

# Memo

Date: August 28, 2023  
 To: Supportive Housing Services Oversight Committee  
 From: Rachael Lembo, Finance Manager  
 Subject: FY22-23 Q4 (July – June 2023) Financial Report

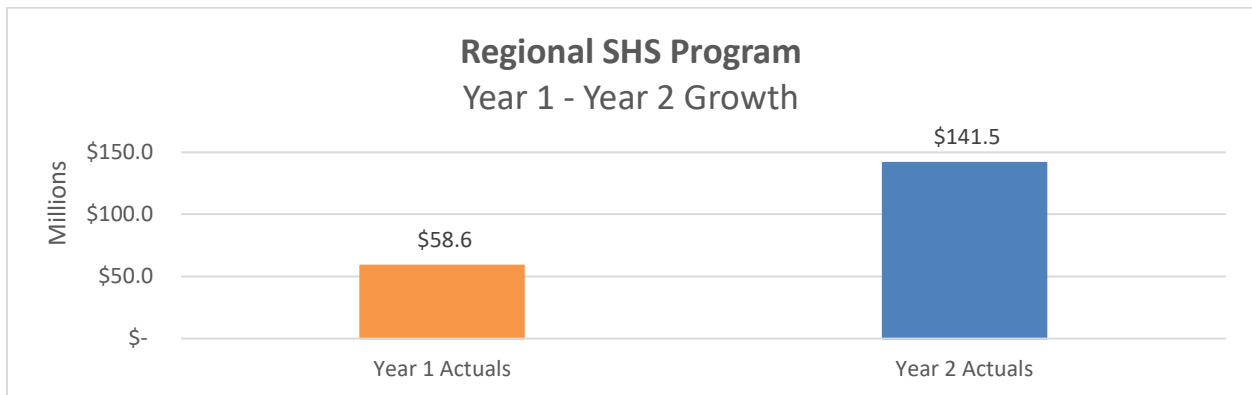
Metro designed this quarterly financial report to provide the information necessary for the SHS Oversight Committee to monitor financial aspects of program administration. It includes details on tax collections and disbursements, county partner expenses, tax collection costs and Metro’s administrative costs.

## Year 2 Quarter 4 Financial Overview<sup>1</sup>

In FY22-23, Metro’s tax collections totaled \$337 million. This exceeds the FY22-23 budget by \$112 million. The increase is due to spill over from tax year 2021 (payments for tax year 2021 that were made in FY22-23) and widespread income growth coming out of the pandemic, which can also be seen at the state and national level.

Revenue in excess of the forecasted amount will be carried over to fund one-time or limited-term Supportive Housing Services programming starting in FY23-24. Due to the natural timing of income taxes, with large payments and tax filings primarily in April, the counties do not have time to adjust their programming within the fiscal year to respond to the increased collections. Spend down plans specific to carryover funds will be provided by the counties as part of their FY23-24 budget submission.

Spending in Year 2 was significantly higher than last year as the program continues to ramp up. Overall, Year 2 spending was \$141.5 million - 2.4 times higher than Year 1.



For County specific data, see the Year 1 – Year 2 Growth charts in the County Snapshots below.

<sup>1</sup> The figures in this report may change following year-end accounting adjustments. Final figures for Year 2 will be provided in the Annual Report in the Fall of 2023.

## Supportive Housing Services Tax Overview

### Key Takeaways:

- As noted above, tax collection in Year 2 totaled \$337 million, 50% higher than the FY22-23 budget figure.
- Tax collections costs are below budget, primarily due to savings on tax system implementation.

Tax Collection and Disbursement Summary			
	FY23 Budget	FY23 Actuals	% of Budget
<b>Tax Collections</b>	<b>225,000,000</b>	<b>336,854,406</b>	<b>150%</b>
Tax Collection Costs (Amount retained)	14,436,666	9,400,000	65%
<b>Net Tax Collections</b>	<b>210,563,334</b>	<b>327,454,406</b>	<b>156%</b>
Metro Admin Allowance (5%)	10,528,167	16,372,720	156%
<b>Total Disbursed to County Partners</b>	<b>200,035,167</b>	<b>311,081,685</b>	<b>156%</b>
Multnomah County	90,682,609	141,023,697	156%
Washington County	66,678,389	103,693,895	156%
Clackamas County	42,674,169	66,364,093	156%

