

**A Review
of the
Budget Process
of the
City of Allentown**

GoldsmithKahnAssociates

The Wanamaker Building, 4th Floor
100 Penn Square East
Philadelphia, PA 19107
(215) 825-9696

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A Review of the Budget Process of the City of Allentown

Background

In early 2006, Allentown City Council passed Ordinance #14359 (see Appendix A) to amend the section of the City's Home Rule Charter pertaining to the annual budget process. The provision to be placed on the ballot in the November election would have changed the procedures and consequences in the event that City Council fails to adopt a budget by the required deadline of December 15. Specifically, rather than have the Mayor's proposed budget become law as now provided under the Charter, the new measure would have implemented different procedures depending on whether the Mayor's budget contained a tax or fee increase or decrease.

City Council enacted the Charter change ordinance in response to circumstances that occurred during the administration of former Mayor Roy Afflerbach. Mayor Ed Pawlowski requested the repeal of these ordinances while pledging to present City Council with alternative proposals to improve the municipal budget process. In August, Council acted to remove the issue from the November ballot and subsequently repealed the measure. The Administration engaged GoldsmithKahnAssociates (GKA), a public issues management consulting firm, to study the issues and present options and recommendations for budget process changes that would foster accountability, public responsiveness, good decision-making and shared responsibility between the executive and legislative branches of government.

Methodology

With some assistance from the Pennsylvania League of Cities and Municipalities, GKA conducted a comparative survey of budget processes in selected Pennsylvania jurisdictions. Information sources included governing documents (e.g. Home Rule Charters, applicable Codes) and clarifying discussions as needed with municipal budget/finance and legislative staff. The survey included Lehigh County plus eight Pennsylvania Home Rule municipalities with a mayor-council form of government: Allentown, Lebanon, McKeesport, Philadelphia, Pittsburgh, Reading, Scranton and Wilkes-Barre. The consultant also researched relevant provisions in the Pennsylvania Optional Third Class Charter Law followed by nine cities with a mayor-council form of government. *The Model City Charter* from the National Civic League also was included in the survey. The following characteristics of the budget process were compared:

- Required date of introduction by Mayor or County Executive
- Required date of Council passage
- Time elapsed between introduction and passage
- Public access requirements
- Revenue estimating authority
- Amendment procedures

- Adoption procedures
- Veto provisions
- Failure to act provisions

The comparative chart is shown in Appendix B.

GKA also researched Best Practices in Budgeting from the Government Finance Officers Association (GFOA) and gathered information and insights by interviewing Mayor Pawlowski and members of his Administration, five current members and one former member of Allentown City Council, and one municipal budget expert. (See Appendix C for list of interviewees.)

Research Findings

Budget procedures across jurisdictions and governing codes share many similarities, although exceptions, trends and unique features are important to note:

- Allentown's 45 day review period between budget introduction and council action falls in the middle of the timeframe among jurisdictions surveyed, with allotted time periods ranging from 30 to 75 days. Wilkes-Barre requires the longest review period, while Lebanon and Scranton have the shortest. The time in the Optional Third Class Charter Law cities ranges between 30-40 days, and the Model Charter requires 45 days. In practice, the review period in any jurisdiction may be longer than the required minimum if the mayor introduces the budget prior to the Charter date. For example, Philadelphia mayors typically introduce the city budget by the end of January, although the Charter specifies April 1.
- The express provision that the mayor's budget becomes law in the event that council does not act by the deadline applies in the majority of Home Rule cities surveyed: Allentown, Lebanon, Reading, Scranton and Wilkes-Barre. This provision is also a feature of the Model City Charter. In other locations, no procedure is specified for this situation, meaning that a stalemate or government shut-down may occur since the municipality has no spending authority without a valid budget in effect.
- In 2003, Lehigh County modified its procedures in the event that the Board does not approve a budget by the required deadline and the County Executive has proposed a new tax or a change in tax rates. (Without tax changes, the Executive's budget becomes law.) If there are tax or fee changes and the Board objects, it returns the budget to the Executive, with the direction to change the revenue estimate or tax rate. The Executive must submit a revised budget within two weeks. If the Board again fails to act, the re-submitted budget becomes law.

- Line-item veto authority is available to the chief executive in Lehigh County, and to the mayors of Lebanon, McKeesport, Pittsburgh, Philadelphia and cities operating under the Optional Third Class City Charter Law.

Now in its eighth edition, The National Civic League first produced a “good government” *Model City Charter* more than a century ago. Allentown’s budget procedures generally follow the provisions outlined in this document (although not in all cases with the same written clarity), including the feature that the city manager’s or mayor’s proposed budget becomes law if the city council fails to adopt a budget by the charter deadline. If this recommended course of action is not followed, the *Model* suggests other possibilities:

- Adopting the manager’s/mayor’s proposed budget but permitting council to make amendments during the first month of the new fiscal year;
- For the amounts appropriated for operations during the current fiscal year to be deemed adopted;
- For the budget of the current fiscal year to be applicable automatically for up to one month; and
- Authorizing council to make temporary appropriations for up to one month.

The *Model* does not suggest the government shutdown approach, but as noted in the survey findings, this would be the consequence when no other specific provision is made in a city’s charter.

