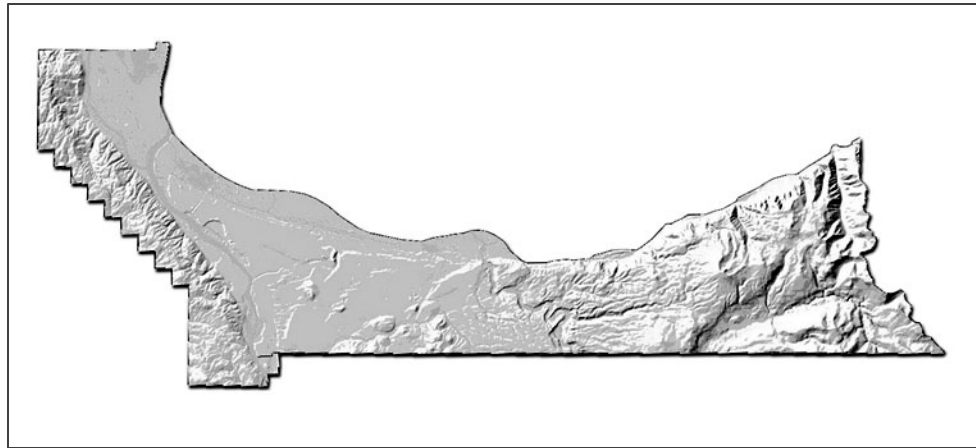




Multnomah County

Trends in Local Revenue Expenditure

October 22, 2001



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Budget & Quality Office
Department of Support Services

To Clarify Local Spending Decisions We Must Separate Devolution of Government from Increases in Local Spending

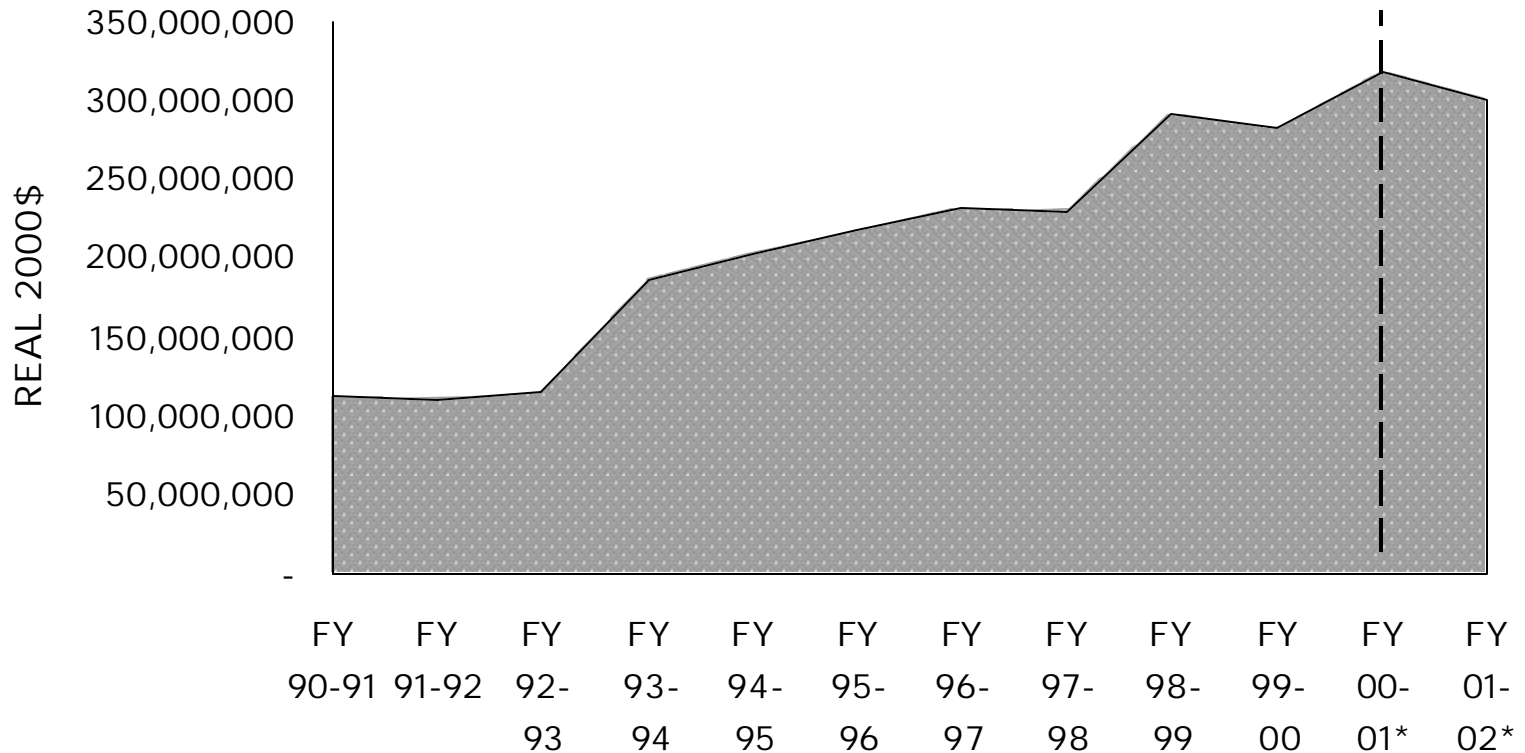
- **“Recent federal and state policies have shifted more responsibilities to lower levels of government [devolution] to increase local control over service delivery.”** *Financial Condition of Multnomah County*, April 2001, Multnomah County Auditor, p.5
- **“[Total] Expenditures have increased by 79% over the past ten years [inflation adjusted; FY90-00] largely due to the increased responsibilities transferred to the County from State government”**
Ibid. p 10
- **Transfer of responsibilities and funding from State government must be separated from increased expenditure of locally generated funds to clarify local spending decisions.**



General Fund vs. Total Local Spending

How Much General Fund (GF) is There?

