

City Council Office Budgets

The FY 2017-18 Budget included the following budget note:

Council directs the City Budget Office (CBO) to evaluate funding levels for the Commissioner's office budgets relative to the Mayor's Office and make recommendations to adjust funding levels as appropriate. This may include but is not limited to establishing an appropriate ratio of Commissioner Office budgets to the Mayor's Office budget. This evaluation should be complete and submitted to Council for consideration by November 30th, 2017 in preparation of the FY 2018-19 budget.

Historical Background

The City of Portland is the last remaining large city operating under a Commission form of government¹. Unlike Council-Manager forms of government, Portland Commissioners have executive, legislative, and administrative responsibilities.

Commissioners are expected to serve all of Portland's community members, which accounts for a non-scalable portion of Council office workload. There is additional scalable workload related to the bureaus that each commissioner oversees. The Mayor designates a Commissioner-in-Charge of each bureau and has the authority to change designations at any time. Thus, the Mayor distributes the scalable portion of the workload amongst Council and his own office. Portland City Code states that

"The Commissioner-in-Charge of each department shall have the supervision and control of all the affairs and property which belong to that department, subject to the provisions of this Charter and to such regulation as may be prescribed by the Council".²

To manage shifting workload, practices have varied. At one time, both the Mayor and Council opted to have bureau staff onsite in City Hall to provide policy support. In an attempt to increase transparency, most of these arrangements were formalized through interagency agreements, where bureaus funded Mayoral or Commissioner staff positions. Mayor Hales eliminated these interagency agreements and at the same time equalized Council Office budgets.

Council has asked the City Budget Office to determine if there is an ideal ratio between Mayoral and Council Office funding. CBO undertook an historical and comparative analysis of the relationship between Mayoral and Council office budget and staffing.

¹ Forms of Municipal Government. <http://www.nlc.org/forms-of-municipal-government> Accessed August 16, 2017

² Article 3 Executive and Administrative Powers <https://www.portlandoregon.gov/citycode/28239> Accessed August 16, 2017

City Budget Office Analysis & Recommendations

Analysis

Typical program evaluation is not applicable because neither the Mayor or the Council Offices have performance metrics that might inform an ideal funding or staffing level, and such performance metrics are difficult if not impossible to define for an elected official's office. An alternative analytic approach is to study common or best practices of other cities and compare the findings to the City of Portland. However, this approach is only somewhat applicable given Portland's unique form of government.

Portland is one of three cities that operates under a Commission form of government. The other cities are Fairview, Tennessee and Sunrise, Florida. Both cities are significantly smaller than Portland and their elected offices do not have individual staff, only shared staff.

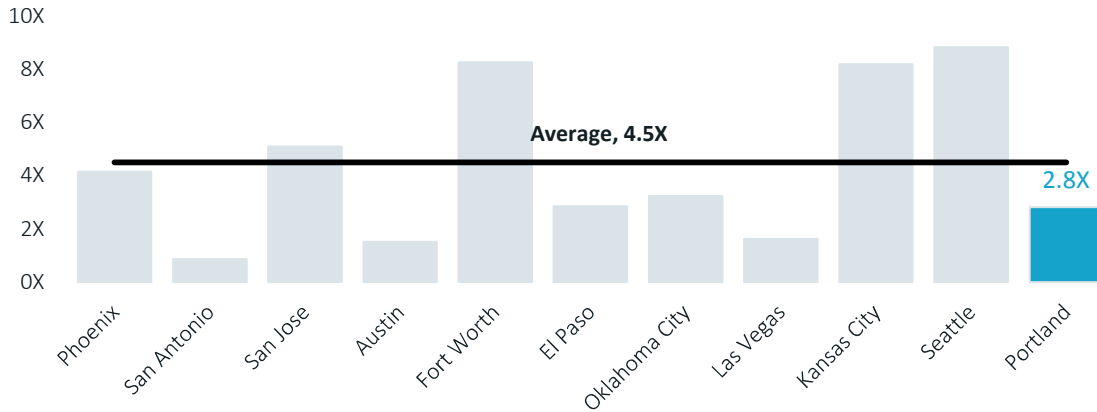
According to The National League of Cities, the Council-Manager form of government is most common followed by the Mayor-Council form of government. Under both models, there is often a City Manager who is responsible for ensuring that Council's directives are implemented³. The following findings are for cities with either a Council-Manager or Mayor-Council form of government.