Other relevant budget process suggestions (i.e. not actual provisions) contained in the *Model Charter* include holding an additional public hearing if Council makes “significant changes” to the proposed budget (a provision already included in Allentown’s charter) and translating the budget into languages other than English if necessary to communicate better with city residents.

In 2000, the Government Finance Officers Association (GFOA) convened the National Advisory Council on State and Local Budgeting to develop a set of recommended practices. The result is a compendium of “best practices” in government budget processes designed to fulfill the stated mission of “helping decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process”. Unlike the *Model Charter* which outlines specific budget procedures, the GFOA manual offers a series of “principles and elements” with accompanying “best practice” examples (see Appendix D) for states and municipalities to adapt and adopt in assessing and improving the quality and completeness of their budget processes. Although a comprehensive analysis of Allentown’s budget process relative to these guidelines is beyond the scope of this study, it is clear that the city’s budget process does address many of the principles and elements either explicitly or implicitly. For example, under practices related to adopting the budget, the National Advisory Council recommends: “If there are delays in adopting the budget, actions should be taken to minimize uncertainty when the new budget period starts, as appropriate.” The clear requirement that the mayor’s budget becomes law if

council does not act is one way of providing the recommended certainty. However, other critical components, including conducting long-range financial planning, are missing from Allentown's current practice. More will be said on this subject in the recommendations section of this report.

Interview Findings

On December 6, 2006, the consultants interviewed Mayor Pawlowski, six members of his Administration, five City Council members and the City Clerk. (A former Council member was interviewed via telephone several days later.) All interviewees reported overall satisfaction with the 2007 budget process underway. (The Mayor's proposed budget contained a raise in residential trash fees, but no tax increase, and forecast that for the first time in three years, the city would finish the current year in the black.) Although City Council members wanted as much time as possible to review the budget, the members in particular expressed confidence in this Administration's handling of the budget, a direct contrast to the situation with the prior Administration, and appreciation for the level and quality of communication between Council and the Administration. Indeed, that evening the narrowly balanced budget passed with few amendments and favorable public comments (as reported in the *Morning Call*) from Council members:

"This is probably the best budget we have gotten in some time."

- Councilman Julio Guridy

"I have faith in the numbers this time."

- Councilman Martin Velazquez III

Administration members reported some problems in preparing the budget, related to timing, staffing shortages and the software system available for use. The press of other critical business for the new Administration meant a somewhat later than intended start, thereby preventing the Mayor from introducing the budget before the required charter date of November 1. However, the downside of starting budget preparation earlier was also pointed out, as financial information becomes more accurate as the year progresses. Finance department employees whose primary responsibilities are in administering and managing the budget following adoption traditionally have had only cursory participation in budget preparation, a situation attributed largely to a lack of time and staff. There is some feeling that if these employees were involved more in the beginning of the process, subsequent budget administration (e.g. transfers between funds) could be handled more efficiently throughout the budget year.

Nearly every interviewee referenced the Eden Financial Management Software first installed in Allentown city government towards the end of Mayor William Heydt's tenure (1990-2002). The consensus seems to be that Eden is a helpful and reliable system for budget tracking and management purposes, though not without weaknesses. The system may be accessed by elected officials and authorized employees to provide current

revenue and expense reports; however, it takes 1-2 weeks for invoices in process to register expenses on the reports. In addition, the Eden reports do not provide comparisons with prior years, an omission noted by a few city council members.

For budget preparation, however, the Eden system was variously described as “awful”, “cumbersome” and “not budget-preparation friendly.” Eden was abandoned by the previous Finance Director, which left room for errors in manual input as the budgets were built. The current Finance Director did not find the system appealing and chose to prepare the Administration’s budget without it. Council members and staff noted that they would prefer to have access to an electronic version of the budget during the review phase.

Council members and staff generally expressed strong recognition and appreciation for the job that Mayor Pawlowski and his Administration had to do to “get good books” following an “irresponsible mayor and finance director.” While not unanimous, the prevailing sentiment was expressed in a statement topping a list of “Hot Button Budget Items/Concerns Raised Over Time” (see Appendix E): “There really is not a problem—process is dependent on people and interests involved—it has worked well and worked poorly—there is only a problem when goofy people do goofy things.”

The list of items submitted to the consultant includes several technical questions pointing to a lack of clarity in the language of the city charter. Ambiguous provisions cited include the meaning of the December 15 adoption deadline, revenue estimating authority and the 5% “adjustment” rule that triggers returning the budget to the mayor. Historically, the Administration and Council have relied on solicitor opinions to interpret imprecise charter language, though occasional questions persist. Other categories of items on Council’s list include budget format/presentation, financial policies and measurement/reporting practices.

Three of the most significant budget process issues raised are: 1) insufficient time allotted for budget review and approval; 2) the absence of multi-year planning and perspective; and 3) the default provision.

A couple of Council members suggested that a November presentation affords too little time for Council and the public to adequately consider the proposed budget. The inability to access the budget electronically during the development stage compounds the seeming quick turnaround situation. The survey shows that Allentown’s 45-day review period is in the mainstream of Pennsylvania Third Class cities and consistent with the national *Model Charter*. Members suggested that a possible remedy need not necessarily entail changing the charter calendar, but rather introducing new practices such as offering a “skeleton” budget earlier, issuing quarterly reports, sharing the budget requests made by department heads, and/or providing other pre-budget information to Council.

