measure 26-64, which would have repealed years two and three of Multnomah County's three-year temporary Personal Income Tax. That process involved gathering information from focus groups, public work sessions, Service Efforts & Accomplishments reports, and prior visioning work by the Board of County Commissioners to determine *from a citizen's perspective* the priority functions Multnomah County residents expect from their government. For FY 2006, we will build on this strategic framework for County government by answering these questions during the budget process:

- What are the results that citizens expect from government?
- What strategies are most effective in achieving those results?
- Given the money available, which activities should we choose to implement those strategies?
- What changes in practice or costs do we need to make to maximize the results we deliver to citizens?
- How will we measure our progress?

For more information, you may want to read *The Price Of Government: Getting the results we need in an age of permanent fiscal crisis*, by David Osborne and Peter Hutchinson (Basic Books, 2004).

How Priorities of Government aids budget development



The Priorities of Government (POG) approach to budgeting gives us the whole picture of the County budget from a citizen perspective. The traditional approach to budgeting—focusing on incremental changes in the base budget—can only take us so far. POG instead views all of County government—all its agencies and all its functions—as a single enterprise. Program offers will be evaluated in the context of all that County government does and strategies for achieving priority results are developed with an eye on all the County resources that are available. Because the process is more transparent, POG helps us explain our budget decisions to the public, and it helps us keep a citizen-focused perspective on the budget.

Additionally, this process focuses the County on a results-based prioritization of government activities. We face many constraints in building a budget, but that doesn't mean we have to live with them. Priorities of Government budgeting assumes we can change the rules, if necessary, to maximize the results we can get from County government. What we learn from POG can help us build the business case for removing barriers standing in the way of delivering results to citizens.

Steps in the Budget Process



The County's FY 2007 Budget Process will include the following eight steps, each of which will be confirmed by the Board of County Commissioners:

Step 1: Affirm the fiscal parameters for the FY 2007 budget process.

See the Economic & Revenue Forecast at

<http://mint.co.multnomah.or.us/dbcs/budget/>

Step 2: Affirm Multnomah County's Priorities of Government – the overarching results that citizens expect from their County. *For more information about the County's priorities, go to*

<http://www.co.multnomah.or.us/priorities/aboutpriorities.shtml>

Step 3: Affirm cause – and – effect strategy maps for each result.

<http://www.co.multnomah.or.us/priorities/aboutpriorities.shtml>

Step 4: Program offers from departments due to the Outcome Teams via the Budget Office. Program offers respond to **Requests for Offers**, and link to outcomes and strategy maps. *See pages 14 to 31 for more on constructing program offers.*

Step 5: Program Alternatives. *See "Program Alternatives" on page 23 for more information on program options.*

Step 6: Prepare the Board to rank programs within priority areas. *The Budget Office will provide training on the ranking and selection tools.*

Step 7: Outcome Teams, the Chair, and the Board rank the programs in each result area.

Step 8: Executive Budget developed, followed by Board hearings by priority area, amendments process, Tax Supervising hearing, and budget adoption

Definitions: New Terms and Concepts



The Priorities of Government budgeting process contains new terms that will be important to understand, especially when constructing program offers. Using the terms “factor,” “indicator,” and “strategy” as defined below will help decision-makers understand program offers. See the definitions below, and use the following test sentences to tell the difference between the three concepts:

- “**X**” is an **indicator** if you can say –
 - Number or rate of “x”
 - Percent of or perception of “x”
- “**X**” is a **factor** if you can say, “Based on evidence, “**X**” contributes to achieving our teams’ priority.”
- “**X**” is a **strategy** if you can say, “Multnomah County chooses to do “**X**.” (Strategies almost always contain an action verb.)

Factor

Also called a *causal factor*: an important contributor to a result; provides one cause-effect link to a result within a results map.

Goal

A target for improvement assigned to an indicator – e.g. decrease average trip time by 5%. (**NOTE that** this round of Priority Based Budgeting has not asked teams to set goals.)

Indicator

A report or signal, based on one or a combination of measures, that allows the observer to know whether performance is in line, ahead of, or behind expectations – e.g. “Average trip time” as an **indicator** of mobility.

Measure

The concrete mechanism by which data is collected. One or more measurements may be combined to report or signal performance (i.e. several measures of trip time can be assessed and averaged for “average trip time”).

Strategy

A strategy is a set of actions chosen by an organization to achieve a result. A strategy is based on an understanding of (or assumptions about) the cause – effect connection between specific actions and specific results. “Being strategic” means choosing actions from the options available that you believe will have the greatest or most direct affect on a result or multiple results.

Strategy Map

A visual representation of the pathway to the result. Using words or images, it helps viewers understand the cause-effect connection between actions or factors and the result. Backed by evidence, it quickly communicates what is known to work in accomplishing the result.

Results Map

Different from a strategy map, the results map shows only the results to be achieved and the main factors that influence those results.

Roles & Responsibilities

The Priorities of Government process changes several decision points in the budget process, and accordingly shifts decision-making responsibility among participants. Additionally, there are new players in the process, each of whom has a specific role to play and responsibility to carry out.

Chair of the Board

The Chair of the Board is responsible for proposing the budget to the Board of County Commissioners for deliberation. Also, the Chair is one of the co-chairs of the **Design Team**, responsible for recommending to the Board the plan for the FY 2006 Board budget decision making process.

Board of County Commissioners

The Board of County Commissioners serves as the County's Budget Committee. It is responsible for reviewing and amending the executive budget, holding hearings, and adopting the County budget. Commissioner Cruz is a co-chair of the Design Team, and a staff member from each BCC district serves on the Design Team.

