

Proposed FY 2024 Statement of Budgetary Principles

City Council

Item 200

July 31, 2023



Office of the Independent Budget Analyst



FY 2024 Statement of Budgetary Principles

Background

- Annual agreement between Council and Mayor
 - Establishes budgetary authority and facilitates communication
- Need arose with the transition to new form of government
- Approved every year, following approval of Appropriation Ordinance
 - We recommend it continue
- This item was heard by the Budget & Government Efficiency (B&GE) Committee on July 12, 2023, which recommended approval of the item with one modification

Overview of FY 2024 Budgetary Principles

- Three categories
 - Communication on Proposed Program or Service Changes
 - Appropriation Ordinance
 - Principles for an Effective, Cooperative, and Transparent Mayor-Council Form of Government, pertaining to budget implementation
- Proposed FY 2024 Principles largely mirror FY 2023
 - Mostly date changes or technical adjustments
 - An addition, at the very end, to further align the Budgetary Principles with the 2012 “Ten Fundamental Principles”
 - **B&GE Change**: a new Principle limiting the addition of supplemental positions immediately following budget approval for a fiscal year

Highlights

Communication

- Mayor provides quarterly reports to Council
- Prior to any significant reduction in service levels or elimination of programs funded in the budget, Mayor shall provide written notice to Council
 - Must include justification and description of service level impacts, including potential unintended consequences that create disproportionate inequity for Communities of Concern

Highlights

Appropriation Ordinance (AO)

- AO implements the approved budget, sets spending authority by Department and by Fund
 - AO does not include policy direction
- Neither Mayor nor Council have unilateral authority to make changes to spending authority in the budget
 - Council cannot change the budget without first receiving a funding recommendation from the Mayor
- Mayor shall in good faith fulfill the legislative intent reflected in the budget
 - It is Council's intent that services be implemented *equally* and *equitably*

Highlights

Budget Implementation

- Follow the 2010 “Structural Budget Deficit Principles”
- Strategic Plan Dashboard will display metrics demonstrating progress towards outcomes
 - Data to be discussed at B&GE Committee by end of first quarter
- Mayor will address deferred capital backlog by implementing funded projects and work with Council to identify resources
- **Addition**: Mayor will work cooperatively with IBA, City Attorney, Council, and its Committees to carry out programs and policy directives in the budget

Highlights

Budget Implementation

B&GE Modification - New Principle (partial text)

- To mitigate the addition of programmatic supplemental positions outside the Budget adoption process, the **Mayor should recommend all new positions anticipated to be needed in the upcoming fiscal year in the Proposed Budget or the May Revision**, or will otherwise recommend further anticipated positions to Council for consideration during Council's final actions to adopt the Budget.
- If programmatic supplemental positions are needed during the fiscal year, **requests for those positions should only be initiated after the conclusion of the fiscal year's first quarter**, except in the event that the need for supplemental positions was not known before Budget approval and waiting until the conclusion of the fiscal year's first quarter would restrict the City's ability to provide critical services to residents.

FY 2024 Statement of Budgetary Principles

Request for Council Action

- B&GE Committee recommended approval of the proposed Principles on July 12, 2023, with one modification
- We recommend Council review and adopt the revised proposed FY 2024 Principles, with any desired modifications
 - Any revisions will be subject to Mayoral approval