

# Chair's Budget Message

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## Chair Beverly Stein's Budget Message

*FY 2001 Chair's  
Executive Budget  
Address before the  
Multnomah County  
Board of  
Commissioners  
May 4, 2000*

This is the seventh budget I have presented for consideration by the Board of County Commissioners. It has been a particularly challenging budget to prepare. One might expect that our region's strong economy would provide us with sufficient resources to easily meet the needs of our community's residents. Unfortunately, that is not the case. A variety of factors have conspired to make this a very tight budget.

Each budget is influenced by outside dynamics such as ballot measures and state funding decisions, by long-term benchmark priorities set by the Board, and by the needs of the community as perceived by our departments, our citizen advisory groups and myself. This year I presented a budget that was similar to last year's budget in that there are very few new programs added and I attempted in large part to maintain current programs. This required careful analysis by departments and budget analysts guided by the competence and thoughtfulness of Carol Ford as our interim budget director and Bill Farver, my chief of staff. Dave Boyer, our Finance Director, is due special recognition for his skillful use of debt financing which produced one of the few bright spots in a difficult budget.

Looming over this budget - and all government services from education for the young to services for the elderly - is the potential impact of a group of initiatives that are likely to be before the voters in November. There are at least five measures that would have significant, negative impacts on the resources we get from the state. Funding from the state makes up nearly three-quarters of Multnomah County's budget, so when the state loses resources we feel the pain. As the Board was making decisions for this budget, I asked them to keep this potential impact in mind. The result was a very conservative use of one-time resources and few new programs. Part of my budget message this year is my pledge to work hard to oppose these potentially devastating state ballot measures.

## Budget Constraints

*To prepare for this  
constrained budget  
year I asked  
departments to  
reduce expenses so  
that they would only  
spend 97% of their  
FY 2000  
authorization.  
Financial*

Preparation for this tight budget started last October when I advised the Board of the upcoming constraints. At that time Departments immediately restrained their spending, and the Board recognized the upcoming constraint by limiting expenditures from the contingency fund. I appreciate these actions which made a difficult budget more manageable.

I also asked departments to prepare budgets for 2000-01 at the same dollar value as last year, which assumed that departments would have to absorb inflation. In addition, in some cases I have asked departments to budget projected salary savings as revenues to spend in FY 2000. This is done in recognition of the very tight budget we have and my goal of making as few cuts as possible in on-going current programs.

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*Commitments that affected the FY 2001 Budget include:*

*Increased PERS; Inflationary Costs; Public Safety Costs; Annualizing Mid-Year Programs; and Financial Reserve Contributions.*

*To be faithful to the intent of the county's voters, the Board promised to continue allocating tax revenues into library and public safety operations in an amount equal to what would have been generated by the levies.*

The major financial commitments that affect this budget include:

- **Increased PERS costs from the state.** This is the second year that the county is absorbing the impact of the state shifting the burden of federal taxation of PERS to local governments. We also face increased benefit payouts due to investment gains. The total PERS increase next year is \$5.2 million. The General Fund share is about \$2.9 million. Last October we issued bonds to cover the unfunded PERS liability. This reduced the overall cost to the county over the lifetime of the bonds and avoids an additional cost increase to the county next year.
- **Higher labor costs due to inflation and rising medical and dental costs.** The increase in the cost of benefits is hitting all employers. In our last labor negotiations we agreed with most of our unions to a provision that involves sharing the costs of these increases. This provision has been triggered. Countywide medical and dental costs will increase \$3.4 million, of which \$2.3 million is the county's share and employees will cover the remaining \$1.1 million. Additionally, in February we found out that inflation was 3.7% instead of the 2.5% that the Bureau of Labor Statistics had predicted. This increased our projected labor costs by \$2.4 million.
- **Absorbing public safety costs.** Measure 50 caused the previously passed Library and Public Safety levies to be rolled into the county's permanent tax base. Increasing public safety costs, combined with revenue shortfalls owing to Measure 50 lowering tax revenues below projections in the levy, and inadequate state reimbursements for offenders shifted from state to county custody, have created a gap of \$8.6 million this year. In addition, in last year's budget we projected revenues from renting 225 jail beds to the US Marshall and the Immigration and Naturalization Service. In fact, the Marshal and INS only rented an average of 144 beds per month this year resulting in a loss of \$3.2 million from projected amounts. The total Public Safety shortfall is \$11.8 million.
- **Annualizing programs started this year.** The Board approved a number of programs last year that started mid-year, and that require full year funding to continue. Among these programs are funding for the Rockwood and La Clinica health clinics, mental health funding for Headstart programs, expansion of the School Attendance Initiative, funding for safety net health clinics, programs for homeless families and funds for culturally specific services to respond to domestic violence in the African-American community. Total cost is approximately \$2 million.
- **Contribution to the county's financial reserves.** This \$1.5 million contribution continues the board's policy of adding this amount to reserves annually until we meet our stated goal of 5% of funds in reserve. In part because of this policy, the county's bond rating was recently upgraded resulting in lower borrowing costs.