Tax Collection Costs			
	FY23 Budget	FY23 Actuals	% of Budget
<b>Tax Collection Costs</b>	<b>14,436,666</b>	<b>9,271,584</b>	<b>64%</b>
Implementation	3,923,280	781,504	20%
Personnel	4,879,657	4,062,020	83%
Software	3,498,257	3,497,383	100%
Other M&S	1,345,061	930,677	69%
Contingency	790,411	-	0%

*The tax collections above are on a cash basis. This includes collections by the tax administrator through June 2023, received by Metro and disbursed to county partners in July 2023. The amount retained by Metro for tax collection costs is based on estimated costs; actual YTD tax collection costs are detailed in the second table.*

### Metro Administration and Oversight Costs

The Supporting Housing Services Measure allows for up to 5% of net tax collections to cover the costs of Metro program administration and oversight. This includes the SHS team, as well as supporting operations like finance, legal, communications, IT, and HR. The costs associated with Metro program administration and oversight are detailed in the table below.

**Key Takeaways:**

- As with the ramp up of county programs, Metro is also expecting its own administrative spending to ramp up over the first 3-4 years. As of July 2022 the SHS team had 4.7 FTE, as of July 2023 it had grown to 12.1 FTE, and during FY23-24 it plans to grow to 34.6 FTE. Metro is ending the year with \$21.5 million in carryover, in line with previous forecasts.

Metro Administration			
	FY23 Budget	FY23 Actuals	% of Budget
Prior Year Carryover	-	7,773,934	
YTD Admin Allowance (5%)	10,528,167	16,372,720	156%
Interest Earnings	281,250	837,336	298%
<b>Total Resources</b>	<b>10,809,417</b>	<b>24,983,990</b>	<b>231%</b>
Direct Personnel	1,429,783	1,038,071	73%
Indirect Costs (Allocation Plan)	1,827,068	1,827,068	100%
Materials & Services	1,457,540	624,147	43%
Contingency	6,095,026	-	0%
<b>Expense &amp; Contingency</b>	<b>10,809,417</b>	<b>3,489,286</b>	<b>32%</b>
<b>Carryover to next period</b>	<b>-</b>	<b>21,494,704</b>	

**Spending Plans for Carryover Funds:** Metro will be using carryover funds to fund program growth in FY23-24, including limited duration FTE and other one-time investments to provide necessary capacity for new and growing bodies of work and programmatic opportunities.

### County Partner Snapshots

The following pages summarize financial information by county, in both numerical and visual form. This provides a consistent format to compare the similar but unique programs of each county.

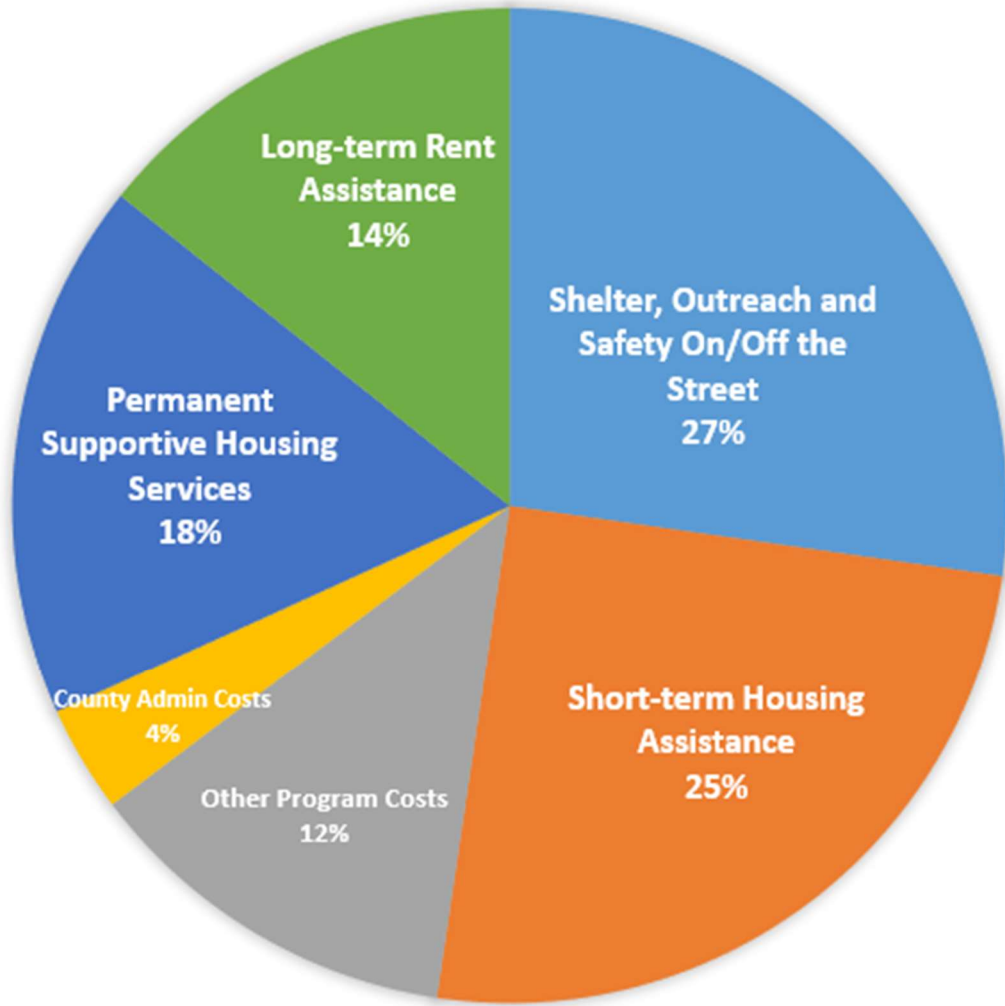
Note: SHS Program Revenue reported below is on an accrual basis, based on each counties’ financial policies. The amounts may differ from the tax disbursement amount shown above, which is on a cash basis.