The absence of multi-year budget planning noted by Council members is somewhat related to the timing issue. The longer-term perspective would provide Council, the Administration and Allentown’s citizens with more preparation, information

and context to assess budget and financial issues. Council members also requested prior year comparative information to use in budget monitoring. As noted previously, multi-year budget planning constitutes a nationally recommended “best practice” for state and local governments.

Only one of the Council members interviewed criticized the current default procedure whereby the mayor’s budget becomes law if Council fails to act by the charter deadline: “It gives too much power to the Mayor. And it ducks responsibility for Council.” Both Administration and Council members criticized the alternative provided in Ordinance #14354, which would invoke across-the-board budget cuts in a proposed budget containing a tax or fee increase as also “shirking responsibility,” “an easy way out” and an imprecise way to address budget choices. An initial proponent of the charter change ordinance believes that the current Administration “wants to do the right thing” and does not anticipate the type of budget problems that arose in the prior administration occurring during this Administration. He stressed, however, that City Council needs more time—60 days—to review the budget book. He also thought the budget book could be presented in a more cogent fashion. Furthermore, he stressed that council members receive training to ensure that council focuses on the “right” issues” during the process. Another current council member voiced support for the position that members serve the function of the legislators that they are, rather than managers.

The strongest defense of the current default provision was expressed with the following statement: “The default makes the mayor have a good budget because he might have to live with it.” Interviewees explained that the default budget legally includes any “budget memos” submitted during budget deliberations for the purpose of correcting errors and oversights. No specific alternatives or preferences to the current system were offered by the council members interviewed. Some Administration officials, however, thought a “shut-down” strategy would force both sides to work together during difficult budget times since a “shut-down” would be unpalatable to the public.

Recommendations

While models and “best practices” abound, there is no “perfect” budget process. At the same time, every process can be improved, if not in its design, then in the implementation. The prevailing and practical point of view, expressed frequently in interviews with Administration and Council members, is that “Competent people are the most important part of the process.” And there is consensus that competent people are indeed in place in the Pawlowski Administration and City Council. So the questions for consideration are: whether any significant design changes are needed to the current budget process outlined in Allentown’s city charter, or whether the city can make procedural implementation improvements to maximize the positive impacts—fostering accountability, public responsiveness, good decision-making and shared responsibility between the executive and legislative branches—of the budget process framework that already exists?

Based on the comparative research, interviews and the recent budget experience between this Administration and City Council, amendments to the city charter are not recommended at this time. The features of Allentown's budget process are reasonable and appropriate and in some cases represent model practices. However, there are budget process issues that need clarification and processes that could be improved. These topics ought to be addressed and acted upon by the Administration and City Council in a timely manner. Allentown city government faces significant financial challenges now and in the coming years. It will be in the best interests of government officials and citizens to have maximum mutual understanding and communication about its budget practices so that disagreements over process issues do not distract from or become scapegoats for substantive decisions that will have to be made.

Specifically, GoldsmithKahnAssociates recommends that the following actions be taken:

- **Maintain the current default provision**—The city charter requirement that the mayor's proposed budget becomes law if City Council fails to act by the deadline is a common practice, consistent with Allentown's strong mayor form of government and provides the certainty for government and citizens as recommended by the National Advisory Council on State and Local Budgeting. The alternative approach provided in Ordinance #14359 gives the public appearance of inter-branch squabbling which is rarely appreciated by voters, would reduce rather than enhance accountability and, in the event across-the-board budget cuts were invoked, likely result in ineffective and unworkable budgeting for city functions and services. In addition, across-the-board budget cuts, absolve decision makers of having to articulate service priorities. Better options to consider would include the alternatives presented in the *Model Charter* which ultimately require explicit action by council and the mayor, or even the government shut-down approach which also requires an express action to resolve the stalemate. Implementing some of the additional recommendations offered here likely will mitigate some of the mild concerns about the current provision. Moreover, if it is determined in the future that a charter change is needed, it is recommended that such changes be made not on a piecemeal basis, but rather comprehensively to address all desired budget process and policy issues (e.g. extending a line-item veto to the mayor) at one time.
- **Obtain effective budget preparation software**—Key Administration members appear to be in agreement that the existing Eden system does not work for budget preparation, resulting in a process that is more time-consuming and has more potential for error. A city of the size and financial complexity of Allentown should have access to the most efficient and accurate system for budget preparation. The absence of an electronic version of the budget during the consideration phase also impedes Council's ability to fully analyze and review the mayor's proposed budget. Council members also have expressed a preference for being able to access revenue and expense reports that provide comparisons with prior years. The Finance Director should explore software

options to meet these current needs, select a system, and oversee its installation and training for all relevant officials and employees in time to use it for the FY 2008 budget cycle. To assist in making the proper software selection, city government might want to investigate utilizing the Technology Consulting Services of the GFOA.

