



# Memo

Date: Wednesday, April 1, 2020  
To: Senior Leadership Team  
From: Brian Kennedy, Chief Financial Officer  
Subject: COVID-19 Response Budget Guidance

---

## **Process**

Each department's budget modifications and racial equity impact worksheet will be reviewed by Metro's Chief Operating Officer Marissa Madrigal and Deputy COO Andrew Scott.

## **Timeline**

- FY19-20 reductions due this Friday, April 3 at 3:00 p.m.
- FY20-21 reduction scenarios due Wednesday, April 15 at 3:00 p.m.

## **Guidance in this memo**

- Budget instructions – p.2
- Capital projects – p. 4
- Equity lens – p. 5

## **Budget Reduction Strategy**

We're responding to the COVID-19 crisis by taking quick action and building flexibility to make decisions in an uncertain and rapidly changing environment. Specifically, we are directing departments to generate budget savings in the current fiscal year to respond to revenue reductions and to ensure that we have sufficient fund balance next fiscal year. The increased fund balance paired with strategic budget reductions will maintain financial stability and make our finances more resilient.

## **Principles**

- Work with your internal equity leaders and/or staff from DEI to ensure you're applying an equity lens to your decisions.
- Think about how you're considering the competing values of taking care of our employees, protecting the financial health of our agency, and our ability to continue serving the community.
- Be clear and transparent about the work that will not get done. The result of these decisions will be doing less with less.
- Consider the tradeoffs between implementing across the board reductions ("thinning the soup") versus deeper, targeted reductions that eliminate or significantly scale back lower-priority programs.
- Think broadly and creatively about how we can do our work differently. Think across department lines. Think across jurisdictional boundaries. Now may be the time to implement that idea that seemed politically unpalatable a few weeks ago.
- Evaluate investments in capital assets that are needed to recover financially and/or protect health and safety of our employees or community.

**Criteria**

- Expenditure reductions must be net of any associated revenue reductions. This may not apply to every department. Work with your Finance Manager to determine if there are revenue impacts from your reduction scenarios.
- Do not include in your department submissions any reductions that require bargaining with AFSCME or LIUNA. However please forward those ideas to the COO/HR to determine their feasibility.
- Reductions that affect another department (e.g. a transfer for payment for services) must be coordinated with the other department.
- Expenditure reductions cannot eliminate mandatory functions. If your reduction affects a mandatory function, explain how your department will comply with legal requirements.
- Reductions with employee or public safety risks (e.g. reducing below minimum staffing levels) need to be clear and describe how those risks will be mitigated.
- Reductions with significant impacts on span of control need to document how those impacts and risks will be managed.
- Do not include any reductions from reduced/eliminated COLA/Merit increases or partial furloughs. Finance will work with HR and the COO’s office to determine the impact of changes to those global factors and will pass along savings numbers to Directors and Finance Managers.

**Instructions**

1. For FY19-20, describe reduction actions necessary to achieve the revised budget shown below.
2. For FY20-21, develop two budget reduction scenarios – 5% reduction and 10% reduction.
3. Work with your Finance Manager on developing your scenarios.
4. Submit your FY19-20 reductions to your Finance Manager by Friday, April 3 at 3:00 p.m.
5. Submit your FY20-21 reduction to your Finance Manager by Wednesday, April 15 at 3:00 p.m.

**FY19-20 Budget Targets**

General Fund

	Old Bud	Budget Cut	New Bud
Non-Departmental	4,259,148	521,694	3,737,454
Capital Asset Management	2,399,023	293,851	2,105,172
Communications	2,631,021	322,268	2,308,753
Council/COO	7,988,471	978,490	7,009,981
Finance	6,018,713	737,219	5,281,494
Human Resources	3,668,675	449,368	3,219,307
Information Services	6,656,621	815,355	5,841,266
Office of Metro Attorney	2,928,917	358,757	2,570,160
Office of the Auditor	821,704	-	821,704
<b>Totals</b>	<b>37,372,293</b>	<b>4,477,000</b>	<b>32,895,293</b>
Less the Auditor	36,550,589	0	
Parks & Nature	12,225,623	1,225,000	11,000,623
Planning & Development	36,522,239	827,000	35,695,239
Research Center	6,118,459	321,000	5,797,459
	<b>92,238,614</b>	<b>6,850,000</b>	<b>85,388,614</b>

Solid Waste Fund

Your Finance Manager will provide the target based on updated rates, operational costs and tonnage forecasts.

