

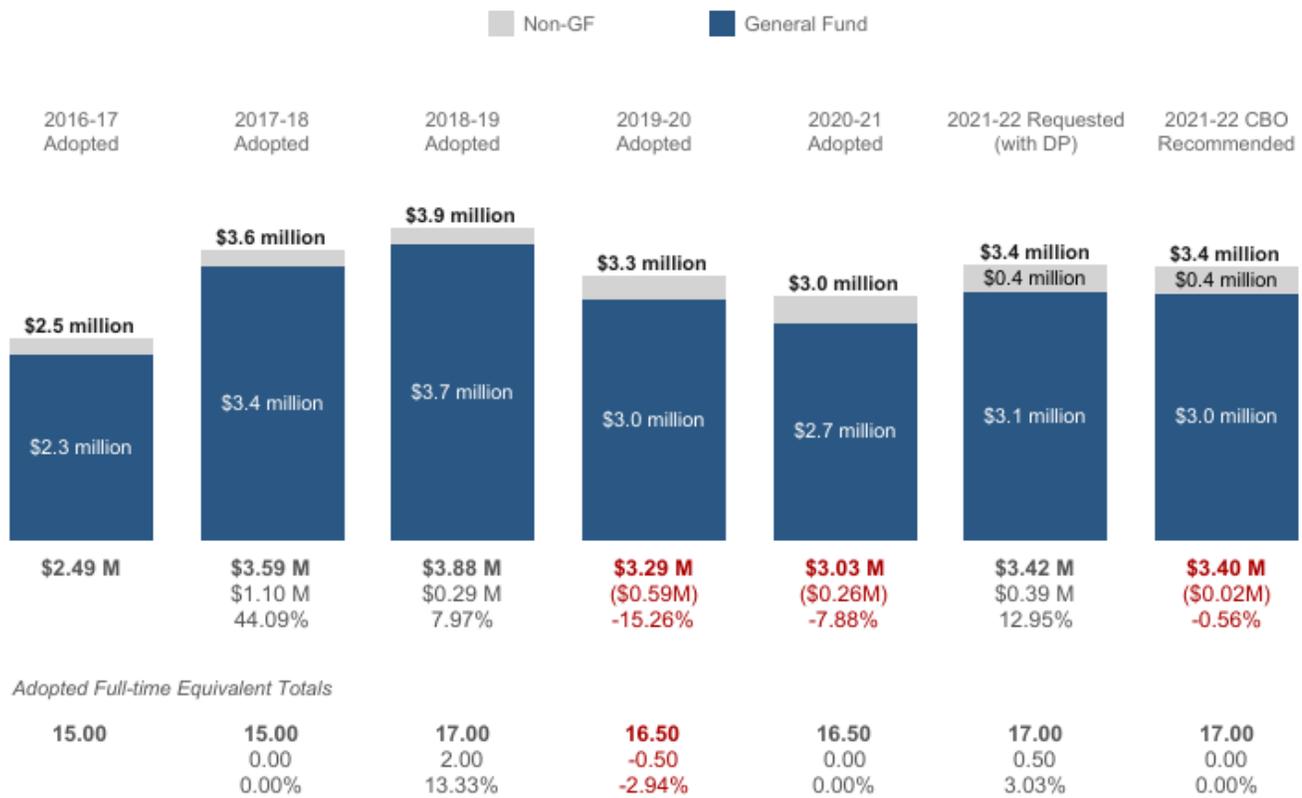


City Budget Office

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Analysis by Christy Owen

Adopted Budget Revenues | 5-Year Lookback



INTRODUCTION

The City Budget Office (CBO) submitted its FY 2021-22 Requested Budget with a 5% reduction of General Fund resources. As allowable per Mayor’s Budget guidance, the CBO has also submitted requests to add back funds from the 5% reduction and the bureau has put forth one request for

new General Fund resources. The following are the recommended decision points in the FY 2021-22 Requested Budget review:

- Recommends restoring resources supporting 1.0 FTE Financial Analyst in the Budget & Economics Program
- Recommends new ongoing General Fund resources for the Community Connections in Budgeting package, which re-establishes an annual qualitative and quantitative survey in the City of Portland.
- Does not recommend resources added back in support of the Hatfield Fellowship program. CBO will need to internally reprioritize resources to continue with annual Hatfield Fellows.

