



Ted Wheeler, Multnomah County Chair

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Multnomah County Chair Wheeler's Executive Budget Message April 2008

I am pleased to present the Executive Budget for fiscal year 2009.

Although it ultimately reflects my priorities as Chair, it is truly a community project. It represents the wisdom of dozens of citizens, county clients, managers, front-line employees, policy experts and other elected officials who gave generously of their time and expertise. I want to thank all of them for their efforts.

This budget has four primary goals: 1) Preserve core county programs; 2) Strengthen the county's financial position in anticipation of a weakening economy; 3) Open the Wapato facility in a fiscally responsible manner, and 4) Refine the funding priorities for my administration.

I have made a concerted effort to support programs that are important to my colleagues on the Board of County Commissioners. This will be the final budget for Commissioners Rojo de Steffey, Naito, and Roberts who will be ending their terms at the end of 2008. I want to extend a special thanks to them for their distinguished service to the citizens of Multnomah County. Commissioner Cogen will continue to serve with me along with three new Board members who take office in January 2009.

This is also a transitional budget in that the three new Commissioners will take office mid-way through the fiscal year and thus they will have to live with the budget decisions made by the current board. It is important that the current board makes every effort to stabilize the county's budget situation in order to give the new board members a solid foundation from which to build as they begin their elected careers at Multnomah County.

Preserve Core County Services

An important goal of this budget is to preserve core client-based services and minimize the impact on individual clients, especially those who are the most vulnerable. We should maintain the current effective mix of services and not sacrifice our vital investments in prevention, early intervention, health and mental health treatment, and services for youth and the elderly. I attempted to draw a protective circle around programs that can only be provided by Multnomah County and that are consistent with our core competencies. Rather than taking

program cuts, I encouraged all departments to identify consolidations that improve efficiency, to re-examine how all dollars are being spent, and to identify small reductions that could be manageable. Of course, all programs were evaluated against the performance measurements and benchmarks that are now required for all county programs.

Before outlining the reductions that are taken in this budget, **I believe it is equally important to underscore that the vast majority of county programs remain intact.** These are some of the program areas where no significant reductions are taken: aging services, disability services, mental health services, community health clinics, SUN schools, domestic violence services, addiction and treatment services, housing services, anti-poverty services, public health services, court services, homeless youth services, animal services, citizen involvement, libraries, emergency management and land use planning.

Strengthen the County's Financial Position

Multnomah County was able to significantly reduce its ongoing budget shortfall from \$32 million to \$18 million during the past two years. However, the County still faces three significant challenges in eliminating the remaining shortfall:

- 1) The economy is weakening, which can lead to significantly reduced property tax and business tax revenues in the near future. This would be compounded by significantly reduced pass-through revenue for services that the County receives from the State and Federal Governments.
- 2) Operating costs continue to grow at a faster pace than our core source of revenue - property taxes - which are fixed by the state constitution at a growth rate of about three percent. By comparison, inflation is currently running at 3.8 percent. Our costs to provide services are rising at an even higher rate due to impacts from inflation, rising medical care costs, etc.
- 3) Even though the three-year temporary income tax (ITAX) which supported \$32 million in county programs expired two years ago, the Board still has not reduced spending enough to fully balance the loss of revenue.

During the last few years, a resilient economy created unanticipated "one-time only" funding that allowed the Board to defer some cuts. In addition, departments managed costs in such a way that dollars were saved. Given the slowing economy and reduced revenue estimates in future years, postponing cuts any longer would be a shortsighted strategy which I believe would serve only to pass the hard choices on to the next Board.

I anticipate that the central debate over this year's budget will be the fate of nearly \$38 million of "one-time only" funding. The bulk of this additional revenue came from unusually large collections of property and business income taxes when the economy was strong. **I believe we should use most of the one-time only funds to pay down our debt to reduce our ongoing interest expenditures.** While this might not sound very exciting compared to funding new programs (albeit for one year only), it means we can reduce ongoing costs by \$4 million per year without having to cut programs that serve our clients. **Paying down a significant portion of our debt is the fiscally smart thing to do with our one-time money because it lowers our costs and preserves our core services, even in a declining economy.**

This budget proposes that we use about \$24 million of one-time only funds to reduce our debt from 4.2 percent of general fund revenues to 2.9 percent, which would reduce our debt load to a

level lower than many jurisdictions that are comparable to us in size. In addition to reducing our ongoing costs, we will free up debt capacity for future capital needs without putting additional stress on General Fund resources.

