



# Forecasting Tips for Budget Development

January 2023



# Agenda

- Purpose
- Identify Assumptions
- Collect Information
- Analysis Tools
- Presentation Ideas
- Review and Refine

# Purpose

- Evaluate Current and Future Service Levels
- Strategic Planning for Financial Sustainability
- Support Policy Decision Making
- Promote Fiscal Responsibility

# Identify Assumptions

- Timeframe and Global Variables
- Conservative vs Objective
- Political/Legal Considerations
- Major Revenue and Expenditure Categories

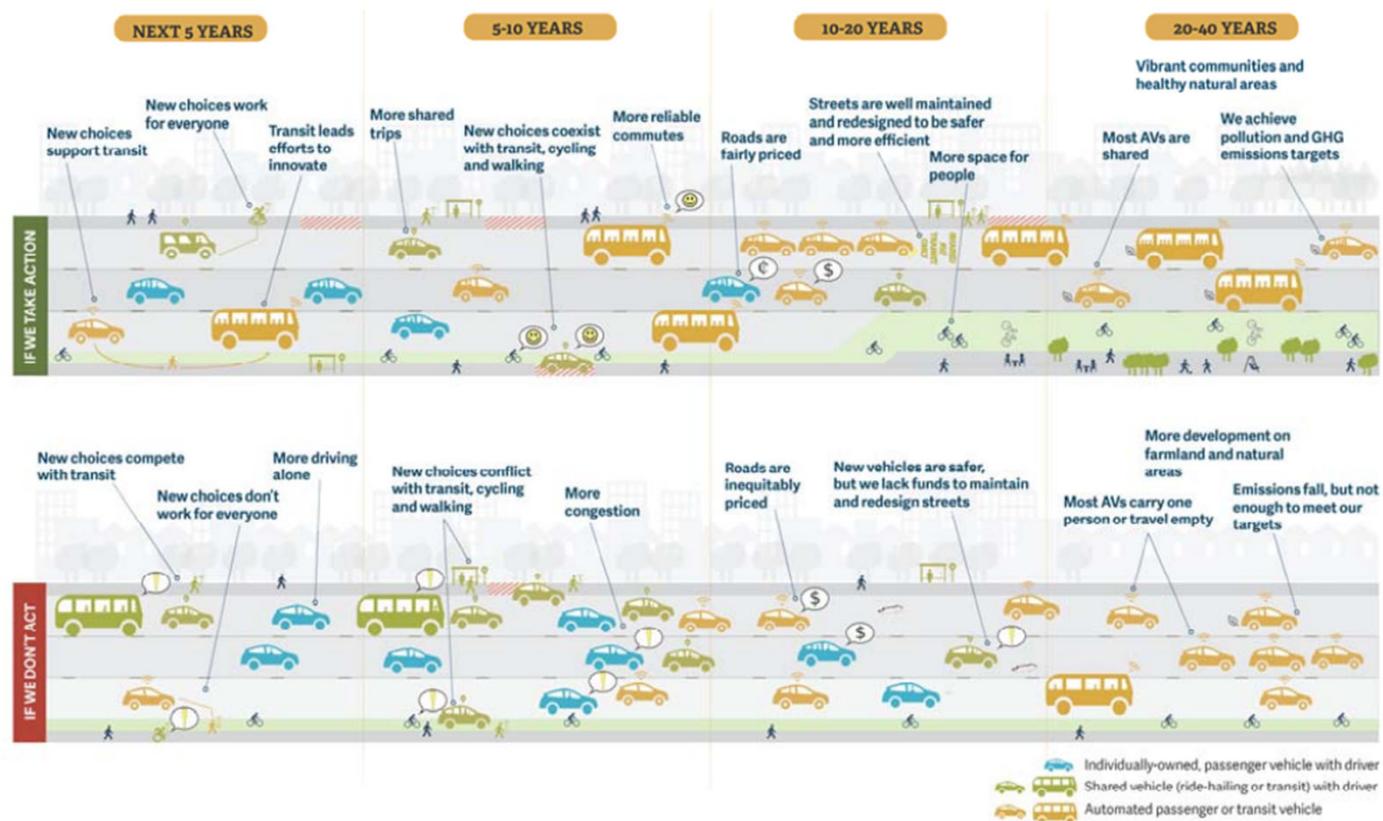
# Identify Assumptions

ASSUMPTION	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>Salary/Wage:</b>						
Elected Officials COLA	3.10%	3.50%	2.00%	2.20%	1.70%	3.30%
Non-Represented (minimum rate only)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Unclassified (minimum rate only)	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AFSCME (steps included in salary plan)	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
LIUNA 483 (steps included in salary plan)	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Seasonal adjustment	2.00%	1.10%	1.10%	1.10%	1.10%	1.10%
Temporary adjustment	1.10%	1.20%	1.20%	1.20%	1.20%	1.20%
Overtime adjustment	3.30%	2.20%	2.20%	2.20%	2.20%	2.20%
<b>Fringe Benefits</b>						
<b>Variable Costs</b>						
FICA - Medicare	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
FICA - OASDI	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
TriMet Payroll taxes	0.8037%	0.8137%	0.8237%	0.8337%	0.8437%	0.8537%
Worker Comp Tax	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
HB 2005 Paid FMLA (PR taxes effective 1.1.2022)	0.00%	1%	1%	1%	1%	1%
PERS Employer Rate	20.00%	22.00%	19.00%	23.00%	18.00%	17.00%
PERS Pick-up		5.00%	5.00%	5.00%	5.00%	5.00%
PERS Bond recovery	3.00%	2.50%	2.75%	3.30%	3.00%	1.75%