BASE BUDGET & KEY ISSUES

The City Budget Office (CBO) is predominately funded with General Fund discretionary and overhead resources. Approximately 11% of its resources come from interagency revenues to support the Portland Utility Board program and a small allocation of Recreational Cannabis Fund supports administration of that fund. The FY 2021-22 Requested Budget does not include significant changes in discretionary resources, or the appropriation expense categories as compared to prior years. Discretionary funds predominantly support personnel-related expenses, and nearly half of the total external materials and services budget supports budgeting software and database systems. Historically, the bureau has underspent its General Fund allocation, mostly due to turnover of staff in the Budget & Economics program. The amount of discretionary underspending prior to FY 2019-20 averaged \$153,000, with the majority of the underspending incurred in FY 2018-19 associated with the budget software replacement project. This project was delivered on-time and under budget, and these resources were carried forward into FY 2019-20. The bureau significantly curtailed its external materials and services expenditures at the beginning of the COVID-19 public health crisis in March 2020. There was approximately \$35,000 in underspending in FY 2019-20 associated with the costs of travel, in-person training for staff, and expenses incurred to support the community budget forums. Should current practices continue, the bureau would again experience underspending in FY 2021-22.

The majority of the financial risk in the CBO is in line with overall financial risks of the City's General Fund as approximately 89% of the bureau's resources are tied to this resource. Personnel cost pressures most likely to impact CBO as 76% of program expenditures support salaries and wages of staff. CBO has been able to manage within its current resource pool when there is turnover and newly hired staff are assigned a wage based on the City's pay equity practices, but there is a noticeable increase associated with the City's pay equity practices for newly hired analysts as compared to recruitments conducted prior to the implementation of centralized pay equity at the City. There is potential with the next pay equity process, currently scheduled to occur in 2021, that CBO may be unable to internally absorb expenses without eroding the bureaus discretionary materials and services budget. This is a consistent challenge for small

bureaus across the City.

Most bureaus at the City experienced significant service disruption as a result of the COVID-19 public health crisis. For the CBO, the impact is seen in its performance reporting as the bureau prioritized responding to the immediate and drastic need to update the City's reduced use of General Fund resource. The bureau did not conduct its annual customer service survey, has suspended decision package reporting and analysis, and did not provide the annual Prior Year Performance Report. All CBO staff were required to take unpaid furloughs, totaling 980 hours (47% of a regular FTE) and as such prioritization of time fell to supporting core services, including an atypical Fall Supplemental Budget where bureaus were required to submit mid-year reductions. Funding to restart the Portland Insight Survey was not recommended in the FY 2020-21 Adopted Budget, as the City needed to prioritize its resources for continuity of core services while solving for a significant budget shortfall. The bureau was able to implement a suite of Citywide Performance Measures in the Adopted Budget and plans to further this work in FY 2021-22 (see proposed internal realignment of resources in the Decision Package discussion).

DECISION PACKAGES

5% Constraint

11443, (\$139,000) (1.00 FTE)

Request Summary

This request would reduce \$139,000, or 5%, of ongoing General Fund resources in the Budget & Economics program within the CBO. In order to achieve this reduction, the CBO has submitted a reduction of \$119,721 and 1.0 FTE Financial Analyst I and \$19,279 in external materials and services associated with the Hatfield Fellowship program.

CBO Analysis

Per Mayor's budget guidance, the CBO could have been exempted from providing a constraint as a bureau with fewer than 30 FTE. However, the Budget Director opted into the exercise to ensure transparency and accountability in CBO's role in assisting in the Mayor's budget development process. As allowed by guidance, CBO has requested these resources back as discrete and prioritized add-backs. If resources are not added back there will be impacts associated with CBO's workload and outputs, as articulated in the analysis of the following requested decision packages.

Constraint value: (\$139,000 ongoing) | (-1.00 FTE)

Add back 1.0 FTE Financial Analyst 1

11444, \$120,000, 1.00 FTE

Request Summary

This request is for \$120,000 in ongoing General Fund resources to restore 1.0 FTE Financial Analyst I in the Budget & Economics program. Adding back resources for this position is the top

priority request from the CBO.

CBO Analysis

The Budget & Economics program is one of two discrete programs in the CBO. Currently, there are 14.0 FTE assigned to this program offer, with eight analysts primarily dedicated to providing bureau support, financial and performance monitoring, reviews and analysis during the City's budget processes. Additional staff in this program offer are dedicated to supporting citywide performance management, economic forecasting and modeling, and budgetary systems support for all City bureaus.

The bureau has held the position vacant to prevent a layoff if eliminated, but has a temporary analyst currently providing needed analytical support. CBO has limited opportunities to realign resources to support analyst work: primary expenses, outside of costs for personnel, are predominately dedicated to contracted support for the City's Budget software, support for facilitation of community budget forums, and internal services provided by the Office of Management and Finance. CBO's other program offer, the Portland Utility Board management and support, is funded by rate payer resources and must only work on PUB support.

