

How Other PA Cities  
Manage The Budget  
Process

# Background

- Allentown operates under a Home Rule Charter
- Budget authority divided between:
  - Executive (preparation of the budget) – MAYOR
  - Legislative (review & adoption of the budget) – COUNCIL
- On 1/21/26, Council approved a resolution which establishes guidelines for studying the City of Allentown's budget process

# **To Summarize R31201**

SECTION 802 of the Charter requires submission of balanced budget and capital program under the following provisions: On or before 90 days prior to the ensuing fiscal year, the Department Heads will submit Proposed Budget and Capital Program to the Mayor.

On or before 75 days prior to the ensuing fiscal year, the Mayor will submit to the City Council a balanced budget, Capital Program and an accompanying message.

The Proposed Balanced Budget and Capital Program shall be in such form as the Mayor deems desirable, unless otherwise required by Council.

# To Summarize R31201

The City Home Rule Charter adopted by the Allentown voters **originally** included a December 15 budget default, should City Council fail to adopt a veto proof budget by December 15, the Mayor's original proposed balanced budget would become the official budget of the City for the ensuing fiscal year.

# To Summarize R31201

Allentown voters **via a referendum removed the automatic budget default process** (preventing a tax increase from going into effect by default), and requiring Council and the Administration to adopt a budget by December 31.

The voters also approved changing the super majority requirement that 5 members are needed for a tax or fee increase and reduced the needed votes to 4.

*\*November 5, 2019 (Referendum outcome: December 31 date for adoption and default removed by a vote of 8,982 to 965; and a change from 5 to 4 needed for approval of a tax rate or fee*

# To Summarize R31201

- The referendum did not account for procedures, provisions nor closure if the Council and the Administration did not adopt an annual budget by December 31<sup>st</sup>.

# To Summarize R31201

The resolution noted that Councilpersons Binder & Pungo would work with the Budget and Finance Committee and council staff to conduct a targeted review and analysis of the City's budgetary process, including but not limited to:

- a) **review of the development and adoption of the City's budget** (*January 28 Budget and Finance Committee | Finance Director Review*)
- b) **comparison of the City's budget process to those of other municipalities, model city charters, and practices related to adoption** (*February 25 Budget & Finance Committee | Council & council staff presentation*)
- c) **identifying the procedural impacts that occur when budgetary agreements are not reached and evaluating options to clearly define and address those gaps**

# **To Summarize R31201**

The review shall include the collection of input, through surveys or other means, from City Council members, City administration and employees involved in the budget process, the City Controller, and the Mayor's Office, and shall incorporate their feedback, suggestions, and recommendations.

# Comparative Code Review

Examine how other cities in Pennsylvania handle:

- Budget submission timelines
- Adoption deadlines
- Default or interim budget provisions
- Veto authority
- Line-item veto authority
  - allows the Mayor to veto specific appropriations within the budget and approve the rest of the budget ordinance
- Council roles

**Focus:** What happens when a budget is NOT adopted on time?

# Example: Reading, PA

Home Rule Charter City - Pop. ~96,000 (3<sup>rd</sup> Class)

- Timeframe
  - Department heads submit a draft budget to the Managing Director 90 days prior to the start of the fiscal year
  - Mayor submits a budget to Council in October
  - Council must adopt budget by December 15
- Amendment Provisions
  - Council amendments may not increase expenditures above estimated income
  - If changes exceed Mayor's budget by 5% OR if a program is added/deleted, the budget is returned to the Mayor who has 3 workdays to respond
- Process Closure Mechanism
  - Default budget

# Example: Easton, PA

Home Rule Charter City - Pop. ~31,000 (3<sup>rd</sup> Class)

- Timeframe
  - City Administrator submits a draft budget to the Mayor 120 days prior to the start of the fiscal year
  - Mayor submit a budget to City Council in October
  - Council must adopt a budget by December 15
- Amendment Provisions
  - Council amendments must be voted on by December 10 - otherwise they cannot be considered in the final budget
- Process Closure Mechanism
  - Default budget

# Example: Philadelphia, PA

Home Rule Charter City – Pop. ~1.5 million (1<sup>st</sup> Class City)