Citizen Involvement Committee/ CBACs

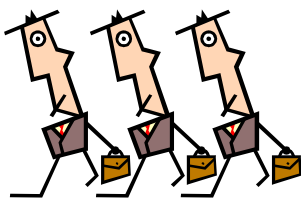
Citizens have been important participants in the County's budget process through the Citizen Budget Advisory Committees (CBACs). The CBACs will continue to provide input into the County's budget process by reviewing and making recommendations on program offers in FY 2007, as well as coordinating and participating in a variety of public forums to be held at various times during FY 2006.

County Auditor

The County Auditor will be responsible for collecting, verifying quality, and reporting on the "marquee indicators" for each priority area. Additionally, the Auditor's Office will review the indicators for the Outcome Teams, comment on the feasibility of using each indicator, and possibly make recommendations for alternatives.

County Departments

County departments provide the services Multnomah County residents rely upon. Departments are responsible for submitting program offers from which the Chair and the Board will choose programs that best achieve the County's goals in each of its six priority areas.



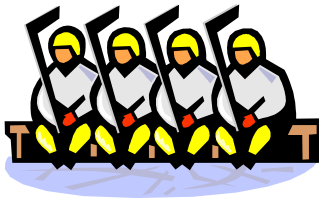
The Priorities of Government process relies heavily on program offers for its success, so County departments play a critical role in providing decision-makers with the information they need to make the best service choices possible on behalf of our community. Departments provide professional expertise and recommendations, suggest service alternatives, and educate decision-makers on the issues the County faces and the best possible solutions toward resolving them.

Design Team

The Design Team recommends the internal, external, and communication plan for the Board's budget decision-making process. The Design Team is co-chaired by Chair Linn and Commissioner Cruz, and includes representatives from each elected officials' office and other appropriate staff. The team is staffed by the Chief Financial Officer and the Budget Director.

Outcome Teams

What are Outcome Teams?
Who serves on them?



Outcome Teams are an important element of the Priorities of Government budget process, and represent a key new player in the County's budget process. Outcome teams:

- Consist of about eight **County employees** recommended by department directors.
- Exist to **recommend a plan** for how Multnomah County can select county programs and activities that will best deliver results to the community.
- Are assigned one of the six **countywide priorities**.
- **Provide the Chair and the Board with a recommendation** on the order of selection of County programs for their assigned priority, based on the degree to which the program contributes to producing this result.
- Are expected to **“wear the citizen hat,”** and think exclusively about how best to produce the desired result on citizens' behalf.
- Are *explicitly not constructed* as a **collection of various stakeholders** whom they are to represent.
- Will be **linked with a CBAC liaison** and/or a CBAC for the priority area for additional citizen input.

Each Outcome Team will have a **Team Leader** and a **Facilitator**. The Team Leader is responsible for **setting agendas and seeing that the team accomplishes its objectives** and completes its deliverables. The Team Leader is a voting member of the team. He or she is also responsible for serving as the liaison with the Design Team. The Team Leader does not need to be someone with expertise in the result area for his/her team.

Desired qualities include:

- Ability to listen with understanding
- Communicates openly and honestly
- Good thinker, critical thinker
- Understand systems thinking and countywide context
- Ability to help group reach better decisions
- Objective
- Mentally tough
- Ability to negotiate, and provide guidance
- Objective
- Ability to set the highest example.

The Team Facilitator manages the process and helping the team stay on track. He or she assures that there are positive group dynamics and that the ideas generated at team meetings are captured. The Team Facilitator is a voting member of the team. The Team Facilitator does not need to be someone with expertise in the result area for his/her team.

What do Outcome Teams do?

Outcome Teams will develop a “selection strategy” which describes how the County should best achieve its priorities. Current county policy frameworks will be incorporated into these strategies.

Outcome Teams’ deliverables include:

1. **Refinement and clarification (if necessary) of the strategy map** developed during the FY 2006 priority setting process showing the factors that make the most difference in achieving the priority.
 - ✓ Cause-effect relationships should be based on an analysis of available evidence about what works and what matters most in producing the desired priority.
2. A **program selection strategy** that describes which factors the County should pursue to achieve the assigned priority
3. **Identification of policy issues** for the Design Team.
4. **Preliminary ranking of County programs** based on the degree to which they make a difference in achieving the priority.
5. An “**order of selection**” of **County programs** based on the degree to which they contribute to the result, given mandates, fund limitations and other parameters.
6. A written **strategy map narrative** detailing 3-6 recommended strategies that will appear in the policy document.

How will Outcome Teams go about their tasks?



In the course of making their recommendations to the Design Team, the Chair, and the Board, Outcome Teams will address the following questions:

1. Why are we doing priority based budgeting? What is the context?
2. What is our assignment? Review the charter and seek clarification.
3. What are the norms for participating on this team (e.g. candor, self-interest, hierarchy, confidentiality, punctuality, etc.)?
4. How will we make decisions? (voting, consensus, etc.)
5. What is the priority area that we have been assigned?
6. What work has been completed to date by the FY 2005 team? How can we improve upon it? e.g.,
 - ✓ What are the best strategies to achieve this priority?
 - ✓ What does evidence show works best and matters most?
 - ✓ If these strategies were successfully implemented would they produce the desired result and move the indicators in the desired direction?
7. What is the County’s current approach to producing this priority? How could the strategy be improved given how we understand the cause-effect theory?
8. How would we rank order the programs offered by departments in our priority area?
9. How would we order the programs offered by departments if the team had to “select” them on behalf of the County?
10. What are our final recommendations to the Chair and the Board?