The primary work product of the CBO is dependent on the skills and analytical work of analysts, each of whom are assigned a portfolio of the City's 28 bureaus and offices. The City's total budget is approximately \$5.6 billion, of which 11% is ascribed to the General Fund. Without adding back resources into the CBO's budget, the likely result will be reduced output and inability to take on as in-depth financial work on all City bureaus. The bureau states that should this position not be added back, the bureau would provide reduced oversight over non-General Fund resources and bureaus as the CBO has the fiduciary responsibility for the City's General Fund.

CBO recommends restoring funding for the Financial Analyst I in the amount of \$120,000 of ongoing General Fund discretionary and overhead resources. This position supports city goals and values for financial work, transparency in government, and supports long-term financial health for both the Bureau and City.

CBO Recommendation: \$120,000 ongoing | 1.00 FTE

Community Connections in Budgeting

11446, \$275,000, 1.00 FTE

Request Summary

This request is for \$275,000 of ongoing General Fund discretionary and overhead resources to support the establishment of a qualitative and quantitative data collection and survey process focusing on collecting information from historically and currently underrepresented communities. The resources would support 1.0 FTE Analyst II assigned as a Community Engagement Analyst who will manage the data collection projects and seek to enhance the accessibility of information on the City's budget and budget process, as well as \$125,000 to support a contract for the collection of the qualitative and quantitative data.

CBO Analysis

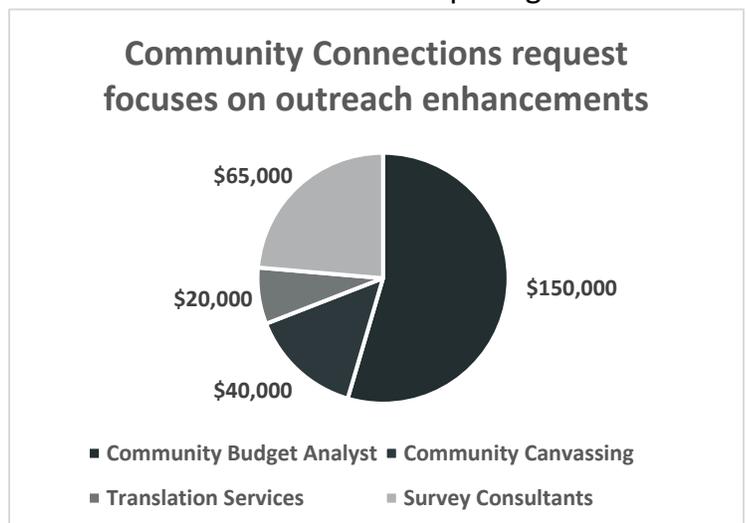
In FY 2018-19, the City Budget Office received \$60,000 in one-time resources to conduct the Portland Insights Survey, a citywide survey of Portlanders soliciting feedback on City service delivery and priorities. This project was intended to build upon the Auditor’s Office annual survey, which was discontinued in FY 2016-17 after 20 years of data collection. CBO absorbed an additional \$80,000 in services and staff costs to successfully conduct the pilot, receiving responses from over 8,000 community members. Costs were greater than expected because of the decision to deploy paid multi-lingual community canvassers as a way to reach diverse populations. Several City bureaus, including Portland Parks and Recreation and the Bureau of Sustainable Planning, have used the data from the 2018-19 survey as a decision-making tool over the past two years.

The proposal for the FY 2021-22 Requested Budget builds off the model used in the initial pilot. Notable differences include:

- The current request adds a qualitative component to the previous quantitative survey, referred to as “Community Budget Labs.” CBO received feedback from stakeholders supporting the pursuit of a qualitative component to connect with the quantitative on-line community survey.
- The request increases the funding for paid canvassing operations to collect more representative feedback. The 2019 pilot collected statistically significant data from most – but not all – neighborhoods and prominent race and ethnicity groups in Portland.
- The timing of the survey would be adjusted to better align with the City’s annual budget process.
- The request adds 1.0 FTE Community Budget Analyst to support and facilitate issue-specific Community Budget Labs, providing an opportunity to conduct more proactive budget engagement sessions.

The bureau anticipates the structure of this more enhanced survey will bring the Council timely and relevant quantitative and qualitative data on a more routine basis with explicit goals to ensure the voices of historically marginalized communities are provided more opportunities to be heard. The following chart breaks out the cost proposal and identifies approximately 76% of the budget requested for the Portland Insights Survey is in direct support of translation and outreach to communities who may not otherwise access or connect to City services.