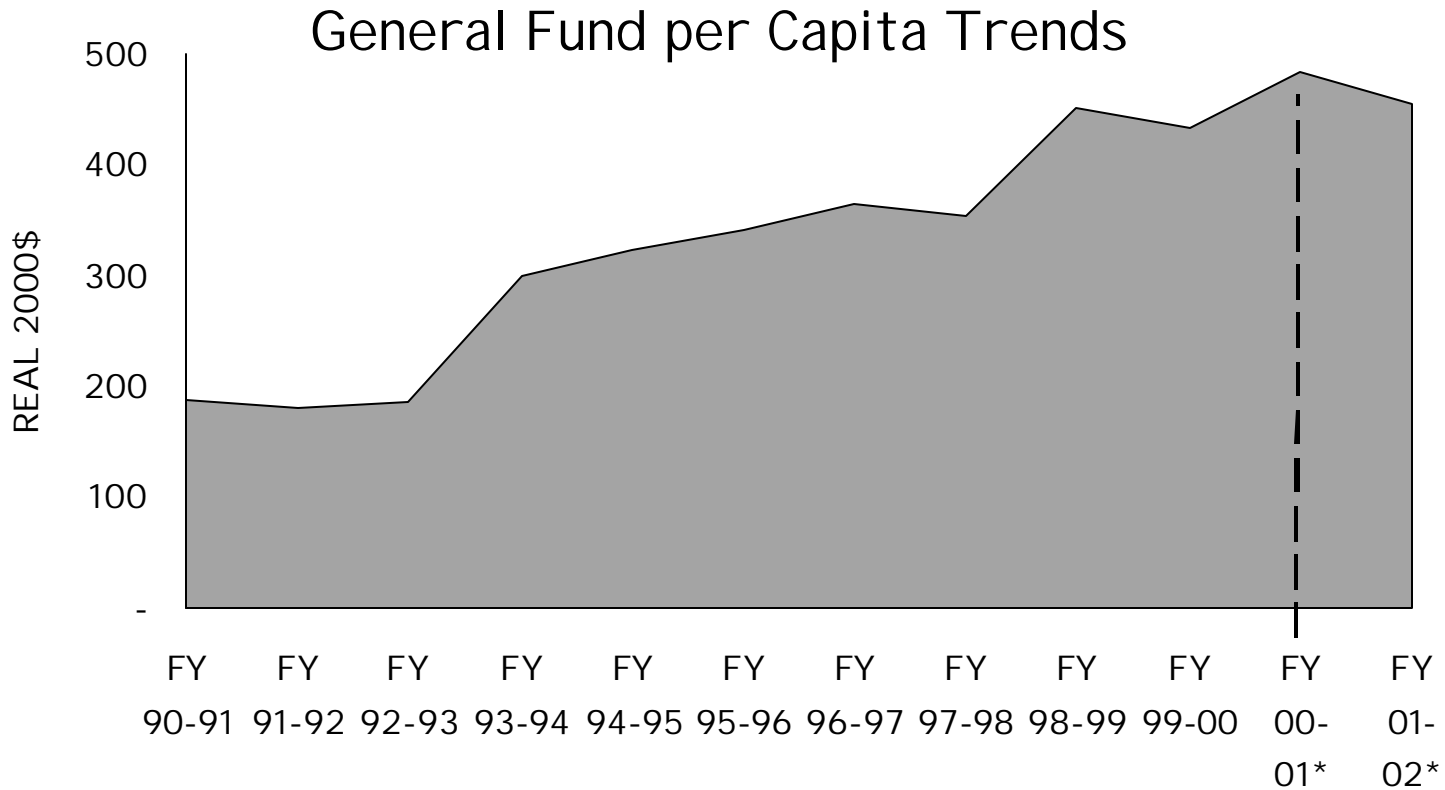
General Fund Trends



Source: Comprehensive Annual Financial Reports 1991-2000. * FY00-01 & FY01-02 from Adopted Budgets, & are not inflation adjusted.

➤ GF totals showed an *inflation adjusted* increase of 150% from FY91 to FY00

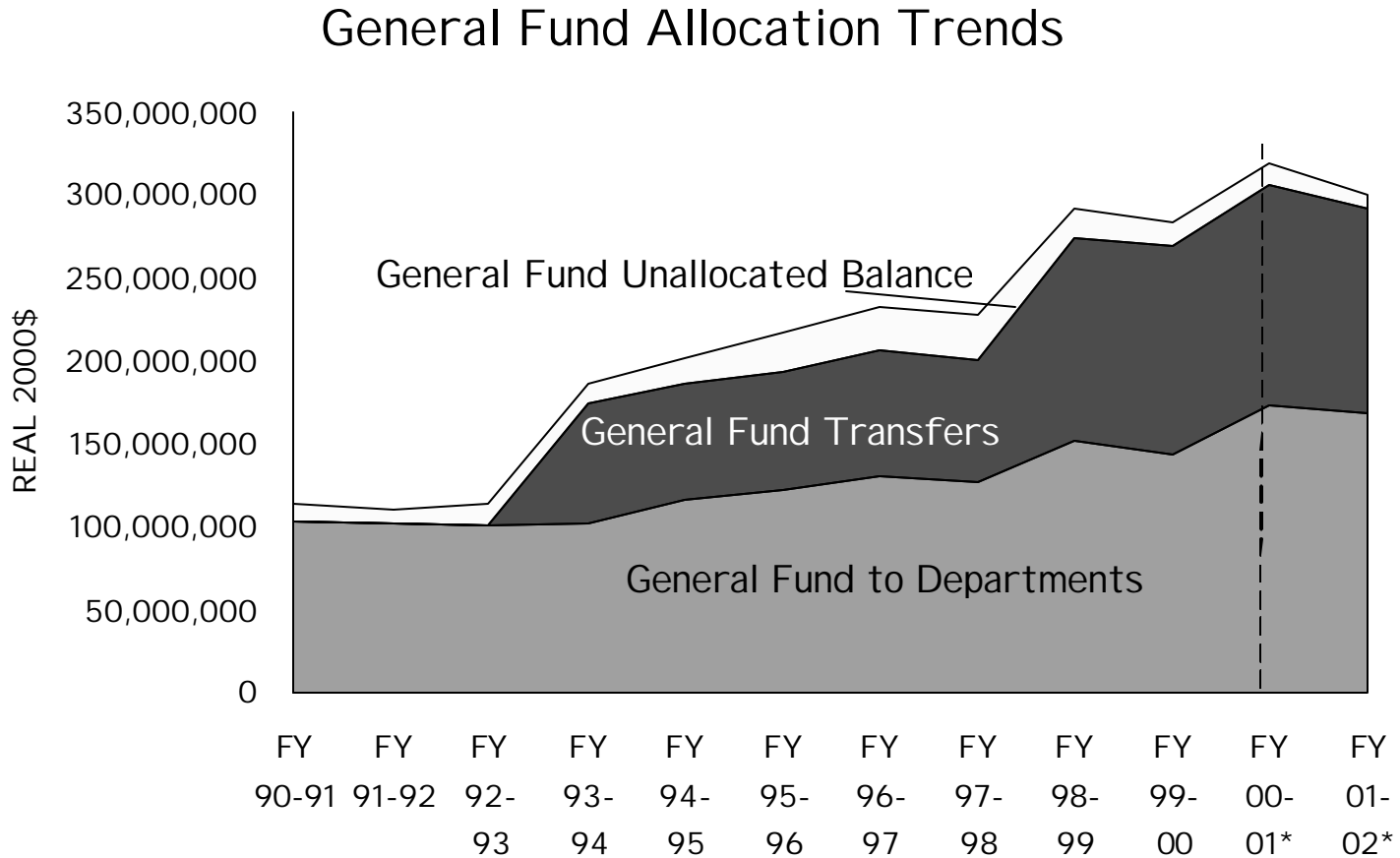
How has General Fund per Capita Changed?



Source: Comprehensive Annual Financial Reports 1991-2000. * FY00-01 & FY01-02 from Adopted Budgets, & are not inflation adjusted. 2001 population estimates courtesy George Hough, PSU Population Research Center, 1999.

- **GF per capita showed an *inflation adjusted* increase of 131% from FY90-91 to FY99-00.**

How Have We Allocated General Fund?

