



Equilibrium Collaborative LLC

Budget and Finance Staffing and Budget Process Transition Report

City of Portland

Prepared For:

Sara Morrissey
City of Portland Mayor's Office
Sara.Morrissey@PortlandOregon.gov

Prepared By:

Jessica Kinard
Equilibrium Collaborative LLC
(510) 717-6124
jessica@eqcollab.org

Table of Contents

I. Project Introduction	4
Methodology	5
Budget Process Values and Goals	6
Critiques of the Current Budget Process	7
II. Summary of Findings and Recommendations	8
Budget and Finance Staffing and Organizational Analysis Findings and Recommendations	8
Future Budget Process Findings and Recommendations	13
III. Budget-Involved Roles, Responsibilities, and Operational Organization	24
High Level Roles and Responsibilities	24
Budget and Financial Staffing Roles	31
Current Budget and Finance Staffing Levels and Organization	44
IV. Future Budget Process	48
Integrated Budget Process Elements	49
Pre-Budget Development: Strategic Planning Process	53
Budget Process Step 1: Establish Financial and Operational Context for Budget Year	56
Budget Process Step 2: Set Strategic Goals and Process for Budget Cycle	57
Budget Process Step 3: Issue Budget Guidance	59
Budget Process Step 4: Identify the initial Base Budget	61
Budget Process Step 5: Develop Service Area Requested Budgets	62
Budget Process Step 6: Mayor’s Proposed Budget & Council Information Gathering	67
Budget Process Step 7: Budget Committee Approved Budget	71
Budget Process Step 8: Adopted Budget	73
Year Round: Budget Reporting and Monitoring	74
V. Implementation Timeline	78
Immediately: Within 3 Months	78
Near-Term: Within 6 months	80
Medium term: Within 15 months	82
Appendices	84
Appendix A: Stakeholder List	84
Appendix B: List of Documents and Resources Reviewed	87

Appendix C: List of Specific Roles of Distinct Financial Staff 89

Appendix D: Methodology for Budget Staffing & Financial Complexity Comparison 91

Appendix E: Human Resources Sub-Family Descriptions 93

I. Project Introduction

On November 8, 2022, Portlanders passed ballot measure 26-228 adopting changes to the City of Portland's Charter, transitioning the City from a commission form of government to one that separates the legislative function from the executive and administrative functions. This change necessitates changes in the City's budgeting process beginning in the upcoming fiscal year. The Mayor's Office engaged former City of Portland Budget Director Jessica Kinard through the consulting firm Equilibrium Collaborative (EQ) to provide analysis and recommendations around this change. Specifically, the scope of work directs EQ to address:

Budget and Finance Staffing and Organizational Analysis Research Questions:

- Where are there potential efficiencies in how budget staff are assigned bureau-by-bureau within and across service areas?
- What are options and recommendations around how finance and budget staff are organized within and across service areas?
- What is the reporting structure for budget staff within service areas?
- What are options and recommendations around the roles, responsibilities, and relationship between business operations, the City Budget Office, and service area budget staff?

Future Budget Process Research Questions:

- What are the recommended budgetary roles, responsibilities and relationship between budget staff, their Deputy City Administrators, and the City Administrator?
- What are options and/or recommended budgetary roles and responsibilities of the Mayor, the City Administrator, the DCA of Budget and Finance, and the Budget Director?
- How do these positions work with the Council and the Mayor's office?
- What are the options and recommendations for Council engagement in the budget development process?

With a budget of over \$8 billion, the City of Portland has the largest city or county budget in the state of Oregon by several billion dollars.¹ The budget process is complex, with multiple steps and hundreds of people involved in its development and monitoring.² The scope of this project is limited to providing initial findings, options and recommendations, some of which can be implemented immediately and others which require additional analysis or work to be conducted by the City.

¹ The next largest City or County budget in Oregon is Multnomah County with a budget of approximately \$4 billion.

² The City Budget Office maintains a Budget and Financial Contacts listserve for budget process communications which includes over 200 recipients. Additionally, hundreds of community members participate in the budget process through listening sessions or through contacting their leaders or the Budget Office.

Report Structure

Given the complexity of the budget process and the number of stakeholders involved, this report includes a significant amount of information. EQ has provided a summary of findings and recommendations in Section 2 to enable readers to quickly understand key take-aways from research and analysis. Section 3 contains detailed analysis and information leading to recommendations around stakeholder roles, responsibilities and organizational structure; and Section 4 contains options and recommendations for how the stages of the future budget process can change, and how stakeholders can work together in alignment with their changing roles. Section 5 contains high-level options for implementing recommended changes in this report over the next year, and the end of the report contains appendices with additional reference information.

The change in government provides an opportunity for significant and long-needed improvements to the City’s budget process. EQ is thankful for the opportunity to provide analysis and assistance in this important endeavor.

Methodology

To inform options and recommendations, EQ reviewed existing City of Portland documents, interviewed and/or solicited feedback from 37 stakeholders and stakeholder groups, conducted comparative research, and requested and analyzed human resources data, staffing data provided by bureaus, and City budgetary data. Stakeholders interviewed and reviewed documents are listed in the appendices.

EQ conducted best practice comparative research with four selected peer cities. Research methodologies included online information and document surveys and interviews. Following initial research, EQ selected cities based on similarities with Portland’s government structure; specific government functions such as a Budget and Finance Council sub-committee or a comprehensive budgeting process that links budgeting with strategic priorities; and population size. The selected cities have budgets ranging from \$1.5 billion to \$14 billion; Portland’s budget of \$8.2 billion is in the middle of this range. After city selection, EQ developed research questions and conducted interviews with staff members at each peer city. The table below provides an overview of the selected cities.

City and State	Population (2022)	Budget (FY 2024)	Operational Leadership with Service Areas?	Budget Committee or Sub-Committee?
Portland, OR	635,067	\$8.2 billion	Yes City Administrator and Deputy City Administrators	TBD
Sacramento, CA	528,001	\$1.6 billion	Yes City Manager and Asst City Managers	Yes Budget and Audit Sub-Committee

Minneapolis, MN	425,096	\$1.8 billion	Yes Chief Operations Officer	Yes Budget Committee (full Council)
Fort Worth, TX	956,709	\$2.6 billion	Yes City Manager and Asst City Managers	Yes Budget Committee (full Council)
San Francisco, CA	808,437	\$14.6 billion	No	Yes (Budget and Finance Sub-Committee)

Data Analysis

With the assistance of the City Budget Office, EQ analyzed FY 2024-25 Approved Budget data, point-in-time Human Resource classification and job family data from May 22, 2024, and personnel data from surveyed City bureaus with the number of staff and estimated FTE providing budget-related activities. The human resources data is limited as point-in-time data which does not necessarily represent the future state of the organization. The survey data is self-reported and as of the writing of this report was incomplete as not all bureaus and offices shared information. The findings from analysis are appropriately caveated and should be understood within the context of these limitations.

Budget Process Values and Goals

Driving Values

As an influential Citywide process, the construction and implementation of the City’s future budget process should emanate from the City’s six adopted core values:

- Anti-Racism
- Equity
- Communication
- Collaboration
- Transparency
- Fiscal Responsibility

The City has led significant work over the past 20 months preparing for the transition to the new form of government, creating many reports and guiding documents which organize and articulate additional values and goals. The [Community Outcomes report](#) from the City of Portland’s Transition team emphasizes that the City should be coordinated, accountable, accessible, responsive and equitable - all goals that apply well to the City’s budgeting process. In May of 2024, the [Government Transition Advisory Committee \(GTAC\)](#) produced a [draft report](#) on improving community engagement in the budget process which articulates several key values, including the importance of transparency, accessibility, and accuracy of information around both the decision-making process and the budget information itself.

The Importance of Goals in Budgeting

The Government Finance Officers Association states “[a] good budget process moves beyond the traditional concept of line item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness,”³ and outlines four principles of the budget process:

1. Establish Broad Goals to Guide Government Decision Making
2. Develop Approaches to Achieve Goals
3. Develop a Budget Consistent with Approaches to Achieve Goals
4. Evaluate Performance and Make Adjustments

The report, [Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting](#), further emphasizes the importance of engagement, priority setting, and goal achievement by building out these four principles in Twelve Elements of the Budget Process, shown on the right. Although this report is 25 years old, the importance of aligning budgets to goals remains salient today.

While planning for and deploying the resources to meet the agency’s strategic goals is an essential component of the budget process, the process is at its core a technical activity to ensure the financial stability and health of an organization. A successful budget process is grounded in technically sound and financially responsible practices and builds from this foundation to incorporate and be responsive to programmatic and policy goals.

The Twelve Elements of the Budget Process

- Establish Broad Goals to Guide Government Decision Making*
1. Assess community needs, priorities, challenges and opportunities
 2. Identify opportunities and challenges for government services, capital assets, and management
 3. Develop and disseminate broad goals
- Develop Approaches to Achieve Goals*
4. Adopt financial policies
 5. Develop programmatic, operating, and capital policies and plans
 6. Develop programs and services that are consistent with policies and plans
 7. Develop management strategies
- Develop a Budget Consistent with Approaches to Achieve Goals*
8. Develop a process for preparing and adopting a budget
 9. Develop and evaluate financial options
 10. Make choices necessary to adopt a budget
- Evaluate Performance and Make Adjustments*
11. Monitor, measure, and evaluate performance
 12. Make adjustments as needed
-

Critiques of the Current Budget Process

Research and interviews revealed several consistent critiques of the current budget process, including:

- The budget process is extremely time consuming for multiple stakeholders, including elected leaders, operational leaders, staff, and community advisory board members
- The process is confusing and fast-paced, with insufficient time and information for thoughtful decision-making.
- The process is disconnected from and not aligned with strategic goals or priorities.
- It is unclear to both City staff and community members how or why budgetary requests might be supported in the final budget.
- Budget decision-making is where policymaking is being developed, rather than having the budget be a tool to implement policy.

³ [Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting](#). National Advisory Council on State and Local Budgeting, Government Finance Officers Association. pp3-5.

The currently ongoing change in the form of government, paired with a clearer understanding of appropriate roles and responsibilities, provides a unique opportunity to address these challenges. The recommendations in this report are geared towards addressing these and other critiques.

II. Summary of Findings and Recommendations

Below is a summary of high-level findings and recommendations organized by project scope category. Analytical details supporting the recommendations can be found in the ensuing body of the report.

Budget and Finance Staffing and Organizational Analysis Findings and Recommendations

Within the category of Budget and Finance Staffing and Organizational Analysis, EQ was asked to address the following questions: 1) where are there *potential efficiencies* in how budget staff are assigned bureau-by-bureau within and across service areas? 2) what are options and recommendations around how finance and budget staff *are organized* within and across service areas? 3) what is the *reporting structure* for budget staff within service areas? and 4) what are options and recommendations around the *roles, responsibilities, and relationship* between business operations, the City Budget Office, and service area budget staff?

Roles, Responsibilities, and Relationship Findings

- Budget-involved staff provide a variety of different types of roles that are technical, analytical, procedural, and communicative.
- Budget-involved staff are often not dedicated to budget- and finance-related activities; many staff spend less than 50% of their time on budget-related activities.
- There is a profound amount of shared work and/or coordination required between technical, analytical, procedural, managerial and communications staff related to budget.
- Budget and finance staff roles and responsibilities are significantly shaped by the depth of knowledge and the perspective/lines of authority held by those staff.
- Comparator city analysis revealed that central Budget Office staff typically provide both budget development management and provide citywide analysis for the agency.

Staff Reporting Structure, Organization & Efficiency Findings:

- Dedicated budget staff (staff in budget-related sub-families and/or spending 70% or more of their time on budget activities per bureau survey) tend to be located in bigger more complex bureaus or in budget-centric departments.
- Although three of the four comparator cities researched have Deputy or Assistant City Administrators overseeing groups of departments by service area, none of the comparator cities have budget and finance staff consolidated at the Deputy City Administrator (DCA) level.

- Comparative city research found that the number and quality of finance staff correlates with complexity and size of budget. In Portland, financial and human resources data indicate general alignment between the number of dedicated budget and finance staff and the financial complexity of the service areas they operate within; however, deeper analysis is recommended.
- The City has four times as many Analyst positions as Financial Analyst positions, and nearly as many positions focused on “Business Strategy and Operational Planning” as positions focused on the categories of Budgeting, Budget Analysis and Financial Analysis.
- Comparator city analysis found that central Budget Offices may be nested organizationally under financial offices or may report directly to the City Administrator/Executive; however, the Budget Office always has a direct line of authority and communication to the City Administrator/Executive.

Budget and Financial Staffing Recommendations

Recommendation #1: Change Budget and Financial Staff Reporting Lines in Decentralized Budget and Finance Staffing Models

The City currently provides budget and financial support to bureaus following a few different models: several bureaus have individual budget and finance teams or staff; some bureaus receive centralized business operations support including budgetary and financial support from the City’s Business Operations team; and the Public Safety and Vibrant Communities service areas provide centralized budget and finance support - as well as other centralized support services - to bureaus in their portfolio. The move to a service-area organizational structure increases the opportunity to enhance collaboration and efficiency by consolidating service area functions, including budget and financial staff.

EQ’s comparative research found that no comparator cities have consolidated budget staff at the service area level and bureau survey data revealed that budget-involved staff often perform other bureau roles and/or collaborate with other bureau staff on various elements of the budget process. As such, it is not clear that solely

BUDGET AND FINANCIAL STAFFING RECOMMENDATIONS

#1: Change Budget and Financial Staff Reporting Lines in Decentralized Budget and Finance Staffing Models

#2: The City Budget Office should Hold a Direct Line to the City Administrator Regardless of Organizational Location

#3: The City Budget Office should Continue Providing Citywide Budget Analysis, but Not Issue Balanced Budget Recommendations

#4: The City Budget Office Should Provide Budget Analysis to the Council

#5: Prioritize Capacity for Budget Analysis for Decision-Making

#6: Conduct Further Staffing Analysis - Particularly Within the Analyst Classification - to find Efficiencies

consolidating all budget and finance staff by service area would lead to increased collaboration or efficiency for each service area. The budget process must be structured to support enhanced coordination not just of budget and finance staff, but between technical budget and finance staff, communications staff, bureau and operational leadership, and analytical staff. While each service area may elect to consolidate services as it makes sense for the grouping of bureaus and their staff, EQ recommends further analysis be conducted should the City desire to move towards a *standardized* model of centralized budget and finance support.

For bureaus with decentralized budget and finance staff, EQ recommends that measures be taken to ensure greater collaboration and service-area wide financial data availability. In these service areas – namely Public Utilities and Community and Economic Development – EQ recommends that Budget and Finance group leaders/managers be designated as “Budget Leads” and hold multiple reporting lines: their human resources-assigned manager may remain as it is currently structured; however, Budget Leads should have explicit independent reporting responsibilities to both the DCA in charge of their service area and the DCA of budget and finance as the City’s Chief Financial Officer. The DCAs can and should directly convene budget and finance staff and managers and be empowered to ask for their assistance, analysis and information. This structure will enhance achievement of the goals of collaboration, efficiency in budget and financial monitoring and reporting, and the ability to address service-area-wide or agency-wide financial issues holistically.