I believe that the remainder of one-time only funds should go to transitioning several programs to other funding sources to help promote service and employee continuity and to one-time only programs that can also lead to reduced ongoing operating costs. For example, I propose that we fund the one-time only request of \$611,000 to continue funding the costs at the Juvenile Detention facility for general custody detention beds until a new innovative juvenile re-entry program in partnership with the State is implemented next year. Savings will amount to \$611,000.

I have strictly limited new ongoing programs funded in this budget.

Open the Wapato Facility in a Fiscally Responsible Manner

While Multnomah County has long been recognized nationally for its outstanding libraries, innovative leadership in health, human services, sustainability and other areas, it has also received dubious recognition for building the \$58 million Wapato facility – but never opening it. As long as the facility remains closed, I believe it will continue to undercut the credibility of Multnomah County government.

It has been my administration's goal to open the Wapato facility, but not just for the sake of saying it was open. We have held the line on three principles for opening the facility: 1) It must be done in a cost-effective manner, 2) It must be done consistently with what the voters paid for when they passed the bond measure in 1996, and 3) It must be done in a manner that would guarantee added value to the community in terms of reducing crime over the long-run. This budget provides adequate funding to open the Wapato facility in early 2009 in a manner that is consistent with these three goals.

In summary, the Wapato proposal funded in this budget will provide 50 secure treatment beds and 75 traditional jail beds as a starting point. Workgroups representing the Multnomah County Sheriff, District Attorney, Department of Community Justice and the Chair's Office are currently developing an implementation plan for this proposal. This incremental approach will allow us to thoughtfully build the capacity of the facility in a carefully planned way. It will also allow us to potentially develop partnerships with other jurisdictions that could further expand the facility's capacity. There will be statewide measures on the November ballot that could lead to increased demand for capacity at the Wapato facility, and this proposal allows us the flexibility to respond to the county's advantage. This Wapato model is cost-effective because of the expansion possibilities but it is important to note that in the short term, smaller scale operations have higher unit costs.

I am highly committed to the secure treatment model and am confident that it makes sense both in terms of ultimately reducing crime and saving the taxpayers money. Moreover, the bond passed by the voters in 1996 clearly called for secure treatment beds to be included at the Wapato facility.

Hundreds of individuals currently residing in our county jails are frequent repeat offenders. For them, jail alone is not a sufficient sanction to deter them from repeatedly committing crimes. Upon release, many of them quickly commit more crimes in order to support their addiction to drugs (for the most part) or alcohol (in some cases). The crimes they commit are the ones that law abiding citizens often notice the most – property crimes. Although secure treatment beds cost more than jail beds in a dorm setting, they have a higher likelihood of breaking the cycle of crime because they target the addiction that drives the criminal behavior. Other jurisdictions in Texas, Washington and Nevada (and elsewhere) have found that treatment works, reduces criminal behavior, and saves taxpayer dollars over the long-run.

Refine the Funding Priorities for My Administration

There are a number of administration and Board priorities that are not mentioned because there is no extraordinary budgetary impact. Some of these include continued work on securing funding for the Sellwood Bridge, the creation of a regional transportation/bridge authority, efforts focused on rebuilding the downtown courthouse, continuing the work of the SUN Oversight Council, statewide tax reform efforts, and the ongoing efforts in collaboration with the City of Portland to enhance animal services.

This Executive Budget proposes to maintain support for programs that reflect my administration's core policy goals. Although much of my last year was spent on transportation (especially bridge) and public safety issues, I ran for County Chair because of my passion for helping people in need and a strong commitment to the outstanding delivery of human services. Many of these efforts will require active, innovative partnerships with other governmental and non-profit agencies. During the next fiscal year I intend to substantially expand my efforts in the following areas:

- Providing leadership for siting and funding a facility where people suffering from mental illness can receive treatment rather than being sent to jail or a hospital. I have provided \$1.0 million in this budget for the remodeling of a sub acute facility in hopes of obtaining matching funds from the City of Portland and the Portland Development Commission. However, a levy will also be required to provide the \$2+ million in ongoing operating funds for the facility.
- Continuing our initiatives to eliminate racial disparities around health outcomes and juvenile incarceration.
- Enhancing proven poverty reduction strategies that we began last year, especially the Earned Income Tax Credit program. This year we are embarking upon a “green collar” jobs program targeted towards low income households.
- Expanding alcohol and drug treatment options in our community, including adding secure treatment capacity at the Wapato facility.
- Increasing resources for juvenile drug and alcohol abuse prevention programs. While the Executive Budget commits funds to these programs, the resources could be greatly enhanced through a future levy.
- Providing ongoing support to implement recommendations of the Vital Aging Task Force.
- Continuing to build the capacity of the County's Emergency Management function, with an emphasis on community preparedness among vulnerable populations to avoid a scenario like what happened in New Orleans.

