



# Special Appropriations

Analysis by Angela Butel

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
<b>Expenses</b>	<b>\$22,229,798</b>	<b>\$9,151,722</b>	<b>\$13,078,076</b>	<b>59%</b>
<b>Operating Expenses</b>	<b>\$22,229,798</b>	<b>\$9,091,722</b>	<b>\$13,138,076</b>	<b>59%</b>
Personnel	\$1,489,273	\$789,639	\$699,634	47%
External Materials and Services	\$20,449,506	\$7,878,532	\$12,570,974	61%
Internal Materials and Services	\$291,019	\$423,551	(\$132,532)	-46%
<b>Capital Expenses</b>	<b>\$0</b>	<b>\$60,000</b>	<b>(\$60,000)</b>	
External Materials and Services	\$0	\$60,000	(\$60,000)	
<b>Revenue</b>	<b>\$22,229,798</b>	<b>\$63,709</b>	<b>\$22,166,089</b>	<b>100%</b>
<b>External Revenue</b>	<b>\$130,871</b>	<b>\$63,709</b>	<b>\$67,162</b>	<b>51%</b>
Intergovernmental	\$130,871	\$63,010	\$67,861	52%
Miscellaneous	\$0	\$699	(\$699)	
<b>Internal Revenue</b>	<b>\$1,255,484</b>	<b>\$0</b>	<b>\$1,255,484</b>	<b>100%</b>
Beginning Fund Balance	\$903,751	\$0	\$903,751	100%
Interagency Revenue	\$351,733	\$0	\$351,733	100%
<b>General Fund Allocation</b>	<b>\$20,843,443</b>	<b>\$0</b>	<b>\$20,843,443</b>	<b>100%</b>
General Fund Discretionary	\$19,376,520	\$0	\$19,376,520	100%
Fund Transfers - Revenue	\$1,281,046	\$0	\$1,281,046	100%
General Fund Overhead	\$185,877	\$0	\$185,877	100%

Figure 1. This table shows the Special Appropriations budget, including the General Fund, Open and Accountable Elections Fund, and Facilities Services Fund. This table does not include budget or actuals in the Grants Fund, which is being used to track the COVID emergency budget.

## INTRODUCTION

Two-thirds through the fiscal year, Special Appropriations has expended 41.2% of its budgeted expenses. Special Appropriations spending is largely governed by contract and grant agreements, and typically includes allocations that cross fiscal years and are carried over in the Fall Budget Monitoring Process. **CBO anticipates that Special Appropriations will end the year within budget, but likely without significant underspending of its General Fund discretionary allocation.**

## KEY DECISIONS FOR COUNCIL

A number of new General Fund requests and one General Fund program carryover request are included in Special Appropriations' Spring BMP submission. In addition to these requests, analyzed below, the submission includes a number of minor technical adjustments to several appropriations, and necessary adjustments to the COVID emergency response budget in the Grants Fund.

### General Fund Program Carryover

In light of the COVID-19 economic impacts to the City and community, the Mayor's Spring BMP guidance limited General Fund carryover requests to packages that 1) Fund one-time requests made as part of a bureau's FY 2021-22 requested budget, or 2) Continue one-time work that was funded in the current fiscal year but not completed. CBO has analyzed and developed recommendations based on these criteria.

### Charter Review Commission Program Carryover

- This request is for \$92,000 in General Fund program carryover resources to support the

ongoing work of the Charter Commission into FY 2021-22.

- The Charter Commission began meeting in early February 2021. Because this start date was later than originally planned due to COVID-related delays, some activities—Commission meetings, community engagement efforts—will not be completed to the extent originally planned for FY 2020-21, and the Commission will add those activities to the workplan for FY 2021-22. In addition, approximately \$40,000 of this request is related to personnel savings from delays in hiring an Engagement and Communications Coordinator, and will be used to partially offset planned FY 2021-22 activities of the Commission.<sup>1</sup>
- **Because the Charter Commission process is mandated by City charter and these resources will support the Commission’s work to engage Portlanders historically left out of City decision-making, CBO recommends this request.**

## **New General Fund Requests**

In light of the COVID-19 economic impacts to the City and community, the Mayor’s Spring BMP guidance stated that new requests for General Fund contingency should address legitimate concerns that the bureau may not finish the fiscal year within budgeted appropriations or meet an urgent community need related to the COVID-19 economic crisis—including housing, small business support and food security—that the bureau cannot expressly fund within existing budgeted resources. CBO has analyzed and developed recommendations based on these criteria.