A more direct relationship between DCAs and bureau financial managers could be facilitated by newly established processes. Some options include:

- Identifying and formally designating budget and finance group managers as Budget Leads with the responsibility of responding independently to their Service Area DCA and the City’s Chief Financial Officer. Responsibilities could include being tasked with driving solutions to service area financial issues.
- DCAs holding regular meetings with budget and finance managers/staff within a service area (and the CFO holding regular meetings with budget and finance managers/staff across service areas);
- Dedicating and reserving a certain percentage of budget and finance staff time (articulated within their position description documents) for projects as directed by the DCA;
- Allowing and encouraging direct communication between the bureau budget and finance manager and the DCA throughout the year; and/or
- Deploying a budget and finance staff “exchange program” where mid-level and experienced staff opt to be assigned to different bureaus or service areas for a period of 6 months to 2 years depending on experience and the complexity of the work. This would benefit staff by enhancing their knowledge base and skillset and could provide the agency with a way of flexing staff resources to areas with the most need.

Multiple reporting lines could create challenges for budget and finance managers. However, in an environment where all bureaus are expected to be working collaboratively and not competitively, there should not be tension between the reporting lines. The Business Operations team and the City Budget

Office have been able to manage multiple lines of authority. Business Operations has deployed the concept of the Budget Lead for some time and can assist with technical advice on deploying this model. If having multiple lines of authority proves too challenging or restrictive, the City should consider consolidating the function under the DCA.

More details around this recommendation can be found in the [Budget and Financial Staffing Roles](#) and in the [Current Budget and Finance Staffing Levels and Organization](#) sections of this report.

Recommendation #2: The City Budget Office should Hold a Direct Line to the City Administrator Regardless of Organizational Location

Following comparative research, EQ highlights two organizational structure options for the Portland City Budget Office's location and lines of authority:

- 1) Retain the City Budget Office under the Deputy Director of Budget and Finance/Chief Financial Officer but ensure direct lines of authority to and communication with the City Administrator and the Mayor during key phases of budget development; or
- 2) Create a new centralized office similar to the Fort Worth Lab which consolidates budget development, monitoring and analysis with Citywide performance, strategy and data analytics and which reports directly to the City Administrator.

Due to the immense amount of transitional work and change required over the next year, EQ recommends that for the time being the City pursue option #1 and allow the future appointed City Administrator to pursue option #2 if they desire. Creating a new centralized office would necessitate additional analysis to identify the positions and functions related to performance, data analytics, and strategy that would be consolidated with the budget function. Additionally, the current structure of having the Budget Office report to the Chief Financial Officer provides opportunities for mutual support that may be especially helpful during this transition period. More details around these options are described in the City Budget Office section of [Budget and Financial Staffing Roles](#).

Recommendation #3: The City Budget Office should Continue Providing Citywide Budget Analysis, but Not Issue Balanced Budget Recommendations

Based upon comparative research and analysis of the City of Portland's current structure, EQ recommends that the City Budget Office continue to be the entity responsible for providing Citywide Budget Analysis. There are multiple opportunities for efficiencies as budget analysts hold a strong grasp on financial data and rules and have connections with bureau financial managers across the City as part of monitoring and developing budgets. Ideally, Budget Office analysts in the new form of government will rely on the subject matter expertise of bureau financial managers in producing their Citywide reports and analyses, and bureau financial managers will trust and value the role of the Budget Office in setting and shepherding the City through budget development and monitoring processes, and in providing the independent Citywide perspective in analyses for leadership. Striking this balance requires a clear understanding of the roles and expertise of each party and how they are working together

towards common goals, and requires a relationship of trust and respect which leads to enhanced collaboration between the parties.

In the structure where all bureaus report to the same leader, having the Budget Office develop publicly issued balanced budget recommendations runs counter to the newly empowered theme of collaboration and does not align with ascribed roles. As articulated in the roles and responsibilities section of this document, City Elected leaders and City Operational leaders should be imbued with the responsibility for Citywide decision-making, provided information and analysis from subject matter expert staff. While Budget Office staff should play a critical role in supporting decision-making through analysis, EQ recommends they only provide recommendations as requested or when pertaining to issue areas that the Budget Office has the authority to manage. More details on EQ's recommendations for this process is provided in the City Budget Office section of [Budget and Financial Staffing Roles](#).

Recommendation #4: The City Budget Office Should Provide Budget Analysis to the Council

Comparative research found that similarly structured cities all have operational staff providing budget and financial information and support to the Council. EQ finds that the Budget Office is currently best positioned to provide analytical support to the Council as they currently provide Citywide analysis and 'independent' analysis to the legislative body. EQ recommends that the City pursue a model similar to Sacramento if the Budget Office remains as an office focused primarily on citywide budget operations and analysis, or follow the Fort Worth model if the City decides to pursue a consolidated office of Budget, Strategy, Performance and Data Analysis. More details are described in the City Budget Office section of [Budget and Financial Staffing Roles](#).

Recommendation #5: Prioritize Capacity for Budget Analysis for Decision-Making

Multiple stakeholders mentioned a need for budget decisions to be better informed, and budgetary tradeoffs to be better articulated. To prioritize and enhance the City's capacity for budget analysis for decision-making, EQ recommends that the City 1) ensure that the Budget Office has the appropriate classifications and structure to incentivize retention of seasoned, strong analysts; and 2) identify analysts within bureaus that are currently providing or capable of providing this type of analysis and deploy them - in partnership with the City Budget Office to ensure analytical independence - to provide needed analytical firepower during the budget development cycle and during the year as needed to work on discrete projects. Prioritizing this skillset should be facilitated by utilizing the resources already contained within the organization.

Supporting information on this recommendation can be found in the Budget Analysis subsection of [Budget and Financial Staffing Roles](#).

Recommendation #6: Conduct Further Staffing Analysis - Particularly Within the Analyst Classification - to find Efficiencies

The scope of work allowed EQ to only perform a high-level staffing analysis. While EQ found staffing levels of dedicated budget staff to be generally aligned with service area financial complexity, challenges

with the data and the fact that budget staff often play multiple roles made it difficult to draw firm conclusions around whether there are opportunities to find efficiencies within the structure and staffing levels of bureau financial and budget analysis. EQ recommends additional staffing analysis be conducted to make decisions around reorganizing or realigning these staff.

Additionally, EQ found the Analyst classification to be ripe for further analysis to find efficiencies. The presence of 387 positions within this classification - many of which align with strategy or analysis - seems notable especially in the context of the City's interest and need for a Citywide strategic plan. EQ notes that these positions may also be able to assist with a number of recommended next steps in this report, as well as FY 2024-25 budget notes:

- Development and deployment of a Citywide strategic plan over the next 16 months.
- Development of a transparent budget engagement plan.
- Staffing and organizational analysis on the multiple City bodies providing performance analysis, strategic planning, and data analytics, with an assessment of how these functions could be consolidated with budgeting into a Fort Worth Lab-like centralized office (this is similar to a FY 2024-25 Budget Note).
- Development of a performance scorecard.
- An assessment of appropriate roles, responsibilities, and organization of different equity practitioners within the City to ensure equitable practices and outcomes are enhanced as part of operations in addition to budget decision-making.
- A more comprehensive staffing study on budget and finance staff, including positions tangentially involved in the budgeting process such as communications staff, outreach and engagement staff, and equity staff.
- Additional capacity for Citywide budget analysis for decision-making.
- Other budget notes included in the FY 2024-25 Adopted Budget might be able to utilize analyst positions either to help complete the work directed in the budget note or to provide staffing for certain needs, such as a consolidated asset management office.

The analysis will need to consider funding sources, as analysts are currently funded by a variety of different restricted and non-restricted funds.

Findings related to financial analyst and analyst classifications are located in the [Current Budget and Finance Staffing Levels and Organization](#) section of this report.

Future Budget Process Findings and Recommendations

Within the category of Future Budget Process, EQ was asked to address the following questions: 1) what are the recommended budgetary roles, responsibilities and relationship between budget staff, their Deputy City Administrators, and the City Administrator? 2) What are options and/or recommended budgetary roles and responsibilities of the Mayor, the City Administrator, the DCA of Budget and Finance, and the Budget Director? 3) How do these positions work with the Council and the Mayor's

office? and 4) What are the options and recommendations for Council engagement in the budget development process?

Future Budget Process Key Findings - Process Findings

- In the prior form of government, the budget process - as the primary Citywide process - was where the organization attempted to address all Citywide issues including citywide strategy, policy direction and setting, performance and goal setting, and financial planning practices.
- City bureaus currently track and report on hundreds of performance metrics, but measures are not consolidated and connected to an agency-wide strategic plan with targeted goals, rendering it difficult to track and report on progress towards desired agency outcomes.
- Budget engagement efforts can unintentionally blend different types of engagement purposes and objectives, leading to the engagement being ineffective and feeling performative.
- Standardizing financial planning practices and presenting agency-wide financial information to the Council earlier is a priority of many stakeholders facilitated by the new form of government.
- Better developed and evaluated budget proposals - allowing for thoughtful tradeoff discussions and final decision-making - was a priority need listed by many stakeholders.
- The volume of materials and decision-points, as well as the decentralized provision of information and advocacy by bureaus, contributed to the sense that the budget process was at once too time-consuming and not time intensive enough to enable thoughtful decisions.
- Comparative research found that peer cities either have the full Council consider budget information as the Budget Committee or have a budget sub-committee composed of a subsection of Council members, which meet year-round with the most time and effort intensive work around budget season.

Future Budget Process Key Findings - Role and Responsibility Findings

- Comparative research found that Council's role in the budget development process is to establish strategic priority areas and goals for the city so that the administrative branch can focus on operationalizing this direction through budget development. This aligns with the City's Charter.
- Comparative research found that Councils are typically involved in two key areas of the budget process: the initial strategic planning and goal setting phase, which provides high-level direction for budget development; and reviewing and subsequently adopting the proposed budget after it has been developed in accordance with the defined strategic objectives and priorities.
- Peer cities typically provide Council members with foundational and routine information that enhances financial and budgetary understanding prior to the release of the proposed budget but do not provide detailed budgetary information related to tradeoffs or requested budget development and progress early in the process.
- As the Budget Officer, the City Administrator is responsible for guiding the Mayor through development of the Proposed Budget, but requires assistance from staff in performing this role.

- Per Oregon Budget Law, the full Council must approve the budget as the legal Budget Committee; however, that does not preclude the convening of a subcommittee to consider budgetary information.
- The current structure of supplemental budgeting during “BMP” periods hinders the City’s ability to make strategic allocation decisions and reduces operational ability to implement strategic initiatives.

Future Budget Process Recommendations

The Future Budget Process section of this report provides detailed information around recommended roles, responsibilities, consulted parties, structure and timeline of each step in the budget process. EQ highlights key Section recommendations below.

Recommendation #7: Improve Performance Tracking as part of Strategic Planning

EQ suggests two high-level opportunities for improving the use of performance agency-wide: first, the development of a citywide strategic plan with measurable and achievable outcomes (described more fully in the Future Budget Process and Implementation Timeline sections below); and second, through the development of a publicly accessible performance scorecard that tracks and communicates progress towards strategic goals. Both are significant endeavors that will take time to develop.

In order to resource these efforts, EQ recommends the city pursue additional staffing and organizational analysis on the multiple City bodies providing performance analysis, strategic planning, and data analytics. In addition, the city should consider setting performance metrics for the budget process itself as it moves towards the new process. The establishment of these performance metrics should be led by the City Budget Office in partnership with budget managers and Deputy City Administrators.

Additional information can be found in the Performance section of [Integrated Budget Process Elements](#).

FUTURE BUDGET PROCESS RECOMMENDATIONS

#7: Improve Performance Tracking as part of Strategic Planning

#8: Identify Effective Processes and Tools to enhance Equity in the City’s Budget Process.

#9: Budget Engagement Suggestions

#10: Separate and Align Citywide Strategic Processes

#11: Standardize Financial Planning Practices across funds and Provide Earlier and More Regular Financial Reports to the City Administrator and the Council

Recommendation #8: Identify Effective Processes and Tools to enhance Equity in the City’s Budget Process.

Equity is one of the City’s six adopted core values, and several stakeholders noted a need to improve equity in budget decision-making. The scope of this report did not allow for a thorough investigation into this topic area. EQ does note:

- Achievable and measurable equity outcomes can be better defined and translated into City operations and processes - including the budget process - via an adopted City strategic plan.
- The Service Area Budget Work Groups described in Step 4 of the Future Budget Process section would be well positioned to implement improvements to the budget equity tool. EQ understands that the Office of Equity is currently working on a revised tool.

The use of the budget equity tool should change with the move towards service area budgeting. EQ recommends that the City assess and identify improved ways to incorporate equity into the future budget process as soon as possible to incorporate it into the upcoming budget process. EQ staffing analysis found 25 positions classified as Equity Analysts across the City and notes the proposed City organizational chart includes a new Equity Officer position reporting directly to the City Administrator. The assessment should also consider the appropriate roles and responsibilities of different equity practitioners within the organizational structure to ensure equitable practices and outcomes are enhanced as part of operations in addition to budget decision-making.

Additional information can be found in the Performance section of [Integrated Budget Process Elements](#).

Recommendation #9: Budget Engagement Suggestions

All stakeholders interviewed highlighted budget engagement as an area to improve in the new form of government. The topic is currently being investigated by the Government Transition Advisory Committee (GTAC) who will release a report in September following community engagement.

FUTURE BUDGET PROCESS RECOMMENDATIONS

#12: Consider Approving Internal Service Rate Budgets Earlier in the Process

#13: Requested Budgets should have Fewer, yet Better Developed Decision Points for Leadership and be Proposed by Service Area instead of by Bureau

#14: The City should select one of two Committee Structure Options for Receiving Budget Information from the Administrative Function

#15: Enhance Budget Monitoring and Reporting and Eliminate Structured Mid-Year Supplemental Budgeting

While the scope of this report does not allow for the provision of an improved budget engagement plan, EQ offers the following suggestions:

- The City should immediately develop improved budget communications and education. Increased accessible budgetary information around allocations and the changing process is essential to building public trust in both budgeting and the new form of government. EQ recommends the City Administrator deploy City communications staff to assist budget office staff in releasing information on the recently Adopted FY 2024-25 budget and the proposed process for FY 2025-26 within the next few weeks. Communications staff should provide budget information format recommendations and assistance in ensuring information is visually pleasing and accessible for multiple audiences.
- The City Administrator should convene a Budget Engagement Team - with budget engagement leader(s), budget communications specialist(s), and City Budget Office staff - and direct them to develop a transparent budget engagement plan for the FY 2025-26 budget development process. The plan should consider and incorporate findings and recommendations from GTAC research and the Office of Civic Life as appropriate and available within the near-term timeline. The plan should consider and integrate both opportunities for budget engagement and strategic plan development engagement in the coming year and can be revised in future budget cycles as needed.
- The Budget Engagement Team should support the new Council in developing a legislative budget engagement plan once they come on board in 2025.
- The City should focus on public engagement during strategic planning, priority and goal setting. The City's budget is complex; advising effectively on specific dollar allocations requires a detailed understanding of fund restrictions, financial policy, the structure and amount of current allocations, and operational and programmatic contexts (such as labor agreements, program restrictions, etc). Members of the public are generally best positioned to provide advice on the services that they would prioritize and the outcomes they would like to see. This type of engagement should happen primarily before budgeting begins. Engagement efforts should also solicit feedback on public priorities during cut years – i.e. what services should be reduced or eliminated during constrained budgets. Public engagement in the initial phase of budget development would serve to solicit priorities given current budget realities and promote budgetary education and buy-in at the outset.