- Prioritizing Sheriff's Office patrolling functions in unincorporated areas including establishing a new Community Resource Officer in the Corbett community.

This budget also continues overall Board funding priorities, including sustainability projects, the Warrants Strike Force, and continued funding for the East County Justice Center project.

Where Reductions are Taken

There is no painless way to eliminate an \$18 million budget shortfall in one year, especially after seven years of progressive budget cuts. All of the cuts identified below should generate substantial community debate (ultimately a good thing, I believe). Reasonable people can disagree about the individual reductions outlined below, but I hope it will be acknowledged that we worked hard to be fair, thoughtful, flexible, and creative in how reductions were made. Department heads and other elected officials were asked to make difficult choices, spread the pain, and think creatively. Department heads engaged their managers and front-line employees to find the best solutions and I was heartened by the intense effort that was made to achieve reasonable reductions.

The following are some of the most significant reductions in this budget:

Close remaining 94 Jail Beds on 8th floor at MCDC – reduces ongoing costs by \$2.4 million

One of the toughest reductions in this budget was offered by the Sheriff's Office as part of the three percent constraint request which was required of all County departments. While nobody should be under any illusion that the Sheriff's Office would want to make this reduction in the absence of a budget shortfall, there is good reasoning behind the request. **In summary, this reduction closes some of the most expensive jail beds in the entire system.** Moreover, these are the beds that have been kept open on a month-to-month basis by the Board of County Commissioners during the last year. For much of the year, these beds have not been fully utilized.

No one in Multnomah County wants to see more jail beds closed. But the difficult budget situation we face offers all parts of county government an opportunity to use our limited resources in the most effective and efficient ways possible, including the public safety system.

Our jail population has stabilized at a level below our funded capacity over the past year, which has resulted in many fewer early releases than we have seen in the past. Part of the reason for this is the continued low crime rates we have enjoyed in Multnomah County – in large part as a result of the good work of our public safety professionals.

This is not to suggest that our jail capacity is sufficient. But, no matter how many beds we have, we need to use our jail in the most effective way we can.

Everyday, Multnomah County jails hold many different kinds of inmates: some are awaiting trial, some are held on probation or parole violations, some are serving court-imposed sentences and some are being held on behalf of federal authorities to whom we rent beds. Who is in our jail and how we manage our beds is the result of our own budget and policy choices. We can look at other ways of prioritizing our jail populations, including making custody decisions based on

length of time served. We can manage these populations in ways that do not compromise the word of our judges when they hand down sentences, or our ability to hold offenders accountable.

Accordingly, this reduction in jail beds is paired with a \$500,000 increased investment in enhanced community-based sanctions that is expected to compensate for the loss of 75 of these beds over time. The ongoing savings not only help us close the budget gap, but also put us in a position where we are able to open the Wapato facility with the expectation of future expansion. Once closed, this floor of MCDC could become a potential future site for a Secure Work Release Program.

Eliminate Field Based Work Release as a Population Management Tool – reduces ongoing costs by \$1.1 million

Field Based Work Release (FBWR) was a program that received initial funding last year. The program, which was designed and managed by MCSO, has not been able to meet its target objectives. While FBWR remains at approximately two-thirds of planned capacity, I believe the investment in structured sanctions (above) is a more systematic way to address the issue of fewer ongoing jail beds.

Reduce internal services – reduces ongoing costs by approximately \$1 million

This will be a combination of reductions to fleet services (replacing vehicles less often), IT, and facilities (aesthetic services such as landscaping). Although County employees will notice these reductions, the rationale for taking them is that they do not impact direct client services.

Reorganize school-based health clinics – reduces ongoing costs by approximately \$800,000

We are proposing to maintain a physical presence at all 12 current locations through the consolidation of services and, in some locations, a reduction of days and hours of operations. All seven high schools will continue to be open five days a week for services. There will, however, be a minor reduction in the amount of time a nurse practitioner will be available at each location. A licensed provider (either a nurse practitioner or a licensed nurse) will continue to be present on days the clinics are open. Clients may be referred from one clinic to another if there is need for urgent nurse practitioner services. The Teen Clinic, located at the East County Health Center, will expand hours of operation to increase access for youth in East County who are in school or eligible to be enrolled in school. Services will continue to be available for any youth eligible to be enrolled in school. School-age youth will, of course, also continue to have full access to Multnomah County's community health centers which will not see reduced service as a result of this budget.