PERS Reserve	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Long term disability	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Temporary/Seasonal rate/overtime rate						
Payroll Taxes (can be used for all types)	8.45%	8.46%	8.47%	8.48%	8.49%	8.50%
<b>Fixed Costs</b>						
<b>Monthly Health &amp; Welfare - Metro paid portion only - per month</b>						
All unions (except IATSE B-20) FTE from 0.00 to .499	0	0	0	0	0	0
All unions (except IATSE B-20) FTE from 0.50 to .674	500	515	517	543	570	598
All unions (except IATSE B-20) FTE from 0.675 to .799	850	912	958	1,005	1,056	1,109
All unions (except IATSE B-20) FTE from 0.80 to 1.0	1,010	1,200	1,260	1,323	1,389	1,459
<b>ANNUAL H&amp;W COSTS</b>						
All unions (except IATSE B-20) FTE from 0.50 to .674	\$ 5,000	\$ 6,180	\$ 6,204	\$ 6,514	\$ 6,840	\$ 7,182
All unions (except IATSE B-20) FTE from 0.675 to .799	\$ 10,101	\$ 10,944	\$ 11,491	\$ 12,066	\$ 12,669	\$ 13,303
All unions (except IATSE B-20) FTE from 0.80 to 1.0	\$ 12,001	\$ 14,400	\$ 15,120	\$ 15,876	\$ 16,670	\$ 17,503
Other (annual cost) - per month	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
<b>Other Factors</b>						
Inflation Factor/CPI West	n/a	2.20%	2.80%	2.30%	2.50%	2.60%
Interest Rate	n/a	1.00%	2.50%	2.50%	2.25%	2.00%
Central Service increase (CAP transfers)	n/a	n/a	5.00%	5.00%	5.00%	5.00%
Annual R&R contribution (basic)	n/a	1.70%	3.00%	3.00%	3.00%	3.00%
General Fund Allocations- Planning & Zoo	n/a	2.00%	3.00%	3.00%	3.00%	3.00%

# Collect Information

- Variety of Sources
- Document for Future Use
- Understand Long-Term Vision
- Qualitative & Quantitative

# Collect Information



# Analysis Tools

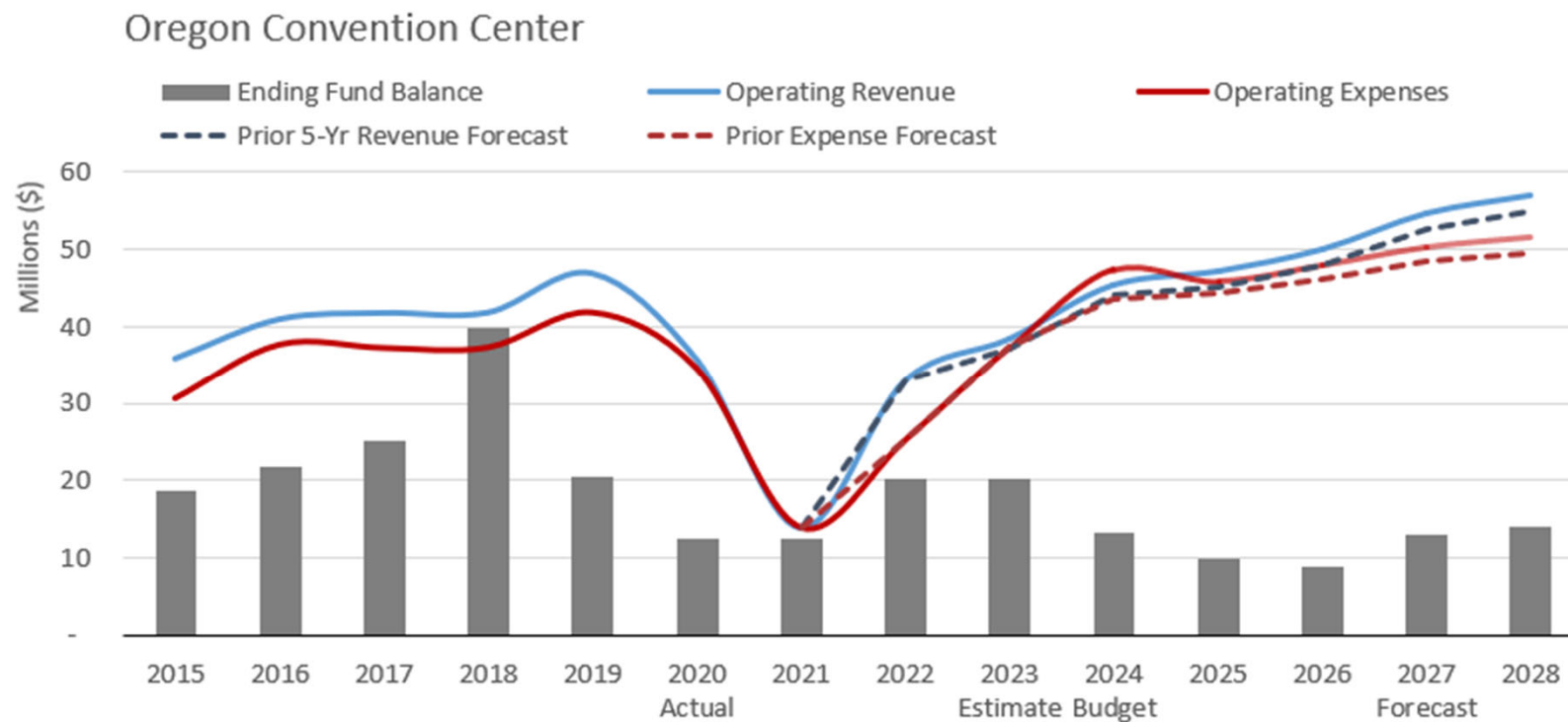
- Historical Data
- Economic Indicators
  - Business Cycles
  - Demographic Trends
  - Outliers or Anomalies