To determine and measure the success of engagement efforts, the City should communicate and establish the vision and measurable performance outputs and outcomes associated with the outreach and engagement plan and track progress towards these goals. Additional suggestions and contributing information are provided in the Community Engagement section of [Integrated Budget Process Elements](#).

Recommendation #10: Separate and Align Citywide Strategic Processes

The consolidation of many citywide processes into the budget process in the prior form of government led to frustration and confusion across leadership, staff, and the public alike as each process was not allowed the clarity, time, and focus necessary to be thoughtfully developed and impactful.

To be effective, these processes must be separated and sequenced. A strategic plan should be created first to establish the high-level priorities, goals, and outcomes the City is striving towards. This strategic plan should be followed by the development of long-range and mid-range financial plans that provide a picture of what is possible financially within forecasted resources. Policy development and the budget process are separate implementation tools deployed to meet the goals of the strategic plan.

EQ Recommends the City Administrator kick off the strategic planning process (for implementation in the FY2026-27 Budget) as a first act of business following January 1st when the new Council and Mayor are seated. Initial outreach can and should begin to prepare new Council members for the process as early as December following election results. Information related to this recommendation can be found throughout this report; details around a strategic planning process can be found in the [Pre-Budget Development: Strategic Planning Process](#) section.

Recommendation #11: Standardize Financial Planning Practices across funds and Provide Earlier and More Regular Financial Reports to the City Administrator and the Council

Multiple stakeholders expressed the need for earlier, more comprehensive and transparent financial planning processes. EQ recommends that initial agency-wide financial information be compiled and provided to the City Administrator and the Council as the first step in the annual budget process. This initial financial context should inform the Council's annual priority and goal setting.

EQ recommends that the Chief Financial Officer - who is also the Deputy City Administrator in charge of Budget and Finance - be charged with leading the standardization of financial planning and reporting but rely on the City Budget Office to develop and deploy the project – potentially with assistance from other financial staff given the magnitude of other transitional work required over the next several months. It will not be feasible to standardize financial planning processes before a late summer presentation to the Council; as such, EQ recommends that the Budget Office focus on working with fund managers in August to collect and combine key near-term financial forecast information for the CFO to be able to provide a high-level initial forecast presentation to the Council in September of this year. In subsequent years this presentation should be complemented by a suite of standardized five-year financial plans.

EQ also recommends that this initial presentation to Council provide information on large operational needs and risks that may or may not be assumed in financial forecasts. This information should be collected and collated by the Deputy City Administrators, with the assistance of financial managers and the City Budget Office, as well as the City Attorney's office as appropriate, to understand financial risks and assumptions associated with the operational needs. It should be noted that bureaus already provide financial plans to the budget process as part of budget development, but standardization and timing can be improved. Details of this recommendation can be found in the section [Budget Process Step 1: Establish Financial and Operational Context for Budget Year](#).

Recommendation #12: Consider Approving Internal Service Rate Budgets Earlier in the Process

One way to streamline the budget process would be to bifurcate budget decision-making and have the Mayor and Council tentatively approve internal services rate-payer supported funds earlier in the process. Internal services charge level-of-service rates to all City bureaus. By allowing for the early development and approval of internal service proposals, all City bureaus would have greater predictability and certainty of costs as they plan their budget proposals. Potential implementation of this proposal is provided in [Budget Process Step 3: Refine Financial Picture & Issue Budget Guidance](#).

Relatedly, some stakeholders expressed a desire for early decisions around General Fund overhead allocations. The City has identified programs and functions which provide services for or on behalf of all City bureaus, and the costs of these programs are funded by a combination of all funds through the Overhead model. While it may make sense for these overhead allocations for indirect operational City support to be decided alongside internal service budget decisions, administratively this may be challenging given the current distribution of overhead funded programs across City bureaus and service areas. EQ recommends that additional analysis be conducted on the current allocation of and methodology for overhead costs before considering an earlier decision-making timeline, which was a recommendation also received from several stakeholders.

Recommendation #13: Requested Budgets should have Fewer, yet Better Developed Decision Points for Leadership and be Proposed by Service Area instead of by Bureau

Under the prior form of government, 28 bureaus individually developed and submitted requested budget packages following the mayor's budget guidance, spending an immense amount of time producing thousands of pages of budget material and over 100 decision points for leadership. The change in the form of government provides opportunity to significantly improve this process. The goal of the requested budget phase should be for budgets to be thoughtfully developed to meet budget guidance goals in as time-effective a manner as possible. This means fewer and better-developed decision points for elected leaders.

EQ recommends each Deputy City Administrator (DCA) or Assistant City Administrator lead the requested budget development phase for their bureaus, encouraging service area bureaus to jointly develop solutions to financial and programmatic challenges. EQ suggests requested budgets be developed collaboratively and iteratively through service area budget work group sessions over a 3-4 month timeframe, following the stages and structure provided in the chart below.

Service Area Budget Work Groups: Requested Budget Development by Service Area	
Initial Idea Development: October - December	Process begins with DCA convening an initial work group meeting where bureaus bring initial ideas and/or receive direction for initial idea development from the DCA following Mayor’s Budget guidance in October and strategic goals set by Council. Bureaus receive direction from the DCA on which ideas to develop more fully.
	Bureaus develop and propose initial ideas in concert with program, financial, performance, and equity staff. Prepare initial proposal with approximate financial impacts, high-level performance and equity impacts, and high-level tradeoff assessments. These initial ideas are not fully developed and are communicated outside the budget system; only approved ideas should be fully developed. Bureaus should have internal processes to allow staff to propose ideas following Council strategic goals and the City’s strategic plan.
	Initial proposals presented at subsequent meetings; idea development is refined collaboratively by the group under direction and guidance of the DCA.
	DCAs decide – in concert with other DCAs and the CA and with advice from the budget office and finance managers – which proposals are technical, and which should be highlighted as decision points for elected leaders.
	Fund managers and City Budget Office analysts offer advice and guidance around required technical structure of packages for the budget system, financial limitations and allowable fund uses.
	In October, City Budget Office creates templates and instructions for final proposals and budget system entry as part of Technical Budget Guidance.
Requested Budget Proposal Refinement & Analysis: December - February	By late December, DCA should begin prioritizing and ‘passing to review’ a subset of the most promising initial ideas for further development and evaluation. These ideas are more thoroughly developed by bureau staff over a 1–3-week period, then passed to the Budget Office analyst via budget system and/or additional forms as established by the CBO process. Budget Office analysts produce an internal, yet ‘independent’ assessment of the impact and tradeoffs offered by the priority proposals, with the assistance of bureau staff. Approval to this stage can be done on a rolling and iterative basis to manage workflow for staff.
	Information from developed and analyzed proposals are shared and discussed at ensuing meetings providing the opportunity to refine and improve proposals.
	DCAs meet with the CA and other DCAs to discuss service area proposals, emerging Citywide themes and issues, and ensure proposals are moving together Citywide
	Proposals should all be ‘passed for review’ by the end of January and proposals made ready for entry and analysis by mid-February, allowing for CBO analysis to be completed by the end of February.
Requested Budget Finalization: Late February – Early March	DCAs meet to determine and align likely final requested budget proposals.
	A final service area budget work group meeting occurs no later than the first week of March where the work group collaboratively determines the final service area requested budget to present to the Mayor and Council.
	Support staff complete required narrative documents and budget system entries by the first week of March. Final review and editing of required narrative documents are completed by the DCA, and the Service Area Requested Budget is submitted.

Requested budgets should contain as few decision points as possible for leadership, and these decision points should reflect the service areas’ best options to meeting the strategic goals and budgetary constraints set forth by the Mayor’s Budget Guidance and the Council’s strategic annual goals.

EQ recommends that the service area budget work groups remain small enough to be nimble, but include bureau leadership, the lead financial manager(s) for each bureau/service area, and the City

Budget Office assigned analyst(s) to provide budget process and financial advice and support. Program leadership and subject matter expert staff should attend as appropriate to assist with specific topics. EQ recommends considering community engagement options in this stage of budget development, as discussed in [Budget Process Step 5: Develop Service Area Requested Budgets](#).

EQ recommends that the requested budget phase conclude with a publicly shareable requested budget document that aligns with accurate entries in the budget system, and that this phase conclude sometime in February.

Additional detail around this recommendation is provided in [Budget Process Step 5: Develop Service Area Requested Budgets](#).

Recommendation #14: The City should select one of two Committee Structure Options for Receiving Budget Information from the Administrative Function

EQ's comparative research found that peer cities generally provide Council members with foundational information that enhances financial and budgetary understanding prior to the release of the proposed budget. Amongst peer cities, Fort Worth is the only jurisdiction that provides the Council with both foundational information as well as specific budgetary information, such as a "program inventory" conducted after the Council's annual retreat.

All comparator Cities either have the full Council consider budget information through the regular Council forum or as the Budget Committee or have a budget sub-committee composed of a subsection of Council members. EQ highlights these two options with pros and cons as detailed in the table below.

Having the full Council receive presentations and information has the benefit of ensuring all Council members are equally engaged in the budget material and have equal opportunity to ask questions of operational staff and leadership. It also should provide more stability in the Approved budget process as full Council member involvement will lead to earlier daylighting of issues that may hinder approval. However, the Council should expect that as a full Council they will be able to dive into less profound budgetary detail as the number of hours for specific service area presentations will be limited. This may create challenges if several Council members have different specific issue areas that they want to understand details about. It is worth noting that the City of Portland has a larger budget than the peer cities with full Councils as Budget Committees by a magnitude of several billion.

	Full Council as Informational and Legal Budget Committee		Budget and Finance Subcommittee	
# of Council Engaged	12		4-5	
Council Workload	High		Low-Moderate	
Admin Workload	High		Moderate	
	Pros	Cons	Pros	Cons
	All Council members have the opportunity to engage admin staff on the same level of information	Less budget material depth due to time constraints of Council members	Allows for greater and more consistent budget issue depth	Not all members of Council have opportunity to get into budgetary detail (may or may not be desired)
		Requires more significant Council and Administrative time to communicate and understand budget details to 12 electeds	Provides forum for Council strategic financial planning and regular budget reporting	

Having a subcommittee receive presentations and information has the benefit of allowing for more profound depth of understanding around financial issues in bureaus as presentations can be scheduled year-round to prepare the subcommittee for the material they will digest during budget development, and additional meetings to dive into budget proposals would be easier scheduled and facilitated with a subcommittee versus the full Council. This structure also provides the opportunity to partner with the Council on longer-term and/or more strategic financial issues.

A subcommittee should likely be composed of 4-5 Council members and should follow the format of other Council subcommittees. Obviously, this would mean a majority of the Council would not be on the Committee. With the committee structure in San Francisco, the President of the Board of Supervisors is responsible for Committee assignments, and assignment to the Budget Committee is a coveted assignment. Once assigned, Board members respect the responsibility and authority of those assignments. Interested Board members are allowed to attend meetings as they desire, and all information provided is publicly available. The sentiment and structure of the Budget and Audit committee in Sacramento is similar.

More information related to this recommendation can be found in [Budget Process Step 6: Mayor’s Proposed Budget & Council Information Gathering](#).

Recommendation #15: Enhance Budget Monitoring and Reporting and Eliminate Structured Mid-Year Supplemental Budgeting

The provision of standardized and accessible budgetary information to the Council and the public is essential in garnering trust. Additionally, providing regular reports on revenue, expenditure, performance trends, and the results/impacts of prior investments made by the Council is essential to supporting legislative oversight and preparing Council members for the next budget cycle.

The City's budget monitoring processes currently require that all bureaus submit certain standardized information that is reviewed and analyzed by the budget office; however, the process employed by fund managers and bureaus for regular budgetary monitoring is not standardized. EQ recommends that the City Budget Office - in consultation with the DCA of Budget and Finance and fund managers - develop a more standardized process for regular financial monitoring and reporting. This process should include the provision of accessible reports that are developed by fund managers and reviewed by their Deputy City Administrators at regular intervals. Deputy City Administrators should communicate with the CFO about any issues as they are emerging. The City Budget Office should provide a secondary check for financial issues, as is the case currently.

Regular budget monitoring reports on finances and performance should be provided along the timeline of the current Budget Monitoring Processes (or "BMPs"). However, current BMPs have become focused on supplemental budgeting, which has become condensed versions of the annual budget process. These processes take an extraordinary amount of staff and leadership time and result in allocation decisions being without significant time to develop and align to strategic goals.

As a result, EQ recommends that the City eliminate the Fall Supplemental and Spring Supplemental budgets, and instead utilize that time to focus on monitoring budgets and performance, providing presentations and reports to the Council on the financial status of various funds and the progress towards desired outcomes as performance data is available.

The legislative body should be empowered to provide oversight over the budget not just for budget allocations' sake, but in relation to achieving the strategic direction, policies, and performance outcomes they set for the City. In turn, operations must be provided with the right amount of flexibility to be adaptive and effectively achieve those outcomes. In order for service areas to be expected to manage within their resources and not return to the Council for contingency requests or adjustments on a frequent basis, the Council should allow a certain level of budget flexibility by adopting the budget at an appropriate level of expenditure. This will allow operations to be nimble and responsive to small mid-year changes or needs while reducing legislative and administrative workloads. EQ recommends that the Budget Office and the DCA of Budget and Finance, in concert with the City Administrator, develop a policy and procedure for making mid-year adjustments including guidance on what level of adjustments would require full Council approval.

Additional suggestions on how to manage technical aspects of eliminating supplemental budgeting and enhance reporting are provided in [Year Round: Budget Reporting and Monitoring](#).

A Note on Biennial Budgeting

Several stakeholders mentioned biennial budgeting as an area of interest. The scope of this project did not allow EQ to dive into this topic area; however, EQ notes that moving to biennial budgeting could greatly improve the ability of the City to focus on core operations and develop budgets in a more thoughtful manner. The budget process steps outlined in the Future Budget Process section of this report show that, despite recommended improvements in the process, the budget process itself will continue to function nearly year-round with inflection points for Council and City operations during several months out of the year.