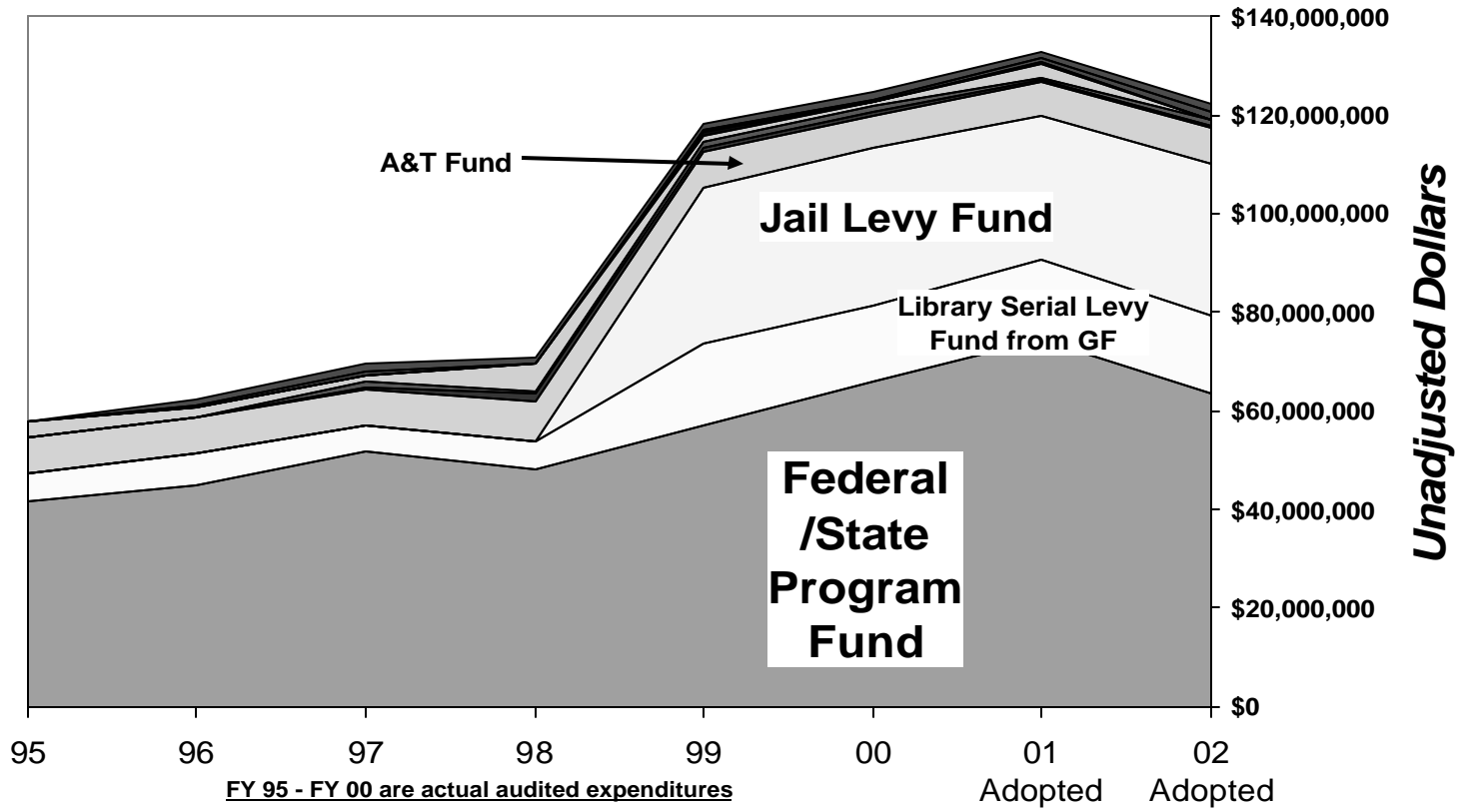


Source: Comprehensive Annual Financial Reports 1991-2000. * FY00-01 & FY01-02 from Adopted Budgets, & are not inflation adjusted.

- Since 1993-94 GF has increasingly been transferred to other funds.
- This complicates efforts to track how GF is actually spent.

Where Do We Send GF Transfers?

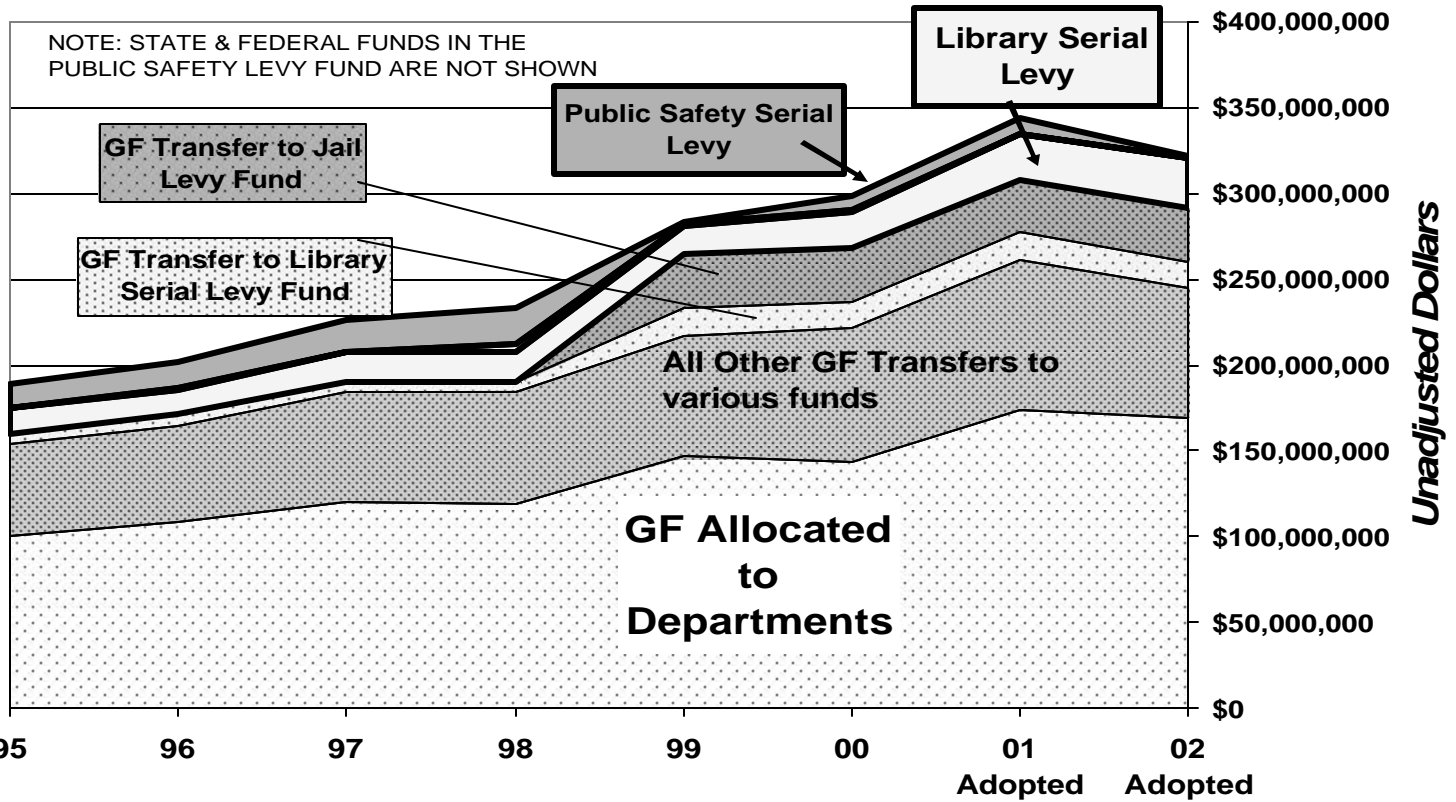
General Fund Transfers by Type



➤ GF transferred to other funds is not shown as GF expenditure in the CAFR (County Annual Financial Report).