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## A Few New Initiatives

*There are some very critical issues in our community that I believe are of such a high priority that they deserve funding even in this budget that includes some cuts.*

*These are programs that contribute to our long-term Benchmark goals, including my proposal to add a new Health Benchmark.*

There are some very critical issues in our community that the Board believes are of such a high priority that they deserve funding even in this budget that includes some cuts. These are programs that contribute to our long-term Benchmark goals, including my proposal to add a new Health Benchmark. They include:

### **Benchmark to Increase Public Safety (\$3.8 million)**

- Funding an additional eighty jail beds, which are now available for local use, that would have been cut because of the reduction in revenue from rented beds. (\$3.5 million General Fund)
- Funding a team of probation officers focused on vigilantly monitoring very dangerous offenders returning to the community from state prison. (\$310,000 non-General Fund)
- Funding an in-depth analysis that will allow us to insure that our jail beds are being used in the most efficient manner consistent with public safety. (\$112,000 General Fund)

### **Benchmark to Reduce Poverty (\$277,000)**

- Increasing money for housing support for **people leaving Hooper Detox in our mentor program**. Studies show that 75% of the people who receive housing support complete treatment programs and stay clean and sober, as compared to a 25% completion rate for those lacking access to alcohol and drug free housing. (\$100,000 General Fund)
- Making the first of 10 annual payments contributing to the creation of a new **Oregon Food Bank facility** to help respond to the tragic fact that the State of Oregon now has the highest percentage of households facing hunger in the nation. (\$50,000 General Fund)
- Stabilizing funding for services delivered through **Russian Oregon Social Services**. (\$67,000 General Fund)
- **Living Wage Review Board**. The Board will provide a systematic process for analysis and review of all County contracts with the goal of advancing the principle of living wage where most appropriate. (\$60,000 General Fund)

### **Benchmark to Increase School Success (\$1,077,000)**

- Funding to allow all **SUN school sites** to reach a core funding level that we believe is the minimum necessary for success. (\$100,000 General Fund)

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- Funding for leasing a **NW library branch** location as promised in the 1996 library levy. (\$893,000 for half year appropriation and tenant improvements – non-General Fund)
- Funding to reallocate a **juvenile counselor** from the Juvenile Facility into an east county public high school. (\$50,000 General Fund)
- **Gresham Barlow School Mental Health Services.** One time only bridge funding to the Gresham Barlow School District to continue their current mental health services in conjunction with Legacy. The long-term goal is to provide opportunities for more schools to add school based health centers with linked mental health services. (\$34,000 General Fund)

*At the completion of the budget process, the Budget Office identified an additional \$850,000 of one time only revenue, primarily from interest earnings on reserves we will no longer be required to maintain due to a change in state law.*

At the completion of the budget process, the Budget Office identified an additional \$850,000 of one time only revenue, primarily from interest earnings on reserves we will no longer be required to maintain due to a change in state law. The Board allocated the funds in this manner:

- The Board has been considering how to implement the top recommendations of the planning process for **Early Childhood programs** which are largely supported by the Citizens Crime Commission study. The Board will schedule time this summer to determine their top priorities with a target of January 1, 2001 for new program start up. Depending on the results of the year end fiscal analysis, the Board may choose to increase this amount to the originally proposed goal of \$500,000. In addition, \$250,000 of state early intervention funding from Community Justice will be available for joint planning. (General Fund and state funds)
- Funding for **Aging Services Senior Center** in Gresham has been added to match increased City of Portland Senior Centers funding. (\$15,625 General Fund)
- Partial Equalization of funding for **East and Mid County Family Centers** raises the Centers in East and Mid County to the minimum recommended funding and avoids reducing the funding for other Centers (\$45,601 General Fund)
- To increase the Health Department's focus on the epidemic of Hepatitis C in our community, \$250,000 has been allocated for a comprehensive community strategy for **Hepatitis C prevention**. If supplemented by a federal grant from the Center for Disease Control this fall, the Department's recommended approach will be fully funded. (General Fund and grant funds)
- Restore a proposed cut in Community **Justice offender transition employment services**. The Director of Community Justice and staff from Worksystems Inc. have developed a joint plan that has the potential to