- **Conduct periodic budget performance reviews**—The Administration, through its Finance Director, should make periodic presentations to City Council on how the current fiscal year is progressing in line with the adopted budget. Such periodic reviews—perhaps, three times a year—would further enhance financial credibility between City Council and the Administration and help spotlight potential issues before they develop into major concerns.
- **Initiate multi-year forecasting and budgeting practices**— Conducting long-range financial planning is one of the “best practices” recommended by the GFOA, and is especially critical and helpful when faced with significant financial challenges. Having longer-term information provides a more accurate perspective about the city’s financial situation and highlights the long-term impact of annual budget decisions. It also would foster more responsible budget planning and decision-making and enhance communication and understanding of financial issues among the Administration, City Council and Allentown’s citizens. Indeed, this is a process then-candidate Pawlowski suggested during his campaign. Over the next two budget cycles, Allentown should take steps towards developing and monitoring an annual five-year financial plan for the city.
- **Begin “early action” measures on budget preparation and communication**— Without moving back the charter-required date for the mayor to introduce the budget, there are steps that could be taken to provide information to City Council before November 1 each year.

The general fund budget is about 78% related to staffing and benefits. A review of personnel costs: salary changes, benefit costs, and significant staffing changes could be done for council as a preview of budget issues. Debt service is the second largest element of the budget. A discussion of the debt service budget could be done earlier as it isn’t impacted significantly by timing.

The idea of a preliminary “skeleton” budget could be very effective. The budget book has so much detail, the immediate reaction is to focus on minor details and not key decisions. A single tentative budget by department and fund would be a way to draw the focus up out of the details.

Quarterly budget reviews of departments should help Council to prepare for budgeting. Committees should be involved in the reviews. A discussion with appropriate committees of new initiatives would be beneficial and could strengthen the committee function. Department heads should have a specific

committee that is concerned with their budget. The committee could discuss department issues, such as what is needed versus what is budgeted, in advance of the formal budget.

All of these measures must be balanced against the knowledge that there is less accuracy in financial information the earlier in the fiscal year that budget preparation begins. Implementing the recommendations for a new software system and multi-year budgeting also would facilitate ongoing communication and earlier budget preparation.

- **Simplify the review process and define roles and responsibilities**—The review process activities and roles and responsibilities need to be better defined. Currently it is an unstructured process. Nothing is requested in advance, creating a confrontational environment rather than an educational and deliberative activity. The meetings are structured around program details, generally not items critical to the overall budget approval process. The questions focus on finding minor flaws in details rather than key decision items.

Council members should interact with the department heads in advance of meetings and request information they are concerned about. Committees should have a role in information gathering and reviewing details, avoiding lengthy public meeting time expended on data issues.

Council should legislate rather than manage. The amendment process should focus on key initiatives and policy. Details should be addressed in at earlier stage.

- **Convene an Administration/Council small working group to clarify budget process issues and consider adopting new “best practices”**—The start of a new Administration, especially when satisfaction runs high, represents a good time to take stock of existing practices and clarify outstanding questions. Using Council’s list (in Appendix E) as a jumping off point, the group could review past solicitor’s opinions (e.g. related to drafting language ambiguity) and reach express agreement on the “rules” of the budget process going forward. The group also should discuss the policy issues (e.g. debt policy) raised and develop policies as needed. Finally, this working group could look for guidance to the principles, elements and “best practices” in state and local budgeting offered by the GFOA (in Appendix D) for reassurance as to the basic strength of Allentown’s current process as well as to consider adopting some that would enhance it. Consultant service from GFOA might be asked to facilitate this review. If, at the end of this assessment, participants decide that charter changes are necessary and desirable, this could be done in a comprehensive manner.

Conclusion

Allentown's Home Rule Charter establishes a budget process framework that is reasonable, appropriate and effective in fulfilling the mission of "helping decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process" (GFOA). The process assigns clear accountability between the executive and legislative branches. And it is a process that has proven to work when carried out by responsible and able elected officials and employees of goodwill. It would be unwise at this time to enact significant Charter changes to a process that replicates the Model Charter and has worked well this past year.

Like any good system, Allentown's budget process can be improved so that it works even better. Emphasizing timely communications and information sharing between the legislative and executive branch and ensuring appropriate budget training particularly for new City Council members can help strengthen the decision-making process and thus taxpayers' credibility with its elected officials. Pursuing the recommendations offered above will assure that any existing weaknesses do not grow and that the process operates with maximum efficiency and effectiveness. It will be especially critical to have this assurance as Allentown city government and its citizens together face difficult budget challenges in their future.

Appendices

ORDINANCE NO. 14359

FILE OF CITY COUNCIL

BILL NO. 2 - 2006

INTRODUCED BY DAVID M. HOWELLS, SR. AND MICHAEL D'AMORE

JANUARY 18, 2006

AN ORDINANCE

Authorizing the Lehigh County Board of Elections to place the following question on the November 7, 2006 ballot, rather than the May 16th ballot, for the Allentown electorate that would amend the Home Rule Charter, Section 805, City Council Action on Budget.

Introduced by Councilperson Howells and Velazquez, this ordinance would rescind Ordinance No. 14354 authorizing a new date for the question to appear on the ballot.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That Section 805, City Council Action on Budget, be amended to read as follows:

SECTION 805 CITY COUNCIL ACTION ON BUDGET

A. Public Access to Budget: The proposed budget shall be available for public inspection at City Hall and at the Allentown Public Library and the Lehigh County Law Library, and copies shall be available for the public at a reasonable fee to be set by the Council.

B. Amendment Before Adoption. After the public hearing, the City Council may adopt the budget with or without amendments. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income and thereby allowing for line item changes by the City Council.