“Local Spending” Can Be Defined as GF + GF Transfers + Local Levies

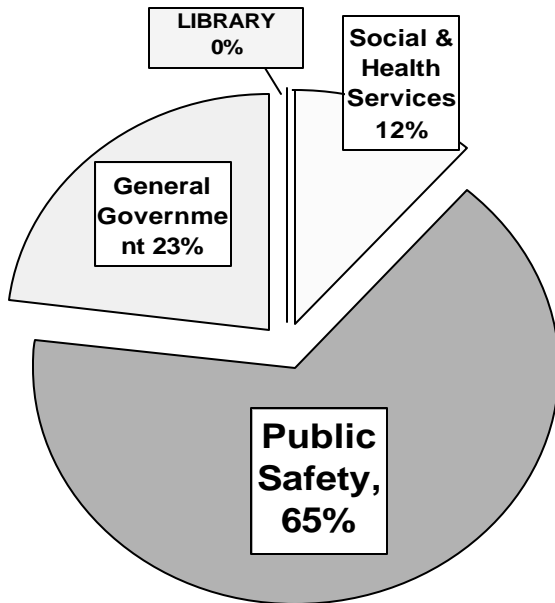
Multnomah County Local Funding by Type



➤ Due to past ballot measures, we include GF transfer as part, but not all of local levy expenditure.

Does Public Safety Consume 65% or 44% of Locally Generated Revenue?

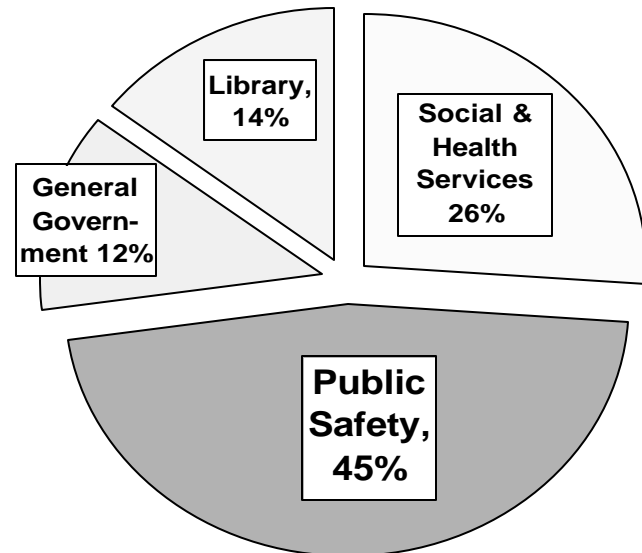
General Fund Spent in Departments as General Fund FY02



TOTAL = \$169 million

How We Account for General Fund

All Local Spending: General Fund, General Fund Transfers, Levies FY02



TOTAL = \$321 million

How We Spend Local Dollars

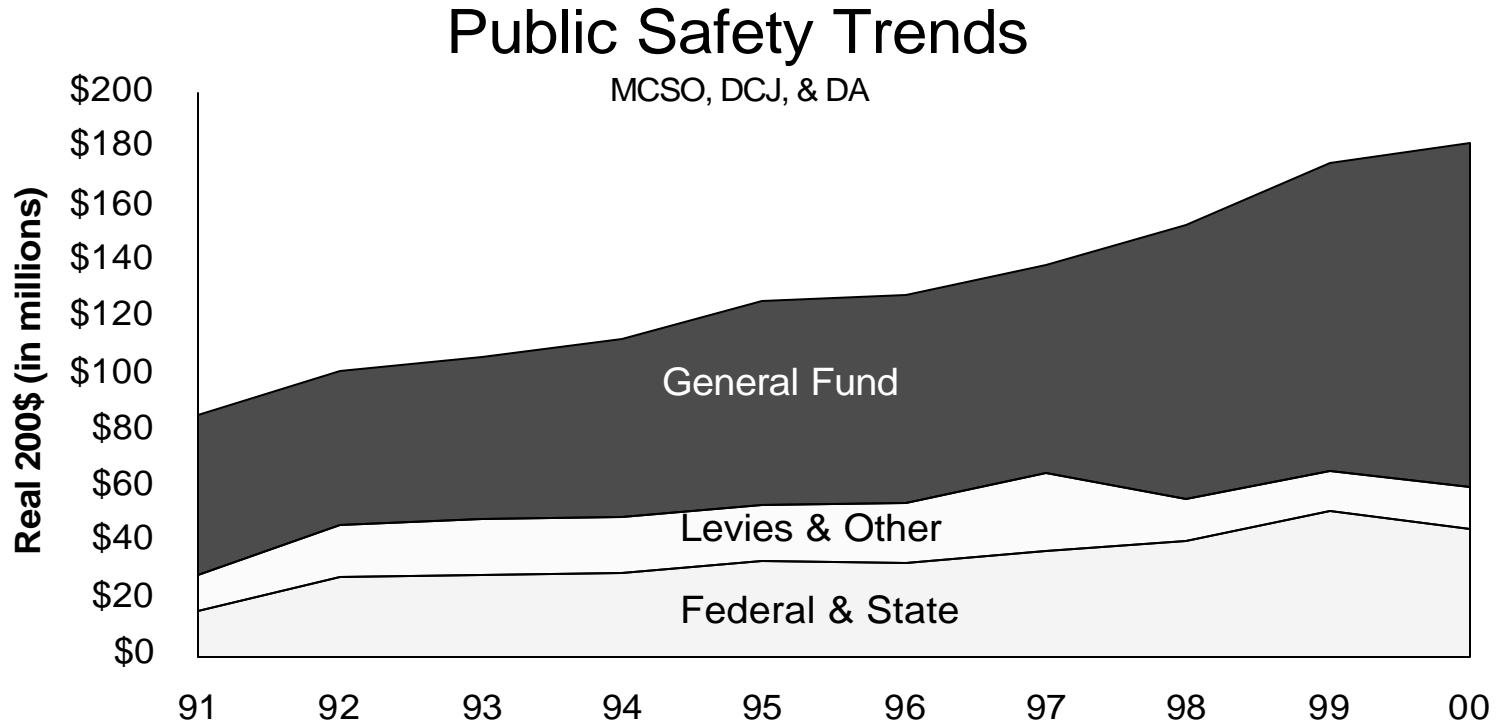
- Accounting for local fund expenditure depends on whether we count only GF that is spent in departments as GF, or all local revenue including GF, GF Transfers, and Local Levies.



