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Clackamas County
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CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: April 7 2026 **Approx. Start Time:** 10:30AM **Approx. Length:** 30 minutes

Presentation Title: Potential County Biennial Budgeting

Departments: County Administration

Presenters: Cindy Becker, Project Manager/County Admin and Greg Geist, Director WES

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board decision on changing the County's budget cycle from annual to biennial.

EXECUTIVE SUMMARY:

Under Oregon Local Budget Law, local governments may adopt either an annual or biennial budget. The governing body may, by ordinance, resolution, or charter, provide that the budget be prepared for a period of 24 months. The biennial budget period begins July 1 and ends June 30 of the second following calendar year.

There are numerous examples of both types of budgeting cycles across federal, state, and local jurisdictions.

- Clackamas County operates on an annual budget cycle with budget development beginning in the fall and concluding with adoption in June, before the new fiscal year begins on July 1.
- All Oregon counties, except Benton County, have annual cycles.
- Several cities in Clackamas County have biennial cycles.
- The State of Oregon, along with 16 other states, has a biennial budgeting cycle.
- The Federal government operates on an annual cycle.

Commonly cited **advantages** of biennial budgets include:

- Reducing the total amount of time spent budgeting over a two-year period, freeing up time for other projects in year two,
- Encouraging a jurisdiction to think strategically over multiple years instead of just balancing the budget for a single year,
- Aligns with state's budget calendar,
- More transparent on full program costs, comparisons and trends, especially when a new program may only incur some of the costs in the first year, and
- Budget is considered in non-election years freeing up policy makers' time and attention

Commonly cited **disadvantages** of biennial budgets include:

- More uncertainty forecasting revenues/expenditures further into the future,
- More difficulty responding to unexpected turndowns
- More effort and complexity surrounding budget development
- Risk of misspending or overspending in year 1 due to reduced departmental oversight
- Biennial budgeting involves working on budgets very far in advance. Departments would begin to put together budgets for the second year of a two-year cycle at least 28 months before the year would start and 40 months before the year ends.

There are several approaches to biennial budgeting:

- True biennial budgeting appropriates funds for a twenty-four-month period, or two fiscal years, without making any distinction between these two years. Revenues and expenditures for both years are combined throughout the budget book and treated as a single budget period.
- Modified biennial budgeting makes appropriations for two years at a time, but revenues and expenditures are often separated by fiscal year throughout the budget book. A jurisdiction may choose to only adopt year 1 of the budget and defer the adoption of the year 2 budget at the end of year 1.
- Jurisdictions using any form of biennial budget may undertake some form of **mid-biennium review** to true-up financial forecasts or respond to unanticipated economic factors prior to the beginning of Year 2. In the absence of a formal review process, there would likely be a large increase in supplemental budget measures.

Depending on the Board's decision/approach, a transition to biennial budgeting would require careful planning that includes identifying associated costs such as staffing and technology, impacts on all departments, timelines, internal controls, changes in process and policy, and training needs.

Optional Pilot Program

An option for consideration would be to pilot biennial budgeting with one department. WES is eager to do this, having begun exploration on this topic in January 2024. They are interested in evaluating whether a two-year budget cycle can:

- Enhance alignment with WES's strategic goals,
- Provide predictability and stability for stakeholders and ratepayers,
- Be a foundation for scaling long-term budget initiatives, and
- Result in administrative efficiency and time savings while maintaining fiscal transparency and control.

As a component unit of the County, WES is well-suited candidate for piloting this approach due to its stable and predictable revenue sources and existing multi-year planning infrastructure. The Board of Directors of WES would need to take action, either by resolution, order, or ordinance adoption, to move WES to a biennial budget cycle. If this option were selected WES staff would return to the Board with an implementation plan and timeline.

In the end, biennial budgeting is a well-established practice, and the choice between approaches – annual vs. biennial - is fundamentally one of organizational fit rather than one option being objectively superior. There are justifications for either budget cycle; the best approach depending on the County's priorities and desired outcomes.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost?

