
BIENNIAL BUDGETING

HOW WE GOT FROM THERE TO HERE



HISTORY OF BUDGETS

- Our first biennial budget was 2005-2007 as a “trial run”
- We have now been doing this for 20 years
- We are the only county in Oregon to use biennial budgets
- We did two single year budgets as well
- Budget amounts through the years:
 - 05/07 - \$158,227,267
 - 07/09 - \$150,339,312
 - 09/11 - \$172,758,884
 - 11/13 - \$183,025,909
 - 13/15 - \$183,886,224
 - 15/17 - \$207,920,050
 - 17/19 - \$243,967,943
 - 19/21 - \$311,150,549
 - 21/23 - \$362,951,535
 - 23/25 - \$485,876,360

BUDGET PRINCIPLES

The Financial Services Department has applied the following principles in developing the budget.

- ✓ Create standard practices in forecasting estimated cost and revenues, as opposed to requesting Department's to formulate requests based on different variables and strategies.
- ✓ Identify a method in which the Budget Committee can see both the cost of continuing existing programs and services, and the cost of new proposals that align with county priorities.
- ✓ Develop a way to simplify the budget for better transparency and understanding.
- ✓ Apply a lens of accountability and stewardship that balances the need to make strategic investments with the equally important need to be fiscally prudent with the use of resources.
- ✓ Create a discipline of mitigating against future financial risk through longer term forecasting and analysis..

BENTON COUNTY PROPOSED BUDGET

The development of the Proposed Budget begins in July of even years and set out to develop a proposed budget by March of the odd years for the Budget Committee process.

BUDGET DEVELOPMENT PROCESS

The following represents some of the key steps taken to ensure we effectively maintained alignment with our principles

- ✓ Current Service Level (CSL) model was implemented to estimate the cost and revenue of existing programs and services based on historical trends, blended with known factors.
- ✓ CSL estimates were administered by a team of Financial Analysts that directly partnered with Department Directors and staff.
- ✓ CSL Budget was finalized in mid-December (mostly) to create the baseline of cost and form an understanding of available revenue.
- ✓ Process for proposed Policy Packages (new investments) was developed and administered by Financial Services to enable Departments to submit request in January.
- ✓ Early partnership was created with Board of Commissioners Office to align CSL Budget and Policy Package requests with Board of Commissioner priorities.
- ✓ Administer a review process with County Administrator to evaluate all policy packages and select investments that best align with Commissioner priorities while at the same time still working toward maintaining a prudent level of reserves to mitigate any future risk or financial crisis.
- ✓ Proposed budget developed and presented to Budget Committee

PRIORITY AREAS FOR COUNTY ORGANIZATION

Focus Areas

- Community Safety
- Emergency Preparedness
- Outdoor Recreation
- Prosperous Economy
- Environment & Natural Resources
- Mobility & Transportation
- Housing & Growth
- Arts, Entertainment, Culture & History
- Food & Agriculture
- Lifelong Learning & Education

FY2023-25 Commissioners' Priorities

- Community Resiliency
- Community Safety & Justice Systems Improvement
- Homelessness & Housing Insecurity
- Health & Equity in All Actions (Core Values)
- Responsible Governance

BUDGET DRIVERS

Current Services Budget Drivers

- Salary Growth assumed bargained contracts, natural growth rate of salaries, and assumed CPI adjustments for management and non-represented staff
- Health Benefits Expected Growth Rate
- Standard Inflation factor is established for all Materials Service. If there are specialized areas like food, pharmaceuticals, etc., that need an inflation factor that differs from the standard, those are established. These are all based on CPI Report.
- Vacancy Factor - Vacancy factor is a prudent budget practice that recognizes the fact that vacancies will occur creating cost savings that can be used for strategic funding opportunities, risk mitigation, and/or unanticipated emergencies. It has only been applied in isolated parts of the County in the past.

BIENNIAL BUDGET PROS AND CONS

It is easier to identify challenges & opportunities based on upcoming projects and pain points from previous biennia

One of the biggest opportunities that is realized with a biennial budget is that it creates a bigger space for budget execution rather than in a constant cycle of development.

Forces departments to be more strategic in planning and forecasting for the future (also can be a pain point for departments)

Allows Board of Commissioners to be more strategic in priority setting since they are not going through the process each year

Software is difficult to use because none truly accommodate a biennium so we still have to create two separate year's budgets and combine for the budget document

There are understandably more supplemental budgets because changes still do occur during the biennium; that can be a pro and a con