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significantly improve the quality and quantity of offender services.  
(\$100,000 General Fund)

- Increase the County's ability to provide **family support services to young adult Developmental Disabled clients** on wait lists for family support services. This appropriation should be matched by state funds and will be available as of January 1, 2001. (\$40,000 General Fund)
- The allocation for **Employee Benefits** was increased to include contraceptives and durable medical goods coverage. Providing coverage for these two issues would help bring comparability to our two medical options for employees. (\$132,000 from Risk Fund)
- Implementation of the **County Attorney pay equity study** to provide more comparable public sector salaries for experienced county attorneys. (\$32,820 Risk Fund)
- In order for the County to receive appropriate timely information on financial and policy matters at the federal government level, the Board allocated funds to the Public Affairs office to contract for **federal legislative liaison services**. Potential grants, administrative rule changes, and county priorities will be monitored. (\$50,000 General Fund)

*I am proposing to the Board that we add an additional long-term benchmark goal.*

## **Proposed Benchmark to Increase Access to Health and Mental Health and Substance Abuse Treatment Services (\$800,000)**

I am proposing to the Board that we add an additional long-term benchmark goal. The benchmark I propose is **Access to Quality Health and Mental Health and Substance Abuse Treatment Services**. This includes services for children, adults, families and the elderly. Each of these populations has specific needs that must be addressed as the foundation for their success and quality of life.

Multnomah County recently received a Robert Wood Johnson grant to research how we can achieve universal access to health care for Multnomah County residents. Access to health care is critically important, and directly relevant to at least two of our existing long-term benchmarks.

Providing access to quality mental health services is a particularly vital piece of this puzzle - and an area where there is a tremendous need for improvement. The recent report of the Mental Health Task Force provides a framework for better addressing the mental health needs of the community. I want to underscore the fact that there are no cuts to direct mental health services in this budget.

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In fact, I am proposing that we add \$800,000 to address crucial needs such as supported housing, additional case management, expanded mental health services for children, and the creation of a Design Team which will create an improved mental health system. These funds come from the General Fund, the managed care funds from the state currently in reserves and administrative cost savings.

## Let's Do the Numbers

*The portion of the budget over which the county has real control is the General Fund Budget.*

The total budget for the county for the first year of the millennium is just slightly less than **\$1.2 billion** which represents an increase of approximately 7.4% over last year. This is primarily due to increased funds from the state and federal governments tied to specific services.

The portion of the budget over which the county has real control is the General Fund Budget. The General Fund Budget is **\$319 million** for next year. This is an increase of approximately 7.9% or about \$23 million. This increase was a result of inflation in labor and benefits costs, backfilling grant funds, restoring a number of proposed cuts in order to maintain current service levels, annualizing current programs, the limited additions of high priority new programs, increased debt service for facilities, increased costs for PERS and shortfalls in the public safety budget.

The adopted budget includes a total of 5,036.21 FTE. This is an increase of 52 positions (about 1%) compared with the budget adopted for this year. However, only 23 are actually new positions. The rest have already been approved through current year budget modifications and mid-year start-ups. State and federal grants, such as the Safe School/Healthy Students program, which created ten new positions, fund most of the increase. The Board's budget decisions add five positions for an offender re-entry program, seven positions for the support team for our new MERLIN system and a position to staff the Living Wage Review Board.

## Cuts Required to Balance the Budget

*Since our General Fund is largely allocated to public safety, library, health and children and family*

As I have noted, our fiscal situation requires that we make cuts in the General Fund budget. Since our General Fund is largely allocated to public safety, library, health and children and family programs the decision about what to cut was very difficult. I did not cut allocations to the library because we promised the voters in 1996 that we would maintain a certain level of service. That commitment is honored here. I was able to avoid serious cuts to health, aging and disability services because of increased state and federal funding.

The major reductions in this budget are:

- A reduction of \$500,000 allocated for emergency mental health holds. This was possible because the reduction in use of these holds over the last few years due to centralized oversight in the county, the availability of new, less expensive options and coverage of some clients by the Oregon Health Plan. This cut will not result in any reduction in direct mental health services.