The move to biennial budgeting would be a significant endeavor that would require coordination and changes at the technical, legal, procedural and organizational level. This type of change may be more easily facilitated once the City has transitioned to its new form of government.

III. Budget-Involved Roles, Responsibilities, and Operational Organization

High Level Roles and Responsibilities

EQ offers an outline of high-level roles of different stakeholders based upon information collected from interviews, document review, and comparative research. This report divides stakeholders into four primary groups: City Elected Leadership (including both legislative and executive elected leadership), City Operational Leadership, Bureau/Office Leadership, and Budget and Finance Subject Matter Experts. EQ's recommended high level roles and responsibilities of these groups are summarized in the graphic below and articulated in more detail in the following section of this report.

City Elected Leadership

Councilmembers, Mayor

- Provides policy direction and/or sets City goals (Council policies, Mayor budget guidance)
- Ultimate budget proposal (Mayor) or allocation (Council) authority/decision making roles
- Holds City Administrator accountable to achieving goals, performance outcomes, and other Elected leadership direction
- Represents constituent priorities and input in decision-making

City Operational Leadership

City Administrator, Asst. City Administrator, Deputies

- Operational budget authority/decision making roles to maximize goal achievement across the City and/or within a Service Area
- Advises and recommends actions and policies to Elected Leaders
- Convenes City leadership and SMEs
- Provides high level oversight/monitoring of budget allocations & the City's financial health

Bureau/Office Leadership

Bureau Directors and Office Leaders

- Leads/manages day-to-day operations and authorities of Bureau/Office in alignment with strategic goals and budget allocation from leadership
- Advises and recommends actions and policies to Operational Leaders
- Provides financial, performance, and programmatic oversight of operations
- Leads and provides analysis as requested and appropriate to the bureau's expertise by City operational and elected leadership.

Budget and Finance SMEs

Bureau/Service Area Budget Staff, CBO Staff,
Business Operations Staff

- Manages and/or interacts with data software systems
- Responsible for daily/regular financial compliance monitoring
- Conducts Specialized Financial Analysis
- Conducts Budget, Performance, and Operational analysis
- Provides advice and recommendations as requested

The City Budget Office and Business Operations are distinct groups that are compared and contrasted with each other and with other financial SMEs in the Budget and Finance Staffing Roles section below.

City Elected Leadership High-Level Roles

The City's elected leaders in the new form of government will include 12 council members elected from four districts, the Mayor, and the Auditor. Of these, this report focuses on the roles of the Council and the Mayor in the budget process.

These leaders have the following roles in common:

- Providing **policy direction** (in different ways)
- Holding **authority/decision-making** roles
- Receiving **input from community and operational staff**

Both the Mayor and Council provide policy direction related to the budget: the Mayor provides direction through budget guidance and through operational guidance; and the Council as the legislative body sets policy direction for the entire City. Per Charter, both the Mayor and Council are imbued with decision-making authority related to budget allocations. The Mayor sets the Proposed Budget, and the Council holds final budget approval and adoption authority. Both the Mayor and Council should align their budget decision-making with adopted City strategic goals and incorporate feedback from operational staff and community members.

While these roles are shared at a high-level, it is critical to distinguish between the Council's role as a legislative body and the Mayor's role as focusing on City operations as this marks a significant shift from

the prior form of government. Per Charter, the Council sets the policy direction for the City while the Mayor and the City Administrator are responsible for the day-to-day operations of the City in alignment with Council-adopted policy and direction.

Fostering Trust, Transparency, and Accountability to Support Role Delineation

Elected leaders and members of the public should be empowered to focus on policy, programmatic and service level goals. Administrators should be empowered to provide information that allows budgets to align with those goals. The legislative budget conversation should move from a conversation about dollars and cents to a conversation about the impact of allocations.

Incorporating strategic planning, priority and performance goal setting ahead of and into the budget process will facilitate this transition. Additionally, trust, transparency and accountability in budget development and monitoring processes will be essential in ensuring both sides are empowered to focus on their ascribed role and work together to improve outcomes for Portlanders.

The strategies to enable trust, transparency and accountability include enhanced budget education and information, more consistent and transparent financial monitoring practices, and an elevated focus on financial, programmatic and performance reporting. Providing accessible information on the budget process and budget data facilitates a base level of understanding for the public and elected leaders which is critical for transparency and for budget process preparation. More detail on deploying these strategies is provided in the Future Budget Process and Implementation Plan sections of this report.

Across all peer cities in EQ’s comparative research, interviewees cited that the Mayor or the City Manager/Administrator was imbued with the responsibility of reinforcing the delineation of budgetary roles between the legislative and administrative/executive functions.

City	Form of Government	Enforces Roles & Responsibilities
Fort Worth, TX	Council-Manager	Mayor
Sacramento, CA	Council-Manager	City Manager
Minneapolis, MN	Executive Mayor-Legislative Council (Mayor-Council)	Mayor

San Francisco, CA	Mayor-Council	Mayor
-------------------	---------------	-------

- Fort Worth has a Council-Manager form of government in which the City Council appoints a City Manager to oversee the day to day operations of the city. The Mayor is a voting member of council and represents the city on ceremonial occasions. In Fort Worth, the Mayor reiterates to Council that the City Manager is responsible for developing the budget.
- Sacramento has a Council-Manager form of government and the Mayor sits on the Council. The City Manager is empowered to ensure that executive and legislative leadership focus on their respective roles in the budget development process by reiterating that the City Manager runs the day to day operations of the city.
- Minneapolis has an Executive Mayor-Legislative Council form of government that went into effect in late 2021 via a Charter Amendment. The Charter Amendment shifted powers to the Mayor, consolidating administrative power under executive leadership via a City Operations Officer who oversees all operational departments. It is the Mayor that reminds all parties – executive, legislative, and operational – to play their respective roles in the budget process.
- San Francisco is a consolidated city-county with a Mayor-Council form of government. The Mayor develops the budget and has the power to veto line items in the budget after it goes to Council. San Francisco does not have an additional hierarchical layer(s) between the Mayor and the Budget Office; the Mayor is empowered to direct the Budget Office to develop the budget without undue involvement from Council.

Strategic goal setting and the provision of information to executive and legislative authorities are critical pieces in empowering the Mayor and Council to play their respective roles throughout the budget development process. Comparative research on these specific areas are provided below in the Future Budget Process section.

EQ notes that under charter change in Portland the Mayor has less authority than in each of the comparator cities. In Portland, after the Mayor proposes the Budget, the Council has the exclusive authority to make any and all changes to the budget. Thus, while reinforcing policy and operational roles will be extremely important from an efficiency and effectiveness of government standpoint, it will be critical that City operations and the Mayor are transparent, supportive and aligned with the Council throughout the budget process to avoid chaotic last minute overhauls of the budget during the Approved and Adopted phases.

City Operational Leadership High-Level Roles

This report considers the City Administrator, the Assistant City Administrator (ACA), and the Deputy City Administrators (DCAs) to be tasked with City Operational Leadership.

These leaders have the following roles in common:

- Hold **operational authority/decision-making** roles
- Provide **advice and recommendations** to elected leaders
- Function as **communication node** amongst City leaders, between leadership and operations, and between operations and community
- Provide high level **oversight/monitoring** of budget allocations and the financial health of the City with the assistance of staff

As extensions of the City Administrator, it is presumed that the ACA and the DCAs share many roles and responsibilities of the City Administrator. This includes operational decisions within budget appropriations that aim to maximize goal achievement as well as decisions around proposing changes in budget allocations; advising and recommending changes in budget appropriations to elected leaders; convening City leadership and subject-matter expert staff as needed to address budgetary or operational needs; and providing high-level oversight and monitoring of budget allocations.

The Deputy City Administrator model provides an enhanced opportunity for the City to collaborate around budgetary and operational challenges. Individual bureaus and service-area experts are naturally incentivized to prioritize their own services in budget conversations. This dynamic was enhanced by the Commission form of government, as Commissioners-in-Charge were in turn incentivized to prioritize the services of bureaus they oversaw. While DCAs and the ACA are expected to specialize in their individual service areas, if they are charged with the expectation and responsibility to act Citywide, they may function as a Citywide operational committee to solve budgetary or operational issues through collaboration in a way the City has tried – but largely failed – to achieve in recent years. In order to ensure full collaboration, it must be clearly outlined that these positions are expected to prioritize Citywide wellbeing and overall goal-achievement even if and when it requires changing operations or making difficult financial decisions within their service areas.

Sacramento’s form of government is similarly structured such that Assistant City Managers oversee service areas composed of individual departments. During the budget development process, all Assistant City Managers convene to review, discuss and vet all departmental budget requests by service area. It is within this forum and with this holistic perspective that Assistant City Managers are expected to represent citywide interests rather than advocating for individual departments or service areas. More specific details on potential roles of the DCA and ACA during budget development and monitoring are provided in the graphic below as well as in the Future Budget Process section.

Deputy City Administrator Specific Budget and Finance Related Roles and Responsibilities

- Responsible for/accountable for ensuring City goals and performance outcomes in that service area are achieved and maximizing impact within available resource
- Lead conveners of the service area, working to get distinct programs and bureaus to work collaboratively around budget issues and bring the best thinking forward to address challenges, successfully deliver programs within constrained budgets.
- Accountable for monitoring and manage bureau budgets within available resources during the course of the year.
- May provide ideas and direction for budget proposal development; should provide feedback and guidance on bureau ideas for budget proposal development; challenge bureaus to look for innovative ways to deliver upon goals within constrained resource.
- Work with the DCA in charge of Budget and Finance on any potential budget issues. Collaborate with all DCAs on Citywide issues and refining Citywide budgets.

The Deputy City Administrator in charge of Budget and Finance is also the City’s Chief Financial Officer. As such, this position holds unique roles related to budget development and budget monitoring. The Chief Financial Officer should be the primary City leader responsible and accountable for the short- and long-term financial health of the City. Financial sustainability and resiliency should be the cornerstone of all they do; and they should be imbued with the authority to ensure the City is able to maintain its financial health. Achieving this will require the cooperation and close collaboration of all City financial staff and leaders. Specific suggested roles are provided in the graphic below and additional role details are outlined in the Future Budget Process section of this report.

Budget and Finance DCA/ Chief Financial Officer Specific Budget and Finance Related Roles and Responsibilities *in addition to other DCA Responsibilities*

- Primary City leader responsible for ensuring the short- and long-term financial health of the City; this primary responsibility should be the cornerstone of all that the position does.
- Convenes financial SMEs from within their service area and across the City as needed to address budget and finance issues and processes. For example, the B+F DCA should convene fund managers to align approach and format of financial plans across funds and service areas.
- Accountable for monitoring and manage bureau budgets within available resources during the course of the year.
- Communicates and reinforces budget process requirements and timelines with other DCAs and bureaus. Collects financial forecast information from across service areas and presents information to CA, Mayor and Council to inform budget guidance
- Leads transparent and efficient financial systems and processes

Bureau/Office Leadership High-Level Roles

Bureau/Office leadership refers to bureau directors and stand-alone office leaders which formerly reported directly to a commissioner-in-charge. The City Budget Office and Business Operations hold distinct roles in the budget process discussed in separate sections below.

These leaders have the following roles in common:

- Provide **advice and recommendations** to operational leadership and directly to elected leadership as requested by the City Administrator.
- Function as **communication node** amongst bureau leadership and between operational staff and operational leadership.
- Receive **input from operational staff** to inform both operational and budgetary decisions.
- Support **budget engagement and education efforts** with data, information, advice, and staffing as appropriate.
- Provide **financial, performance, and programmatic oversight** of their bureau's operations, including oversight of outcomes and expenditures with the assistance of service area financial staff.
- **Identify and recommend solutions** to financial, performance, or operational issues to City operational leadership.
- **Lead and provide analysis as requested** by City operational and elected leadership.

In the prior form of government, bureau leadership directly communicated with and developed budget proposals in concert with elected officials. In the new form of government, these leaders may brief elected leaders directly, but should primarily work with their Deputy City Administrator on budget development and operational needs. This structure will enhance collaboration and streamline Citywide problem solving.

Previously, most Bureau Directors and/or Deputy Directors were heavily involved in the budget development process, individually developing and presenting their requested budgets. Data from bureaus show that numerous non-financial staff, such as coordinators and public information officers, are currently involved in bureau budget development processes as bureaus each individually engage community, set and align budgets to priorities set by community, the bureau, Council and Mayor. As the City moves towards a service-area oriented organizational structure, there are opportunities to streamline budget development work amongst bureau staff. This is discussed more in the Future Budget Process section of this report.

Within the budgeting process, bureau leaders are best positioned to lead the provision of program-specific information and offer advice on programs and services; lead identification and development of operational and budgetary solutions to challenges; provide direct budgetary oversight of programs; and lead the implementation of operational and budgetary changes. As such, bureau leadership should

continue to direct and oversee development of budget solutions and requests, but what and how proposals are developed should follow direction and/or guidance from the City Administrator and Deputy City Administrator in alignment with the Council’s strategic goals and priorities and Mayor’s Budget Guidance. This is discussed more in the [Future Budget Process](#) section of this report.

Budget and Financial Staffing Roles

Budget-Involved Activities and Roles

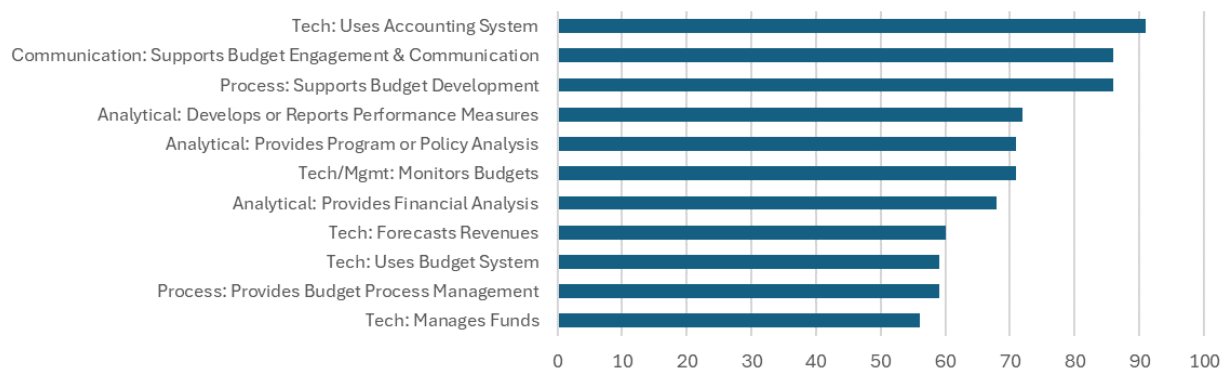
Budget development and monitoring requires several distinct activities and skills:

- **Technical roles** include forecasting revenues and expenditures, managing funds, monitoring budgets and making entries in the budgeting and accounting systems;
- **Analytical roles** include providing financial analysis, program and policy analysis, and developing or reporting on performance measures;
- **Process roles** includes providing budget process management and/or supporting budget development;
- **Communication roles** primarily involve supporting budget engagement and communication.