### **Gateway Center Immigration Legal Services Request**

- This request is for \$30,000 in new General Fund discretionary resources to support legal consultation and intake services for clients of the Gateway Center for Domestic Violence who are concerned about their immigration status. The City and the County have made one-time allocations in each of the last several fiscal years to support this work. See additional analysis of this request in the Additional Analysis section below.
- **Because the City has indicated an enduring commitment, in partnership with the County, to support these services and because these resources support people navigating crises that have been exacerbated by the pandemic, CBO recommends this request. CBO further recommends that Council consider making this allocation ongoing if the intention is to continue providing support for this purpose on an annual basis.**

### **MFS-CASH Oregon Tax Preparation Assistance Request**

- This request is for \$39,000 in new one-time General Fund resources to support Metropolitan Family Service CASH Oregon (CASH Oregon) in extending its tax preparation assistance program for low-income Oregonians through July 15, 2021. This request is a result of increased demand and level of complexity of tax returns in the current tax year, as well as the IRS tax filing extension. See additional analysis of this request in the Additional Analysis section below.
- **As this request meets the criteria of being urgent, unforeseen, unable to be absorbed within existing resources, and meeting an urgent community need related to the COVID-19 economic crisis, CBO recommends this request.**

<sup>1</sup> For more information, see CBO’s FY 2021-22 Requested Budget Review, pages 10-11: <https://www.portlandoregon.gov/cbo/article/781940>

### Police Oversight Commission Support Position

- This request is for \$5,343 in new one-time General Fund resources to support partial-year costs of a limited-term 1.0 FTE Coordinator II position to staff the Police Oversight Commission in establishing the rules and policies for the Police Oversight Committee approved by voters in November 2020. See additional analysis of this request in the Additional Analysis section below.
- **CBO recognizes the importance of this effort and of having dedicated staff support for this work. CBO is supportive of the request to move forward with funding a position in the current year; however, CBO finds any decision to move forward with voter-approved oversight body work should be a discussion and decision for the Council. CBO is neither recommending for nor against this proposal, but suggests the Council discuss and agree upon the path forward as part of this BMP conversation.**

### Participatory Budgeting with Houseless Communities

- This request has been withdrawn by Commissioner Hardesty's office.

## CURRENT YEAR BUDGET MONITORING

### Budget on Track; Additional Adjustments Needed in OEO

Special Appropriations expenditures are generally pre-determined, with resources allocated by Council for specific projects, purposes, and grants. Because of this, Special Appropriations tends to fully expend or encumber its budget by the end of the fiscal year. In FY 2020-21, overall CBO projections suggest that Special Appropriations will end the fiscal year within budget.

However, the adjustments submitted in the FY 2020-21 Spring BMP did not fully address some areas where actual spending does not align with current budget. Special Appropriations staff plan to address this in the Over-Expenditure Ordinance (OEO) to ensure there are not cost overruns in any major object categories.

### Personnel Spending

Special Appropriations' year-end projections show full expenditure of the personnel budget in the General Fund and Open and Accountable Elections (OAE) fund. CBO projections suggest some likely personnel underspending in the General Fund, possibly up to about \$115,000. This is mainly in the Office of Violence Prevention and the City Arts Program, which have each had staff transitions or expansions in the current year. Special Appropriations staff note that these programs intend to repurpose personnel savings to support programming in the remainder of the fiscal year.

Special Appropriations' year-end personnel projection for the Grants Fund matches year-to-date actuals spending. This is a result of managing the different rules related to multiple revenue sources supporting the City's COVID emergency response. Because of the amount of personnel expenses charged to the Federal Emergency Management Agency (FEMA) through this point in the year, the ECC Finance team will not charge any additional personnel costs to FEMA and will instead cover them with CARES resources.

### Internal Materials and Services Spending

Special Appropriations' actual year-to-date General Fund internal materials and services (IMS) expenditures already exceed the revised budget for IMS. This may be from expenditures related to the COVID emergency response budget; Special Appropriations staff plan to do a full review of IMS expenditures before the OEO to ensure that any incident expenditures are coded to the correct

fund. CBO recommends that this review happen before programs repurpose any projected personnel underspending in case that budget flexibility is needed to cover IMS expenses. IMS spending in the Grants Fund is also significantly higher than budget, but there is sufficient flexibility in the external materials and services (EMS) budget to adjust for this in the OEO.

### **Projected Fund Balance for OAE Consistent with Past Years**

Most of OAE's EMS spending is for matching funds for participating candidates during election cycles. Because there are no more elections in the current fiscal year, additional EMS spending for OAE in FY 2020-21 is projected to be minimal. This leaves OAE with projected EMS underspending of around \$1 million, which the program plans to carry forward in order to build up sufficient resources to fund the program in more-expensive future election cycles. This level of fund balance is consistent with FY 2018-19 and FY 2019-20, in which the program carried forward beginning fund balances of \$1.1 million and \$0.9 million respectively.