Guidance Team



The role of the Guidance Team is:

- To assure the integrity and credibility of the Priority Based Budgeting process in developing the FY 2006 budget.
- To provide feedback to the Outcome Teams, Design Team and BCC at key stages in the process on the quality of work and the degree to which the work meets expectations.
- To give feedback about the overall process and recommendations for use of the process in the future.

The Guidance Team will meet three times during the process. It is the Guidance Team's job to assure that the process used to create the, priorities and program selection plans are consistent with the intent - i.e., to deliver the most results possible to citizens with the money available to the County for FY 2007. The Guidance Team will provide an additional link to and information source for community members interested in the County's budget process.

Principles and Values of Fiscal Management

These principles and values are applicable to all County employees in all circumstances.

1. You are a County employee first. Often we are asked to wear multiple hats: we represent our departments, our operating units, the interests of our clients and our funding sources. However, we always hold the interests of the County first.

2. It is not your money - other people decide on its use. Integral to our form of government is the appropriation process. Authority to spend public resources is derived only from the Board of County Commissioners. Always remember that the definition of appropriation includes both an amount and a specific purpose. Appropriation is a tool that the Board uses to enact the policies that it makes.

3. Don't hide behind the budget to avoid doing what needs to be done. While seemingly at odds with the previous principle, this principle speaks to finding the balance between respecting the policy directions of the Board and exercising personal responsibility and judgment. The Board operates at the policy level. We find the best ways to implement those policies. While budgets may be changed, opportunities lost may be lost forever.

4. Comply with the conditions of grants. Perhaps a corollary of the 'it's not your money' principle. While we derive all spending authority from the Board, other partners may also have a say on how money is spent. Grantors in particular get to call the shots on grant resources. Respect the terms that govern grants; be sure to pass them on to sub-recipients as required.

5. Always know and strive to collect the full cost. When negotiating with funding sources, always negotiate the County's best deal. Be sure to include all overhead costs. Be sure to assess and collect Indirect Costs. Charge and collect for everything you can.

6. Always charge things the way they happen. Budgets are estimates. Expenses and collections are actual events. Record financial transactions where and how they happen, not how they were budgeted to happen. There will always be a variance between budgets and actual experience; the size and nature of this variance is useful information.

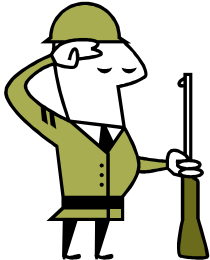
7. Shout "fire" when there is smoke. Problems happen, mistakes are made, things go wrong. When change is necessary, communicate. Don't compound problems by allowing them to continue.

8. Forecast revenue cautiously. The amount of our authority to spend public resources is based on our estimates of how much revenue we will bring in. The County accepts some risk taking in making estimates; however, the County's approach is generally conservative.



9. Do not "spend down" your General Fund budget at year end. Related to the first principle regarding wearing your County hat first. While it may be in the best interest of a program or unit to spend down your General Fund resources at year end, or to spend General Fund when grant resources could be spent instead, it is generally not in the County's best interest. Spend wisely all year long. Always spend other people's money before spending the County's money.

Budget Boot Camp



Budgeting is a fact of life in government and living within it is part of management. In Oregon budgeting has some unusual bells and whistles. This outline is aimed at hitting the high points and providing a context for the nit-picking that occurs during the year.

- Budgeting is based on certain fundamental concepts.
- Some of these concepts are embodied in law
- Some of these concepts are part of management responsibility
- All of them come together in the document and the authorizations it gives.
- Knowing helps you get what you need.

Basic Language

Budget is a financial plan matching **authorized expenditures** with **estimated resources**. Slippery Truths:

- THERE IS NO MONEY IN A BUDGET
- BUDGET IS FICTION.
For fact, consult an accountant
- Budgeted revenue is an ESTIMATE of income.
- Budgeted expenditures, appropriations, are PERMISSION to spend.

ORS 294.435 says the governing body shall make appropriations when it adopts the budget; “(4) Thereafter no greater expenditure . . . of public money shall be made for any specific purpose than the amount appropriated therefor. . .”

Appropriations are authorizations by the Board to spend up to a certain amount of the County’s money. *It does not matter where that money came from, it belongs to the County. No one can legally spend it on anything without Board authorization.* There are different kinds of appropriations:

- Departmental appropriations – personnel costs, contractual costs, materials and supplies, capital
- Interfund appropriations – cash transfers
- Fund level appropriations – Contingency accounts – for “unforeseen situations or situations where the amount could not be known when the budget was adopted,” and:
- The Odd Fellow: Unappropriated Balance
 - It’s not an appropriation because it is not an authorization to spend.
 - It’s a commitment to leave some amount of revenue unspent for a fiscal year, to carry it over into the next year.
 - It is also a reserve against possible revenue reductions – a margin between spending and income

Spending more than has been appropriated

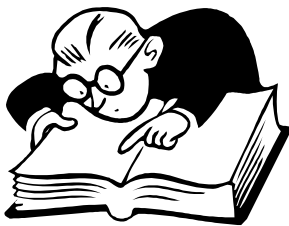
ORS 294.100 says “It is unlawful for any public official to expend any money in excess of the amounts or for any other or different purpose than provided by law. **Any public official** who expends any public money in excess of the amounts, or for any other or different purpose or purposes than authorized by law, **shall be civilly liable** for the return of the money. . .