#### Key Takeaways:

- Together, the counties have spent a combined total of \$138 million on SHS program costs in Year 2 (July 2022 – June 2023). This amount will likely increase as counties finish their year-end close processes.
- Spending increased in all counties throughout the year as program operations continue to ramp up. An increase in spending in the final quarter is expected for any program with significant expenses from contractors, like SHS, since there is a delay between the time services are provided and when invoices are submitted.
- All counties will carryover more this year than last year. This was expected due to the estimated 3-4 year program ramp-up period, and was discussed as part of the 5 year forecast at the January 2023 SHS Oversight Committee meeting. Spend down plans specific to carryover funds will be provided by the counties as part of their FY23-24 budget submission.

County Summary				
	Clackamas County	Multnomah County	Washington County	Total
Prior Year Carryover	40,912,115	61,720,728	47,427,624	150,060,467
SHS Program Revenue	66,364,093	141,104,550	102,791,345	310,259,988
<b>Total Resources</b>	<b>107,276,208</b>	<b>202,825,278</b>	<b>150,218,969</b>	<b>460,320,455</b>
Program Costs	17,845,582	82,349,049	37,811,962	138,006,593
<b>Total Expense</b>	<b>17,845,582</b>	<b>82,349,049</b>	<b>37,811,962</b>	<b>138,006,593</b>
Reserves	1,610,000	5,000,000	-	6,610,000
<b>Carryover to next period</b>	<b>87,820,626</b>	<b>115,476,229</b>	<b>112,407,007</b>	<b>315,703,862</b>

**Combined County SHS Spending by Program Category**  
**\$138 million**  
*(Year 2: July 2022 – June 2023)*



### Clackamas County Snapshot

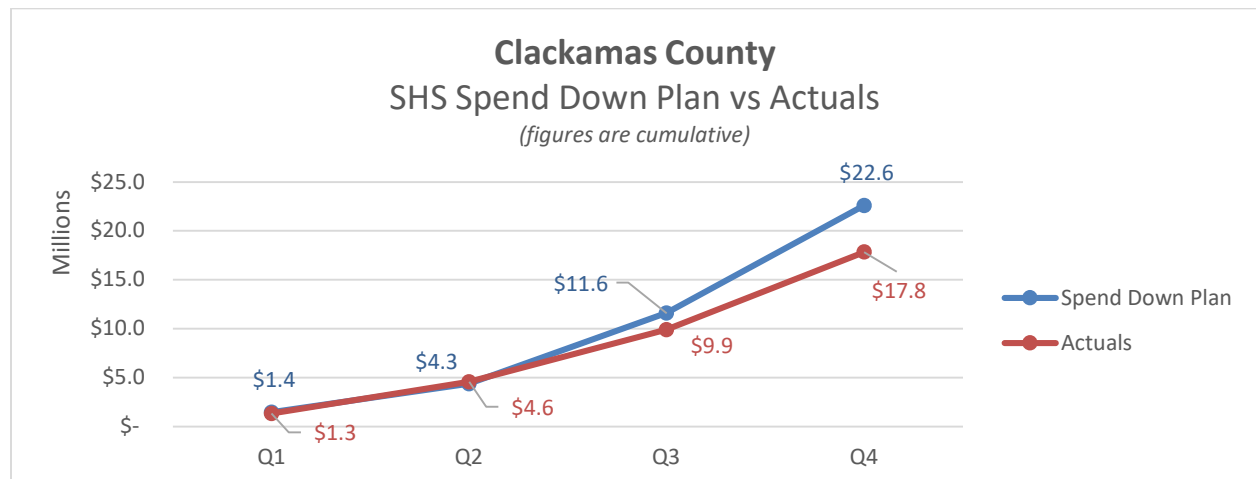
Clackamas County budgeted estimated carryover as its total revenue for FY22-23. The County did not budget any new revenue, under the principle that FY22-23 revenues will fund FY23-24 program costs. This was due to a cashflow issue last year, when the vast majority of tax collections happened in Q4. In FY23-24 Clackamas County budgeted both new SHS revenues and carryover.