Other Funds: These targets do not apply to the Venues or bond funds.

---

## Capital projects

1. What is the impact if the project is cancelled (short term/long term)?
  - a. How much investment (time, resources) has already been made and what will be lost?
  - b. What will it take to restart the project?
  - c. What does this mean for staffing now and in the future? Will we need more staff later because of this delay? (Resource leveling is the point here)
  - d. How does this project help sustain our operations or support financial recovery?
  - e. What information is guiding the decision?
  - f. Can we delay the decision? For how long?
2. How will a delay in the project affect longer term departmental or agency goals?
3. Is this decision in the public's best interests?
  - a. Will the decision further impact the economy when it doesn't have to?
  - b. Does investing now (keeping the project moving) support the program longer term when the current issue resolves itself?

*If you need assistance analyzing capital project investments, please contact Heidi Rahn or John Lindenthal.*

## Purpose

We are guided by Metro's values and the [Council adopted Strategic Plan to Advance Racial Equity, Diversity and Inclusion](#) (Strategic Plan) and committed to centering racial equity in our collective responses to COVID19. We are at a moment where the reality of racial inequities will be unveiled, and we are being offered the opportunity to move closer to center practices that will achieve racial equity in the long term. Metro defines racial equity as when "race can no longer be used to predict life outcomes and outcomes for all groups have been improved."

- We are asking you to use a racial equity lens to evaluate department plans to cut up to 10% of costs for FY 20-21 to help ensure this crisis does not exacerbate existing inequities – or accelerate the financial and health crisis on the horizon.
- Departments also have guidance by their own Department and Venue specific racial equity plans adopted in 2018.

Goals of the Strategic Plan: The strategic plan offers prescient guideposts to helping each of us make decisions during this time:

- Use our unique position convene and support regional partners to advance racial equity including in investing shared prosperity for workers of color in our economy.
- Meaningfully engage communities of color in deep and meaningful partnerships
- Hire, train and retain a more racially diverse workforce
- Create safe and welcoming services, programs and destinations
- Resources allocation that advances racial equity

## Key considerations:

As leaders, it is important that we seek to set equitable outcomes that are delivered through engaging the most impacted, understanding the historic context for the inequities, and using data and input to define equitable sharing of burden with this current crisis. Below are elements to consider:

- ✓ **Equity** and **equality** are not the same thing. Equality is treating everyone the same, while equity is ensuring everyone has what they need to be successful and reach similar outcomes. Sometimes strategies based on equality (treating everyone the same) can worsen *inequity*.
- ✓ A traditional approach to this financial crisis without an equity lens will result in our most diverse workers **bearing the disproportionate burden for this crisis**. We know that **people of color, transgender people and women** already face compounding barriers and disparities in our economy even in "good" times and this crisis will worsen this reality for many.
- ✓ Through this crisis we need to **center people** and consider the impacts of our decisions on both our own employees and residents of Greater Portland. If you propose reducing materials and services budgets or delaying capital or operating projects, take into account the long term impact of those reductions on remaining staff. If furloughs or layoffs are necessary, look for solutions that mitigate the impact on our employees – e.g., achieving

staff reductions through attrition or early retirements, allowing flexibility for reduced schedules and work-sharing, and extending health benefits to laid-off employees.