The Cornerstone of the Law: ORS 294.382

Generally, local budget law is a slightly klutzy checklist of actions to take. But *one section* drives many of the procedures that seem the most arbitrary. That section determines **How much property tax?**

The law is built to limit property taxes. Therefore, it makes it difficult to spend other revenue if that revenue was not accounted for when the budget was adopted and property taxes were levied. The theory is that all non-property tax revenue **ought** to REDUCE the property tax levy.

Budget Process: the six worthy goals of Oregon Budget Law



State budget law has six stated goals :

- Standardize preparation and administration
- outline government programs and fiscal policy
- estimate revenues, expenditures, and tax levies
- obtain public views
- control revenues and expenditures, improve efficiency and economy, and
- apprise the public, taxpayers, and investors of administration and financial policies.

The Statutory Process (greatly summarized):

- The executive proposes a budget (asks permission to spend)
- The Budget Committee approves a budget (recommends spending, sets upper limits on revenues -- especially property tax) after a public hearing
- Tax Supervising reviews the budget to see that it is legal - at a public hearing
- The governing body adopts the budget - at a public hearing

Our process tries to both obey the law and collect information so that.....

- Authorized spending does not exceed likely revenues;
- All likely revenues are accounted for;
- Policy direction is stated and carried out.

The process has some legal restrictions about timelines and events -- not many. The process is complex because it aims to satisfy so many needs.

The County Budget Preparation Mill

Who does what, when?

- Chair / Board set process and parameters, Budget Office / Departments figure out a process - Fall.
- Departments work on budget request between mid-December and mid-February.
- Chair reviews request with Departments / Budget Office, proposes spending - Jan -March
- Board holds hearings, authorizes spending- May through June

Dates in the law:

- *Adopt the budget by June 30, levy taxes*
- *TSCC certifies the legality of the budget by June 20*
- *The Board, sitting as the Budget Committee, approves budget in time to give it to TSCC by May 15th.*

What do departments do?

- Figure out what they need to do their job
- Figure out what dedicated and operational revenue will come to the County
- Document these things accurately and on time
- Explain the request so the Chair / Board can grasp it and will favor it
- Analyze program / fiscal impact of decisions

What does the Budget Office actually do?

- Recommend on fiscal matters
- Act as shepherd for the budget process
- Keep departments informed about Chair / Board direction and questions
- Analyze fiscal / program impact of decisions
- Compile budget documents

What do the Chair and Board do?

- Whatever they want!

Managing a Budget

Manage to avoid trouble! The budget is how the Board gives **permission** to spend County money, of whatever kind. Remember that....

- Spending more than the Board authorized is illegal.
- The penalty of spending more is possibly to pay it back yourself.
- Try to minimize that possibility

Where do you get information to manage?

SAP contains the County's real books – what the external auditors audit. Information in SAP is live, all of the time. SAP Modules in brief

- Funds Management (FM): where the legal budget lives.
- Controlling (CO): where personnel (and other) costs are reported.
- Project System (PS): where the County budgets for grants.
- Human Resources (HR): home of all personnel information.

In SAP, each financial system module is structured differently.

- In FM, you can see budget and actual data by fund.
- In CO, you can see budget and actual data by cost center, but not by fund.
- In PS, you can see budget and actual data down to 99 levels of detail!

Who do you call?

- If you want training in SAP, call (503) 988-HELP (4357).
- There is SAP help information on the Mint, too.



How to keep from going to Budget Jail *or paying money back.*

Keep track of what you are spending! Estimate where you will be at the end of the year.

1. Look at your financial reports in SAP.
2. Divide total expenditure by the percent of the year that has passed, compare it to budget.
3. Multiply the last month's expenditure by the number of months left in the year, add it to total expenditure, and compare it to budget.

Part I: Watch your expenditures

Are you spending less than budget? Sleep well! Unless it's close. If it's close, take a closer look.

1. Assume less of the year has passed.
2. Do the calculations again

Are you spending more than your budget? Figure out why. Ask the following questions:

- Is it an estimate problem?
- Are there big "one time" payments?
- Has someone else charged their costs to you?
- Is it a personnel problem?
- Have you hired too many employees?
- Are your employees costing more than you thought?
- Is it an unbudgeted cost?

Once you figure it out, tell someone--in your department, or your budget analyst. Think of a way to solve it.

- Can you hold a position vacant?
- Can you squeeze Materials & Services?
- Can you delay starting something?

If you can't solve it, who can? Within your department, is someone else going to underspend? Can someone else be persuaded to underspend? If not, you can request a modification to your budget.



How to keep from going to Budget Jail *or paying money back.*

What if revenue is less than budget estimates? The process for estimating operational revenues parallels the process for estimating expenditures.

Is there another available revenue source to make up the difference?

- Yes: Adjust both estimates and go on with life.
- No: Then *adjust spending*.

Or ask for help (just as you would if spending was going over budget)

What if you are getting more money than you thought? *You should ask the Board's permission to spend more County money, based on an increased revenue estimate.*

Part II: Watch your revenues

Changing the Budget



The Board can always reduce one appropriation and add it to another. The Board can always reduce appropriations if estimated revenues decrease. It can do these with “Budget Modifications.” Budget Modification:

- Requires Board approval if it changes a “bottom line” – total spending by Dept/fund
- Shows what additional authorization you need
- Shows what other appropriation will be reduced.
- Is accompanied by a memo explaining the situation and why this is the preferred way to deal with it.

But what if you want to increase the budget? What if we discover new revenue? What if we need (want?) to move appropriations from one fund to another? What if we want to use some of the money we said we weren’t going to need [unappropriated balance]? *Remember . . .* with certain exceptions, the budget law aims to make it tough to spend new money. It also aims to make it tough to move resources around.