If the amended Budget increases, decreases or readjusts funding requirements by more than five (5%) percent, or adds or deletes a program, the Budget shall be returned to the Mayor immediately for comment and resubmission to the Council within three (3) normal City work days.

Council shall provide for another public hearing to be held within five (5) days after the Mayor has resubmitted the Budget.

C. **Adoption.** Council must adopt an annual budget by no later than December 15th of the fiscal year currently ending. If Council fails to adopt a Budget by December 15th, the Mayor's original proposed balanced Budget shall become the official Budget of the City for the ensuing fiscal year.

1. The Mavor's Original Proposed Balanced Budget contains No Tax or Fee Increases: If Council fails to adopt a budget by December 15th, the Mayor's original proposed balanced budget shall become the official budget of the City for the ensuing fiscal year.

2. The Mavor's Original Proposed Balanced Budget Contains a Tax or Fee Increase: If Council fails to adopt a budget by December 15th, the tax rate or fee for the ensuing fiscal year shall not be increased, but shall remain the same as the current fiscal year, and cuts shall be made from the Mavor's proposed expenditures on a prorated basis across each and every line item in the relevant Fund. The resulting budget shall become the official budget of the City for the ensuing fiscal year. The Administration may propose transfers to adjust funding according to the procedures found in the Charter and Administrative Code.

3. The Mavor's Original Proposed Balanced Budget Contains a Tax or Fee Decrease: If Council fails to adopt a budget by December 15th, the tax rate or fee for the ensuing fiscal year shall not be decreased but shall remain the same as the current fiscal year, and the surplus revenue shall be placed in the relevant Fund's balance. The resulting budget shall become the official budget of the City for the ensuing fiscal year.

SECTION TWO: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

SECTION THREE: That Ordinance No. 14354 is hereby repealed.

SECTION FOUR: That this Ordinance takes effect ten (10) days after final passage.

Comparative Table of Local Government Budget Processes

City/County: Allentown

Budget Intro: November 1st (60 Days Prior to Start of Fiscal Year)

Deadline for Passage: December 15th

Time Elapsed: 45 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Submitted by Mayor.</p> <p>Council may not amend budget in excess of revenue estimates.</p>	<p>Budget available for public inspection at City Hall, Public Library and Lehigh County Law Library.</p> <p>Copies available for reasonable fee.</p> <p>Hearing required before Council action on original budget and w/in 5 days after Mayor resubmits amended budget.</p> <p>Minimum of 14 days required between introduction and passage (unless waived by 6 Council members).</p> <p>Citizens have right to be heard at all Council meetings and before all votes.</p>	<p>Council may add, delete, increase or decrease programs and amounts with specified exceptions for mandatory items.</p> <p>May not increase expenditures beyond estimated income.</p> <p>If budget is changed by more than 5%, or a program is added or deleted, Mayor must resubmit budget w/in 3 days.</p> <p>Amendments may be made after adoption, through emergency appropriations or supplemental appropriations upon certification by Mayor of available revenues.</p>	<p>Mayor signs w/in 5 days of Council passage OR budget becomes law after 5 days with no action by Mayor.</p>	<p>Mayor returns to Council with written objections w/in 5 days of Council passage.</p> <p>Council may override at next session with 5 of 7 votes.</p>	<p>Mayor's original proposed balanced budget becomes law.</p>

City/County: Lebanon
Budget Intro: November 1st
Deadline for Passage: December 1st
Time Elapsed: 30 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Mayor submits estimates.</p> <p>Council's adopted budget must be balanced with estimated revenues.</p>	<p>Budget available for public inspection during regular business hours after submission, prior to and after adoption.</p> <p>Notice of hearings required w/in 15 days after submission.</p>	<p>Council may make modifications consistent with estimates of revenues.</p>	<p>Mayor receives budget by 12/5 and signs OR budget as modified by Council becomes law.</p>	<p>Mayor may veto in whole or in part with written objections by 12/12.</p> <p>Council may override w/in 3 days by majority + 1 or Mayor's original budget becomes law.</p>	<p>Mayor's budget becomes law.</p>

City/County: Lehigh County
Budget Intro: September 1st (120 Days Prior to Start of Fiscal Year)
Deadline for Passage: October 31st
Time Elapsed: 60 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>County Exec. submits original estimates but Board may direct revisions.</p>		<p>Board may add to, delete from, increase or decrease any proposed appropriation with specified exceptions for mandatory items.</p> <p>May not increase expenditures beyond estimated income without acting to increase revenue.</p>	<p>Exec. receives budget w/in 3 days of Board adoption and signs w/in 10 days OR with no signature budget becomes law.</p>	<p>Exec. returns to Board with written objections w/in 10 days of receipt OR Exec. may veto or reduce any item.</p> <p>Majority +1 may re-approve budget or item w/in 15 days.</p> <p>If 12/15 adoption schedule is pursued, Exec. may veto, reduce or restore appropriations w/in 5 days of receiving budget.</p> <p>Board may re-approve w/in 10 days or by 12/31.</p>	<p>Mayor's budget becomes law.</p>

City/County: McKeesport
Budget Intro: November 15
Deadline for Passage: December 31st (Prior to Commencement of Budget Year)
Time Elapsed: 45 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
Mayor submits revenue estimates.	Budget available for public inspection, during regular business hours, after submission (for at least 10 days), prior to adoption and after adoption.	Council may modify. After adoption, at Mayor's request, Council may authorize budget modifications.	Budget returned to Mayor w/in 96 hours. Mayor signs or returns w/out approval w/in 7 days.	Mayor may veto in whole with written objections or line items (except for appropriations to audit or investigate the executive branch). At next meeting, Council may override with majority + 1.	No specific provision - no authority to spend.