Due to higher actual carryover and FY22-23 collections, Clackamas County had a total of \$107.3 million in resources by the end of Year 2. Clackamas County reported \$17.8 million in FY22-23 expenses, which, after accounting for its \$1.6 million stabilization reserve, left a carryover of \$87.8 million for next fiscal year.

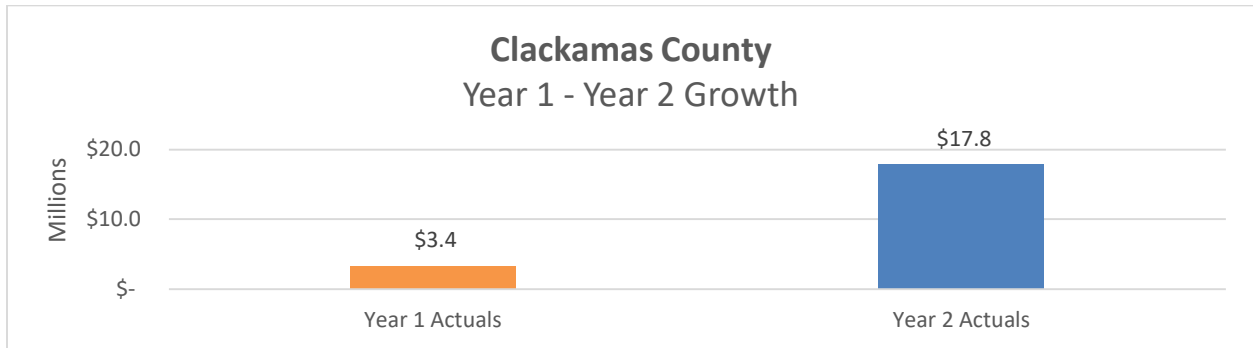
Clackamas County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	32,200,000	40,912,115	127%
SHS Program Revenue	-	66,364,093	
<b>Total Resources</b>	<b>32,200,000</b>	<b>107,276,208</b>	<b>333%</b>
Program Costs	28,980,000	17,845,582	62%
Contingency	1,610,000	-	0%
<b>Total Requirements</b>	<b>30,590,000</b>	<b>17,845,582</b>	<b>58%</b>
Reserves	1,610,000	1,610,000	
<b>Carryover to next period</b>	<b>-</b>	<b>87,820,626</b>	

### Charts

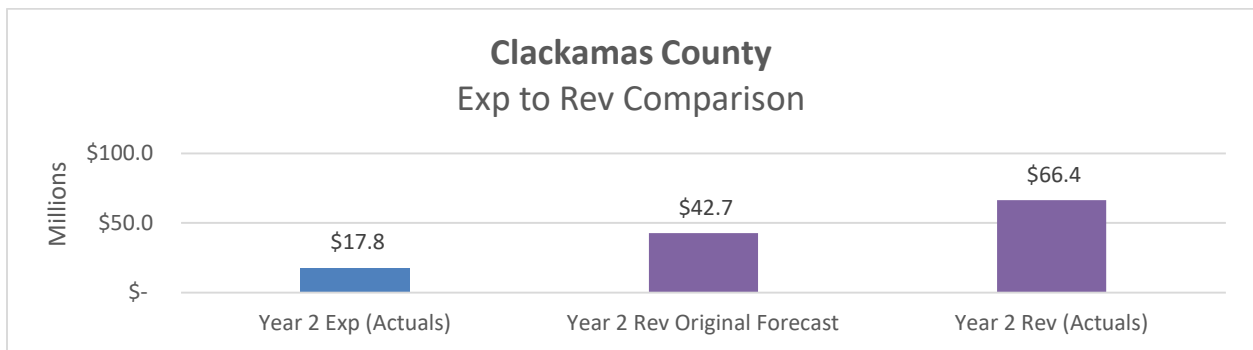
The chart below compares Clackamas County’s Spend Down Plan with its actual expenses to date. Clackamas County’s Spend Down Plan projected that it would spend 78% of its annual program budget in FY22-23; actual spending per the Q4 report was 62%. A series of new procurements was expected to result in contracts by the beginning of Q4, but staff capacity and scope changes caused a one quarter delay. In addition, service providers faced recruiting and retention challenges that resulted in underspending.