Changing the Budget #1: Grants

“Grants” are shorthand for “grants, gifts, bequests or devises transferred . . . in trust for specific purposes . . .” [ORS 294.325(2)]. If someone else takes responsibility for budgeting for a service, and uses us as the vehicle to provide the service, we can increase our authorized spending just by getting Board permission. If we get grant money, all we need to do is a Bud Mod. [accompanied by an intergovernmental agreement]

Changing the Budget #2: Service Reimbursements

We have internal service funds (Working Capital Funds -- ORS 294.470) They can increase their appropriations if programs in other funds shift appropriations into payments for services. If you want more service, the providing fund can be increased: all you need to do is a Bud Mod.

Three things the law does not encourage

There are three things that Oregon Budget Law does not allow:

- Transfers from any fund to any other fund other than those originally budgeted (*except transfers from the General Fund to other funds*).
- Increases in appropriations except grants
- Uses of unappropriated balance

Supplemental Budgets

Supplemental Budgets will let you do (almost) anything:

- Add appropriations based on new or unanticipated revenue (that isn’t a grant).
- Create a new fund
- Create or increase transfers between funds

IF these things could not be ascertained at the time the budget was adopted.

County Financial Policy Statements

Following are the County's FY 2005 Financial Policy Statements. For additional information on these policies, please refer to the FY 2005 Budget.

Financial policy statements are reviewed and recommendations for change are made on an annual basis. For questions on the County's financial policies, contact your budget analyst, or review the current policies on the Mint at:

http://mint.co.multnomah.or.us/dbcs/finance/policies_procedures.shtml

General Fund Financial Forecast

The Board of County Commissioners recognizes the importance of combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast. Budget & Service Improvement will prepare a five-year financial forecast for the General Fund that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

Tax Revenue



The Board recognizes that taxation is necessary to provide public services to the citizens of the county. When considering changes to the County's tax structure, the Board will consider:

1. The ability of taxpayers to pay the tax.
2. The impact of the taxes imposed by the County on other local governments.
3. The effect of taxes on the economy in the county.
4. Administration and collection costs of the taxes.
5. The ease of understanding the taxes by the taxpayers.

Uses of one- time-only resources

It is the policy of the Board that the County will fund ongoing programs with ongoing revenues. When the County receives unrestricted one-time-only revenue, the Board will consider setting these funds aside for reserves or allocating them to projects or programs that will not require future financial commitments. The Board will use the following criteria when allocation these one-time-only receipts:

1. The level of reserves set aside.
2. The County's capital needs set out in the five-year Capital Improvement Plan or Information Systems Development Plan.
3. One-time only spending proposals for projects or pilot programs, particularly investments that may result in long-term efficiencies or savings that do not require additional ongoing funds.
4. One time only dollars that encourage innovative ideas or technology.
5. Bridge or gap financing of programs that will not require additional ongoing funds.

Short Term Local Revenue

It is the intent of the Board to use short term revenue sources to fund priority service programs only after all other sources of revenue have been analyzed and have been determined not to be feasible for funding the service.

Transportation Financing

It is the policy of the Board to support statewide and regional funding for transportation related needs. However, if statewide and regional funding packages fail the County will work with jurisdictions within the County boundaries to address the transportation funding needs of local governments located in Multnomah County.

Indirect Cost Allocation

Generally it is the policy of the Board to recover from dedicated revenue sources the full cost of programs supported by those sources. The full cost includes the appropriate proportionate share of the cost of County overhead functions, both central and departmental, that is attributable to programs funded with dedicated revenues.

Federal-State Grant and Foundation Revenue



When applying for a grant, the Board will consider:

1. The opportunities for leveraging other funds.
2. How much locally generated revenue will be required to supplement the grant/foundation.
3. Whether the grant/foundation source will cover the full cost of the proposed program. It is the intent of the County to recover all overhead costs associated with the grant/foundation.
4. The degree of the stability of the funding source.
5. Whether decline or withdrawal of the grant/foundation revenue source creates a budgetary expectation the County will continue the program.
6. If the grant/foundation funds used for pilot or model programs will result in a more efficient way of doing business.
7. If the grant/foundation is aligned with the County's mission and goals.

User Fees and Sales

It is the general policy of the Board that user fees and service charges will be established at a level to recover the costs to provide services.

Long term Liabilities

It is the goal of the Board to fund 100% of all long term liabilities that are required by the Governmental Accounting Standards Board to be disclosed or accounted for in the County's comprehensive annual financial report.

Accounting and Audits

The County's accounting system and financial records are required by State law to be maintained according to Generally Accepted Accounting Principles (GAAP), standards of the Government Finance Officers Association, (GFOA), and the principles established by the Governmental Accounting Standards Board (GASB), including all effective pronouncements.

Entrepreneurial activities

The Board wishes to reduce the cost of services to taxpayers as much as possible consistent with fairness, common sense and ethical consideration. The primary purpose of the County engaging in any entrepreneurial activity will be that the dissemination of the product itself serves a public interest (broadly defined) independent of the net revenue obtained and the County will conduct itself in the marketplace accordingly.