The City of Seattle recently proposed significantly increasing mayoral staff size for FY 2015-16. As a response to this proposal, Seattle conducted a study to provide information pertaining to budgets and staff sizes of Mayor and Council offices in peer cities.

To augment Seattle's findings, CBO added 2017-18 adopted budgets and staff sizes for the Mayor and Council Offices for Portland and Seattle. Data from Seattle's study is from 2015, and the data from Portland and Seattle are from 2017

³ Forms of Municipal Government. <http://www.nlc.org/forms-of-municipal-government> Accessed August 16, 2017

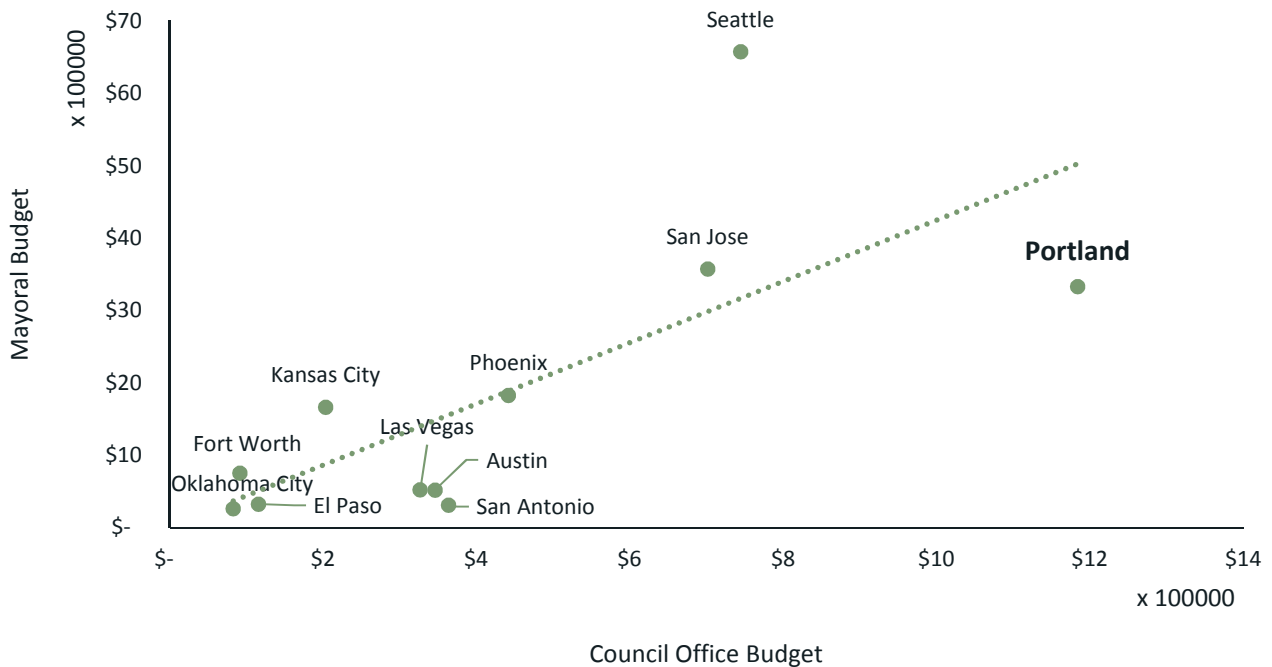
The Ratio of Mayor to Council Office Budgets *Varies Significantly*



By dividing the Mayoral budgets by the Council Office budgets, preliminary results emerge: the ratio varies significantly from city to city ranging from .9 to 8.8 with the average ratio being 4.5.

CBO performed a regression analysis to determine if there is a statistically significant relationship between Council office and the Mayor's office budgets. The regression results from the 11 Cities studied suggest there is some relationship. However, given the small sample size, these results may not be a reliable representation of the population (in this case, of all cities).