Share funding for sobering services and detox services with partners. Reduces ongoing costs by approximately \$800,000

The County is currently engaged with potential partners to share the cost of this service and potentially link it to an envisioned mental health sub-acute treatment facility. The Executive Budget includes \$600,000 towards sobering services in a good-faith effort to continue the dialog with our partners. We have approached partners to invest in this program that benefits the entire community.

Transition 16 juvenile detention beds to juvenile re-entry beds – reduces ongoing costs by approximately \$610,000

The County currently operates 80 general custody detention beds (including those operated under contract for Washington and Clackamas Counties). Due to electronic monitoring, treatment and accountability programs for youth that reduce the need for incarceration, our average daily population varies between 60 to 65. This means that most of the 16 bed units actually only have 12 or 13 youth on average in the units. Through prudent management and seeking alternatives for a few youth at peak times, the Department believes we can operate with 64 beds.

We have the potential for an excellent use for the current employees and the freed up space. In partnership with the State of Oregon, Multnomah County will pilot an innovative re-entry program at our Donald E. Long juvenile facility. After youth have been held accountable, we believe it is important to give them a real chance to remain successful in the community after their discharge from detention. The state will be a major partner in funding this program. Services will include job skills, mentoring and transitional planning. County general funds will be used to operate the traditional juvenile beds and continue to employ our staff until the re-entry program is in place.

Reduce one guard station at the Inverness Jail (MCIJ) through technology enhancements – reduces ongoing costs by approximately \$525,000

As mentioned previously, this budget assumes that most of the existing “one-time only” resources will be used to pay down the County’s debt to reduce ongoing expenses. Much of the remainder should be used to support one-time only expenditures that will reduce operating costs on an ongoing basis. One example of the latter is the proposal by the Sheriff’s Office to spend \$1.0 million to eliminate one guard station at MCIJ. This would link two guard station control facilities via technology, thus reducing staffing needs. Once implemented, this is projected to save approximately \$525,000 per year.

Transition residential treatment for juvenile sex offenders to existing programs – reduces ongoing costs by approximately \$450,000

Multnomah County’s success in lowering juvenile crime over the past decade has led to dramatic reductions in number of teens we hold in juvenile detention – as well as the beds we use in state youth correctional facilities. As a result of our low juvenile crime rates, we have converted portions of the Donald E. Long Home, our juvenile detention facility, into secure treatment programs that intervene with the highest-risk teens so that they can go on to live productive lives and avoid getting into trouble again. These intervention programs are operated in partnership with the Morrison Center, a community-based provider of adolescent treatment services.

However, recent changes in federal policy have jeopardized funding that makes it possible for us to continue to operate our successful residential sex offender treatment inside the Donald E. Long facility. As a result of this change, this budget proposes to transfer the delivery of this intervention to the Morrison Center and to the state. The Department of Community Justice is currently in discussions with the Morrison Center and the state to move forward with this transition and expand the delivery of these services to youth from the tri-county area. The

transition will reduce our costs by making increased use of treatment beds operated by the state for the higher risk offenders and by using a community-based option for the lower risk offenders.

Medicaid eligibility shifted to state – reduces ongoing costs by approximately \$590,000

The County has provided one-time only funding for enrolling eligible clients into the state health care system. The State will reimburse the County for this enrollment function at the end of the year.

Restructure administration of DUII diversion program – reduces ongoing costs by approximately \$300,000

This budget proposes that the county shift delivery our administration of the DUII diversion program for the Courts to the model currently in use by neighboring counties. In Washington and Clackamas Counties, non-profit agencies provide initial assessment, based on a state fee schedule. Treatment will still be provided by community agencies. Monitoring and evaluation will be a court responsibility, assisted by the County. We plan a mid-year transition to allow the Courts time to integrate changes as well as to allow our employees to seek opportunities for similar employment within the County.

Move phones and computers less often – reduces ongoing costs by approximately \$300,000

This is an example of an administrative saving that will not impact county programs directly or impact county clients. It will require tightening internal policies. With nearly 5,000 employees in dozens of facilities, requests to move phones and computers are frequent and can lead to substantial administrative costs. We know keeping these decisions in departments and closer to the work is the best way to control costs.

Reprioritize law enforcement resources to enhance service in unincorporated areas – reduces ongoing costs by \$400,000.

This budget assumes that MCSO law enforcement will re-prioritize its patrolling efforts to include the position of Community Resource Officer in the community of Corbett. **This request resulted from a public meeting held recently in Corbett where citizens overwhelmingly requested that this service be provided.** The budget also allows for the continuation of two new warrant enforcement officers; however, there will need to be offsetting reductions in other areas. Potential areas of reduction are the Special Investigations Unit which performs drug investigations on a county wide basis (well beyond our patrol responsibilities) and the civil process unit, which carried the bulk of the vacancies within the agency in the current year.