General Fund Emergency Contingency

It is the policy of the Board to establish an emergency contingency account in the General Fund, as authorized by ORS 294.352, each fiscal year during the budget process. The account will be funded at a level consistent with actual use of transfers from contingency during the prior ten years. To achieve financial stability, the following are guidelines to be used by the Board in considering requests for transfers from the General Fund Contingency Account:



1. Approve no contingency requests for purposes other than “one-time-only” allocations.
2. Limit contingency to the following:
 - a. Emergency situations which, if left unattended, will jeopardize the health and safety of the community
 - b. Unanticipated expenditures that are necessary to keep previous public commitment, or fulfill a legislative or contractual mandate, or can be demonstrated to result in significant support or programmatic efficiencies that cannot be covered by existing appropriations.
3. The Board may, when it adopts the budget for a fiscal year, specify programs which it wishes to review during the year and increase the Contingency account to provide financial capacity to support those programs if it chooses.

Compensation

When any wage or benefit increase is authorized in an amount exceeding budgeted set asides for such wage and benefit increases, the alternatives considered for funding such increases shall include:

1. A budget reduction in the affected department or elsewhere in the County; or
2. An additional draw on contingency; or
3. A combination of the above.

Liquidity and Accounts Payable

The County will strive to maintain a liquidity ration of at least \$1 dollar of cash and short term investments to each \$1 dollar of current liabilities.

Capital Asset Management



The County shall prepare, adopt, and annually update a five-year Capital Improvement Plan (CIP), which will identify and set priorities for all major capital asset acquisition, renovation, maintenance, or construction projects. The CIP shall identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance. In order to facilitate CIP discussions and create a clear alignment of policy and funding, the Facilities and Property Management Division shall evaluate all owned County facilities and shall maintain a current list of facilities which are in substantial compliance with all applicable building codes and which have no required capital work.

As part of the CIP presented to the Board, the Capital Improvement Financial Plan Committee shall annually recommend the best use or disposition of surplus property held by the County. The Board will make the final determination on the best use or disposition of the property identified.

Fund Accounting Structure

The Finance Director is responsible for preparing and presenting a resolution defining the various County funds to the Board each fiscal year. The County will follow generally accepted accounting principles when creating a fund and determining if the fund is to be a dedicated fund.

Internal Service Funds

Multnomah County will establish internal service funds for the following services:

1. Risk Management
2. Facilities and property management
3. Motor pool and electronics
4. Mail distribution
5. Telephone
6. Data processing

Banking, Cash Management, and Investments

The Finance Director is authorized to act as “Custodial Officer” of Multnomah County and is responsible for performing the treasury functions of the County under ORS 208, 287, 294, and 295, and the County’s Home Rule Charter. In carrying out these duties and functions, the Finance Director is authorized to establish internal Finance Program Area policy that meets generally accepted auditing standards relating to cash management.

Debt Financing

All financings are to be issued in accordance with the County’s Home Rule Charter and applicable state and federal laws.

Agenda Placement Requests For Budget Modifications

Bud Mods that must be approved by the Board of County Commissioners need to be submitted to the Board Clerk for placement on the Board's agenda. The Board Clerk will compile them for review by the Agenda Review Team. The agenda packet must be complete to be accepted by the Board Clerk. "Complete" means that the Agenda Placement Request has been filled out, all signatures have been acquired and all attachments have been included. The Board Clerk will not place any item on the final agenda without prior review and approval by the Agenda Review Team. ***Note that elected officials and their staffs follow a slightly different process. Contact your budget analyst if you work for an elected official and would like more information.***

Routing and Timing



An electronic copy and an original (hard) copy of the agenda packet must be submitted to the Board Clerk by noon on Monday three weeks prior to the requested Board meeting. ***However....***The Budget Office needs three days to review bud mods before they can be submitted to the Board Clerk. For those bud mods that add positions, your department's Human Resources staff need to review the bud mod as well, prior to submission to the budget office. Be sure to factor these reviews into your planning!

- ***NOTE:*** An agenda packet consists of both an electronic version and one single-sided, unstapled, original (hard) copy of the Agenda Placement Request and all supporting documents (e.g., contracts, ordinances, PowerPoint presentations, backup materials, etc.). File names for electronic submissions should not contain any spaces.
- ***NOTE:*** External backup documents of 50 or more pages do not have to be submitted electronically. In lieu of electronic submission, 25 copies of the documents must be included with the submission packet.
- ***NOTE:*** If Monday is a holiday, submissions are due by noon the preceding Friday.

Required Forms

An Agenda Placement Request (found on the Mint at <http://mint/admin/>) replaces the Staff Memorandum and is required for all agenda submissions including briefings, work sessions, executive sessions, special meetings and hearings, Budget Modifications, Contingency Requests and Grant Notices of Intent. Separate forms for Budget Modifications and Contingency Requests are no longer required. Budget Modifications and Contingency Requests do require a Budget Modification Expenditure & Revenues Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment.

Bud Mod Requirements

Bud mods must be reviewed and approved by the Budget Office prior to submission to the Board Clerk.



Budget Modifications that change appropriations at the department fund level need to be approved by the Board, including transfers between funds, transfers from contingency and increases or decreases in grant revenues and appropriations. Departments are responsible for gathering all signatures, including Departmental HR signatures for items with personnel actions, prior to submitting item to the Budget Office for review. The Budget Office requires 2-3 three days to review and approve the item.

Budget Modifications require a Budget Modification Expenditure & Revenue Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment.

Budget Modifications stipulating a new revenue source, or a significant change in the existing revenue stream, [a significant change is \$100,000 or greater] must be accompanied by documentation, confirmed by the revenue providing agency, as to the amount of revenue anticipated and the estimated dated of receipt.

Budget Modifications which ***do not change the adopted budget*** appropriation (“internal” bud mods) require notification to the Budget Office prior to making such changes in SAP. Such modifications include transfers between object codes, within personnel services, materials and services, capital outlay, contractual services, and between organizations within an appropriation unit.