With the assistance of the City Budget Office, EQ surveyed City bureaus on the number of staff and estimated FTE providing a variety of budget-related activities. The chart below reflects responses from several - but not all - bureaus. As such, firm conclusions cannot be drawn around the number of staff involved in various aspects of the budget process. What is notable about the data is that it illustrates the variation of involvement of different staff and the intersection of involvement between these roles.

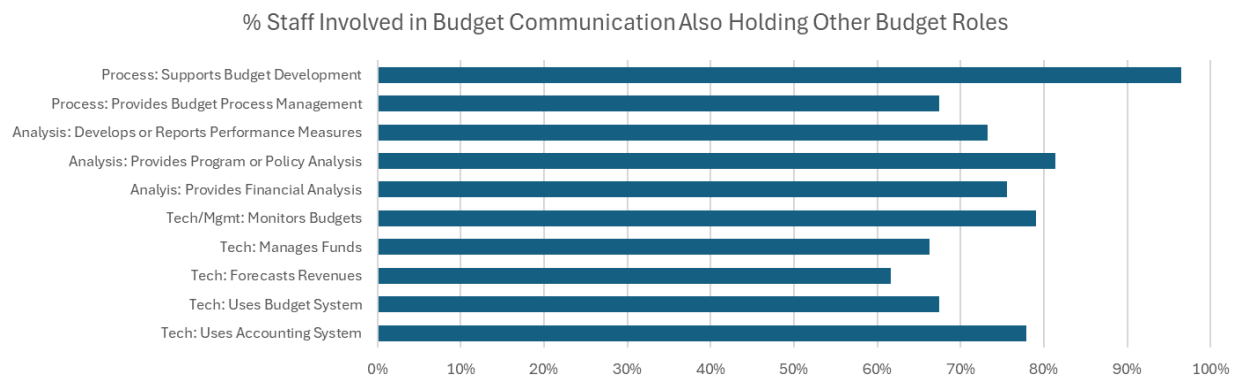
Within the bureaus responding, 121 staff are involved in the budget process in some way; staff involvement varies significantly in both classifications involved with and amount of time dedicated to the roles. Some staff interact with only one or two roles at 5-10% of their time, while others interact with multiple roles comprising a majority of their staff time.

Most Common Tasks for Budget-Involved Staff in the Budget Process



Most staff involved in the budget process are involved in multiple ways. One might think that communications and performance roles would be somewhat distinct from the budget process. However, data shows that between 60% and 80% of staff providing budget engagement and communication support are also functioning in technical, analytical, and/or procedural budget roles.

The staff providing performance measure development and reporting show a similar trend, with between 67% and 97% of staff providing performance measure support also functioning in other budget process roles.

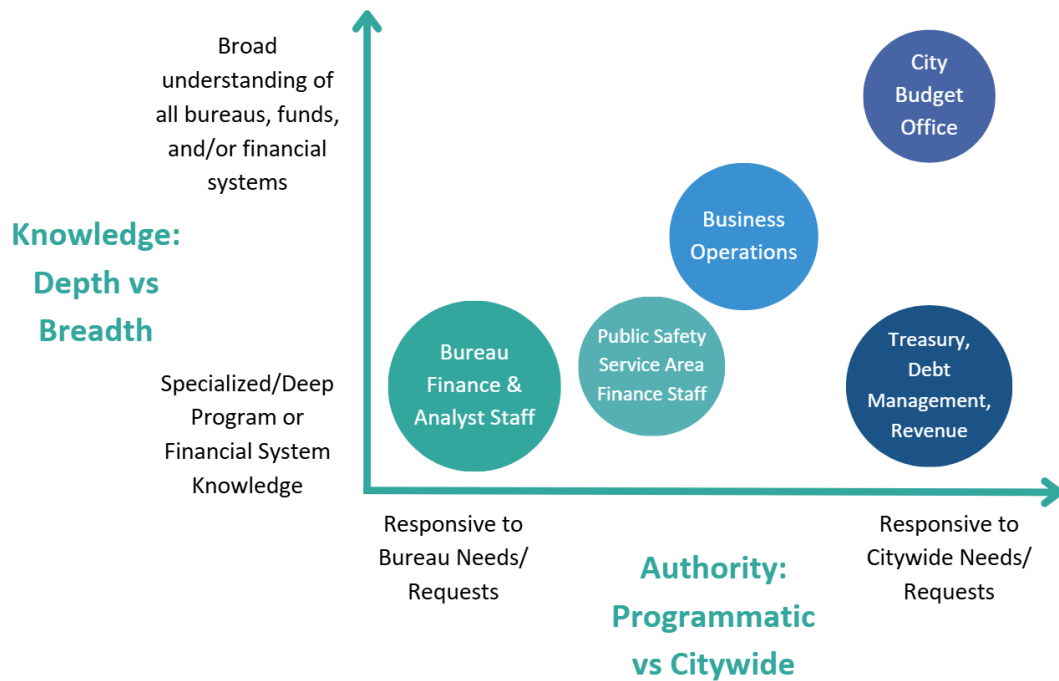


This data indicates that there is a profound amount of shared work and/or coordination required between technical, analytical, procedural, managerial and communications staff related to budget. As such, the budget process must be structured to support enhanced coordination not just of budget and finance staff, but between technical budget and finance staff, communications staff, bureau and operational leadership, and analytical staff. The number of staff listed as involved in the budget process also indicates that additional analysis on staff involvement in the budget process may yield opportunities for process improvement and efficiency.

Distinct Roles of Different Financial Offices and Staff

Budget and finance staff across the City play distinct roles and offer different services depending on their location, their lines of authority, and the ascribed duties of the office they work for. The depth of knowledge and the perspective/lines of authority of staff greatly impact what type of work those staff are suited to perform. The below chart shows how the different groups compare when looking at the spectrum of deep and specialized knowledge versus more broad understanding across the agency, and when looking at a spectrum of independence and authority: from reporting to a bureau director and being responsive to primarily bureau or programmatic informational requests to being expected to act Citywide and responsive to informational needs that cross funds and bureaus.

Below, EQ has provided a bubble chart showing the different organizational structure and perspectives of budget and finance staff, as well as a matrix comparing the different types of responsibilities of these staff. EQ explains the roles and responsibilities of each group following these charts.



Budget and Finance Staff & Office Role Comparison

	PROVIDES ANALYSIS	FORECASTS & MONITORS REVENUES & EXPENDITURES	MANAGES OPERATING BUDGETS	COORDINATES BUDGET PROCESSES WITHIN BUREAUS	MANAGES BUDGET PROCESSES
Bureau Budget & Finance Staff	✓	✓	✓	✓	✗
Business Operations	✓	✓	✓	✓	✗
City Budget Office	✓	✓	✗	✗	✓
Other Financial Offices (Revenue, Treasury, Debt)	✓	✓	✓	✓	✗

Bureau Finance and Budget Analyst Staff

Deep Knowledge and a Bureau Perspective

Bureau finance and analyst staff hold deep knowledge about the bureaus and programs they operate with and/or within; this knowledge and proximity helps to ensure the financial sustainability of budget decision-making and day-to-day bureau operations. These staff have traditionally been embedded within bureaus, although more recently staff within the Public Safety Service Area and the Vibrant Communities Area have been consolidated with other support services underneath the DCA.

The operational proximity and dedicated focus of bureau staff on the budget and finances of specific funds and/or programs best positions them to provide 1) thorough analysis of the programs/funds with which they work, 2) to forecast and regularly monitor expenditures and revenues of these programs/funds, 3) to manage day-to-day financial and budgetary operational needs of bureaus and programs, and 4) to lead the coordination and compliance with budget development, budget monitoring, and budget reporting requirements. The latter is performed in partnership with the Citywide process manager, which is the City Budget Office.

Within the role of operational financial support, staff may make entries directly in the accounting system, may be responsible for making recommendations to their leadership on where to charge certain expenses, and/or locate available resources for small operational needs. While Budget Office staff do occasionally assist City leadership with identifying funds for emerging priorities, the proximity that bureau budget and finance staff have to operations better positions them for this regular work. Often, the Budget Office and bureau staff work together to identify funds for City leadership needs.

The tradeoff of this group having a bureau perspective is often a lack of a Citywide perspective, which is typically reinforced by bureau leadership who are incentivized to prioritize the services they lead. As discussed in other areas of this report, creating a more direct line of authority of bureau budget and finance staff to Deputy City Administrators – who are charged with thinking Citywide – could help this group be able to think more Citywide.

The City Budget Office

Knowledge Breadth and a Citywide Perspective

On the other end of the spectrum is the City Budget Office, which holds broad knowledge of all City programs, funds and financial processes, and is expected to hold a Citywide perspective in their work and analysis. The Citywide perspective is unique and critical to the value that Budget Office analysis provides. The Citywide perspective is borne out of the primary office responsibilities of managing the Citywide budget processes and as the Fund Manager for the City's General Fund.

The City Budget Office provides financial analysis, revenue and expenditure forecasting, and budget monitoring across funds but with a focus on the General Fund. While the City Budget Office typically

assists bureaus and leadership with operational budgetary needs throughout the year, City Budget Office analysts are typically not actively working on operating budgets in the same way as other budget and finance staff embedded within bureaus and service areas across the City. The City Budget Office has functioned as a central communication node for budget information, data, and processes, working closely with subject matter experts in bureaus who pass along process requirements and transmit information back to the CBO.

In the former form of government where bureaus were siloed under different elected leaders, the Budget Office was one of only a few central offices supporting all elected offices and was the office entrusted to provide “unbiased” Citywide analysis. This role became heavily emphasized and relied upon by leadership as one of the City’s sole prescribed independent offices serving all elected offices, and because the budget process was inflated as the one of the only opportunities for Citywide work. In this environment, Budget Office analysis articulated the relative impacts, merits and tradeoffs of different budget proposals and legislative actions and provided recommendations to elected offices. Notably (and at times, contentiously) the Budget Office evaluated all requested budget proposals that were submitted by bureaus and produced balanced budget recommendations that were made publicly available via written budget analyses. Although contentious, the provision of these recommendations was meant to provide an objective way of evaluating and streamlining an untenable amount of information for decision-makers as each of 28 bureaus submitted at times hundreds of decision packages and a combination of thousands of pages of budget material.

Changing Roles for the Budget Office

In the new form of government, with the congregation of all bureaus under the Mayor and City Administrator, it is anticipated that all bureaus will be better empowered to work together towards Citywide goals. However, it is natural that bureaus and bureau staff will continue to be focused on and prioritize their own services. There will continue to be a need for independent Citywide analysis both for the operational and the legislative sides of the government. Indeed, the move towards district representation is likely to lead to the Council’s desire for district-specific information, analysis, and action. In this environment, the need for a Citywide perspective will become all the more important to ensure the government continues to move strategically in line with Council priorities and improve outcomes for all residents.

There are different models for how Citywide analysis can be provided to meet this need. EQ’s comparative research found that the Budget Office is typically providing analysis, either by directly conducting the desired analysis or coordinating with departments to obtain the desired information. This is the case in Sacramento and San Francisco. Minneapolis’s provision of analytical information is similar, but more decentralized: departments generally provide requested analysis and there are standard processes in place for the request and provision of information. In Fort Worth, FWLab, the city’s centralized hub for planning, budget and strategy, is responsible for producing or obtaining citywide analysis and it is then the City Manager that officially releases the information via a document called a budget response.

EQ recommends that the City of Portland retain close proximity and connection between the management of the technical aspects of the budget and the provision of Citywide budget analysis. There are multiple opportunities for efficiencies as budget analysts hold a strong grasp on financial data and rules and have connections with bureau financial managers across the City as part of monitoring and developing budgets. Ideally, Budget Office analysts in the new form of government will rely on the subject matter expertise of bureau financial managers in producing their Citywide reports and analyses, and bureau financial managers will trust and value the role of the Budget Office in setting and shepherding the City through budget development and monitoring processes, and in providing the independent Citywide perspective in analyses for leadership. Striking this balance requires a clear understanding of the roles and expertise of each party and how they are working together towards common goals and requires a relationship of trust and respect which leads to enhanced collaboration between the parties.

Certain elements of the Budget Office's role around budget decision-making authority should change in the new form of government. As the manager of the budget process and expert in Oregon Budget Law, the Budget Office should be entrusted to make decisions regarding the proceedings of the budget process. Additionally, the provision of Citywide analysis on budget proposals to illuminate tradeoffs will continue to be an essential process element to support budget decision-making, and EQ recommends that the Budget Office continue to lead this function in partnership with bureau/service area budget staff as appropriate, which is in alignment with comparative research.

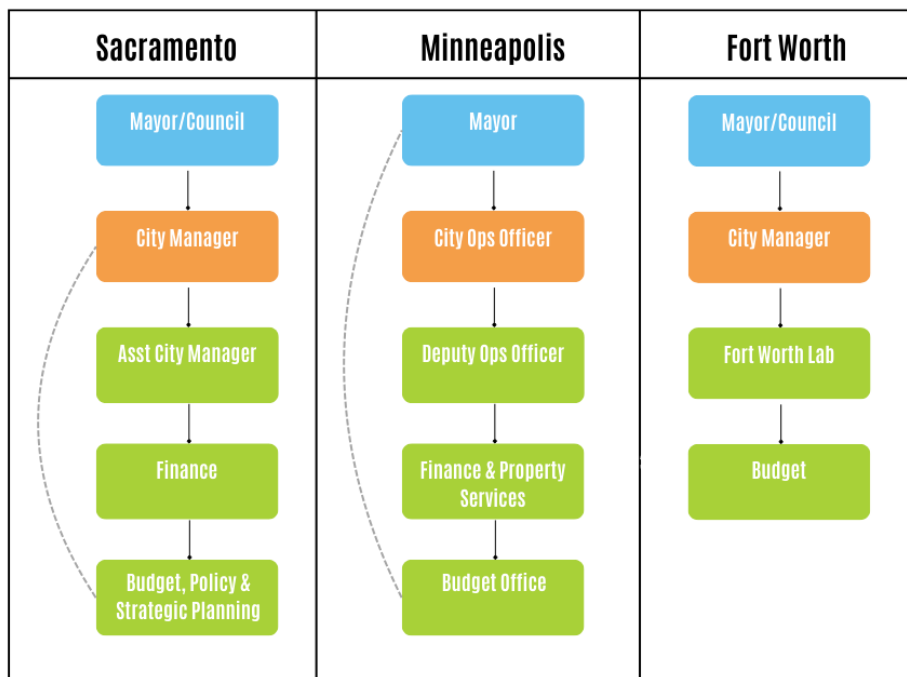
However, in the structure where all bureaus report to the same leader, the process of the Budget Office independently developing publicly issued balanced budget recommendations runs counter to the newly empowered theme of collaboration and does not align with ascribed roles. As articulated in the roles and responsibilities section of this document, City Elected leaders and City Operational leaders should be imbued with the responsibility for Citywide decision-making, provided information and analysis from subject matter expert staff. While Budget Office staff should play a critical role in supporting decision-making through analysis, they should only provide recommendations as requested or when pertaining to issue areas that the Budget Office has the authority to manage. More details on EQ's recommendations for this process is provided in the Future Budget Process section of this document.