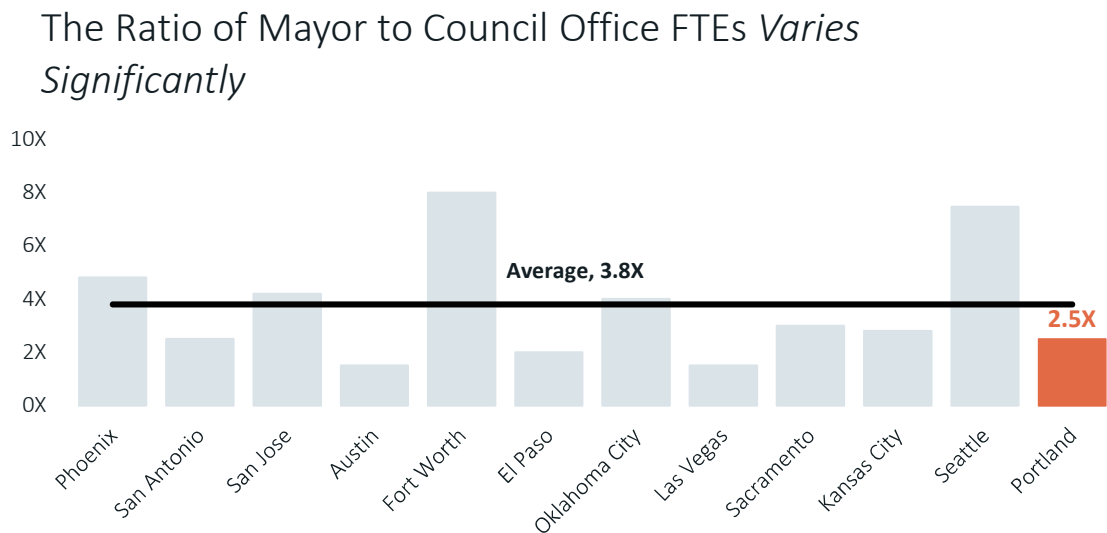
There may be **correlation** between Council Office budgets and Mayoral budgets- Both **Portland** & **Seattle** are outliers



Looking at the scatterplot, it is *visually* clear that many of the cities are close to the trend line which does suggest a relationship, but both Portland and Seattle are outliers. They were left in the analysis because they cancel each other out and do not skew the overall results.

The regression output suggests that in these 11 cities studied, on average for every \$1 of funding received by a Council Office, the Mayor’s budget will receive \$4.22 of funding. As noted above, however, the small sample size results in a large confidence interval, meaning that we can only say with 95% confidence that for each dollar of funding received by a Council Office, the Mayor’s budget receives somewhere between \$1.17 and \$7.28, a very large range.

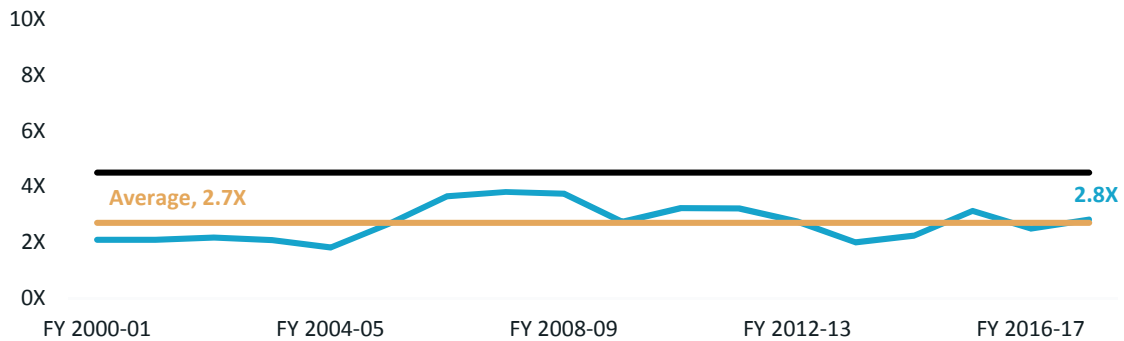
Ultimately, the results are not robust enough to state that there is an ideal ratio between Mayoral and Council budgets in the comparator cities.