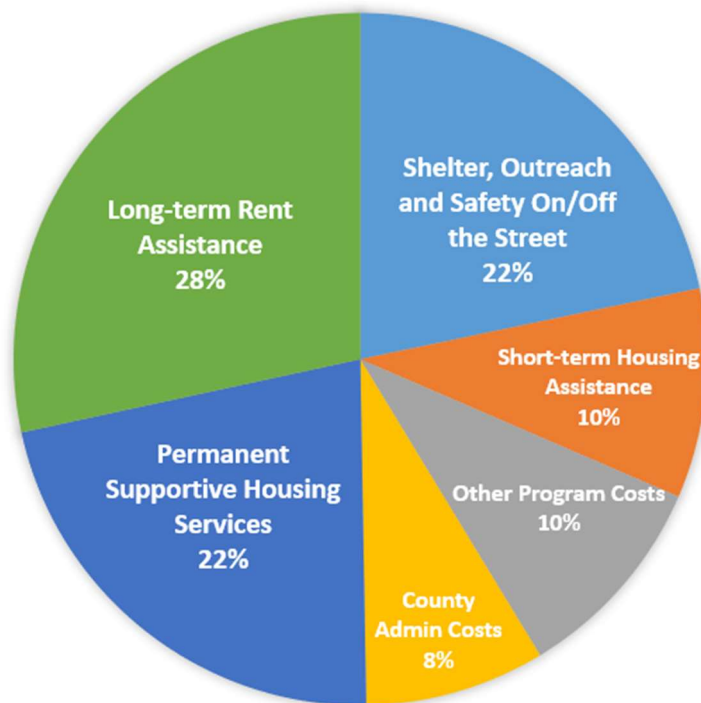
The following chart compares Year 1 spending with Year 2. Clackamas County spent over 5 times more in Year 2 as compared to Year 1.



The chart below compares expense and revenue (original forecast and actuals). Programming is expected to expand to fully utilize annual revenue in the next 1-2 years.



**Clackamas County SHS Spending by Program Category**  
(Year 2: July 2022 – June 2023)



### Multnomah County Snapshot

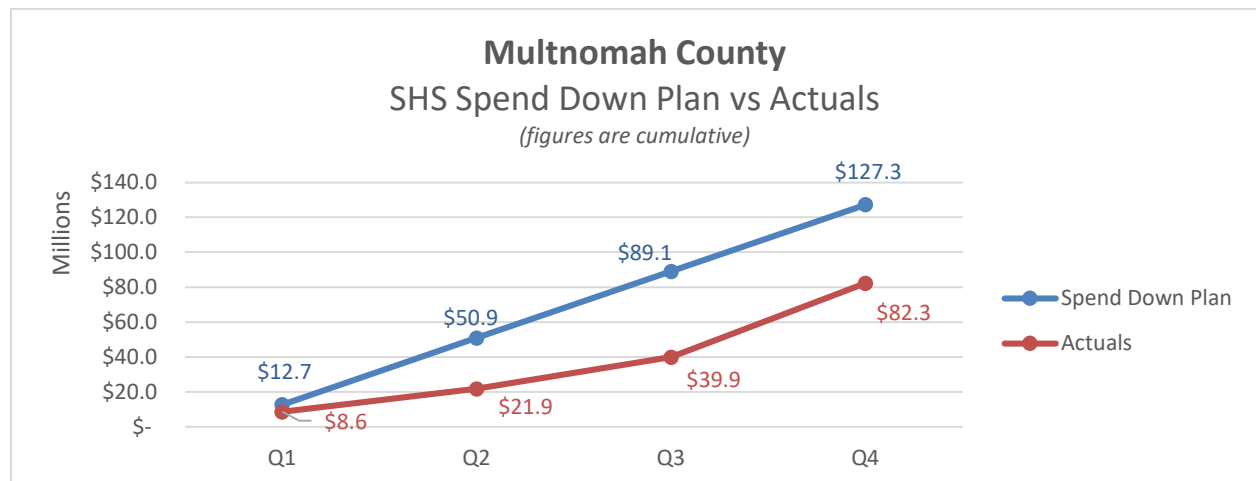
Multnomah County included estimated carryover in its FY22-23 budget. Due to higher actual carryover and FY22-23 collections, Multnomah County had a total of \$202.8 million in resources by the end of Year 2. Multnomah County reported \$82.3 million in FY22-23 expenses, which, after accounting for its \$5 million stabilization reserve, left a carryover of \$115.5 million for next fiscal year.