Trends from Auditor's Financial Condition Report

**Inflation adjusted
expenditures FY91-00**

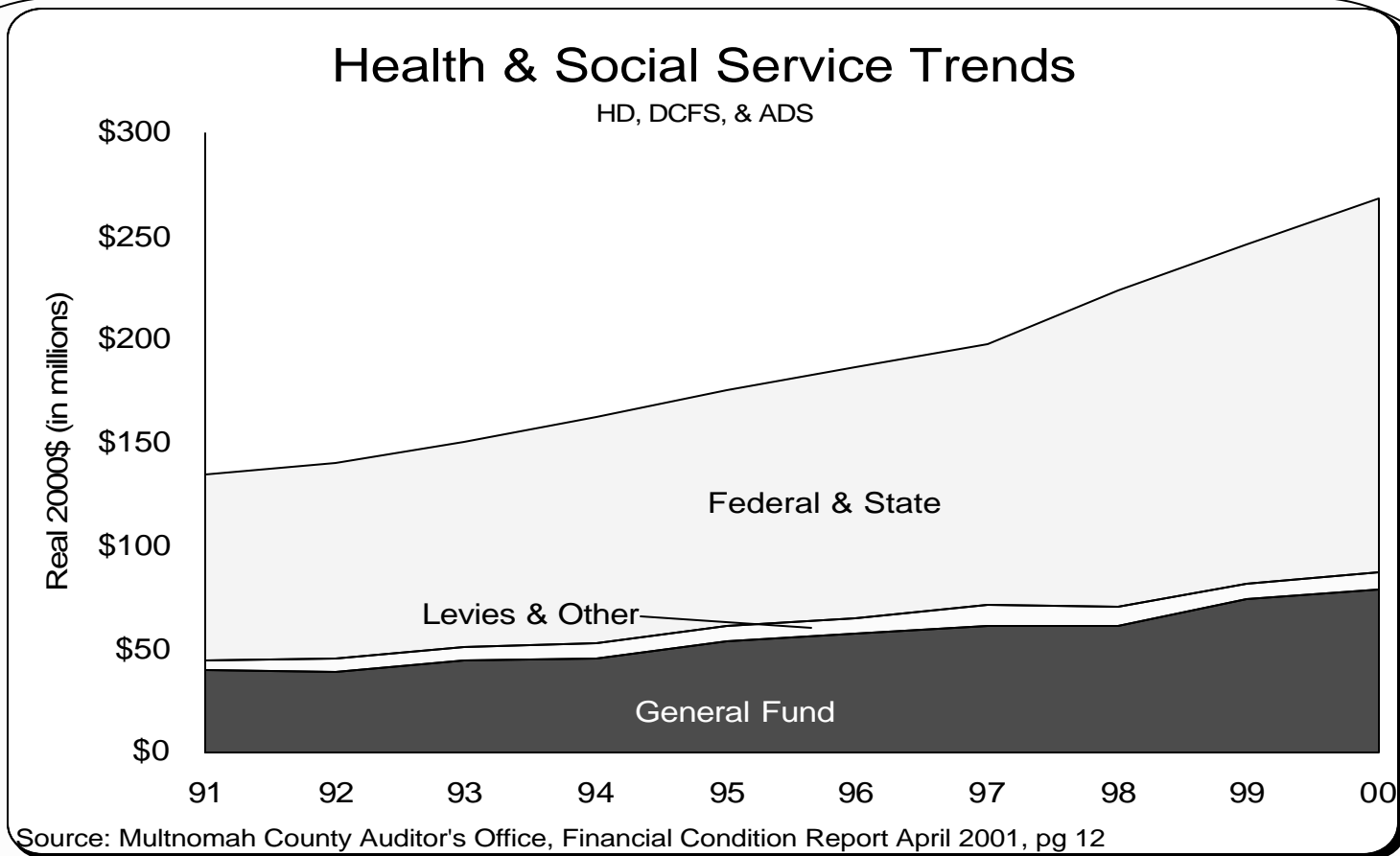
What are the Revenue Sources for Public Safety?



Source: Multnomah County Auditor's Office, Financial Condition Report April 2001, pg 11

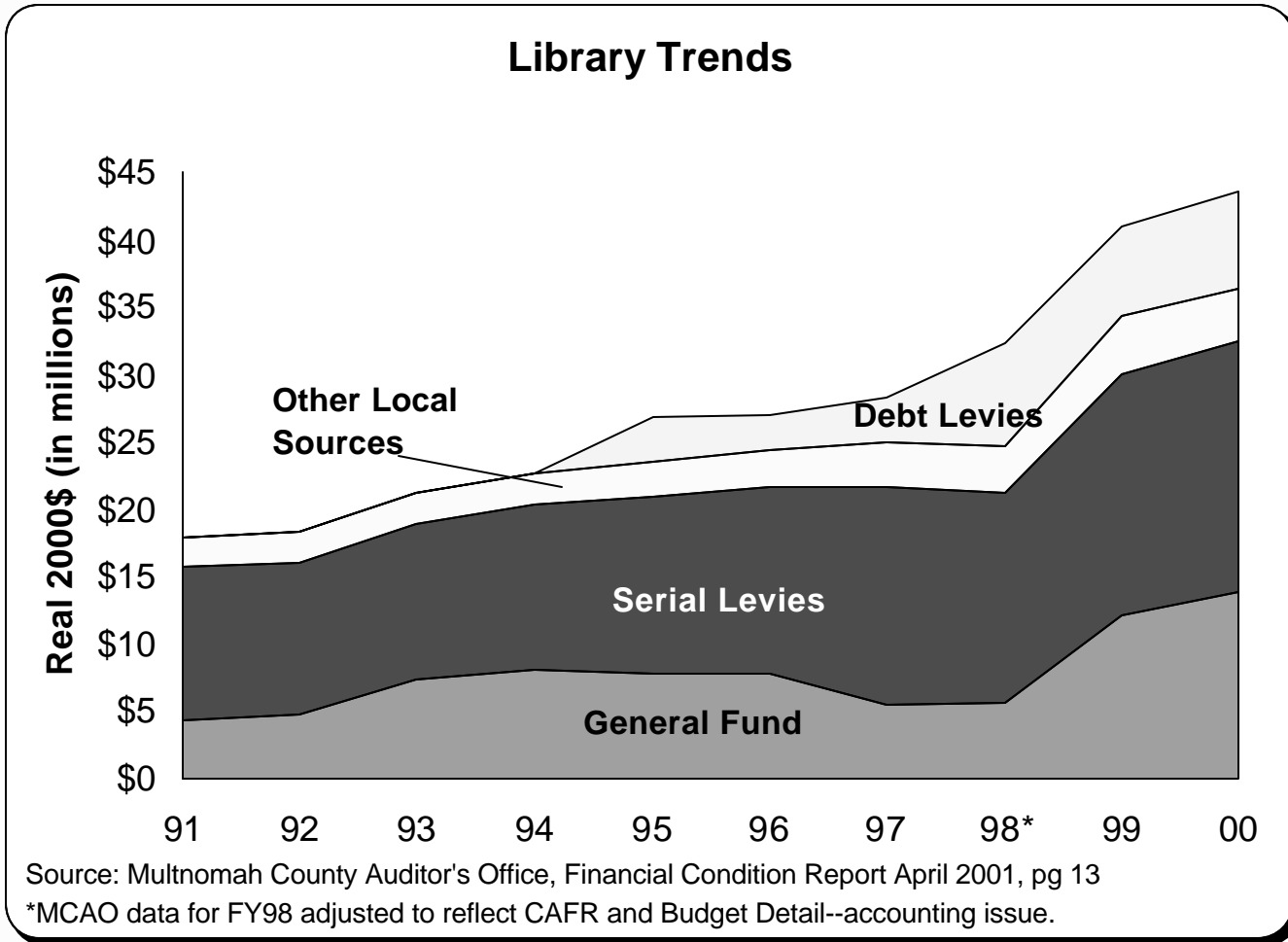
- **GF expenditures for Public Safety, inflation adjusted, increased 115%, from \$57 million in FY91 to \$122 million in FY00.**
- **GF paid 2/3rd of the Public Safety budget in FY00.**
- **Federal and State revenues dropped in FY99-00.**

What are the Revenue Sources for Health & Social Services?