- Timeline
  - Budget Intro: April 1 (*FY July 1–June 30*)
  - Council reviews, may amend, and must adopt by June 1
- Process Closure Mechanism
  - No explicit default adoption clause
  - If Council does not pass a budget, the City cannot legally expend funds and the City Controller may not approve spending
  - Mayor has veto/line-item veto authority; Council may override either with supermajority

# Example: Bethlehem, PA

Optional 3rd Class City Charter Law (No Home Rule Charter) - Pop. ~75,000

- Timeframe
  - Mayor submits budget by the last council meeting in November
  - Council must adopt a budget by December 31
- Process Closure Mechanism
  - No explicit default adoption clause
  - If Council does not pass a budget, the City cannot legally expend funds
  - Mayor has veto/line-item veto authority; Council may override either with supermajority

# Example: Pittsburgh, PA

Home Rule Charter City – Pop. ~307,000 (2<sup>nd</sup> Class City)

- Timeframe
  - Budget Intro: 2<sup>nd</sup> Monday in November
  - Council must adopt a budget by December 31
- Amendment Provisions
  - Council may increase/decrease appropriations staying within “bottom line” submitted in the Mayor’s budget
  - Council may amend operating budget within five weeks after fiscal year close
- Process Closure Mechanism
  - No explicit default adoption clause
  - If Council does not pass a budget, the City cannot legally expend funds
  - Mayor has veto/line-item veto authority; Council may

# Example: Lancaster, PA

Home Rule Charter City - Pop. ~58,000 (3<sup>rd</sup> Class City)

- Timeline
  - Budget Intro: Last regular November Council meeting
  - Council must adopt a budget by December 15
- Process Closure Mechanism
  - Default budget: If Council fails to adopt a budget by December 15, the Mayor's original budget goes into effect
  - If the Mayor vetoes the budget, Council has until December 31 to override the veto.

# Example: Lehigh County

- Timeline
  - Budget Intro: September 1
- Amendment Provisions
  - Board may not expenditures above estimated income without acting to increase revenue
- Process Closure Mechanism
  - *If there is no tax rate change:* If the Board fails to adopt a budget by October 31, the Executive's proposed budget goes into effect
  - *If there is a tax rate change:* The Board can send the budget back to the Executive with the direction to change the revenue estimate or the tax rate. The Executive must then resubmit a budget within 14 days
  - If the Board fails to adopt that budget by December 14, the Executive's proposed budget goes into effect

# PA City/County Comparison Snapshot

City	Intro Timing	Adoption Deadline	Veto Authority	Default Budget?	Closure Mechanism
<b>ALLENTOWN</b>	<b>OCTOBER</b>	<b>DECEMBER 31</b>	<b>VETO</b>	<b>NO</b>	<b>UNDER REVIEW</b>
Reading	October	December 15	Veto	Yes	Mayor proposal becomes law
Easton	October	December 15	Veto	Yes	Mayor proposal becomes law
Lancaster	November	December 15	Veto	Yes	Mayor proposal becomes law
Lehigh County	September	December 14	Veto + Line-item	Yes	Exec proposal becomes law
Bethlehem	November	December 31	<b>Veto + Line-item</b>	<b>No</b>	<b>Must adopt; no spending without it</b>
Pittsburgh	November	December 31	<b>Veto + Line-item</b>	<b>No</b>	<b>Must adopt; no spending without it</b>
Philadelph	April	June 1	<b>Veto + Line-</b>	<b>No</b>	<b>Must adopt; no</b>

# To Recap: How Others Manage Budget Impasses

- Default budget - automatic adoption of Mayor's proposal
- Mandatory adoption deadline  
(*ex. December 15 or 31*)
- Mayor Veto: Line/line-item veto authority
- Council Veto: Supermajority Council veto override
- Restricted spending authority  
(*ex. Philadelphia City Controller prohibited from approving funding outside of public safety*)
- Defined amendment cut-off dates  
(*ex. Easton's date of December 10*)
- Explicit definition of the failure scenario

# Resource

The National Civic League offers a Model City Charter - used by hundreds of cities to guide their charter language and governance structure.

## **Template from Model City Charter (National Civic League)**

[Model City Charter—9th Edition: Article V: Financial Management - National Civic League](#)

- *Can use this language for charter changes*

# Next Steps

- Analyze the findings of the internal survey and employee interviews
- Meet with the Mayor & Finance Director
- Provide a white paper summary of fundings/conclusions
- Legal Analysis