

TO: CLACKAMAS COUNTY BUDGET COMMITTEE
FROM: SANDRA MONTOYA, BUDGET MANAGER
SUBJECT: FY25-26 BUDGET COMMITTEE QUESTIONS AND RESPONSES
DATE: MAY 22, 2025

Budget Committee members were encouraged to submit questions in advance of the budget week meetings. Submitted questions have been grouped alphabetically by department and/or topic to remove any duplication; otherwise, the questions are shown verbatim, in outline form. The responses are shown in blue.

1. All County (FTE related):

What's driving the variance in FTE between the adjusted 24-25 budget and the actual (over 60 I think)? What's the confidence the proposed virtually no increase over actual will be accurate?

Response: In the FY25-26 Proposed Budget book, Full Time Equivalents (FTE) counts are shown in tabs 3-22 FTE by Department and 3-23 FTE by Fund. Between the FY24-25 budget adoption and the printing of the FY25-26 Proposed Budget, 61.5 FTE's have been added. There are two departments that have added positions in FY24-25: CCSO and H3S (see snip below). CCSO added 13 FTE for security in the new Courthouse, and two for the contract cities of Estacada and Wilsonville. H3S has increased to a variety of positions funded through either charges for services or grants.

<u>Department</u>	<u>FY24-25 Adopted Budget</u>	<u>FY24-25 Amended Budget</u>	<u>Variance</u>
Health, Housing & Human Services	776.3	808.0	31.8
Sheriff	592.0	607.0	15.0
Total Budgeted FTE's	2,450.9	2,512.4	61.5

In terms of a potential increase in FY25-26, it is nearly certain that the FTE count will change throughout the fiscal year. Changes occur if funding is added or taken away if there are federal program reductions. However, all requested FTE increases are first evaluated by the Finance-Budget Team that submits a recommendation and then considered by the County Administrator. Positions requesting additional General Fund Support to cover the position cost are scrutinized and analyzed for overall financial impact and necessity of the position.

2. Library Services District (LBSD):

During the budget meeting for the City of Sandy, there was a lot of discussion about the library budget. Although it is one we don't review, people are asking if public comment on the 28th could cover the library budget? There is some concern on the pro-rating by area.

Response: The Library District budget will be presented on Tuesday, May 27th @ 8:30 am, and public comment will be received at this time.

The Gladstone/Oak Lodge Libraries and the transfer of property tax to the Library District are within Clackamas County's budget. The Library District and libraries are under the purview of our Department of Transportation & Development (DTD). DTD's budget is scheduled on Wednesday, May 28th at 11:00 am (actual time may vary), with public comments received on May 28th at 6:00 pm.

3. PERS

I would like to know how the County budgets for its pension contributions. This year the contribution grew almost \$8 million dollars. I can see in the 2024 audit that the pension contributions are very high at \$53.7 MM in 2024 and growing steadily (see the table below). Moody's noted in its 2020 bond rating commentary that the tread-water rate, which is the pension contribution necessary to prevent reported unfunded pension liabilities from growing year over year, was very high at 23% of revenue. The County's three-year adjusted net pension liability relative to revenues was equivalent to a Baa rating, which is very weak for a county this size. Moody's Issuer Comment in 2023 shows the County's tread water contribution at about 2.5x the median of all of the Counties rated in the U.S. which indicates the trend is continuing.

	Contribution	% Change
2024	53,743,730	17.47%
2023	45,748,167	5.31%
2022	43,440,321	9.54%
2021	39,648,894	4.43%
2020	37,965,544	33.29%
2019	28,482,506	2.64%
2018	27,747,895	23.99%
2017	22,377,528	17.81%
2016	22,417,460	26.33%
2015	17,744,752	

I realize this is a big question to ask right before the budget meetings; however, going forward I would like to better understand what the implications of this burden will be on financial projections. I am worried they can weaken the budget very quickly depending on the economy and the need to hire employees. This appears to be a significant burden for the NCPRD too.

Response: Clackamas County is both employer and payer. (Washington County, for example, does not pick up the employee's share for PERS.) The rate is set by PERS who calculates the future pension benefit costs, less the future value of contributions and earnings. Several years ago, the law was modified and resulted in the addition of new PERS tiers with reduced benefits that will eventually reduce the rates. PERS estimates the rates will escalate for the next 10-12 years, after which time the outstanding liability should be recovered and the PERS rates should reduce or stabilize.

In the meantime, PERS costs continue to be a burden on local governments and outpacing other benefits. It's a collective concern with advocates on all sides of the issue. While we don't control the rates, our forecast includes projected increases in alternating fiscal years.

FYI: This website lists every local employer: [PERS : Employer rate summary : Employers : State of Oregon](#)

This completes the responses to questions received by Tuesday, May 20th, 2025. Questions may also be asked during the Budget Committee meetings.