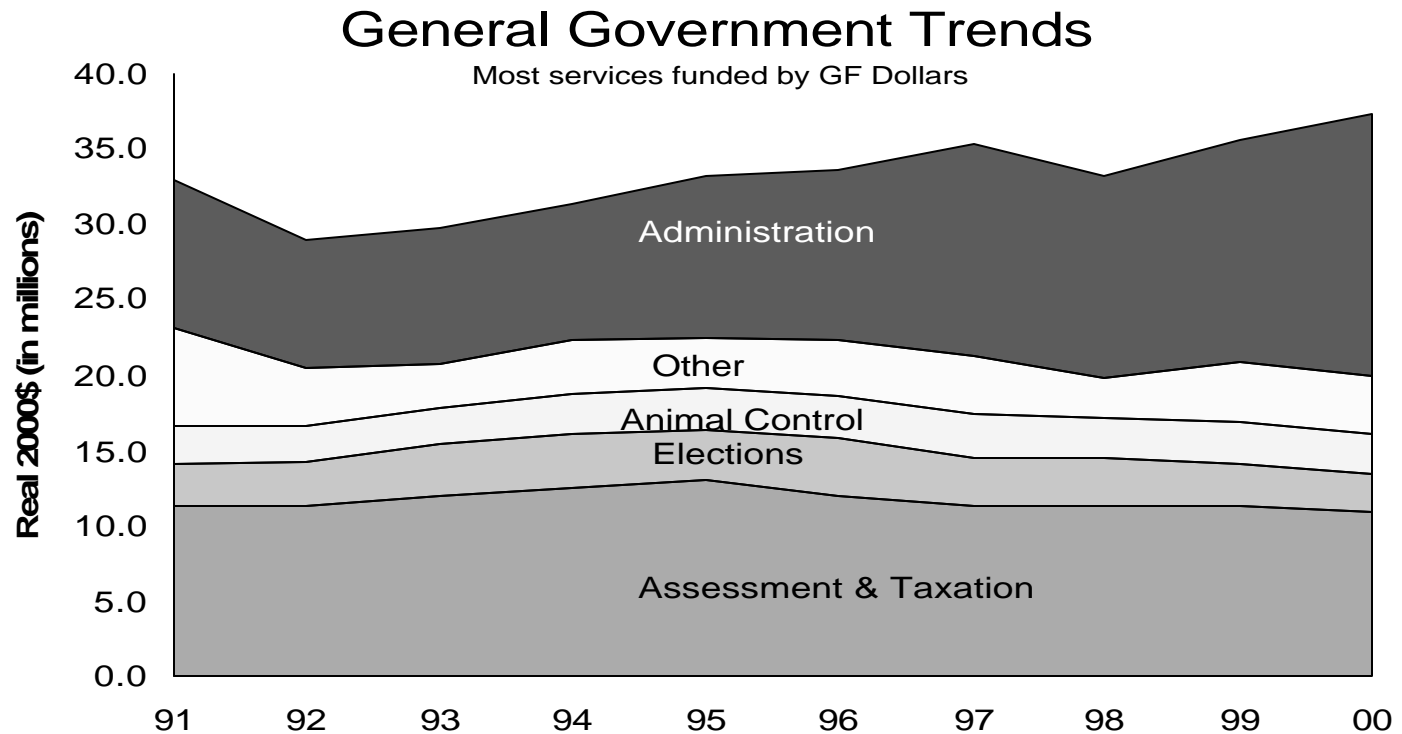
- GF spending for social and health services, inflation adjusted, increased 101%, from \$39 million in FY91 to \$79 million in FY00.
- Federal & State funds accounted for 2/3rd of Health & Social Service expenditures in 2000.

What are the Revenue Sources for the Library?



- **The Library is almost entirely funded by local sources.**
- **Total Library spending from all sources, inflation adjusted, increased 140% from \$18 million in FY91 to \$43 million in FY00.**

Where are General Government Dollars Spent?



Source: Multnomah County Auditor's Office, Financial Condition Report April 2001, pg 15

- **Assessment & Taxation, Elections, and “Other” government functions all cost less in inflation adjusted dollars. Animal control increased only 15%.**
- **Administration, inflation adjusted, grew 75%, from \$10 million in FY91 to \$17 million in FY00.**

Note: Administration includes finance, accounting, human resources, information services, budget & evaluation, organization development & training, much of the Dept. of Sustainable Community Development, county counsel, auditor's office, and county commissioners.