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*programs the decision about what to cut was very difficult.*

*These funding cuts involved difficult tradeoffs. I refer you to the limited additions I have proposed for comparison.*

- Not renewing the one-time allocation of funds for transitional classrooms in high schools. However, we continue our commitment to schools by funding programs such as the School Attendance Initiative, special children's library services, parent involvement, SUN schools, school based health clinics, juvenile crime prevention programs and other social services. Twenty three percent of our General Fund, or \$892 per child in Multnomah County, is focused on our school success benchmark.
- Reduction of the In Jail Intervention Program (IJIP) by half. I agreed to this proposal by the Sheriff because the remaining funds will still allow every inmate coming into the jail system to receive an assessment. Also, the Sheriff has indicated that some of the IJIP services will become integrated into the general counseling services provided in the jail. In addition, the county now fully funds secure A and D treatment in the Interchange Program.

The Board did not cut the Gresham Holding Facility or the East County School Resource officers. The funds for the School Resource Officers located in schools within cities are one-time allocations. It is my expectation that these positions will be funded by the respective cities in the future.

## Threats Ahead in November

*Make no mistake about it - these ballot measures would reduce services in our community.*

The cloud over this budget - which will dwarf any cuts we've made - is cast by at least five proposed initiatives, which may be on the ballot in November. These proposed measures are: Mr. Sizemore's full deductibility of federal income tax, the legislature's referral of a more limited deductibility measure, Mr. McIntire's limitation on state spending, Mr. Sizemore's initiative requiring a vote on all taxes and fees including those passed in the last two years, and Mr. Sizemore's initiative requiring government to pay for so-called "takings". If passed, these measures would cause a substantial reduction in education, public safety and health and human service programs.

Make no mistake about it - these measures would reduce services in our community. For example, the full federal tax deductibility measure would be retroactive to January 1, 2001 so it would result in an approximately \$770 million immediate reduction in state funds. The impact in the 2001-03 budget is projected at \$2 billion or 18% of the state General Fund. Projections for McIntire's measure show that it would lead to an additional 13% reduction in state funds. Funding cuts of this magnitude will have a direct, profound impact on children and families, businesses and the quality of life in Multnomah County, because the county, more than any other level of government, depends on state funding for its services.

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## Conclusion

*I appreciate all the hard work and sincere cooperation from the departments that went into preparing this budget.*

I appreciate all the hard work and sincere cooperation from the departments that went into preparing this budget. I believe that all who participated took seriously our RESULTS vision of providing excellent quality services that are a good value for the tax dollar.

I want to acknowledge my respected colleagues the depth and seriousness of our discussion as we debated and defined the budget and services for Multnomah County residents in the next year.

Thank you.

Beverly Stein  
Chairwoman Multnomah County

# Board Budget Notes

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## Board Budget Notes

During the budget deliberations, the Board of County Commissioners identified the following issues and concerns to be addressed throughout the upcoming fiscal year. Additionally, the Board identified items it will consider for General Fund contingency requests.

### Children's Services: *School-Based Health Services*

The Health Department will work with the State of Oregon to encourage adequate reimbursement for local jurisdictions providing school based health services. The Health Department will develop criteria about expansion potential into high and middle schools with the goal of adequate coverage throughout county high and middle schools. The Department will reexamine the appropriateness of the current model in the variety of contexts in which it is being used. Finally, the Department will schedule a Board Briefing/discussion about funding strategies/options/long range plans when more information is available.

### Children's Services: *Early Childhood System*

The Board will begin implementing improvements in the Early Childhood system. The Budget office will schedule time with the Board this summer to consider options and set priorities for funding from \$400,000 reserved in contingency. Once decided, the board will approve amendments transferring funds to appropriate Departments in anticipation of a January 1, 2001 start up. Options will include partial funding for the Child Receiving Center, supportive services for families served by the CRC, home visitation programs for high risk newborns and their parents, and relief nurseries. The planning will be broadened to include \$250,000 of funding from Community Justice for early intervention strategies which will reduce youth involvement in the public safety system. The planning will continue to be coordinated through the office of Commissioner Naito and with staff support from Denise Chuckovich and Joann Fuller.

### Children's Services: *Family Centers*

The Department of Community and Family Services will review and report on the current funding formula used for the Family Centers.

### County Operations: *Risk Management Fund*

Finance will review the status of the Risk Management fund, including a five-year fund projection/analysis and adjust rates accordingly for the next fiscal year.

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## County Operations: *Internal Service Reimbursements*

The Finance Committee of the Operations Council is asked to review the County's method of generating rates and charging internal service reimbursements and recommend changes. Specifically, the Committee will review timeliness of charges, consistency in cost allocation, cost efficiencies, and the customers review process. Consideration will be given as to how countywide services should be billed and presented in the budget, incentives to improve costs efficiency, and customer input. As a part of this review, the Department of Environmental Services will develop consistent policies for use and costs related to take home cars and will recommend overall policy direction with regard to centralized vs. decentralized facility services. The review will benefit from the work of the County Auditor, who is undertaking a similar review. The Committee recommendations will be reviewed by the Operating Council, Direct Report Managers and Elected Officials prior to budget development.