City/County: Philadelphia

Budget Intro: April 1st (90 Days Prior to Start of Fiscal Year)

Deadline for Passage: June 1st

Time Elapsed: 60 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Mayor has sole authority.</p> <p>Charter specifies that Council may not alter.</p>	<p>Content made available to public.</p> <p>Hearing required.</p> <p>Notice of bill and hearings advertised in three newspapers of highest circulation at least 5 days before hearing or final consideration.</p>	<p>Council may make changes except for mandatory appropriations.</p> <p>Amended bill must be printed and available to public before final consideration in no less than 5 days.</p>	<p>Mayor signs w/in 10 days of Council passage OR budget becomes law without signature.</p>	<p>Mayor may veto in whole or in part (except mandatory specified appropriations) by returning budget to Council with reasons for disapproval at next Council session held at least 10 days after passage.</p> <p>W/in 7 days, Council may approve budget (or parts thereof) with 2/3 vote.</p>	<p>No specific provision - however, Council is required to pass revenue measures that Mayor believes will provide a balanced budget.</p> <p>W/out this action, the budget is not effective and City Controller may not approve spending.</p>

City/County: Pittsburgh

Budget Intro: November (Second Monday)

Deadline for Passage: December 31st (Before End of Fiscal Year)

Time Elapsed: 53 Days Max.

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
Mayor estimates revenues.	Mayor required to hold public hearings before budget preparation. After submission, Council holds hearing with at least 10 days notice.	Council may increase or decrease appropriations staying within "bottom line" submitted in mayor's budget. Council may amend operating budget w/in 5 weeks after close of fiscal year.	Mayor signs w/in 10 days of Council passage OR budget becomes law w/out Mayor's signature.	Mayor may veto in whole or in part by returning to Council with written objections w/in 10 days. At next session, Council may override with 2/3 vote of members.	No specific provision - City would not have spending authority.

City/County: Reading
Budget Intro: November 1st
Deadline for Passage: December 15th
Time Elapsed: 45 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Mayor includes revenue estimates in budget.</p> <p>Council amendments for expenditures may not exceed.</p>	<p>Summary published in 1 or more newspapers.</p> <p>Copies available for public inspection.</p> <p>Hearings w/in 15-30 days after publication.</p> <p>If amended, Council holds another hearing w/in 5 days.</p>	<p>Council may delete, decrease or increase programs or amounts with specified exemptions for mandatory items.</p> <p>Amendment may not increase expenditures above estimated income.</p> <p>If changes exceed Mayor's budget by 5%, or a program is added or deleted, budget is returned to Mayor, who has 3 work days to respond.</p> <p>Following a municipal election year, Council may, by 2/15, revise budget and tax levies adopted by previous Council.</p>	<p>Mayor signs w/in 10 days of Council passage OR budget becomes law with no action by Mayor.</p>	<p>Mayor returns budget to Council with written objections w/in 10 days of Council passage.</p> <p>Council may override veto at next session with 5 of 7 votes.</p>	<p>Mayor's original proposed balanced budget becomes law.</p>

City/County: Scranton

Budget Intro: November 15th (45 Days Prior to Start of Fiscal Year)

Deadline for Passage: December 15th

Time Elapsed: 30 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
Mayor submits estimate. Total budgeted expenditures may not exceed.	Summary published in 1 or more newspapers. Public hearing by 12/1.	Council may delete, increase or decrease programs or amounts with specified exceptions for mandatory items. If changes exceed 10% of Mayor's budget, another public hearing is required w/in 3 days.	Mayor signs w/in 10 days of Council passage OR budget becomes law without signature.	Mayor provides written veto message w/in 10 days of Council passage. At next session, Council may override with majority + 1 vote.	Mayor's budget becomes law.

City/County: Wilkes-Barre
Budget Intro: October 15th
Deadline for Passage: December 31st
Time Elapsed: 75 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Mayor submits revenue estimates.</p>	<p>Publish summary of proposed budget plus time and place of hearing in one or more newspaper at least 2 weeks before hearing.</p> <p>Hearing must occur before 12/1.</p>	<p>Council may increase or decrease program funding, except debt service, or add or delete programs.</p> <p>If amended budget adjusts funding by more than 5%, or adds or deletes a program, budget is returned to mayor for comment and resubmission w/in 3 days.</p> <p>Another public hearing is required w/in 5 days.</p>	<p>N/A</p>	<p>N/A</p>	<p>Mayor's budget becomes law.</p>

City/County: Optional Third Class City Charter Law
Budget Intro: Last Council meeting on November
Deadline for Passage: December 31st
Time Elapsed: Est. 30-40 Days

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
Included in submitted budget.	Department heads present budget in public hearings in November or earlier.	Council may reduce any item by majority vote or increase any item by 2/3 vote.	Mayor signs w/in 10 days of adoption OR budget becomes law w/out signature.	Mayor vetoes in whole or in part w/in 10 days of adoption. Council may override with 2/3 vote w/in 3 days or mayor's approved budget becomes law.	No specific provision; no authority to spend.