Although the City is facing limited General Fund resources, CBO recommends this request. This survey is likely to provide



critical longitudinal information of public perception and priorities regarding the overall allocation of the City's \$5.6 billion budget and allow for greater transparency and engagement in the City's budgeting processes. The proposal has garnered support from partner bureaus who utilize the data in their operations and from the CBO's bureau Budget Advisory Committee. This proposal can be delayed if there are higher priority and more urgent projects for scarce General Fund resources. However, the CBO does see the timing of this budget request as opportune as the city has the unique opportunity in the coming year to collect pre- and post-pandemic data given the pilot was collected in 2019. Additionally, Council may choose to only fund the quantitative survey on an every-other-year basis, which would reduce this request by \$65,000.

CBO Recommendation: \$275,000 ongoing | 1.00 FTE

Add-Back Hatfield Fellow

11445, \$19,000, 0.00 FTE

Request Summary

This request seeks to add back \$19,000 of General Fund resources to provide partial support of the CBOs annual sponsorship of one Hatfield Fellow in the Budget & Economics program. The full cost of a Hatfield Fellow is approximately \$50,000 per year, inclusive of office support materials and annual contract payments. In order to balance the requirement for a 5% reduction, the CBO submitted a partial reduction of the materials and services budget dedicated to this annual expense.

CBO Analysis

The use of Hatfield Fellows throughout the City provides experience and exposure to working in local government. The CBO has hired Hatfield Fellows for nearly ten years, and many fellows move on to career paths in public policy either within the CBO, the City of Portland, or in other jurisdictions. The bureau states that Hatfield Fellows have been instrumental in taking on projects such as a restart of the annual community survey, furthering performance management, and furthering the City's work with Bloomberg Philanthropies to be recognized as a What Works City.

Approximately 10.8% of CBOs General Fund resources in the Budget & Economics program support external materials and services, of which 49% are associated with fixed annual support contracts. Over the past three years CBO has underspent its resources dedicated to procurement of external materials and services. Most recently the underspending was due to citywide direction to suspend purchases not related to the City's response to the COVID-19 public health crisis. There is limited ability for the CBO to realign resources, however in the absence of new ongoing General Fund resources it is recommended the bureau seeks to absorb these resources in FY 2021-22. This recommendation is also dependent on the recommended addition of resources to support the add-back of 1.0 FTE Financial Analyst 1. If this funding is not restored, then it would be recommended the Hatfield Fellow be given priority as this program has proved to be a consistent opportunity and career path for individuals pursuing public service.

CBO Recommendation: \$0 ongoing | 0.00 FTE

Realign for Citywide Analytical Impact

11447, \$0,000, 0.00 FTE

Request Summary

This request seeks to realign internal resources within the bureau to dedicate additional analytical support for Citywide issues and performance management. The request contains two components: a shift in assignments for an existing Analyst III position to be dedicated to working on citywide issues (currently the position is dedicated to performance management) and the reclassification of one Financial Analyst I into an Analyst II, estimated to cost approximately \$11,228. The funding source would be internal resources within the CBOs base budget allocation.

CBO Analysis

Many of the City's financial issues span bureaus and service areas, and as the City Budget Office is positioned to highlight Citywide budgetary, policy, and performance data. It is anticipated that this internal realignment would result in a team dedicated to the assessment of complex multi-bureau issues as opposed to the current structure where the effort has been geared towards individual bureau topics and data points.

CBO recommends this request as the bureau has indicated the willingness to leverage internal resources as means to provide high-impact analysis and recommendations to Council.

CBO Recommendation: \$0 ongoing | 0.00 FTE

SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

City Budget Office

		2020-21 Adopted Budget	2021-22 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Miscellaneous Fund Allocation	\$10,000	\$25,000	\$0	\$0	\$25,000
	Interagency Revenue	\$324,806	\$332,488	\$0	\$0	\$332,488
	General Fund Overhead	\$1,466,742	\$1,561,419	\$153,999	(\$10,640)	\$1,704,778
	General Fund Discretionary	\$1,226,997	\$1,226,847	\$121,001	(\$8,360)	\$1,339,488
Revenue	Sum:	\$3,028,545	\$3,145,754	\$275,000	(\$19,000)	\$3,401,754
Expense	Personnel	\$2,282,748	\$2,414,291	\$150,279	\$0	\$2,564,570
	Internal Materials and Services	\$431,132	\$408,863	\$0	\$0	\$408,863
	External Materials and Services	\$314,665	\$322,600	\$124,721	(\$19,000)	\$428,321
Expense	Sum:	\$3,028,545	\$3,145,754	\$275,000	(\$19,000)	\$3,401,754