Multnomah County had a significant increase in reported expense – Q4 expenses were greater than Q1-Q3 combined. This increase was primarily due to a push in short term housing assistance. Due to overall spending below the spend down plan target for the year, Metro and Multnomah County have agreed to a Corrective Action Plan with specific spending goals for FY23-24.

Multnomah County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	44,918,800	61,720,728	137%
SHS Program Revenue	90,803,734	141,104,550	155%
<b>Total Resources</b>	<b>135,722,534</b>	<b>202,825,278</b>	<b>149%</b>
Program Costs	127,342,534	82,349,049	65%
Contingency	8,380,000	-	0%
<b>Total Requirements</b>	<b>135,722,534</b>	<b>82,349,049</b>	<b>61%</b>
Reserves	-	5,000,000	
<b>Carryover to next period</b>	<b>-</b>	<b>115,476,229</b>	

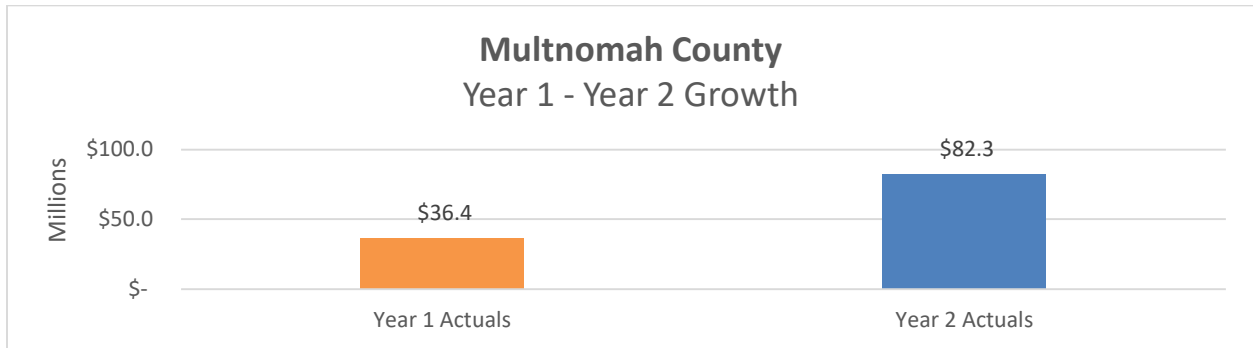
### Charts

The chart below compares Multnomah County’s Spend Down Plan with its actual expenses to date. Multnomah County’s Spend Down Plan projected that it would spend 100% of its annual program budget in FY22-23; actual spending per the Q4 report was 65%.

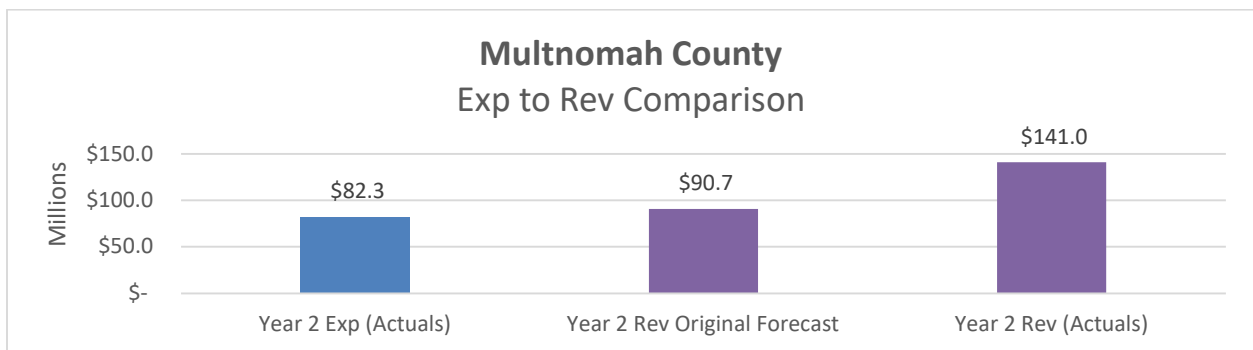




The following chart compares Year 1 spending with Year 2. In Year 2, Multnomah County more than doubled its spending as compared to Year 1.

