



## Funding model would strengthen public confidence in elected leaders

The Auditor requests that City Council approve a budget note to create a funding model that preserves the independence of the Auditor's Office from those who are subject to its oversight.

In Portland's commission-form of government, the Mayor and Commissioners are both legislators and executive managers. The Auditor is the sixth elected official in Portland with distinct but equal responsibilities to promote accountability and transparency.

The commission-form of government undermines the independence of the Auditor's Office because it puts Commissioners in control of the Auditor's budget, even though they are the subjects of audits, investigations, and regulatory enforcement.

The status quo works against the City's commitment to good governance principles, especially openness, transparency, and accountability.

It is in the public's interest for the Commissioners and the Auditor to fund the Auditor's Office in a way that respects its independence and fulfills City Council's fiduciary responsibilities. Doing so will strengthen the public's confidence that Portland's elected officials respect and encourage independent accountability.

### Proposal builds on Charter amendment

A Charter amendment approved by voters in 2017 took a step toward improving the likelihood that the Auditor's budget would be based on the Auditor's responsibilities rather than Council priorities. The broad language in the Charter, however, requires a framework for how it will be implemented.

The model proposed is updated from prior iterations but remains in keeping with one used by State Legislature to set the Tax Supervising and Conservation Commission's budget. The Commission is an independent body that reviews the budgets of 28 municipal corporations in Multnomah County, including the City of Portland's, to ensure they comply with the State's local budget law before they are adopted. The Legislature sets a budget cap based on a percentage increase over 10 years, and the Commission must operate within the cap.

### Council sets cap, leaves spending decisions to the Auditor

The Auditor's Office proposes a model in which Council sets a funding limit over a five-year period, starting in FY 2021- The model envisions:

- modest annual growth of 1.5 percent, not to exceed a total of \$550,000 over the five-year span
- commitment that the Auditor will decline the annual increase when it is not needed
- a mechanism for Council to adjust the model in the event of a fiscal emergency consistent with decreases applied to all elected offices
- ongoing funding protection for any permanent appointments made during the five-year span
- additional funding for instances in which the Auditor consents to new or expanded responsibilities through Code changes, when voter-approved Charter changes require new resources to implement, or in cases of sizable unanticipated expenditures.

## How it could work

The following table is an example of how the funding model could work year-over-year. The Auditor’s Office declines the additional 1.5 percent funding in Year One but takes it in Years Two, Four, and Five to pay the cost of an employee hired in Year Two. The funds in Year Three are declined because there is an assumed sufficient amount of Auditor’s Reserve Fund availability to cover the salary that year.

		Projected					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
	<b>Current Appropriation Level (CAL)</b>	\$11,395,193	\$11,677,743	\$12,112,247	\$12,418,433	\$12,841,549	
	<b>Requested CAL</b>	\$11,395,193	\$11,851,260	\$12,112,247	\$12,602,909	\$13,033,422	
	<b>Percent increase</b>	- 0% -	1.50% \$173,516	- 0% -	1.50% \$184,476	1.50% \$191,873	<b>Total</b> <b>\$549,866</b>
<b>Hiring a new employee</b>							
	<b>Salary, benefits, and statutory</b>	- \$0 -	\$150,471	\$152,968	\$155,508	\$158,089	<b>Total</b> <b>\$617,035</b>