One critique of the City Budget Office in the past was role confusion with that of an internal Auditor. This arose in part because of the 'independent' lens that the budget office took that often led to issues and criticisms being raised that felt analogous to an audit report, and in part because these issues and criticisms were always issued publicly in written reports. While a valuable service to the public, this practice strained relationships and trust with bureaus - which will be critical to improving collaboration in the budget process. In the new form of government, EQ recommends the Budget Office develop analysis topics at the request of - or in partnership with - City Operational and Elected leadership, and these analyses be publicized following the City's communications protocols and processes established by the City's communications team. It will be critical in establishing these protocols to remember that transparency in the budget process is not only a core City value, but also essential in ensuring the

public’s trust in the City’s budget process, and thus EQ recommends that the City develop as open a process with budget analysis information as operationally feasible.

Budget Office Organizational Location & Lines of Authority

The three peer cities with a similar government structure to Portland, in which a City Administrator or a City Manager oversees the city operations, are organized such that the Budget Office is nested within a service area. In Sacramento and Minneapolis, the Budget Office is organized under both an Assistant City Manager role and a Chief Financial Officer role. Fort Worth has a department called Fort Worth Lab (FWLab), which centralizes Budget, Planning, Strategy & Performance and Data Analytics; FWLab reports directly to the City Manager. The table below shows the Budget and Finance organizational structure for each city.



Both Sacramento and Minneapolis indicated that although there are several hierarchical layers between the Budget Office and top-level city leadership, the Budget Director is empowered to work closely with the City Manager (in Sacramento) and the Mayor (in Minneapolis) to develop the budget. In the chart above, the dotted line represents this relationship. Both cities indicated that other roles in the chain of command are kept “in the loop” throughout the process, but frequent and direct communication between the Budget Director and city leadership are an understood and important component of the budget development process.

In Fort Worth, FWLab is elevated as a direct report to the City Manager and works closely with the City Manager to develop the budget. Given San Francisco’s organizational structure and Mayor-Council form of government, the Mayor develops and proposes the budget via the Mayor’s Budget Office, which is overseen by the Mayor’s Budget Director and reports directly to the Mayor.

Following these research findings, EQ highlights two organizational structure options for the Portland City Budget Offices location and lines of authority:

1. Retain the City Budget Office under the Deputy Director of Budget and Finance/Chief Financial Officer but ensure direct lines of authority to and communication with the City Administrator and the Mayor during key phases of budget development; or
2. Create a new centralized office similar to the Fort Worth Lab which consolidates budget development, monitoring and analysis with Citywide performance, strategy and data analytics and which reports directly to the City Administrator.

Due to the immense amount of transitional work and change required over the next year, EQ recommends that for the time being the City pursue option #1 and allow the future appointed City Administrator to pursue option #2 if they desire. Creating a new centralized office would necessitate additional analysis to identify the positions and functions related to performance, data analytics, and strategy that would be consolidated with the budget function. Additionally, the current structure of having the Budget Office report to the Chief Financial Officer provides opportunities for mutual support that may be especially helpful during this transition period.

Analytical Support to Council

Comparative research revealed a few different models for providing analytical support to Council. Regardless of the mechanism for getting Council the information needed, all peer cities indicated that the answer to most analytical requests will be given to the full Council and made publicly available where possible in order to promote transparency and the provision of consistent information.

- In Minneapolis, there is no specific entity that always provides analytical support to Council, but there are a few mechanisms in place for answering Council questions. Council questions are generally routed directly to departments and department staff respond directly to the Council, but copy the chain of command – both the department head and the Chief Operations Officer – for awareness. Department staff are thought to be the most appropriate to answer Council questions because they are closest to the work and departments have analysts devoted to their respective area of service and expertise.
 - If a request is estimated to take less than three hours, department staff can answer a Council question directly, following the protocol above.
 - If the request is more substantial and estimated to take more than three hours, it must go through the Mayoral branch (and may have legislative procedure implications).
- In Sacramento, the Budget Office provides analytical support to Council. Questions asked are officially documented and then the provided answer is attached to the relevant upcoming meeting agenda so that all Council members and the public have access to the same information. If a specific question requires department analysis or input, the Budget Office coordinates communication with and incoming information from the department.
- In Fort Worth, FWLab is responsible for providing analytical support to Council and will either prepare the analysis directly or work with the relevant department or city function to get the

information. Analysis is then provided in the form of a “budget response,” a document that is provided to Council and made available online for members of the public and any other interested party. Budget responses are officially addressed from the City Manager to Council.

- In San Francisco, the Board of Supervisors has their own analytical support called the Budget and Legislative Analyst (BLA). This support is contracted out and provided by a non-City entity, and predominantly provides analytical support during the Council phase of budget development.

Should the City pursue a centralized method of information gathering and analysis for the Council, EQ finds that the Budget Office is currently best positioned to provide analytical support to the Council as they currently provide Citywide analysis and ‘independent’ analysis to the legislative body. EQ recommends that the City pursue a model similar to Sacramento if the Budget Office remains as a stand-alone office, or the Fort Worth model if the City decides to pursue a consolidated office of Budget, Strategy, Performance and Data Analysis.

It will be important that the Council trusts the information received from the administrative wing as politically independent. The San Francisco model of having independent, third-party analysts for the Board of Supervisors is likely in part driven by the fact that the Budget Office is a Mayoral function and not seen as politically independent. EQ recommends the City navigate this challenge by providing the Budget Director with sufficient independence and connection directly to the City Administrator regardless of where the Budget Office is located within the organizational structure, rather than pursuing a model of dedicated budget staff for the Council which would be much more costly.

To manage workload and control administrative costs, EQ recommends that the City place reasonable parameters around informational requests, such as requiring a certain number of Council members to support an analytical request in order to prompt analysis. These parameters will need to be thoughtfully and reasonably established, noting the ultimate authority the Council has over budget decision-making.

It is realistic to presume that the budget office will need more budget analysts to provide the Council with this support. The City Budget Office currently has nine staff providing a combination of budget process management, administration, and analytical duties. Accounting for elected offices and City Administrator offices, this would amount to an average of one analyst per service area to manage all procedural budget process support needs and all service-area-wide analytical needs. EQ recommends that the City identify and either temporarily or permanently ‘borrow’ current budget and financial staff from bureaus and service areas to assist with Citywide budget analysis needs and/or identify vacant analyst positions supported by General Fund or General Fund Overhead resources to realign to the Budget Office. It may be possible to temporarily assign budget and finance staff to the budget office during the months of March-June to assist with this work, but it will be important to have those staff be highly experienced and for them to report to and follow the guidance of the Budget Director during their time serving the Council. More information on the specific skill set required for this type of analysis is provided below.

Budget Analysis for Decision-Making

Budget analysis is often thought of as a flavor of financial analysis. However, budget analysis which *informs decision-making* requires a distinct skillset: it must incorporate a variety of tools and data to effectively illuminate options and tradeoffs of budgetary decision points. This type of analysis was identified in stakeholder interviews as a critical component that needs improvement in Portland’s current budget process in order to empower leaders at all levels to make better budgetary decisions.

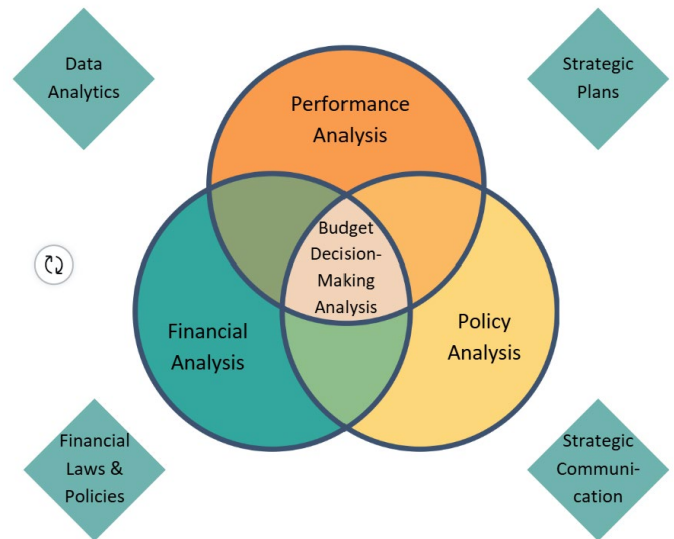
Budget analysis must be rooted in financial analysis and a solid understanding of financial data within and across programs. Budget allocations are about tradeoffs, and to understand the relative impact and priority of one budget allocation versus another, budget analysis for decision-making must also incorporate performance analysis and, in some cases, an assessment of relevant policies.

Analysts conducting analysis for budget decision-making should deploy a robust understanding of applicable financial rules, laws and policies; incorporate adopted goals and strategic plans, draw upon available data analytics; and deploy advanced communication skills to effectively identify core problems and convey complex issues and data to a variety of audiences.

This is a unique blend of skills that often must be developed over time. While the Budget Office is currently the only office focused on Citywide budget decision-making analysis, there are budget analysts across the City capable of - and in some cases currently providing - this type of analysis for their bureaus.

When illuminating and analyzing budgetary tradeoffs, it is critical that analysts take a Citywide perspective. Analysts housed within bureaus are likely to champion bureau programs due to being most familiar with those programs and also due to holding allegiance to the bureau one works within. The City Budget Office is currently the only analytical body that is explicitly tasked with providing independent Citywide analysis; however, the City Budget Office traditionally has recruited and developed newer analysts and experienced turnover as seasoned analysts find promotional opportunities and/or opportunities for better work/life balance elsewhere. This has created challenges with meeting the budgetary analytical needs of leadership.

To prioritize and enhance the City’s capacity for budget analysis for decision-making, EQ recommends that the City 1) ensure that the Budget Office has the appropriate classifications and structure to incentivize retention of seasoned, strong analysts; and 2) identify analysts within bureaus that are



currently providing or capable of providing this type of analysis and deploy them - in partnership with the City Budget Office to ensure analytical independence - to provide needed analytical firepower during the budget development cycle and during the year as needed to work on discrete projects. Prioritizing this skillset should be facilitated by utilizing the resources already contained within the organization.

Business Operations

Within the chart depicting depth vs breadth and bureau vs Citywide perspective, the Business Operations team within the Budget and Finance service area falls somewhere in between typical bureau finance staff and the City Budget Office. Business Operations provides all City Operations Service Area bureaus, all City Council offices, most Budget and Finance Service Area bureaus, and many of the offices reporting to the Assistant City Administrator with a suite of business services including budget and financial services. In managing the finances of internal services and many other offices, Business Operations is the City's subject matter expert on finances related to several bureaus that provide enterprise services to all bureaus Citywide as well as offices that provide direct service to the community.

As such, Business Operations is poised to support specialized financial and analytical needs on many topics and issue areas, and to provide Citywide analysis on the issue areas they work with. Business Operations is well positioned to provide a Citywide lens around compliance monitoring for the funds they manage and is a central node of communication with all budget and finance managers around internal service finances and rates. Members of the Business Operation team also have experience developing organizational structures for centralized and consolidated offices at the request of the leadership.

A key distinction between Business Operations and the City Budget Office is that the former's primary responsibility is providing quality service to the bureaus it serves and the latter's primary responsibility is managing the Citywide budget process and the allocation of General Fund across bureaus. Business Operations provides operational and day-to-day management of finances and coordinates budget process information and requirements of the bureaus they serve in a similar fashion to bureau financial and budgetary staff. While Business Operations is well positioned to provide Citywide analysis on the issue areas they support, they are not structured to provide Citywide analysis on all topics in the same way as Budget Office staff. The structure of Business Operations does offer a consolidated financial service area model that could be expanded or duplicated in other service areas if there is a desire to formally consolidate budget and finance staff within additional service areas.

Other Financial Offices

Other financial offices such as the Revenue division, debt management, and the treasury division all hold specialized knowledge in particular financial transactions, processes, and/or data, and manage their responsibilities on a Citywide basis.

These staff are well positioned to provide specialized financial analysis and compliance monitoring on a Citywide basis related to their particular scopes of practice and work closely with the Budget Office to provide and coordinate budget process information in the issue areas they work within.

Centralized Versus Decentralized Financial Staffing Models

Another way to think of the bubble chart in the section above is through the lens of centralization: centralized financial services tend to be further to the right and up versus decentralized services. There are benefits and drawbacks to centralizing financial services:

- Pros: centralization allows for more collaborative/broad thinking and analysis; allows for potential for resource sharing or shifting during peak workload times; facilitates uniform direction and process streamlining.
- Cons: centralization risks losing the depth of knowledge that comes with embedded staff and risks losing ability to make needed operational adjustments quickly.

Stakeholder interviews revealed that there is a desire for bureaus within and across service areas to work more together to develop solutions to pressing challenges. Consolidating service area finance and budget staff under a Deputy City Administrator is an option to help achieve this goal. However, there are risks and challenges to this approach.

The risk of losing the depth of knowledge that comes with embedded staff is notable and should be carefully weighed; the subject matter expertise owned by these staff is critical to the financial sustainability of the City. Many of the funds managed by these staff are bound by legal and policy restrictions that must be thoroughly understood, and operational consequences to bureaus of their financial staff not understanding programs can be significant. Should centralization be pursued, financial staff would need to be capable of being knowledgeable and trusted advisors to bureau leadership in order to mitigate risks. Lines of authority and support for financial staff would need to be structured to ensure strong relationships between bureaus and the financial staff supporting the service area.

A more immediate challenge to consolidating staff by service area may be a lack of clear understanding of which staff can and should be cleanly moved from within bureaus to under a Deputy City Administrator. The high-level staffing analysis conducted by EQ revealed that working on budget and finance activities is often an integrated process where several staff perform multiple - and varying - functions depending on their bureau. EQ's analysis focused on budget-related staff due to a constrained scope but looking at other financial services and/or identifying precisely which financial staff should be moved requires further analysis.

Additionally, there are multiple other positions that intersect with budgeting which could be considered for consolidation including performance staff, strategic analysts, communications staff, and equity staff. However, consolidation of each of these types of staff comes with their own operational and effectiveness risks.

As described above, the City of Portland currently employs different models of semi-centralized financial services with the Public Safety and Vibrant Communities finance teams and with Business Operations. Both provide potential models that could be emulated by other service areas and should be investigated further as the City considers this option.