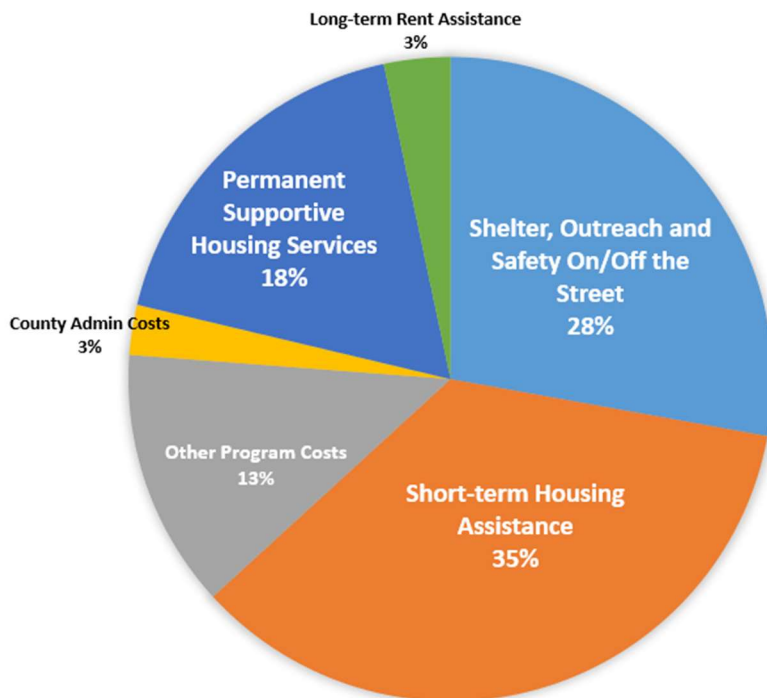


The chart below compares expense and revenue (original forecast and actuals). Programming is expected to expand to fully utilize annual revenue in the next 1-2 years.



**Multnomah County SHS Spending by Program Category**

*(Year 2: July 2022 – June 2023)*



### Washington County Snapshot

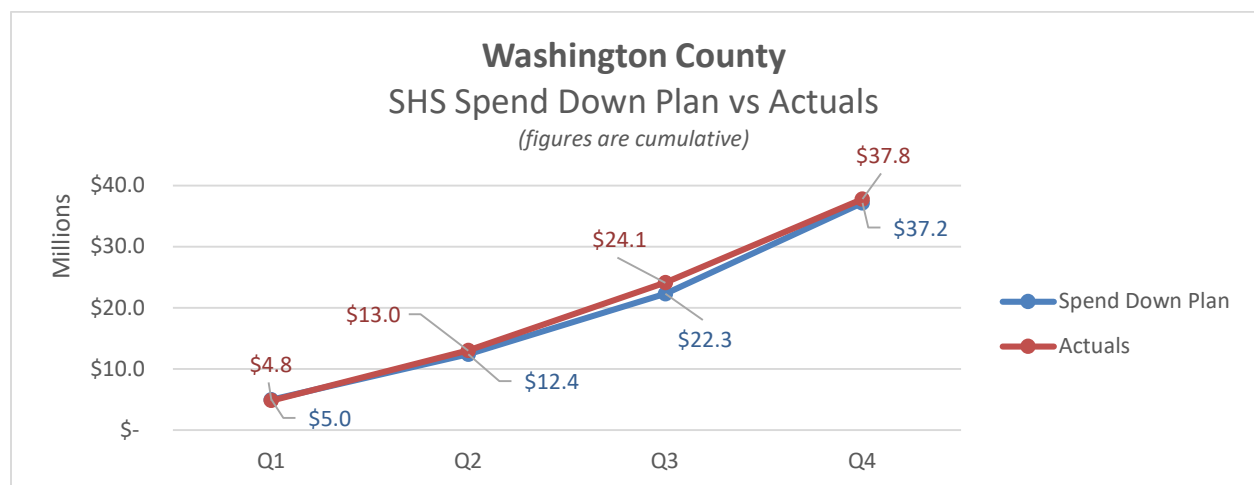
Washington County did not include estimated carryover in its FY22-23 budget and program revenue was based on Metro’s original forecast, which was later revised higher. Due to higher actual carryover and FY22-23 collections, Washington County had a total of \$150.2 million in resources by the end of Year 2. Washington County reported \$37.8 million in FY22-23 expenses, leaving a carryover of \$112.4 million for next fiscal year.