Departments are responsible for entering bud mods in the CO/PS modules of SAP within the financial period that they are approved by the Board. The Budget Office will enter the Budget Modifications in the FM module of SAP within the financial period that they are approved by the Board.

Contingency Requests

Contingency Requests must be reviewed and approved by the Budget Office prior to submission for the agenda. Contingency Requests require a Budget Modification Expenditure & Revenues Worksheet and, if there are personnel changes, a Budget Modification Personnel Worksheet as an attachment. Appropriate use of contingency funds is part of the Financial Policies in the Adopted Budget Narrative available on the MINT at <http://mint.co.multnomah.or.us/dbcs/budget/> Contingency items will be bundled and brought to the Board as part of the financial quarterly reporting process.

Notices of Intent to Apply for Grants

Notices of Intent to Apply for Grants must be reviewed and approved by the Budget Office prior to submission for the agenda. Requests for grant renewals may be permitted but only if the renewal date falls within the NOI timeframe originally approved by the Board. Otherwise, a new NOI must be submitted for Board approval. Appropriate use of grant funds is part of the Financial Policies in the Adopted Budget Narrative available on the MINT at <http://mint.co.multnomah.or.us/dbcs/budget/>

Style Guide for writing program offers

Overview

*Thanks to Emily
Johnston at
Editwest,
<http://www.editwest.com>*

Verbosity leads to unclear, inarticulate things.

~ Dan Quayle

The work of Multnomah County affects the lives of everyone who lives here, and is vital to the County's most vulnerable citizens. It's important to remember, however, that there are many dozens of essential programs described in the narrative, and it's meaningless for every one of them to be described as "efficient and effective", "culturally appropriate", or "critical to the well being of the community". *All* programs, at all times, should be fiscally responsible, appropriate to the population served, and useful—therefore, highlight these things only when something has changed, or a specific measure has been implemented.

Things to avoid



Avoid unnecessary wordiness or repetition. It doesn't sound more impressive or hard-working to use more words. It's not meaningful to say, for example, that the administration of a division "oversees, provides guidance to, administers, and manages the division"; these all mean approximately the same thing. Use only one of them.

Be specific, but also brief. While it may seem important to explain that a program serves both students and their families, it is generally *not* important to say that a program serves children, adults, families, and the community; in this case, simply say *the community*, or *residents*, or even *people*.

Avoid jargon. While specialists understand the difference between *emergent literacy behaviors* and *reading*, the former phrase is ungainly and unnecessary. Generally, a simple overview is best: *the program helps children learn to read*. If a program is devoted solely to pre-reading skills, one can say so, of course, but it's best to do so with detail rather than jargon: for example, *the program focuses on encouraging the skills that lead to reading*.

Also avoid phrases that are so general as to be meaningless. This means phrases on the other end of the scale—for example, "promote positive change". Phrases like this manage to be wordy and meaningless at the same time. Be specific; is the program offering anger management classes to offenders, or encouraging children to stay in school, or working with poor pregnant women to improve their diets? Say so! These are important things!

Avoid hyperbole. The County's economic troubles may have many dramatic results, but highly dramatic language is out of place in the budget. Details and facts can speak quite persuasively about the condition of the community, and are best left unembellished.

*Don't contort
language in an
attempt to say
nothing whatsoever
that might offend
someone,
somewhere.*

Basic Grammar Rules to Remember



All of the basic rules of grammar and punctuation are designed, believe it or not, to make life easier—but for the reader, rather than the writer. Oftentimes, a badly written sentence is evidence of sloppy thinking; the writer may be mixing up two or three ideas that need to be separate from one another, or may even be unsure *what* s/he means to say, despite having a jumble of thoughts that s/he wants to communicate (this is where we all start, of course, but it’s not where a written document should end).

If a sentence is properly punctuated, the reader can understand what parts of it are attached to what other parts, and the whole is absorbed fairly smoothly. Punctuation can be likened to road signs; if you want to stay on Route 36 and you come to a junction of five roads, then if one has an arrow, you take it almost without thinking, but if it’s not there, you are forced to stop and examine the roads to see which one is likeliest to be correct. It’s this kind of confusion, however momentary, that disrupts the flow of language and obscures meaning.

Punctuation also attempts to replicate the “sound” of spoken language, with its almost unnoticed pauses and emphases. Often, if you hear a sentence in your head, and place commas where you hear small pauses, like these ones, you’ll be on the right track. Semicolons are a bit more subtle. They often link two thoughts that could be wholly separate sentences, but that are intimately connected; oftentimes the section after the semicolon helps to explain the one before.

Parallel Structure

When creating a list (whether bulleted or in a regular sentence), it’s important for the sake of clarity and ease of reading that all parts of it have the same form. Thus

The division will work to:

- improve access to healthcare,
- lock up all the bad guys,
- turn bad guys into decent guys, and
- save the world.

This is clear, if ambitious; all the verbs have the same form. But this is less so:

The division

- improves access to healthcare;
- to lock up all the bad guys
- turning bad guys into good guys,
- is saving the world.



Check to see that each list item logically flows from the beginning of the sentence (that's the portion that begins "The division").

You *may* use semicolons or commas or even periods to set off list items, but you don't have to. If you *do*, though, you must be consistent. In the first example above, the use of commas shows clearly that this is a sentence that could appear on the page without bullets; that's why there's an *and* after "guys". You could also have a bulleted list in which each bullet is a full sentence; again, the only rule is that there must be logic and consistency.