City/County: Model City Charter (National Civic League)
Budget Intro: At Least 45 Days Prior to Start of Fiscal Year.
Deadline for Passage: N/A
Time Elapsed: N/A

Revenue Estimating Authority	Hearings/ Public Access	Amendment Provisions	Adoption Procedures	Veto Procedures	Council Failure to Act Provisions
<p>Mayor estimates revenue.</p> <p>Council may not authorize expenditures above estimated amount.</p>	<p>Publish a general summary of the budget and notice stating time and places it is available for public inspection.</p> <p>Public hearing to be held not less than two weeks after notice.</p>	<p>Council may add or increase, delete or decrease, programs or amounts, except mandatory items.</p> <p>No amendment shall increase expenses beyond estimated income.</p> <p>After adoption, appropriations may be made for supplemental, (when mayor certifies available revenues), emergency and transfer purposes.</p>	<p>Mayor signs OR budget becomes law w/out signature.</p>	<p>Mayor vetoes and Council may override with 2/3 vote.</p>	<p>Mayor's proposed budget becomes law.</p>

Interview List

Hon. Dave Bausch, City Council Member

Chuck Burianek, Assistant City Solicitor

Hon. Tom Burke, former City Council Member

Hon. Mike D'Amore, City Council Member

Francis X. Dougherty, Managing Director

Rob Dubow, Executive Director, Pennsylvania Intergovernmental Cooperation Authority

Mike Hanlon, City Clerk

Larry Hilliard, Finance Director

Hon. David M. Howells, Sr., City Council President

Hon. Julio Guridy, City Council Member

Beth Mohylsky, Manager, Treasury

Barbara Molitoris, Office Manager, Community and Economic Development

Hon. Ed Pawlowski, Mayor

Mike Sinclair, Accountant, Treasury

Hon. Martin Velazquez, III, City Council Member

Budget Practices Menu

Principle I – Establish Broad Goals To Guide Government Decision Making

Principle II – Develop Approaches to Achieve Goals

Principle III – Develop a Budget with Approaches to Achieve Goals

Principle IV – Evaluate Performance and Make Adjustments

Principle I – Establish Broad Goals to Guide Government Decision Making

Element 1 – Assess Community Needs, Priorities, Challenges and Opportunities

Practice 1.1 – Identify Stakeholder Concerns, Needs, and Priorities

Practice 1.2 – Evaluate Community Condition, External Factors, Opportunities, and Challenges

Element 2 – Identify Opportunities and Challenges for Government Services, Capital Assets, and Management

Practice 2.1 – Assess Services and Programs, and Identify Issues, Opportunities, and Challenges

Practice 2.2 – Assess Capital Assets, and Identify Issues, Opportunities, and Challenges

Practice 2.3 – Assess Governmental Management Systems, and Identify Issues, Opportunities, and Challenges

Element 3 – Develop and Disseminate Broad Goals

Practice 3.1 – Identify Broad Goals

Practice 3.2 – Disseminate Goals and Review with Stakeholders

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Principle II – Develop Approaches to Achieve Goals

Element 4 – Adopt Financial Policies

Practice 4.1 – Develop Policy on Stabilization Funds

Practice 4.2 – Develop Policy on Fees and Charges

Practice 4.3 – Develop Policy on Debt Issuance and Management

Practice 4.3a – Develop Policy on Debt Level and Capacity

Practice 4.4 – Develop Policy on Use of One-Time Revenues

Practice 4.4a – Evaluate the Use of Unpredictable Revenues

Practice 4.5 – Develop Policy on Balancing the Operating Budget

Practice 4.6 – Develop Policy on Revenue Diversification

Practice 4.7 – Develop Policy on Contingency Planning

Element 5 – Develop Programmatic, Operating and Capital Policies and Plans

Practice 5.1 – Prepare Policies and Plans to Guide the Design of Programs and Services

Practice 5.2 – Prepare Policies and Plans for Capital Asset Acquisition, Maintenance, Replacement, & Retirement

Element 6 – Develop Programs and Services That are Consistent with Policies and Plans

Practice 6.1 – Develop Programs and Evaluate Delivery Mechanisms

- Practice 6.2 – Develop Options for Meeting Capital Needs & Evaluate Acquisition Alternatives
- Practice 6.3 – Identify Functions, Programs, and/ or Activities of Organizational Units
- Practice 6.4 – Develop Performance Measures
- Practice 6.4a – Develop Performance Benchmarks

Element 7 – Develop Management Strategies

- Practice 7.1 – Develop Strategies to Facilitate Attainment of Program and Financial Goals
- Practice 7.2 – Develop Mechanisms for Budgetary Compliance
- Practice 7.3 – Develop the Type, Presentation, and Time Period of the Budget

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Principle III – Develop a Budget Consistent with Approaches to Achieve Goals

Element 8 – Develop a Process for Preparing and Adopting a Budget

- Practice 8.1 – Develop a Budget Calendar
- Practice 8.2 – Develop Budget Guidelines and Instructions
- Practice 8.3 – Develop Mechanisms for Coordinating Budget Preparation and Review
- Practice 8.4 – Develop Procedures to Facilitate Budget Review, Discussion, Modification, and Adoption
- Practice 8.5 – Identify Opportunities for Stakeholder Input