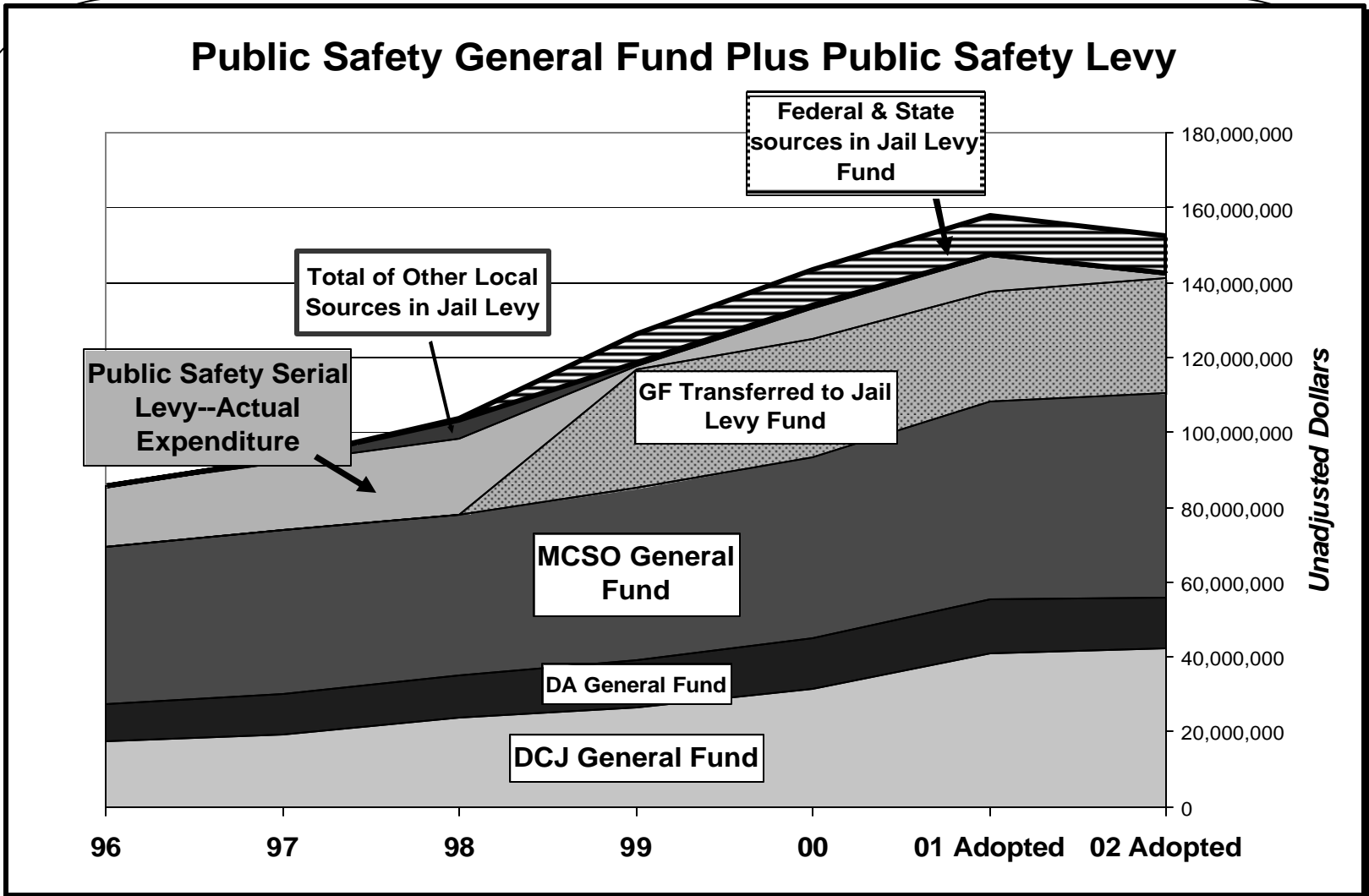


Analysis of Total Local Spending by Department FY 96-02

Evaluation/Research Unit

**Actual audited expenses FY96-00;
Adopted Budgets for FY01 and FY02**

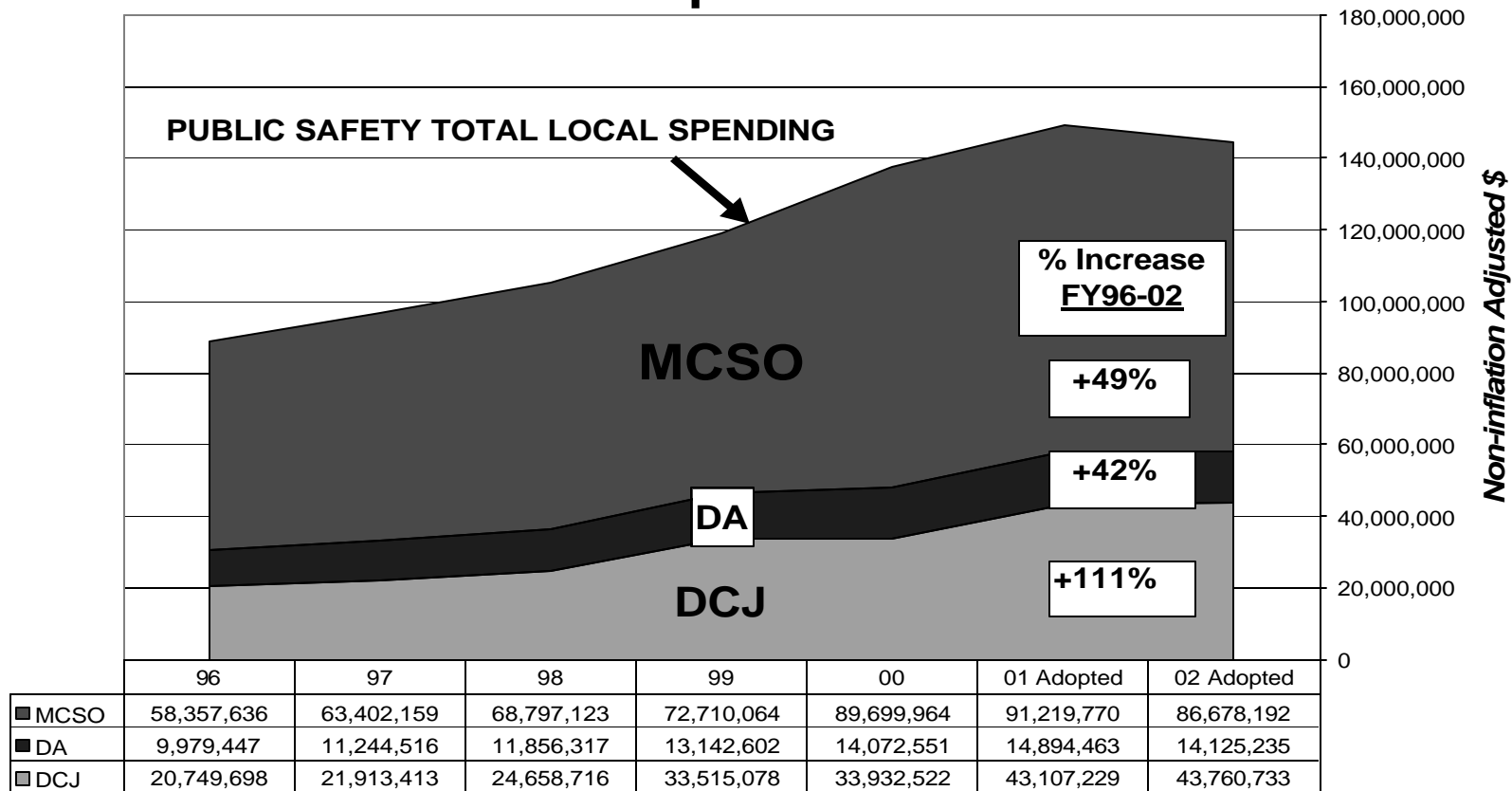
How are Public Safety Funds Spent by Department?



Answering this question requires tracking how fund revenues are allocated to departments.

Which Public Safety Departments Have Increased Most in Total Local Spending?

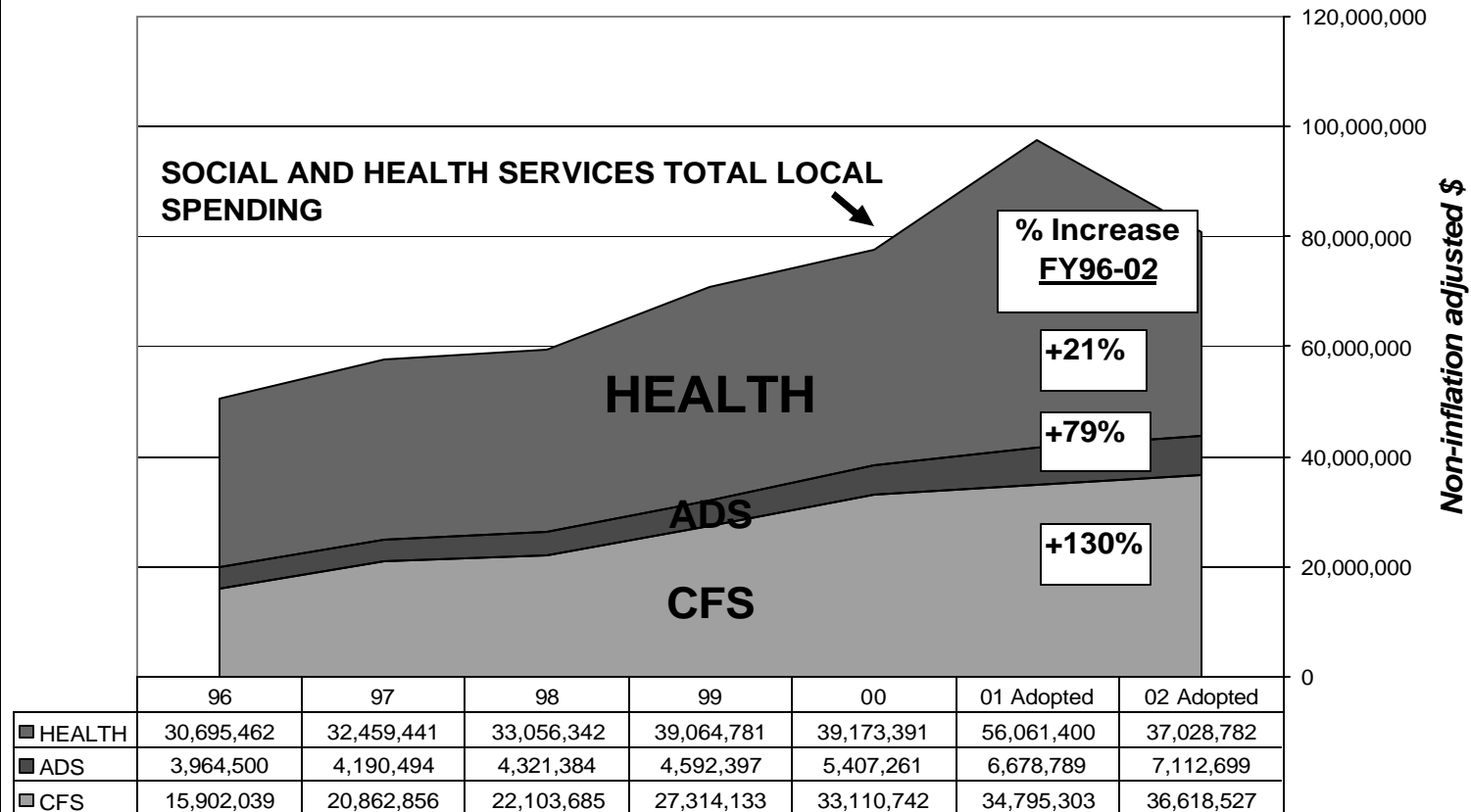
Public Safety Total Local Spending by Department



➤ DCJ showed the largest % increase (111%) but the Sheriff still has the largest share of total local public safety dollars.

Which Social and Health Services Departments Have Increased Most in Total Local Spending?

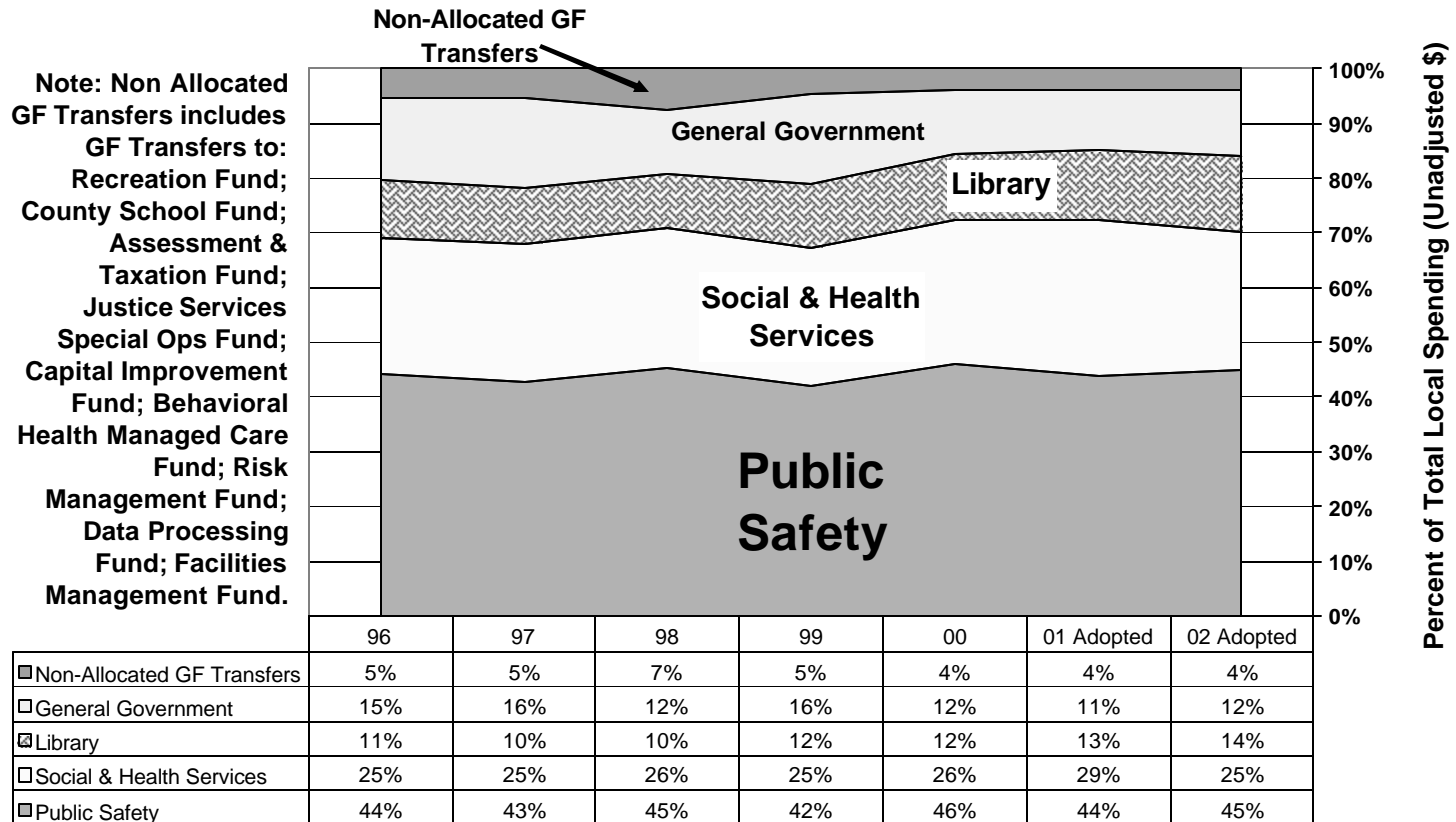
Social and Health Services Total Local Spending by Department



- CFS showed the largest % increase (130%) but Health still has the largest share of total local dollars spent on social and health services.

What is the Big Picture for All Local Spending?

Allocation of Total Local Spending in Multnomah County FY96-FY02



**The Library increased its share of total local spending from 11% to 14%. General Government's share of total local spending declined 3%
One percent of total local spending in FY 02 is about \$3.2 million.**

Summary—Part 1

General Fund vs. Total Local Spending

- **GF showed a inflation adjusted increase of 150% from FY91 to FY00**
- **GF per capita showed an inflation adjusted increase of 131% from FY91 to FY00**
- **GF transfers increased 72% from FY94 to FY00 & accounted for nearly half of the county GF expenditures in 2000. One effect of GF transfers is to “hide” how we have chosen to spend GF.**
- **Local Levies further complicate local spending analysis. Some, but not all, of the Public Safety and Library Levy expenditure is GF transfer.**
- **The total effects of local spending decisions are best examined by accounting for use of GF, GF transfers, plus local levies—taking care not to double count the GF transfer in local levies.**

Summary- Part 2

Trends from Auditor's Financial Condition Report.

- Inflation adjusted GF expenditures for Public Safety increased 115% from FY91 to FY00.
- Inflation adjusted GF expenditures for Health & Social Services increased 101% from FY90-91 to FY99-00.
- The Library is funded entirely by local revenues. Inflation adjusted Total Library expenditures increased 140% from FY91 to FY00
- Federal & State funds accounted for 2/3rd of all Health & Social Service expenditures in FY00. Conversely, GF accounts for 2/3rd of all Public Safety expenditures in FY00.

Summary- Part 3

Analysis of Total Local Spending by Department FY96-02 by Evaluation/Research Unit—Non inflation adjusted

- **Community and Family Services increased 130%; Aging and Disability Services increased 79%; Health increased 21%. Health still has the largest share total local revenue spent for social and health services..**
- **Dept. of Community justice increased the most (111%), although the Sheriff still spend most of the total local public safety revenue.**
- **Despite some departments showing larger percentage increases than others, the overall apportionment of total local revenue has been remarkably even between FY96 and FY02. Public Safety has remained constant at about 43-45% of total local revenues. Social and health services remained at about 25-26% of total local revenue. General government decreased from 15% to 12% while the Library increased from 11 to 14%. As total local revenue is roughly \$321 million in the FY02 Adopted Budget, a 1% increase equates to about \$3.2 million.**

Implications

- **We cannot separate planning for levies from plans for General Fund (GF) spending. Total property tax collected for Local Levies and GF both must fit under the property tax cap. Before allocating a share of local funds under the cap to a levy, we must examine general fund needs.**
- **We should re-examine our policy of GF-transfers. Are there benefits that outweigh the loss of ability to track GF expenditure?**
- **Inflation adjusted per capita GF more than doubled from FY91 to FY00. An analysis of what we bought is essential.**
 - **Departments with the highest rates of growth (DCJ, Community & Family Services, Library, and administration as a category of general government) should document where those increases went and the benefits of those programs to the public and their relation to the County's core mission.**
What have they added?
 - **Even though the Health Dept. and Sheriff did not show the largest percent increases in total local spending, they still account for the largest proportion of total local revenues in the public safety and social and health areas. Each of their programs needs to be evaluated for the benefits of those programs to the public and their relation to the County's core mission.**
What are they doing?