- ✓ Prioritize people, positions, and programs that have proven skills in maintaining relationships with CBO's led by communities of color, have the ability to develop authentic, on-going relationships with communities of color, and can provide experiences and perspectives of being disproportionately impacted by historical and contemporary institutional racism.
- ✓ **Approach your budgets with an emphasis in investing in that which builds resiliency**—not just for our programs and initiatives but for the vulnerable communities we center in our work. Resilient communities are built on community trust, equitable sharing of resources and effective government partnerships with organizations representing the most vulnerable in our community.
- ✓ Communities of color in our CBO and contracting sectors have shared their guidance with us and though they are not monolithic-they do offer some key recommendations:
  - Use a racial equity lens and data to assess how decisions we make will impact communities of color and staff of color. Make your decisions, and the impacts they will have, transparent.
  - Understand that community based organizations do not have the financial resiliency of large governments and therefore need additional consideration and flexibility at this time. For example: in current contracts and future grant making—including more flexibility on funding for some operational needs like updating communications infrastructure to reach people through social media and online gatherings, simplifying grant applications and expedited payments to organizations.
  - In addition, the MWESB firms we do business with need government to invest in them more than ever as the private sector collapses. Consider providing flexibility with deliverables, and possibly technical assistance as social distancing places additional barriers on these firms.

What is a racial equity lens?

Applying a racial equity lens means that we will pay close attention to race and ethnicity when making decisions – minor or significant, with a goal of changing the policies, programs and practices that perpetuate inequities. This must include using intentional tools to check our own implicit bias, listening to people affected by our decisions, factoring in the impacts on marginalized communities utilizing a set of reflective questions and ultimately shifting the way we make future decisions.

**Racial Equity Impact Analysis Worksheet**

Please answer the questions below and submit along with your budget modification package. If you need assistance with applying a racial equity lens to your budget, please immediately contact Raahi Reddy at [Raahi.Reddy@oregonmetro.gov](mailto:Raahi.Reddy@oregonmetro.gov).

Step 1: Assess how your potential budget reductions impact the goals and deliverables of your racial equity plan.

- What are the key equity goals you were planning to achieve in your original 20/21 budget pre COVID crisis?
- Does the COVID crisis impact your department's ability to achieve/advance your FY20/21 equity goals? Please describe these impacts.
  - Identify which goals you are proposing to prioritize, adjust, or postpone.
- Describe how the following equity considerations are impacted by how goals will be prioritized, adjusted or postponed:
  - How will underserved communities be impacted or supported through programs, services, grants and sponsorships?
  - How is the department's capacity to meaningfully engage with CBOs serving communities of color impacted?
  - How is your department's ability to hire and retain underrepresented workers, particularly staff of color impacted?
  - How is contracting with small, minority and women owned firms impacted?
- Are there existing programs that worsen inequities that can be reduced or cut?

Step 2: Analysis of your budget recommendations:

- What quantitative and qualitative data did you use to assess the impacts of your budget modifications? **DEI staff can assist you with this analysis for employee demographics.**
- If considering cuts to staff please provide ethnic/racial disaggregated data about layoffs or furloughs.
- Do your budget reductions impact your community partnerships and programs engaging communities of color or other vulnerable communities? ie. spending reductions, program changes/cuts, service changes etc.
- What is the impact on contracting opportunities for disadvantaged, minority, women, and emerging small businesses (D/M/W/ESB)?

Step 3: Seek input from impacted stakeholders and share with COO.

- If your department has dedicated equity staff or racial equity change teams how were they involved in developing your department's plan and what was their input?
- Have community members or Community-based Organizations connected to your department's program been engaged with your requested budget? If so, how has their input been incorporated?
  - ***Given the short timeframe for the COVID-19 related budget decisions, DEI and Communications will centrally coordinate outreach to the CBOs that work most closely with Metro in order to facilitate a timely, coordinated response.***

*If you need assistance with applying a racial equity lens to your budget, please immediately contact Raahi Reddy at [Raahi.Reddy@oregonmetro.gov](mailto:Raahi.Reddy@oregonmetro.gov) or Cassie Salinas at [Cassie.Salinas@oregonmetro.gov](mailto:Cassie.Salinas@oregonmetro.gov).*