

1. Background – General Historical Background of how we got here.

Resolution 31201 was approved unanimously by City Council on January 21st. It established guidelines for studying the city's budget process. To summarize:

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.

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

The City of 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 increase approved 7,802 to 1,836).

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

The resolution noted that Councilpersons Binder and 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 and Finance Committee, Council and 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 moving forward (Budget and Finance Committee, March 25, present options in summary paper for Committee in order to make recommendations to the full council – Council and staff presentation, Committee makes recommendations)

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.

2. Methodology

Review Codes of Other Municipalities – Easton, Reading, Bethlehem, Lehigh County, Scranton, Harrisburg, Philadelphia, Pittsburg, Optional Charter Law

- Examine how cities handle:
 - Budget timelines: time elapsed between introduction and final passage
 - Required Date of Budget Passage
 - Default or interim budgets
 - Executive veto authority – veto of the budget and line item veto
 - Council injection in the budget
 - Amendment Procedures
 - Failure to Act Provisions
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Maybe we include the code provisions at attachments to the presentation.

Lehigh County:

Prior to September 1, the Executive shall present the budget to the board in ordinance form. The Board shall hold hearings no less than 14 days after receiving the budget. If the board fails to adopt a budget with no tax increase by October 31, the proposed budget goes into effect. If there is a tax rate change, the Board by majority vote can send the budget back to the executive prior to October 31. Within 14 days, the executive must resubmit the budget to the board taking into consideration the tax rate proposed by the Board. Under these provisions, the Board has until December 14 to adopt a budget, if not the resubmitted budget shall become effective. The county executive has item veto under both of these provisions after the budget is adopted and delivered to the executive.

Harrisburg: Adoption of the Budget, See Optional Charter Law 418 (543 PS 41418) – need to get a copy of this....

Lancaster

Charter: On or before the last regular November Council meeting, the mayor submits the annual budget. In November the Departments present their budget requests to the Mayor and Council at public hearings; and determine authorization in each line item for the ensuing fiscal year. If Council fails to adopt a budget ordinance on or before December 15, the mayor's original budget goes into effect. If the Mayor vetoes the budget, Council has until December 31st to override the veto. They do not need a veto proof budget by December 15th ---- extends to the 31st.

The mayor or designee shall prepare a summary of questions raised at public hearing that will become public.

Model City Charter

Bust Practices from GFOA

Budget Development and Procedure - interview

- Feedback from:
 - City Controller
 - Director of Finance
 - Department Directors

Internal Process Survey

- Survey key employees involved in the budget process – Google Form, then follow up with interviews for more detail if needed – include Directors, Mayor's Office,
- Identify:
 - Timing breakdowns
 - Communication gaps
 - Unclear authority or expectations

3. Deliver findings related to comparisons with other municipalities at February Budget and Finance Meeting

4. Meeting/Discussion

- Meeting with the Mayor and Finance Director to:
 - Review findings
 - Discuss procedural improvements
 - Identify areas of agreement

5. Deliverable – summary of findings/conclusions

- White paper outlining findings, options, and recommended next steps
- Presentation at Budget and Finance Meeting

Potential Remedies & Options

A. Charter-Level (Voter Approval Required)

- Budget referendum options:
 - Establish a default budget date (e.g., December 15)
 - Define what budget applies if no approval is reached
 - How do you handle a tax increase default – legal opinion, parameters around an amendment
 - Modify or clarify mayoral veto authority
- Possible voter consideration: **November 2026**

B. Council & Administrative Actions

Legislative Reform – amend the Administrative Code

- Require Council approval by:
 - First scheduled Council meeting in December
- Define:
 - Interim budget authority if approval fails
 - Amendment cut-off dates (potentially late October)
- Define oversight and engagement touchpoints
- Formalizing Finance reporting requirements
- Clarify Council's interpretation if no budget is adopted

Administrative Handbook (Operational Tool)

- Standardize internal budget workflow
- Clarify roles, timelines, and expectations
- Align Council and Administration practices

Council Rules/SOPS (have these in draft format)

- Standardize Committee/Council Operations
- Clarify roles, timelines, and expectations
- Align Council and Administration practices

Governing Framework Under Review

- **Home Rule Charter**
 - Budget authority and deadlines
 - Veto and override provisions
 - No default budget following voter repeal
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- **Administrative Code**
 - Budget development procedures
 - Internal timelines
 - Amendment processes

Key Issues Identified

- No clear outcome when a budget is not adopted by December 31
- Unclear default authority when Council and the Mayor do not reach agreement
- Limited formal Council–Administration engagement early in the process
- No defined guardrails or cut-off dates for amendments

Next Steps

- Finalize and distribute staff survey
- Begin comparative municipal research
- Schedule Controller and Finance mtgs
- Presentation of
- Develop white paper for Council review

Finance Director Feedback

- Involve Budget & Finance Chair earlier (July–August)

- Increase structured collaboration in September
- Create clear amendment guardrails and deadlines

General Notes..... Thoughts...

- Tax increase – workshop the budget at some point in time
- Create a public forum for early budget discussions – get some early skin in the game/commitment
- Can you make December 31st default
- Allow format to ask questions from council and the public – structure the give and take so we aren't simply engaged in gotcha moments – have administration post publicly answers to all the questions – open forum for questions
- Amendments must include specific reductions outside the unappropriated balance – where might you cut
- Lead time for amendments.
- Allow department directors to give you a wish list..... Separate from the budget, perhaps it's something you might want to invest in
- Priority Based Budgeting
- Better direction on final budget
- Two bites at the apple – priorities and interjection late July, early August
- Collectivize council priorities..... at a special meeting....
- What can be changed in the administrative code to change budget deadlines.
- Figure out meeting deadlines --- when do you want to adopt budget – adopt the budget by second meeting in November...
- Multi-year budget

Procedures:
Home Rule Charter
Administrative Code

Background

Methodology:
Other cities
Survey Questions

Remedies

Budget referendum:

Default December 15
Special Referendum to
End Mayor's Veto

Legislative remediate - /Administrative Code Reform

Procedural Change

Workshop
Touches

-Modify timeline to require CoA approval of a budget no later than the first scheduled council meeting in December.

-Define what budget takes place if no approval is possible" "Voter
Approval
11/2026?"

City Charter

"City Council Ordinance:

-Define oversight options and engagement touch points
-Define what council believes takes place if no budget is passed (does an ordinance supersede the administrative assumption given lack of charter clarity)
-Outline engagement entities and reporting by finance
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"Administrative handbook:

-I'm not sure what this includes or how to leverage this"

"Ideal charter (or whatever this called):

-Use model charter as guidance or wholesale charter change"

Meeting Notes

"Director of finance feedback:

-Including the B&F Chair earlier on in the process.

-This would be somewhere in the July- August

-Increased collaboration between council and the administration

-Increased touch points in the process in September

-Create guardrails for amendments

-Define a clear cut-off time for both Administration and Council to submit amendments/recommendations

-Possibly end of October?"

City Controller: