



# Portland Children's Levy

Analysis by Michelle B. Rubin

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
<b>Expenses</b>	<b>\$34,756,717</b>	<b>\$8,249,766</b>	<b>\$26,506,951</b>	<b>76%</b>
<b>Operating Expenses</b>	<b>\$26,091,420</b>	<b>\$8,233,102</b>	<b>\$17,858,318</b>	<b>68%</b>
Personnel	\$970,241	\$627,376	\$342,865	35%
External Materials and Services	\$25,066,364	\$7,574,876	\$17,491,488	70%
Internal Materials and Services	\$54,815	\$30,849	\$23,966	44%
<b>Fund Level Expenses</b>	<b>\$8,665,297</b>	<b>\$16,664</b>	<b>\$8,648,633</b>	<b>100%</b>
Contingency	\$8,640,297	\$0	\$8,640,297	100%
Fund Transfers - Expense	\$25,000	\$16,664	\$8,336	33%
<b>Revenue</b>	<b>\$34,756,717</b>	<b>\$20,674,859</b>	<b>\$14,081,858</b>	<b>41%</b>
<b>External Revenue</b>	<b>\$22,702,075</b>	<b>\$20,674,859</b>	<b>\$2,027,216</b>	<b>9%</b>
Miscellaneous	\$0	\$118,656	(\$118,656)	
Taxes	\$22,702,075	\$20,556,203	\$2,145,872	9%
<b>Internal Revenue</b>	<b>\$12,054,642</b>	<b>\$0</b>	<b>\$12,054,642</b>	<b>100%</b>
Beginning Fund Balance	\$12,054,642	\$0	\$12,054,642	100%

Figure 1. This table shows the Portland Children's Levy FY 2020-21 budget.

## INTRODUCTION

Two-thirds through the fiscal year, the Portland Children's Levy (PCL) has expended 32% of its budgeted operating expenses and has collected 91% of its external revenues. Revenue collection is lower than projected due in part to the economic impacts from the COVID-19 pandemic. **CBO anticipates that the bureau will end the year within budget.**

## KEY DECISIONS FOR COUNCIL

There are no major decision points for City Council in the Children's Levy FY 2020-21 Spring Budget Monitoring Process submission. The bureau did not submit any decision packages or request any adjustments to its FY 2020-21 budget.

## CURRENT YEAR BUDGET MONITORING

### Year-end Projections

#### Projected Property Tax Revenue Declines

PCL is projecting it will collect 1% less revenues than budgeted in the current fiscal year. The PCL budget is predominantly funded via Multnomah County property tax revenues. Property tax estimates are provided by the City Economist. The most recent estimates are from January 2021 and forecast that current year PCL revenues will be approximately \$765,000 lower than previously projected, with additional reductions in future fiscal years. Over the next three fiscal years, the bureau projects revenues to be approximately \$4.3 million lower than previously projected.<sup>1</sup> There is an increased level of uncertainty in these estimates due to economic impacts from the COVID-19

<sup>1</sup> For additional information on projected revenue decline and property tax compression, please see CBO's FY 2021-22 Requested Budget Review of the Portland Children's Levy: <https://www.portlandoregon.gov/cbo/article/781904>

pandemic; the extent of potential economic impacts on Levy revenues will be more fully known by the end of the fiscal year. Despite this reduction in expected revenues, the Children’s Levy does not expect any significant service level impacts or adjustments needed to its current grant allocations. The bureau plans to use its fund balance to maintain a consistent level of funding and services to the community over the next few fiscal years. Due to the reduction in revenue projections, PCL expects it will spend its fund balance of \$12.1 million quicker than previously anticipated and there may be reductions to its annual grant amounts beginning in FY 2023-24 – FY 2024-25.

**Projected Underspending in Personnel and Materials and Services**

PCL is projecting that it will remain within budget for all major expenditure categories and is expecting total expenditures to decrease by 28%. This is primarily due to an expected \$25,241 in personnel underspending, \$929,969 in external materials and services and \$5,471 in internal materials and services. Personnel underspending is driven primarily by two retirements within the bureau and the consolidation of two positions. In addition, PCL budgeted resources for merit increases, which given Mayoral guidance, will not occur in the current year.

**SPRING SUPPLEMENTAL BUDGET CHANGES**

	2020-21 Spring Revised Base (A)	Spring Decision Package Total (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
<b>Expense</b>	<b>\$34,756,717</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,756,717</b>
Personnel	\$970,241	\$0	\$0	\$970,241
External Materials and Services	\$25,066,364	\$0	\$0	\$25,066,364
Internal Materials and Services	\$54,815	\$0	\$0	\$54,815
Fund Transfers - Expense	\$25,000	\$0	\$0	\$25,000
Contingency	\$8,640,297	\$0	\$0	\$8,640,297
<b>Revenue</b>	<b>\$34,756,717</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,756,717</b>
Beginning Fund Balance	\$12,054,642	\$0	\$0	\$12,054,642
Taxes	\$22,702,075	\$0	\$0	\$22,702,075