## County Operations: *Behavioral Health Data System*

Information Services Director Lisa Yeo will provide the Mental Health Design Team and the Board with a proposal concerning how best to deal with the data needs of our Behavioral Health system countywide. Funds for coordinating the development of a countywide Data Warehouse are included in the budget from the IS ending working capital. The Board will review Director Yeo's proposal prior to expending those funds.

## County Operations: *Department Reports*

The Department of Aging and Disability Services will provide the Board with a status report regarding the information services improvements that will result from the carryover state revenues.

The Health Department will develop the expertise to prepare a billing to State demonstrating the cost providing Correction Health services for in custody people.

## County Operations: *Online Training*

The Department of Support Services will continue online training opportunities and consider the Department's request to increase training dollars in the fall once beginning working capital is determined.

## County Operations: *Merlin Implementation Update*

The Department of Support Services will monitor the impact of MERLIN implementation on the County and determine how work process are being reengineered and the potential personnel impacts within Departments. DSS will document employee user profiles and explain the functions of these profiles as they are assigned to Merlin. Included in this documentation will describe some of the generic changes in workload functions between the current legacy systems and MERLIN.

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## *Public Safety: School Resource Officers*

The County would like to reexamine the role of the school resource officer. Included in that examination will be an analysis of services provided and who is the most appropriate funder. At this time, the County believes it has prime responsibility to serve students who do not live in incorporated areas of the County. The County will examine its funding policy on these positions following this study.

## *Public Safety: Policy Review*

The Board will reexamine its current direction in public safety as part of a mid-year policy review.

## *Mental Health: Design Team review*

The County will consider service enhancement proposals from the Design Team focused on pressing needs in adult and children mental health. The Board will reserve \$800,000 in the General Fund and CAAPCare Contingencies to access for these services needs. The County has the potential to access an additional \$1,500,000 from the State to help improve the mental health system. The Design Team will consider mental health related amendments raised during this budget process.

## *Contingency Requests*

The following are issues that the Board has identified for possible contingency discussion during FY01.

### *Court Day Care*

The County will consider providing a match to the State and/or private business or non profit groups interested in providing operating funds for a court day care facility.

### *STOP Drug Diversion*

The County will consider a request to expand funds to the STOP drug diversion program, depending upon the outcome of grant requests, the impact of the program redesign, the negotiations with the City of Portland concerning federal funds, and the impact of service reductions resulting from the City's withdrawn of funds.

### *Staffing for Board-Approved Task Forces*

The County will provide one time staffing for Board approved Task Forces from the contingency fund.

### *Domestic Violence*

The Domestic Violence coordinator will return to the Board this summer with a proposed policy statement on domestic violence, covering vision, mission, values, and role of the County. The Board will also consider advocacy issues and projects relating to Domestic Violence. Some of these projects may require additional funds for training, supplies, or technical assistance. The Board may access contingency for such requests if appropriate.

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## *Developmental Disability Clients*

The Board would consider a possible contingency appropriation for family support for developmental disability clients pending outcome of state lawsuit concerning the DD waitlist.

## *Homeless Families*

The Board may consider a possible contingency tap to implement the first phase of the Homeless Families Plan.

## *Flash Money*

The County understands that, on occasion, the use of large sums of money known as “flash money” is a necessary element to the successful investigation of drug, property, and other types of crimes by the Sheriff’s Office. In order to further an investigation, the use of flash money is an important tool to the infiltration of the criminal enterprise and in gaining the acceptance and confidence of an alleged criminal. The County also understands that there is a risk of loss when flash money is used during these types of investigations. The County acknowledges the sum of \$100,000 as an acceptable risk when using flash money in a criminal investigation.

## *Transition Services*

Community Justice will return to the Board this fall to provide a review of transition services for offenders leaving jail and identified for treatment. One model for consideration will be a mentorship program that has been successful in transitioning addicts from Hooper Detox to community treatment. A crucial component of that Mentoring program is the availability of alcohol free supervised housing. The Department will examine the -current array of treatment options, availability of resources, and potential gaps in support for offenders who leave jail without treatment being immediately available.

## *Friends of Public Health*

The Board may consider a contingency appropriation after reviewing a proposed project list and a Budget Office review of the Friends of Public Health budget and financial plan.