Generally speaking, you should only use semicolons in a list when there are commas within the items of the list—again, this is a matter of emphasizing what goes with what. *"The division will improve access to healthcare, including dental care; lock up all the bad guys, bad gals, and rotten kids; turn bad guys into decent guys; and save the world."*

In that sentence, the commas emphasize that "including dental care" goes with improving access to healthcare, and "bad gals, and rotten kids" go with the bad guys. If there were only commas in this list, no semicolons, the reader would have to make more of an effort to distinguish the shape of the list and the meaning therein. The semicolons say helpfully *here's another list item* and point you back to the main road after your small detour.

Dangling and Misplaced Modifiers

For the sake of clarity, it's extremely important to order your sentences in a way that makes clear who is doing what.

"Eating the entrails of a small deer, the campers saw the lion, and ran."

Well, perhaps the campers did eat a small deer, but it's unlikely.

"Working with offenders to improve their job-hunting skills, the law requires that these programs be evidence-based."

This sentence is even messier, because nothing acts as an anchor for *working with offenders to improve their job-hunting skills* (that's why this modifier would be said to be *dangling*); *the law* is clearly not what the clause modifies, but the phrase *these programs* seems too far away. Reworking the sentence just a little bit fixes this:

*"Working with offenders to improve their job-hunting skills, **the staff** uses evidence-based techniques that satisfy federal law."*

Strange and Ornerly Details



About commas in a series: in life, you may choose whether you want to have a comma after the second-to-last item in a series (the one before the word “and”). You can say *beans, apples, and carrots*. Or you can say *beans, apples and carrots*. Either one of these is perfectly correct. Some highly regarded sources choose one, some choose the other. *But nobody chooses both!* So for a large document, someone chooses one or the other, and fixes all the rest. For the purposes of the budget, this editor has chosen the former, and plans to stick with it.

Capitalization: when it comes to states and counties, this is a sticky one, and again, reliable sources have differing opinions. In newspapers, for example, you will probably never see *County-funded*. In government publications, however, you usually will. As the budget is a government publication, please observe this rule: whenever you are using the word county as a shorthand for “the government of Multnomah County”, capitalize it. Ditto for state being shorthand for “the government of the State of Oregon”. Thus:

- a program run by MC is a County program,
- funding we receive from Oregon is State funding, and
- State jobs are reasonably secure jobs, with good benefits

but

- programs are often countywide,
- we live in the state of Oregon, and
- unemployment in the state is nonetheless high.

Federal is the trickiest; it needs the capital much less, because it’s more specific—it *always* refers to the government, rather than a geographical area. Many publications capitalize it simply for consistency with the above distinctions (i.e., it’s shorthand for “the government of the United States of America”); many don’t, because there’s nothing it might be confused with.

Hyphens: this may be the stickiest area of all, because language changes, and hyphens sometimes represent language in transition. First, it’s important to remember the function of various parts of speech. An adjective, for example, modifies a noun. (What kind of bus? A *yellow* bus.) An adverb can modify a verb (*run quickly*), **but it can also** modify an adjective; e.g., a *federally funded* program. In that phrase, *funded* is an adjective describing the program, and *federally* explains *how* it was funded, just as *quickly* describes *how* someone runs.

The confusion can arise because there are some words for which we don’t have appropriate adverbs—*stately*, although an excellent word, is an adjective, and has nothing to do with states. In these cases, we often use hyphens to clarify, because we have to use a non-adverb (a noun, adjective, or



even preposition) in a way that makes it function as an adverb (i.e., modifying an adjective, telling us the *how* of that adjective). Thus, in the phrase *state-funded programs*, we are using a noun, *state*, to modify the adjective *funded*; we use the hyphen to clarify what is being modified, *funded* rather than *program*—this might not be a state-run program, after all. Essentially, the hyphen helps us lump things together—a yellow-bellied sapsucker isn’t yellow all around; only its belly is yellow. Similarly, even the quickest of readings won’t make us think that a high-maintenance worker is a maintenance worker using illegal substances. The goal, as with all punctuation, is clarity; make things easy on the reader.

Some phrases with hyphens (or even without) become so much a part of the language that the hyphen drops away. *To-day* used to be the correct spelling of *today*. *Health care* is now often *healthcare*. *Multicultural* is fine (as is multi-cultural, still), but *email* is not (though it probably will be eventually).

Because the use of hyphens is so variable, you will often have a choice as to whether to use one or not. But *do not use a hyphen with an adverb, as this is wholly unnecessary*. Well funded, highly regarded, and federally mandated are all perfectly clear without hyphens, and to use one would be incorrect, because *well*, *highly*, and *federally* are all adverbs, and there is no confusion about what they modify.

Spaces after a Period: don’t date yourself! No one under 30 has ever even *heard* of using two spaces after a period. This is a relic from the days of typewriters. Computers use something called *Kerning* to ensure that there is enough space between things (but not too much), and a single space after a period has been the standard for well over a decade.

Ensure, Insure, Assure: please use *ensure* when you want to say that you will make sure that something will happen. *Insure* is for insurance companies, and *assure* is best used in the same way that *reassure* is—i.e., you assure *someone*. *Assure* can be used as a synonym for *ensure*, and for legal documents it often is, but for general use, *ensure* is a better choice.

Numbers: again, this is an area where the rules are fairly random. Generally speaking, in non-scientific texts, one spells out numbers less than ten, and uses numerals for 10 or more. One exception to this rule is that numbers that begin a sentence should be spelled out, for example:

Fifty-one girls were served by the program in 2003.

Another exception is it’s more common to say 3% rather than three percent or three %.