# Analysis Tools (cont'd)

- Methodology
  - Extrapolation
  - Regression
  - Hybrid

# Analysis Tools (example)

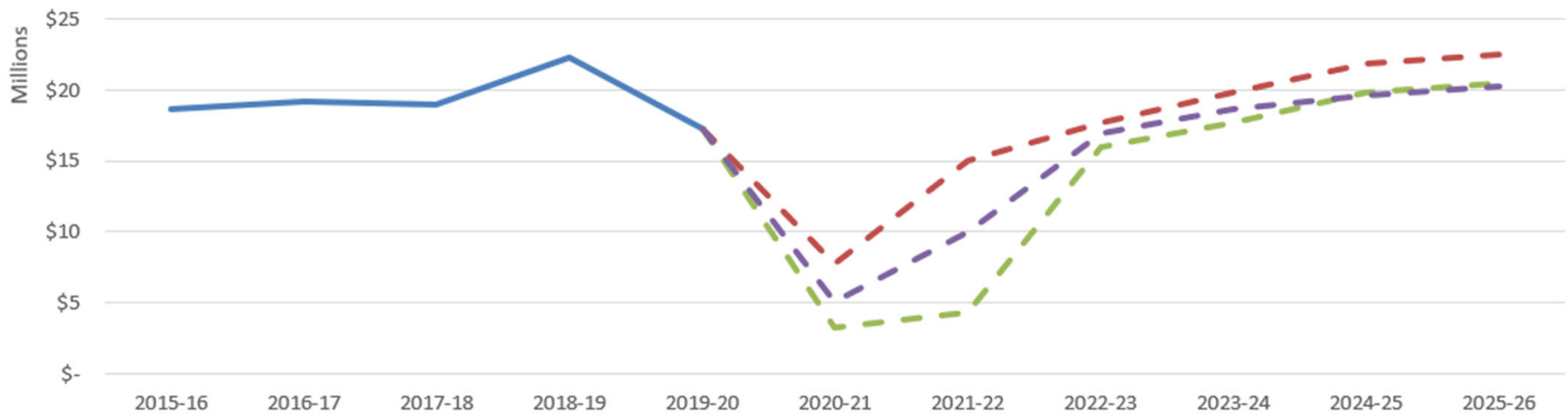


Credit: Will Norris – Metro MERC Finance Manager

# Presentation Ideas

- Clear, Concise, Data-Driven
- Highlight Assumptions
- Communicate Budget Shortfalls/Surpluses
- Involve Relevant Staff

# Presentation (example)



# Review and Refine

- Consistent, Periodic Reviews
- Evaluate Forecast Accuracy
  - Account for Seasonality and Anomalies
  - Document Opportunities for Improvement
- Evolve Forecasts for Future Use

# Questions?

# References

- GFOA - Financial Forecasting in the Budget Preparation Process
- Metro Staff



Arts and events  
Garbage and recycling  
Land and transportation  
Oregon Zoo  
Parks and nature

**[oregonmetro.gov](http://oregonmetro.gov)**