Using the same methodology with FTE as with budgets demonstrates the ratio of Mayoral FTE to Council Office FTE across the same data set also varies significantly from 1.5 to 8, with the average ratio being 3.8. If both Fort Worth and Seattle are removed from this data set as outliers, the average ratio is 2.9, much closer to Portland’s ratio of 2.5.

CBO also examined Portland’s historical funding levels to determine if a trend exists. The historical data reflects administrative budgets; meaning revenue budgeted for specific programs such as the Office of Youth Violence Prevention, or the Gateway Center has been removed as they artificially inflate the office’s budget. Further, interagency agreement revenue has been removed from the administrative budget because the practice was not consistent across all years. The data for FTE reflects budgeted FTE and does not include embedded staff or positions funded with interagency revenue. It is not possible to clearly track which staff was funded with interagency revenue.

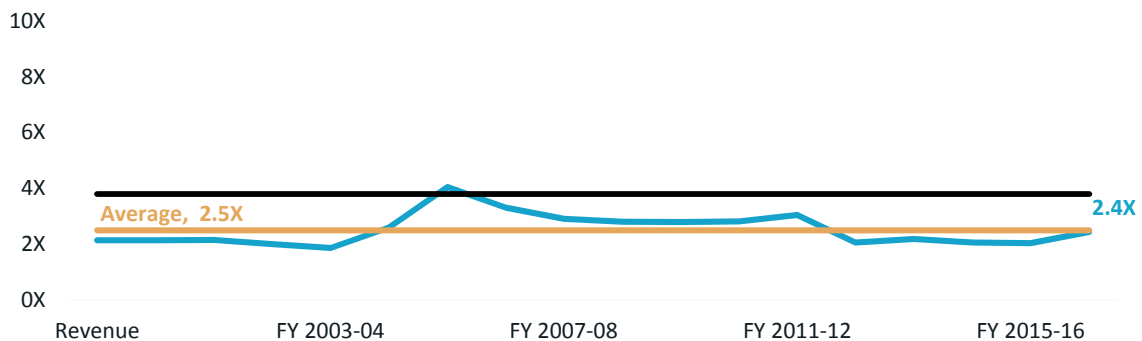
Portland's Ratio of Mayoral Budget to Council Office Budgets
 consistently fell under the **Peer City Average** and is currently
 only *one tenth* above **Portland's Historical Average**



All values have been corrected to reflect 2017 dollars

The data demonstrated that the Mayor’s budget has consistently fallen below the peer average and is currently just above our 2.7 historical average. The Mayor’s FY 2017-18 budget is 2.8 times greater than the average Council Office budget.

Portland's Ratio of Mayoral FTE to Council Office FTE
 consistently fell under the **Peer City Average** and is currently
 only *one tenth* below **Portland's Historical Average**



The data demonstrated that the Mayor’s FTE has mostly fallen below the peer average and is currently just under our 2.5 historical average. The Mayor’s FY 2017-18 is 2.4 times greater than the average Council Office staff size.

The historical data does not inform if there is an ideal ratio for budgets or staff levels, but it does provide context for how Portland has functioned over time. Current ratios are extremely close to the historical averages and fall significantly below peer city averages.

Recommendations

Based on the above data, CBO does not recommend establishing a mechanical funding formula for Council and Mayoral budgets, as there is no clear standard or best practice for how cities set Mayoral and Council Office budgets.

Unlike other cities, Portland elected officials must manage a potentially unpredictable and shifting workload. The method by which the Mayor and Council manage shifting workloads is a policy decision that should be made in the context of the City budget process and as needed throughout the year.

To the extent that Council offices need additional staff or resources, there are two potential solutions:

1. **Increase Council office budgets across the board.** This option would provide additional funding and additional staff to deal with increasing workloads, while keeping Council office budgets equal.
2. **Explore reinstating the use of interagency agreements to fund additional staff.** Council could keep base office budgets consistent across all Council offices, but allow commissioners to establish interagency agreements with bureaus to fund additional staff. This would allow Council office budgets to adjust based on the number of bureaus they are assigned by the Mayor while maintaining a minimum staffing level to deal with the non-scalable portion of the work.