In its Q4 report, Washington County indicated that it expects overall Year 2 spending to increase by \$6.8 million once all expenses have been accounted for following year-end reconciliations. The final Year 2 figure will be provided in its Annual Report in October 2023.

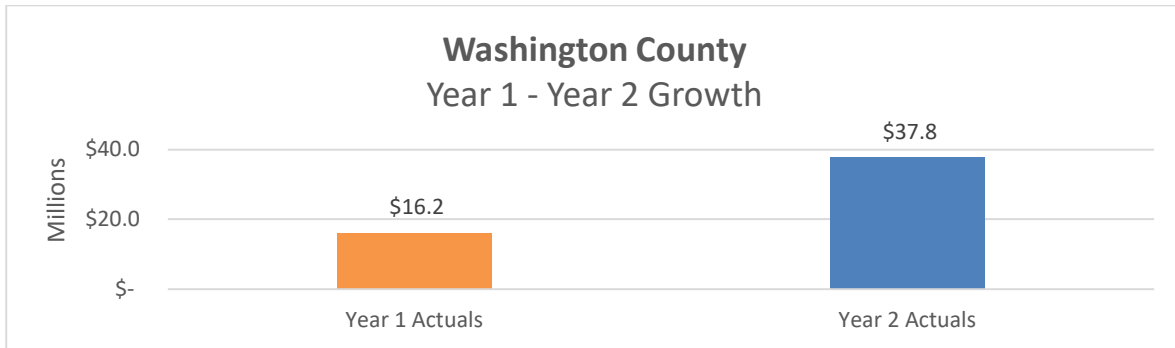
Washington County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	-	47,427,624	
SHS Program Revenue	50,328,300	102,791,345	204%
<b>Total Resources</b>	<b>50,328,300</b>	<b>150,218,969</b>	<b>298%</b>
Program Costs	49,587,320	37,811,962	76%
Contingency	740,980	-	0%
<b>Total Requirements</b>	<b>50,328,300</b>	<b>37,811,962</b>	<b>75%</b>
Reserves	-	-	
<b>Carryover to next period</b>	<b>-</b>	<b>112,407,007</b>	

### Charts

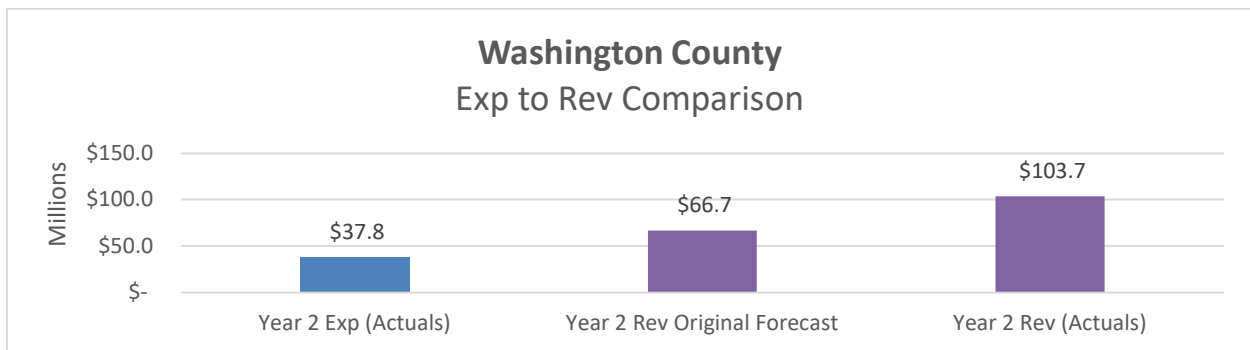
The chart below compares Washington County’s Spend Down Plan with its actual expenses to date. Washington County’s Spend Down Plan projected that it would spend 75% of its annual program budget in FY22-23 as the program continues its ramp-up; actual spending per the Q4 report was 76% and is expected to increase to 90% after the year-end close is complete.



The following chart compares Year 1 spending with Year 2. In Year 2, Washington County more than doubled its spending as compared to Year 1.



The chart below compares expense and revenue (original forecast and actuals). Programming is expected to expand to fully utilize annual revenue in the next 1-2 years.



**Washington County SHS Spending by Program Category**

*(Year 2: July 2022 – June 2023)*