Reprioritize District Attorney focus – reduce two positions – reduces ongoing costs by approximately \$230,000

To meet their constraint, the District Attorney proposed a reduction of four attorneys. However, this reduction is more than offset by aggressive and effective grant work. While general fund resources will be reduced, the DA's Office will actually gain three positions due to the grant funds.

Elections office efficiencies – reduces ongoing costs by approximately \$200,000

A recent audit identified several areas of potential efficiency. These reductions are consistent with the recommendations of that audit. Paired with this reduction is a significant one time only add-package which will provide necessary resources for the November 2008 general election.

Pay down county debt – reduces ongoing costs by approximately \$4 million

By using substantial one-time only funds to pay down approximately \$24 million of debt, the County can save approximately \$4 million per year for the next six years. Moreover, this will reduce the county's debt/general fund ratio from 4.2 percent to 2.9 percent.

Ask Departments to absorb the higher than anticipated inflationary increase over the next year \$1,800,000

The current rate of inflation was recently adjusted upwards from a projected 3.0% to 3.8%. This will have a general fund impact of nearly \$2 million on the county general fund by the end of the coming fiscal year. Rather than dictate how those further reductions should be taken, Department Directors have asked for discretion to find savings over the course of the year to account for the increase in inflation. Our projected financial starting point will be \$2 million lower for FY10 because of this inflation. There will be a similar impact to non-general fund services.

Full Disclosure...

- The amounts of some of the reductions above are presented as accurately as possible, but actual savings could vary from projections.
- The Chair's Office offered a three percent constraint reduction. Some employees have voluntarily reduced their salaries and work hours. Two positions (Government Relations Manager and Economic Development Policy Advisor) are budgeted in the Office of the Board Clerk to reflect their mission and availability to all members of the Board, not just the Chair. One Position (Deputy Chief Operating Officer for Public Safety) will be funded with State 1145 funds, per the Memorandum of Understanding between the Chair and the Sheriff.
- The Chair elected not to take the increase in his salary as set by Salary Commission. The difference has been re-directed to the General Fund.

A Note on Process

Starting in September, my staff began meeting with Commissioners and Department Directors to outline this year's budget process. There was consensus that the Departments should have more of a role in developing their own reduction strategies, but that thinking across department lines should also be supported. Therefore, regular meetings were convened between Department Directors to foster communication around the budget.

It was agreed that the Citizen Budget Advisory Committee should remain an integral part of the budget process, and many Department Directors expressed strong support for their CBACs participation in the Department budget process.

After serious consideration, we decided to streamline the budget process but kept the program offer format from our prior years. Department Directors engaged front-line employees, union representation and citizens from their department's advisory groups. All our programs, with descriptions, dollar amounts and performance measures are available on the County web site.

All departments, MCSO and the DA's Office were asked to present a three-percent constraint budget as a guide in planning the executive budget. Some initial constraint recommendations were modified in conversations with departments; others were taken as presented.

Based on input from last year, we met with other jurisdictions, elected leaders, and organizations potentially impacted by budget reductions. A major element of this budget - the plan for the Wapato facility - has been publicly debated and refined over several months prior to the release of this budget. Likewise, many elements of this budget have been in the public eye for some time.

The release of this Executive Budget ushers in the most visible part of the public deliberation. Each Board member will have ample opportunity to evaluate the decisions herein and reach their own conclusions. The public will have several opportunities to publicly address the Board. My office and I will also continue to look to our community for their guidance and do targeted outreach to communities and organizations impacted by the budget process.

A Final Note

Multnomah County has responsibly made budget cuts in each of the last seven years. While all of us who serve on the Board of County Commissioners expect the County to live within its means, there is no denying that these many years of progressive cuts have had a negative impact on our ability to deliver our core services and has been devastating to the morale of our employees who deliver those services. Public safety, health and human services have all been impacted by the cuts which has eroded public confidence in the County's ability to provide the services that the community wants and expects.

For the well-being of the citizens we serve, and out of consideration of the hard-working employees at Multnomah County who deliver these services, we must get the organization onto stable financial ground and begin the process of rebuilding. I am confident that this budget can succeed in doing that.

I respectfully ask for your support of this Executive Budget.

Sincerely,

A handwritten signature in black ink that reads "TED WHEELER". The signature is written in a cursive, slightly slanted style.

Ted Wheeler
Multnomah County Chair