It may be possible to achieve greater levels of collaboration and efficiency without creating significant organizational change. A model of explicit shared accountability - where the budget and finance teams are accountable to both their Director and the Deputy City Administrator - could help incentivize the collaboration sought by retaining the proximity to services. As the Directors report to the DCA, it is presumed that the budget and finance teams will do the same; however, to ensure budget and finance staff are empowered to serve the needs of the service area and not just their bureau, there would need to be a more direct relationship between the DCA and the budget and finance staff.

While not recommending near-term consolidation of all budget and finance teams, EQ does recommend that all decentralized Budget and Finance group leaders/managers are designated as a “Budget Lead” and hold multiple reporting lines: their human resources-assigned manager may remain as it is currently structured; however, Budget Leads should have explicit independent reporting responsibilities to both the DCA in charge of their service area and the DCA of budget and finance as the City’s Chief Financial Officer. The DCAs can and should directly convene budget and finance staff and managers and be empowered to ask for their assistance, analysis and information. This structure will enhance achievement of the goals of collaboration, efficiency in budget and financial monitoring and reporting, and the ability to address service-area-wide or agency-wide financial issues holistically.

A more direct relationship between DCAs and bureau financial managers could be facilitated by new established processes. Some options include:

- Identifying and formally designating budget and finance group managers as Budget Leads with the responsibility of responding independently to their Service Area DCA and the City’s Chief Financial Officer. Responsibilities could include being tasked with driving solutions to service area financial issues.
- DCAs holding regular meetings with budget and finance managers/staff within a service area (and the CFO holding regular meetings with budget and finance managers/staff across service areas);
- Dedicating and reserving a certain percentage of budget and finance staff time (articulated within their position description documents) for projects as directed by the DCA;
- Allowing and encouraging direct communication between the bureau budget and finance manager and the DCA throughout the year; and/or
- Deploying a budget and finance staff “exchange program” where mid-level and experienced staff opt to be assigned to different bureaus or service areas for a period of 6 months to 2 years depending on experience and the complexity of the work. This would benefit staff by enhancing their knowledge base and skillset and could provide the agency with a way of flexing staff resources to areas with the most need.

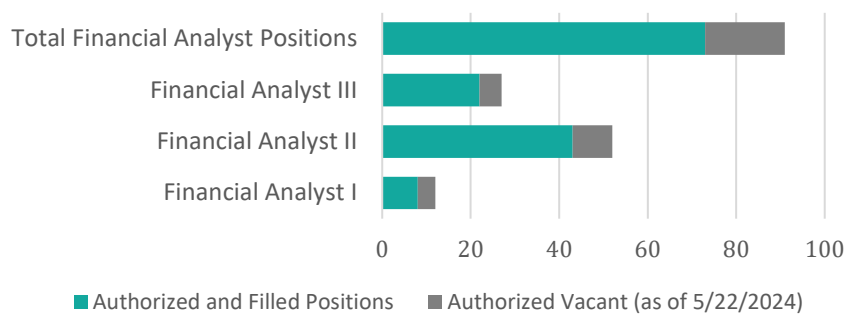
Multiple reporting lines could create challenges for budget and finance managers. However, in an environment where all bureaus are expected to be working collaboratively and not competitively, there should not be tension between the reporting lines. The Business Operations team and the City Budget Office have been able to manage multiple lines of authority. Business Operations has deployed the concept of the Budget Lead for some time and can assist with technical advice on deploying this model. If having multiple lines of authority proves too challenging or restrictive, the City should consider consolidating the function under the DCA.

Current Budget and Finance Staffing Levels and Organization

The project scope included a high-level organizational analysis of City budget and finance staff. With the help of the City Budget Office, EQ collected Human Resource classification and job family data as well as survey data where bureaus self-identified numbers and FTE levels of staff involved in various aspects of the budget development process, budget monitoring, fund management and financial analysis. The human resources data is limited as point-in-time data which does not represent the likely future state of the organization on July 1. The survey data is self-reported and as of the writing of this report was incomplete as not all bureaus and offices shared information. The findings of this analysis should be understood within the context of these limitations.

Positions in the financial analyst classification are most likely to be involved in the budgeting process. Human Resource data shows 91 authorized Financial Analyst positions of which 18 - or 20% - were vacant as of May 22nd, 2024. Vacancies may be under active recruitment and some level of vacancies is always expected due to natural attrition.

Authorized, Filled, and Vacant Financial Analyst Positions



Financial analysts perform several different specialized functions, including accounting, debt management, grants management, budgeting, analysis, and more. EQ found that job families and subfamilies associated with a number of positions allows for a more precise assessment of the positions involved in the budgeting process.

EQ identified the job sub-families of Budgeting, Budget Analysis and Financial Analysis as most aligned with the type of work that staff involved with budget development and monitoring perform (please see Appendix A for job subfamily descriptions). As shown in the table below and on the right, there are currently 60 authorized positions - primarily in financial analyst classifications - within those subfamilies.

Additionally, there are a handful of analysts as well as managers or supervisors in this job sub-family, and the City Economist.

These 60 staff should be viewed as the smallest likely sample of staff that are predominantly – if not entirely – dedicated to budgeting-related tasks. In addition, bureau data revealed numerous other positions are involved in the budgeting process that are likely categorized in different ‘families’ or ‘sub-families’. Within the Analyst

Classification within Budgeting & Financial Analysis Subfamilies	# of Authorized Positions
Financial Analysts	52
Analysts	4
Manager / Supervisor	3
Economist	1
Total	60

series, the job sub-family of Business Services and Business Analysis include the potential duties of budget and/or financial management or system analysis. Across the City, there are an additional 11 positions in the Business Services sub-family and 27 additional positions within Business Analysis.

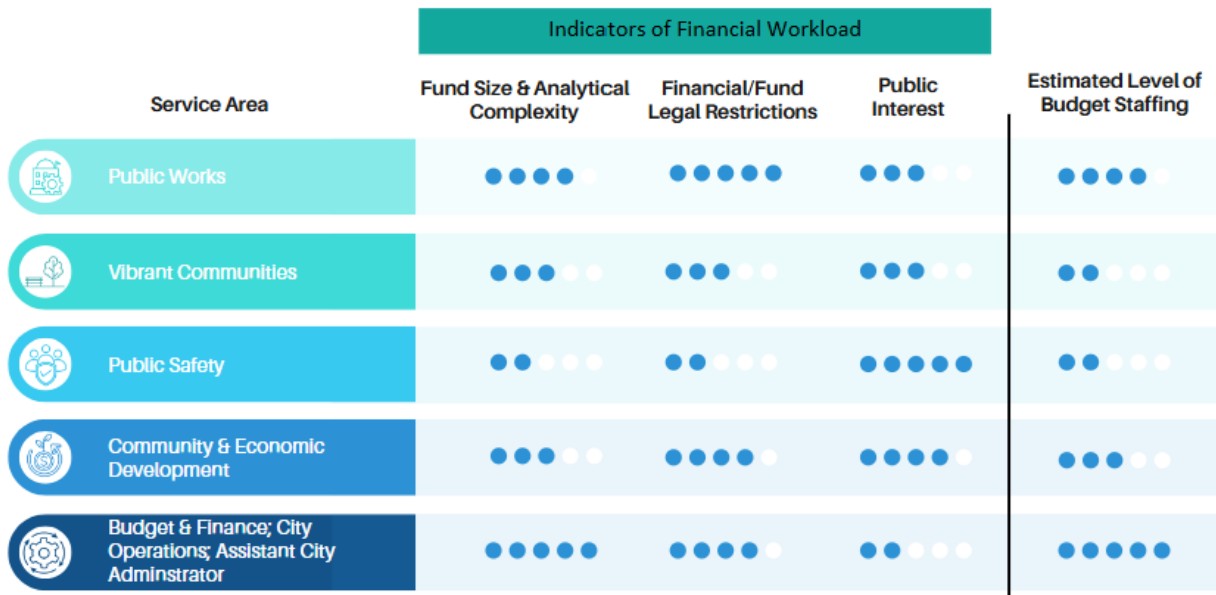
Financial Analysts not involved in budgeting or financial analysis subfamilies are predominantly in subfamilies for accounting and grants management (20 positions), with an additional 10 positions that do not currently have a subfamily (possibly as vacant positions), and a handful dedicated to debt management, treasury, or business services.

While the scope of this project did not allow for a detailed comparative budget staffing study, EQ noted that comparative research with other jurisdictions did show a correlation between service area and/or bureau budget size and complexity with the number of budget and finance staff. EQ thus provided a high-level assessment of the relationship between the complexity of Portland’s service area budgets and each’s estimated dedicating budgetary staff to identify potential outliers. EQ identified the size of service area budgets using Approved FY 2024-25 Budget data and referred to the number of funds managed and budgeted within to determine approximate complexity of each service area’s budget. EQ added an assessment of the level of financial/fund legal restrictions managed by a particular division and an assessment of public interest in a given service area’s budget as additional indicators of financial workload. Financial/Fund legal restrictions was estimated by assessing restrictions on given resources contained within a service area and the potential opportunity for and legal consequences of financial mismanagement should those restrictions not be carefully adhered to. This categorization does not necessarily reflect operational legal risk of a service area since financial staff would largely not be needed to address operational legal risks. Levels of public interest is a more subjective measure based upon the consultant’s experience working on budgets within the City of Portland. More methodological details can be found in Appendix D of this report.

EQ utilized a combination of bureau survey data and human resources data to estimate the number of *dedicated* budget-related staff in each service area, then ascribed a level (on a scale from 1 to 5) to compare staffing levels across service areas, as shown in the table at right. For the purposes of estimating staffing, EQ considered the 60 positions in the Budget, Budget Analysis and Financial Analysis subfamilies described above, and positions that were identified by bureaus as dedicating 70% or more of their time to budget-related activities such as monitoring budgets, forecasting revenues, entering data in the budget system, and/or providing financial analysis.

The comparison between financial workload and estimated level of budget staffing is provided below.

Service Area Financial Complexity and Budget Staffing Comparison



This comparison indicates a general alignment between current dedicated budget staffing and the size and complexity of different service areas. This does not mean that each service area has the appropriate or most effective number or alignment of staff. The lowest number of estimated dedicated staff are in the Public Safety Service Area and Vibrant Communities Service Area, which have an estimated 5-8 dedicated budget staff. Budgetary contacts within these two service areas manage between \$0.4 billion and \$0.6 billion within 6-11 different funds.⁴ However, these positions are supported in budget development and monitoring by several other positions (over two dozen additional positions in Public Safety; and 10 additional positions in Vibrant Communities according to survey data).

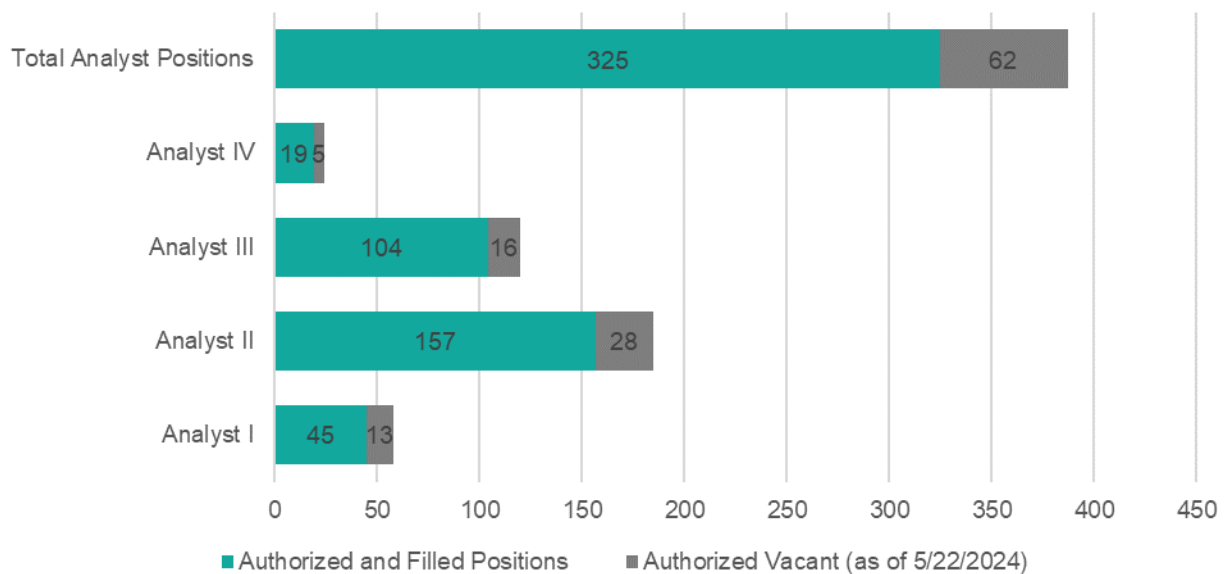
The highest number of dedicated budget staff is within the Budget and Finance Service Area, which has been grouped in this analysis with the City Operations service area and the Assistant City Administrator bureaus due to the fact that Business Operations within Budget and Finance provides financial and budget services to a majority of the bureaus in those areas. EQ estimates this grouped service area to have between 33 and 37 positions (including 9 in the budget office) spending the majority of their time working on budget/financial operations, monitoring and/or development work. These staff manage \$1.2 billion across 42 funds.

A more comprehensive staffing study would be required to assess whether these are the most appropriate and effective levels and types of staff for these functions.

⁴ See Appendix D for additional methodological information and data.

Given the nexus between budgeting, financial analysis, performance analysis and strategic planning, EQ also looked at positions in the analyst classification. The City has a total of 387 authorized analyst positions, which is over four times the number of authorized financial analysts. Of these, 62 – or 16% - were vacant as of May 22nd.

Authorized, Filled, and Vacant Analyst Positions



Four analysts are in budgeting, budget analysis or financial analysis subfamilies. Another 38 *may* be performing budget-related work as they are grouped in the business analysis or business services subfamilies. The subfamily designations for all 387 positions is provided below, organized by largest grouping to smallest.

This resource seems notable especially in the context of the City’s interest and need for a Citywide strategic plan. EQ has highlighted the positions in the above chart that are potentially positioned to assist with strategic planning, performance setting and analysis. Due to the sheer number of analysts that exist as well as the City’s desire for additional Citywide analytical work, EQ would recommend further analysis in this classification to determine opportunities for streamlining, better Citywide coordination, and efficiency of staff organization and utilization.