There will be additional costs – to be determined – if the Board directs staff to implement the change across all departments, both in staffing and possible technology.

If the Board decides to try a pilot program with WES, the cost to develop the pilot is projected to be \$65,000 for a year or approximately .5 FTE (combining staff time from several areas in County Finance).

What is the funding source? WES revenue (no County General Funds)

STRATEGIC PLAN ALIGNMENT:

- How does this item align with the County’s Performance Clackamas goals?
This aligns with the County's Public Trust in Good Government strategic priority, which includes goals around best practice governance and greater transparency and accountability.

LEGAL/POLICY REQUIREMENTS:

Under Oregon Local Budget Law (ORS 294.305 to 294.565), local governments are authorized to adopt either a one-year (annual) fiscal year or a two-year (biennial) budget period.

PUBLIC/GOVERNMENTAL PARTICIPATION:

None except for staff research

OPTIONS:

1. Direct County Administration to change the budgeting cycle for all departments to biennial and return with a detailed action plan, including costs and timelines, for final Board approval.
2. Direct WES to work with County Finance to develop a biennial budget pilot for FY 2027/28 and FY 2028/29 and return with an action plan for final Board approval.
3. Direct County Administration to conduct additional research on biennial budgeting.
4. Take no action at this time and retain use of an annual budget cycle.

RECOMMENDATION:

Option #2: Direct WES to work with County Finance to develop a biennial budget pilot for FY 2027/28 and FY 2028/29 and return with an action plan for final Board approval.

ATTACHMENT:

A: WES Pilot Program Proposal PowerPoint

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Cindy Becker @ 503-930-6894
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WES Biennial Budget Pilot

*Greg Geist, WES Director
Cindy Becker, Project Manager*

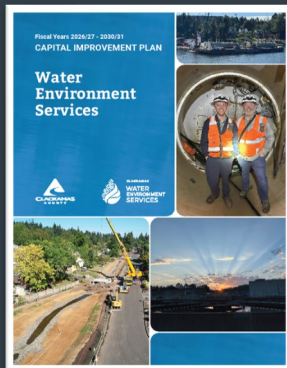
Why WES?

Component unit of the County with:

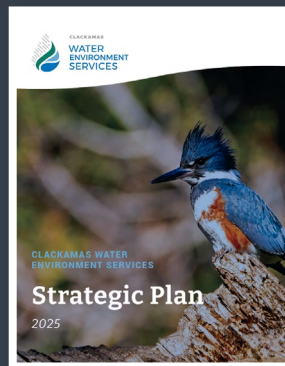
-  Stable, Predictable Revenues
-  Multi-Year Contracts and Known Costs
-  History of Budget Accuracy

Alignment with WES Planning Documents

**5-Year
CIP**



**3-Year
Strategic Plan**



**10-Year
LRFP**



**Financial
Policies**



Proposed Pilot Approach

Proposed First Biennium: FY 2027/28 and FY 2028/29

Pilot Structure

Start Date: FY 2027/28

*Allows a full year to plan and implement
Calendar aligned with PERS cycles and County financial guidance*

Modified biennial budget

Years 1 and 2 appropriated simultaneously; revenues and expenditures reported annually

Mid-Biennium Review

Formal Board review with updated forecasts and any recommended adjustments

Year 2 Forecasting

Conservative assumptions built on WES and County LRFP baselines

Ongoing Controls & Oversight



Monthly Financial Monitoring

Continued reporting to department management; Board notified of material variances.



Supplemental Budgets

Board retains authority to pass supplemental budgets as needed between cycles.



Transparency: Annual Reporting and Audits

Ongoing annual comprehensive financial reports as a component unit of the County and annual budget to actual reports.



Pilot Evaluation

Outcomes evaluated in second year of pilot: time savings, forecast accuracy, and enhanced value-added work.

Request for Board Direction

Next Steps, if approved:

- Resolution for WES to prepare 2-year budget
- Change budget committee appointments from 3 to 4-year terms
- Begin planning and system implementation with County Finance
- Develop a 2-year budget for FY 2027/28 and 2028/29