

**Minutes for the Board of Commissioners
Multnomah County, Oregon
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Tuesday, May 10, 2011**

BUDGET WORK SESSION #1

Chair Jeff Cogen convened the meeting at 9:06 a.m. with Vice-Chair Deborah Kafoury and Commissioners Diane McKeel, Loretta Smith and Judy Shiprack present.

BWS.1.A FY 2012 Budget Work Sessions on Public Safety Departments – FY 2012 Financial Overview. Presenters: Karyne Kieta, Budget Director & Mike Jaspin, Economist.

Ms. Kieta provided an overview of the FY 2012 budget process. She said the purpose of the Budget Work Sessions is to provide a foundation and financial content for the policy decisions the Board will deliberate and ultimately vote on. The budget schedule and process will be covered, as well as a financial overview of the FY 2012 Approved Budget, status of reserves and contingencies; use of one-time-only funds and managing the impact of the State's 2011-13 biennial budget. Statistical trends such as personnel costs and benefits, and general fund spending will also be reviewed.

In February, departments submitted their budgets; in March, a community forum was held and the budget forecast was revised; and in May, the Board approved the budget. Three evening public hearings will be held on May 18 at the Multnomah County Building Board Room; on May 25, at the Sharron Kelley Conference Room in the County East Building; and on May 31, at the IRCO Northeast facility. On June 8, the TSCC hearing will be held and on June 9, the budget will be adopted. She explained that the Board will not vote during any of the budget work sessions, but they can propose budget amendments throughout the process. The FY 2012 approved budget is \$1,483,808,073, which is an increase of \$23.4 million or 1.6% from FY 2011. She spoke about the sources of funding and how those funds are distributed through the various departments. She reviewed the FTEs, which are reduced by 33 total, and how the FTEs are distributed through the various departments.

Ms. Kieta explained that the budget preserves critical direct services to clients; addresses the expenditure/revenue gap for FY 2012 and FY 2013; invests in domestic violence services, SUN, and Mental Health; strategically uses one-time-funds; reduces administrative costs and restructures support services; fully funds general reserves; and prepares for State & Federal reductions. She said that pertaining to State cuts, the State budget appears largely back ended, loaded with rate reductions and system improvements and when more is known, the process will be calibrated to the size of the issue. The Departments are prepared and the County has set aside ramp-down funds. She cautioned that the County's current revenues will not support backfilling State programs without cutting other general fund programs.

Mr. Jaspin explained that the County spends the majority of its resources on personal services, then contracts, materials and services, internal services, capital, and debt services. He spoke about adopted FTE versus total personnel costs, average benefits and insurance costs, PERS rates and tiers for FTEs. He reviewed the costs of health care inflation and changes in Kaiser and Self-Insurance FTE costs. He said that 49% of the General Fund is spent on public safety, 30% on Health and Human Services, and 21% on General Government.

Ms. Kieta explained that the General Fund is stabilized after 11 years but still faces challenges such as the structural deficit in FY 2014; uncertainty surrounding the State's budget; health care costs; and human capital and the impacts of open labor contracts and knowledge retention.

The presenters responded to Board questions and comments.

Vice-Chair Kafoury asked to be provided with a list of Business Income Tax levels and usage since inception.

Commissioner Smith requested that during the Capital briefing scheduled on May 24, the Board be provided with specifics about seismic and deferred maintenance.

Vice-Chair Kafoury asked for the Department of County Assets to provide the beginning working capital amounts for all Internal Service Funds and identify any restrictions for specific fund amounts.

BWS.1.B FY 2012 Budget Work Sessions on Public Safety Departments – Department of Community Justice (DCJ). Scott Taylor, Director, DCJ; Dylan Hydes, DCJ Citizen Budget Advisory Committee (CBAC); Carl Goodman, Asst. Dir., Adult Services Division; Joyce Resare, Business Services Manager, DCJ; Dave Koch, Asst. Dir., Juvenile Services Division.

Mr. Taylor provided the introduction. Mr. Hydes spoke and provided recommendations on behalf of DCJ CBAC. He said that they fully endorse the proposed budget, as it doesn't make cuts to direct services. Their recommendations should future cuts be necessary are to (1) to give highest priority to preserve direct services; make administrative cuts commensurate with direct service cuts; use EBP to determine which programs get cut first; preserve funding for key areas including gang violence, addiction services and mental health services.

Mr. Taylor explained that DCJ is a 24/7 operation with 650 permanent, on-call, and temporary employees. DCJ 64 funds beds in the Donald E. Long facility and supervises a daily average of 8,300 parolees/probationers, 375 pretrial defendants, and 637 youth informal/formal probation. He spoke about who they serve, what services they provide, the rates of recidivism, and their accomplishments this past year.

Mr. Taylor discussed DCJ's guiding principles for budgeting, which consider how the decision aligns with their Strategic Plan priorities; whether outcomes will improve organizational efficiency; if the decision will aligns with evidence based practices; and whether the decision reflects their prioritization of services for higher-risk clients. He said the FY 2012 DCJ budget is \$86,025,717 and gave a general overview of funds. He spoke about at risk funding; policy issues; and long-term challenges and opportunities, such as keeping pace with technology, building stronger community collaborations, implementing and staying current with evidence-based practices, and achieving the vision of their Strategic Plan. He reviewed their policy issues including impacts from span of control changes, a more mobile workforce, and replacing grant funding. He discussed strategic goals and long-term challenges including keeping pace with technology, staying current with evidence-based practices, building stronger community collaborations and achieving the vision of their Strategic Plan.

Commissioner Smith asked for the number of clients who are providing community service. Mr. Goodman responded that approximately 2,600 formally supervised offenders serve in the Adult Community Service Program and 450 juvenile offenders serve in the Community Service and Project Payback Program.

The presenters responded to other Board questions and comments. The Board asked questions requiring follow-up by the department after the meeting. The following inquiries were made:

Commissioner McKeel asked to be provided more information on the EPICS program.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:59 a.m.

Submitted by:

Lynda J. Grow, Board Clerk and
Marina Baker, Assistant Board Clerk
Board of County Commissioners
Multnomah County