Element 9 – Develop and Evaluate Financial Options

- Practice 9.1 – Conduct Long-Range Financial Planning
- Practice 9.2 – Prepare Revenue Projections
- Practice 9.2a – Analyze Major Revenues
- Practice 9.2b – Evaluate the Effect of Changes to Revenue Source Rates and Bases
- Practice 9.2c – Analyze Tax and Fee Exemptions
- Practice 9.2d – Achieve Consensus on a Revenue Forecast
- Practice 9.3 – Document Revenue Sources in a Revenue Manual
- Practice 9.4 – Prepare Expenditure Projections
- Practice 9.5 – Evaluate Revenue and Expenditure Options
- Practice 9.6 – Develop a Capital Improvement Plan

Element 10 – Make Choices Necessary to Adopt a Budget

- Practice 10.1 – Prepare and Present a Recommended Budget
- Practice 10.1a – Describe Key Policies, Plans and Goals
- Practice 10.1b – Identify Key Issues
- Practice 10.1c – Provide a Financial Overview
- Practice 10.1d – Provide a Guide to Operations
- Practice 10.1e – Explain the Budgetary Basis of Accounting
- Practice 10.1f – Prepare a Budget Summary
- Practice 10.1g – Present the Budget in a Clear, Easy-to-Use Format
- Practice 10.2 – Adopt the Budget

Principle IV – Evaluate Performance and Make Adjustments

Element 11 – Monitor, Measure, and Evaluate Performance

- Practice 11.1 – Monitor, Measure, and Evaluate Program Performance**
- Practice 11.1a – Monitor, Measure, and Evaluate Stakeholder Satisfaction**
- Practice 11.2 – Monitor, Measure, and Evaluate Budgetary Performance**
- Practice 11.3 – Monitor, Measure, and Evaluate Financial Condition**
- Practice 11.4 – Monitor, Measure, and Evaluate External Factors**
- Practice 11.5 – Monitor, Measure, and Evaluate Capital Program Implementation**

Element 12 – Make Adjustments as Needed

- Practice 12.1 – Adjust the Budget**
- Practice 12.2 – Adjust Policies, Plans, Programs and Management Strategies**
- Practice 12.3 – Adjust Broad Goals, If Appropriate**

Practice 9.1

Conduct Long-Range Financial Planning

Examples:

City of San Clemente, CA:
Long-Term Financial Plan

City of Glendale, AZ:
Strategic Financial Plan

Element 9

Practice:

A government should have a financial planning process that assesses the long-term financial implications of current and proposed policies, programs, and assumptions and that develops appropriate strategies to achieve its goals.

Rationale:

Financial planning expands a government's awareness of options, potential problems, and opportunities. The long-term revenue, expenditure, and service implications of continuing or ending existing programs or adding new programs, services, and debt can be identified. The financial planning process helps shape decisions and permits necessary and corrective action to be taken before problems become more severe.

Outputs:

The planning process results in the preparation of a financial plan consisting of various components such as an analysis of financial trends; an assessment of problems or opportunities facing the jurisdiction and actions needed to address these issues; and a long-term forecast of revenues and expenditures that uses alternative economic, planning, and policy assumptions. The financial plan identifies key assumptions and choices related to achievement of goals. The plan may be summarized in the budget document or in a separate report. It should be available to decision makers for their review in making choices and decisions related to the budget process. It should also be shared with stakeholders for their input.

Notes:

A financial plan illustrates the likely financial outcomes of particular courses of action or factors affecting the environment in which the government operates. A financial plan is not a forecast of what is certain to happen but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved.

HOT BUTTON BUDGET ITEMS CONCERNS RAISED OVER TIME

There really is no problem – process is dependent on people and interests involved – it has worked well and worked poorly – there is only a problem when goofy people do goofy things.

Timeliness of the budget – November too late/suggest budget retreats or other pre-budget introduction information

Adoption of Amendments

Budget needs to be Credible, Transparent, and **BALANCED**

What is a balanced budget

If you have the default process the default budget need to be real

Adjustment and return to the Mayor – ambiguous

Drop Dead Date – 15th – does this mean Council must adopt in by this or does it need to be veto-proof

Presentation

Executive Summary

Detail – spell out exact costs of items – e.g., officer, pension, benefits, etc.... in total rather than separated

General Financial Policies – Debt Policy, etc.

Internet (Public)

Should be electronically placed on EDEN so Council has remote access to it, can play around with it, export data to spreadsheets, blah, blah

What type of amendments can council make? How specific do they need to be or can they simply do generic across the board cuts?

Debt Policy

Documentation of Revenue Line Items (Frank, Veteran Controller)

Cost Benefit Analysis on Capital Projects – costs of postponing

Longer term perspective in budget – multiyear plan

Developing Performance Standards/Measurements

Mission goal outcome indicator

Should they be part of the budget/separate item

How can executive be made/prevented from expending funds from an account when it runs a negative balance? Can the controller withhold payments?

Reporting

Financial Reporting – Quarterly reports

Miscellaneous Billing – can this be included ... or does it need to?