### **Significant New Allocations Still In Development**

Several fairly large new ongoing allocations have recently been added to Special Appropriations, including the \$1 million described above for participatory budgeting with houseless communities and \$1 million for a Black Youth Leadership Initiative. These efforts have been in development over the past year, and to date none of these resources has been spent. Commissioner Hardesty's office has indicated a plan to fully expend resources for both of these projects before the end of FY 2020-21. CBO notes that due to year-end Procurement deadlines, it will require focused effort to fully execute contracts before the end of the fiscal year.

As both projects are still in development stages, CBO also notes that there is currently limited information available about intended goals and scope, details of program activities, and desired outcomes and performance measures. Development of these elements will be important for transparency and assessment of programmatic impact as these projects proceed.

## **ADDITIONAL ANALYSIS**

### **Additional Analysis of New General Fund Requests Discussed Above**

#### **Gateway Center Immigration Legal Services Request**

- Since the Gateway Center transitioned from the City to the County in FY 2018-19, the City has continued financial support for the Center through an intergovernmental agreement (IGA) now managed by Special Appropriations. The total City allocation for the Gateway Center for FY 2020-21 is \$969,516, of which \$960,951 has already been paid per the IGA.
- Since the transfer of the program to the County, the City and the County have each made one-time allocations, in addition to the IGA amount, to support immigration legal services. The City provided \$25,000 in one-time General Fund resources in FY 2018-19 Fall BMP and \$30,000 in one-time General Fund resources in FY 2019-20 Fall BMP. A request was put forward by the Gateway Center in the FY 2020-21 Fall BMP for \$30,000 in one-time resources, but came too late in the process to be included.
- These one-time resources will provide legal consultation and intake services one day a week for Gateway Center clients who are concerned about their immigration status. On average, 80% of clients served through this program have their cases retained by attorneys for legal relief.

### MFS-CASH Oregon Tax Preparation Assistance Request

- CASH Oregon’s tax preparation assistance program provides low-income Oregonians with tax preparation assistance at no cost by drawing on a network of volunteers. The program is supported through an ongoing Special Appropriations allocation, which in FY 2020-21 totals \$85,450.
- Because of the federal economic stimulus payments, many people who did not file taxes last year are filing both years’ returns in 2021. Many people accessed unemployment or other benefits for the first time this year due to the economic downturn. Coordinating the tax return process with clients virtually takes significantly longer than in person.
- Because of the factors listed above and due to the IRS’s extension of the tax filing deadline to May 15, CASH Oregon foresees significant demand for their services that they will not be able to meet by the current program end date of April 15. The program has reached out to all of its funders—the City, the County, and United Way—to request additional support to keep the Lloyd Center location open through July 15. By doing so, CASH Oregon anticipates being able to complete an additional 450 tax returns, returning an estimated \$1 million in additional resources to the community.

### Police Oversight Commission Position Request

- Commissioner Hardesty’s office has been leading the initial development of the Police Oversight Commission. The application process for Commission members has recently closed, with more than 100 applications submitted. In the short term, the Commissioner’s office sees an urgent need for this position to coordinate with Council to review applications and get the Commission set up.
- After the initial steps to launch the Commission, the Commissioner’s office envisions this position helping coordinate meeting logistics, being responsive to public records laws, acting as a liaison between the body and Council Offices, and helping draft code and planning documents. This phase of the work is anticipated to take between 18 and 24 months, and is contingent on Council approval of budget requests for approximately \$100,000 in FY 2021-22 and again in FY 2022-23.

## 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>\$67,329,798</b>	<b>\$43,674,379</b>	<b>(\$3,962,379)</b>	<b>\$107,041,798</b>
Personnel	\$1,489,273	\$272,443	(\$5,343)	\$1,756,373
External Materials and Services	\$65,538,256	\$43,359,397	(\$3,957,036)	\$104,940,617
Internal Materials and Services	\$302,269	\$42,539	\$0	\$344,808
<b>Revenue</b>	<b>\$67,329,798</b>	<b>\$43,674,379</b>	<b>(\$3,962,379)</b>	<b>\$107,041,798</b>
Beginning Fund Balance	\$2,553,751	\$0	\$0	\$2,553,751
Fund Transfers - Revenue	\$1,281,046	\$3,957,036	\$0	\$5,238,082
General Fund Discretionary	\$19,376,520	\$982,343	(\$3,962,379)	\$16,396,484
General Fund Overhead	\$185,877	\$0	\$0	\$185,877
Interagency Revenue	\$351,733	\$0	\$0	\$351,733
Intergovernmental	\$43,580,871	\$38,735,000	\$0	\$82,315,871

Figure 2. This table shows the Special Appropriations budget, including all funds, with Spring BMP adjustments included.