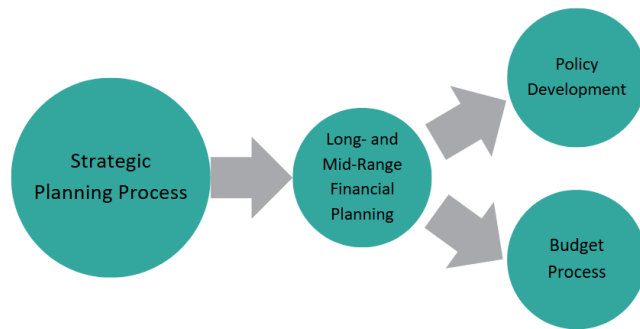
Analyst Subfamily	Number of Positions
Business Strategy & Operational Planning	57
Business Analysis	27
Equity Administration	25
Training	22
Contract Management	21
Policy Development & Management	17
No Subfamily (possibly vacant)	15
Claims Management	15
Data Analytics	13
Business Services	11
Research & Data Analysis	11
Grants Management	10
Compliance & Monitoring	9
Program Administration	9
Other (46 categories)	125

IV. Future Budget Process

Currently: The Budget Process as the Primary Citywide Process

Within the Commission form of Government, the annual budget process was one of the only structured regular process requiring the City to come together and act Citywide. As a result, the budget process became the venue and vehicle for many other Citywide processes. Citywide strategy, policy direction and setting, performance and goal setting, and financial planning processes were all attempted to be addressed via and included within the annual budget process.

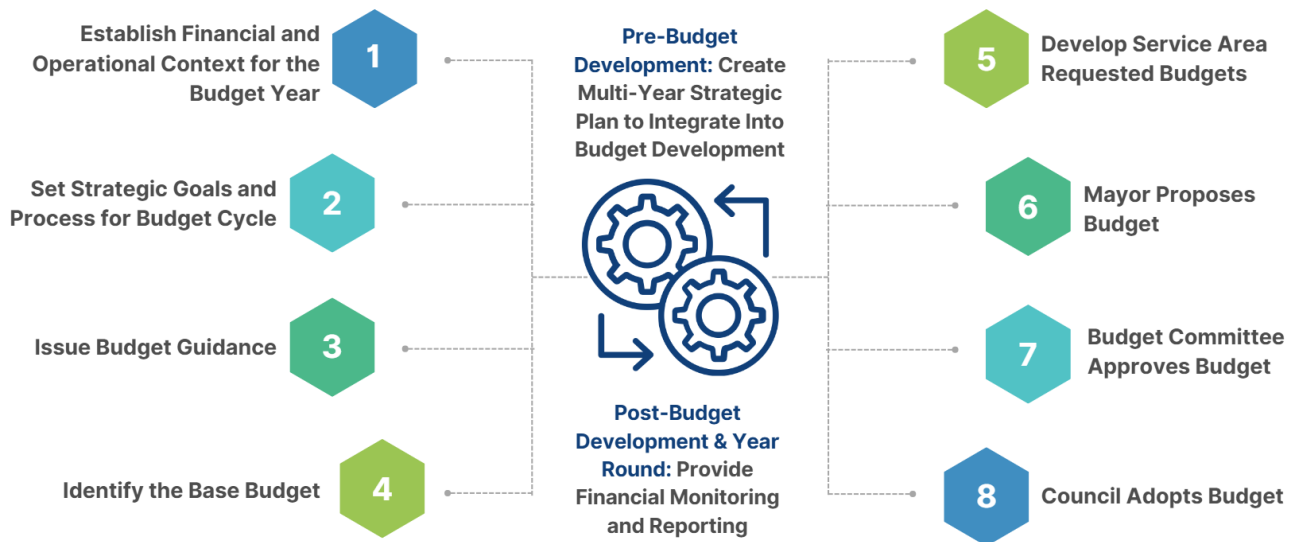
This consolidation of many processes into the budget process led to frustration and a sense of chaos across leadership, staff, and the public alike as each process was not allowed the clarity, time, and focus necessary to be thoughtfully developed and impactful.



Future: Align Around a Strategic Plan

To be effective, these processes must be separated and sequenced. A strategic plan should be created first to establish the high-level priorities, goals, and outcomes the City is striving towards. This strategic plan should be followed by the development of long-range and mid-range financial plans that provide a picture of what is possible financially within forecasted resources. Finally, Policy development and the Budget Process are separate implementation tools that should be deployed to meet the goals of the strategic plan.

Proposed Future Budget Development Process



Integrated Budget Process Elements

During stakeholder interviews, EQ consistently heard the importance of improving the incorporation of performance, equity, and community budget engagement in the budget process. The scope of this project did not allow for a deep dive into these issue areas; each area merits its own dedicated assessment. However, EQ does offer high-level suggestions in each area. EQ recommends that the City focus on better defining the ways in which these elements are integrated into City operations and budgeting as a next step.

Performance

Integrating performance into budget decision-making is essential in understanding tradeoffs. City bureaus currently track and report on hundreds of performance metrics, many of which are required to be reported as part of the budget process. However, these metrics do not currently funnel up to a strategic plan for the organization to empower their use effectively in operational management and leadership budgetary decision-making.

EQ suggests two high-level opportunities for improving the use of performance agency-wide: 1) the development of a citywide strategic plan with measurable and achievable outcomes (described more fully in the Future Budget Process and Implementation Timeline sections below); and 2) through the development of a publicly-accessible performance scorecard that tracks and communicates progress towards strategic goals. Both of these are significant endeavors that will take time to develop.

In order to resource these efforts, EQ recommends the City pursue additional staffing and organizational analysis on the multiple City bodies providing performance analysis, strategic planning, and data analytics. As mentioned in the [Current Budget and Finance Staffing Levels and Organization](#) sub-section of this report, the City currently has 81 positions classified in the sub-families of “Business Strategy and Operational Planning,” “Data Analytics,” and “Research and Data Analysis”. This amounts to 35% more staff than are currently classified as focusing on Budgeting, Budget Analysis, and Financial Analysis. Additional research is needed to understand how these staff could be organized and drawn upon to support high-priority, agency-wide strategic work, and whether it makes sense to centralize these staff like in Fort Worth’s FWLab to comprehensively address citywide strategic planning, performance measurement and monitoring, and data analytics. It should be noted that the City Budget Office has a performance team and the Smart Cities team within Community and Economic Development provides citywide data analytics, open data, and dashboard information; thus performance-related work will continue to be conducted regardless. Future organizational analyses should aim to determine if and how citywide strategic planning, performance and data analytics should be centralized and adequately resourced to provide these services comprehensively.

In addition, the City should consider setting performance metrics for the budget process itself as it moves towards the new process. The establishment of these performance metrics should be led by the City Budget Office in partnership with budget managers and Deputy City Administrators.

Equity

In recent years, the City has increased dedicated equity staffing and the deployment of a budget equity tool as attempts to increase equity in operations and budgeting. However, many stakeholders agree that significant improvement across the agency is needed to fully incorporate equity into budget development and decision-making.

As a core City value, equity should be incorporated throughout the work of the City. In practice this requires a cultural shift which is particularly hard to implement in a government where the administration of services is divided between several elected executives. The consolidation of administration under a single leader should help facilitate large cultural shifts.

EQ recognizes the importance of incorporating equity into budget decision-making; however, the scope of this report did not allow for a more thorough investigation and recommendations around incorporating equity in the budget process. EQ does suggest:

- Achievable and measurable equity outcomes can be better defined and translated into City operations and processes - including the budget process - via an adopted City strategic plan.
- The Service Area Budget Work Groups described in Step 4 of the Future Budget Process section would be well positioned to implement improvements to the budget equity tool. EQ understands that the Office of Equity is currently working on a revised tool.

Ultimately, achieving equitable outcomes across the organization is an operational issue that is driven by decision-making across policy, budget and practice. Having a strategic plan with performance metrics will be essential in making sure all three elements can align with and make progress towards goals.

Community Budget Engagement

Developing a budget engagement plan is a robust undertaking; the scope of this report is limited and does not provide this type of plan. This report provides suggestions for community budget engagement structure as related to roles and responsibilities and articulates opportunities for the City to better engage the community around budgeting. Findings and suggestions are informed by stakeholder interviews, a draft report by the GTAC, and from consultant experience following over ten years in government budgeting and four years as the City of Portland's Budget Director.

All stakeholders interviewed highlighted budget engagement as a critical component for improvement in the new form of government. The topic is currently being investigated more fully by the GTAC who will release a report on the findings in September. All stakeholders agree that the current process is ineffective, and a future engagement process must be structured to value the time and expertise of stakeholders.

Members of the public are poised to contribute to City decision-making in a variety of ways. Deciding the larger ***purpose*** of a particular type of engagement is a prerequisite to making decisions around

engagement structure. The Government Finance Officers Association offers that budget engagement efforts may be geared at:

1. Improving performance by better understanding what the public wants and expects from its government;
2. Adjusting service levels more closely to citizens' preferences in the context of limited resources;
3. Differentiating among the expectations of a jurisdiction's various demographic groups in policy and service design and/or
4. Understanding public priorities in planning, budgeting, and managing services.

GFOA advises that this fourth purpose is "especially true when revenues are not sufficient, new services are required, or in disaster recovery situations."⁵

In addition to defining the purpose of particular budget engagement efforts, EQ suggests the City identify the precise **functional objective** of a type of engagement. EQ highlights four distinct categories of engagement objectives that may be incorporated into budget development:

- **Provide Education:** meaningful public engagement on any topic begins with education. A transparent budget process relies on the provision of *accessible* information, so the public understands how best to engage with the material and process. If the purpose of an engagement effort is education, significant effort must be made to ensure both the type and format of information communication will reach all audiences and align with and empower other types of engagement efforts.
- **Solicit Advocacy:** members of the public are best positioned to tell City leaders what services, issues and outcomes are most important to them. Most budget engagement efforts fall into this category as the articulation of priorities and service preferences represents individual or group advocacy. Structured budget advocacy engagement efforts must consider representation and equity, as decision-making based upon advocacy is all about who is in the room/at the table.
- **Receive Advice:** members of the public hold a wealth of knowledge in their lives and careers which can serve as a huge asset to the City. However, advisory-oriented engagements must be thoughtfully structured to ensure that the desired expertise of community members is garnered and is valued. It is important to remember that the City employs thousands of community members who are subject matter experts in the City services they provide; advisory engagement efforts should consider the knowledge gaps that are needed to be filled by community members, identify the individuals that can fill those knowledge gaps, provide those individuals with sufficient support and education to ensure they can offer their expertise, and honor their contributions by utilizing their advice. Advisory types of engagement require significant staff and community member time to get right, as community advisors need support and education to ensure advice aligns with operational context. This is particularly true and presents a challenge with budget advisory groups as the City's budget is large, complex, and technical. EQ provides additional suggestions on Budget Advisory Committees in the [Step 5: Develop Service Area Requested Budgets](#) section.

⁵ [Public Engagement in the Budget Process](#). Government Finance Officers Association website. Accessed 7.2.24.

- **Garner Oversight:** there is sometimes a desire to have community members engage with the City in order to provide operational oversight of a given service or process. The goal of this type of engagement is to both utilize the skills and knowledge of community members and to instill a sense of larger public trust in a service or process. Engagement efforts that are meant to provide oversight typically require a significant amount of education and consistent opportunities for feedback. The role, authority, and limitations of the public in providing operational oversight must be clearly defined in order to ensure success of the engagement effort. In government, day-to-day budgetary oversight is typically an operational function. Members of the public hold the City *accountable* to budgetary goals through a variety of means, but this is distinct from providing operational oversight.

To be successful, budget engagement efforts should be structured around only one of these objectives which should be clearly articulated for participants. Budget engagement efforts often unintentionally blend a number of these objectives, leading to the engagement feeling ineffective and performative.

In May of 2024, the Government Transition Advisory Committee (GTAC) produced a [draft report](#) issuing recommendations on improving community engagement in the budget process, articulating the following key values:

- Be transparent with the public about how the City gathers information, deliberates, and makes decisions and recognize the City’s responsibility for clear, consistent, and accurate public communications;
- Recognize that community engagement is a core competency for budget policy practitioners and should be a top priority for policymakers;
- Recognize that poor community engagement processes are often a waste of time for community and staff, can be counter-productive, leading to cynicism and frustration of community members;
- Build on community momentum, act with urgency, and pace the City’s work in consideration of community capacity to participate; and
- Develop equitable public education and engagement strategies that eliminate barriers to participation, are culturally specific and relevant, delivered through trusted mediums, and compensate community for their expertise.

The report contains many other recommendations that should be considered by City leadership as they develop a more robust budget engagement plan.

While the scope of EQ’s report does not allow for the provision of an improved budget engagement plan, EQ offers the following suggestions:

- The City should immediately develop improved budget communications and education. Increased accessible budgetary information around allocations and the changing process is essential to building public trust in both budgeting and the new form of government. EQ recommends the City Administrator deploy City communications staff to assist budget office staff in releasing information on the recently Adopted FY 2024-25 budget and the proposed process for FY 2025-26 within the next few weeks. Communications staff should provide budget

information format recommendations and assistance in ensuring information is visually pleasing and accessible for multiple audiences.

- The City Administrator should convene a Budget Engagement Team - with budget engagement leader(s), budget communications specialist(s), and City Budget Office staff - and direct them to develop a transparent budget engagement plan for the FY 2025-26 budget development process. The plan should consider and incorporate findings and recommendations from GTAC research and the Office of Civic Life as appropriate and available within the near-term timeline. The plan should consider and integrate both opportunities for budget engagement and strategic plan development engagement in the coming year and can be revised in future budget cycles as needed.
- The Budget Engagement Team should support the new Council in developing a legislative budget engagement plan once they come on board in 2025.
- The City should focus on public engagement during strategic planning, priority and goal setting. The City’s budget is complex; advising effectively on specific dollar allocations requires a detailed understanding of fund restrictions, financial policy, the structure and amount of current allocations, and operational and programmatic contexts (such as labor agreements, program restrictions, etc). Members of the public are generally best positioned to provide advice on the services that they would prioritize and the outcomes they would like to see. This type of engagement should happen primarily before budgeting begins. Engagement efforts should also solicit feedback on public priorities during cut years – i.e. what services should be reduced or eliminated during constrained budgets. Public engagement in the initial phase of budget development would serve to solicit priorities given current budget realities and promote budgetary education and buy-in at the outset.

Through the development of the engagement plan, it is important to remember that the move to a 12-member district-representative form of government significantly increases public engagement in decision-making in and of itself. These 12 leaders are likely to hear consistently from community members in their districts on priorities, needs and desires, and are expected to incorporate that information into their decisions. Additional engagement efforts should be structured to ensure they add value and honor the public’s time.

Pre-Budget Development: Strategic Planning Process

Leads	Supports/Administrates	Consults
Council	City Administrator and Operational Staff	Community Members, Subject Matter Expert Staff

Timeline: Begin immediately after the new Council is seated to allow for alignment with FY 2026-27 Budget Development process. Revise no more than once every four years following the initial plan.

Objective: Establish the ‘north star’ that the entire organization can move towards and empower everyone to play their respective roles so the City can deliver upon the goals effectively: Council as the policy-setting and strategic body; the City Administrator, Mayor and operations as the implementer of that strategic direction; the public as advocates for their priorities and service needs.

Step Deliverable: A comprehensive multi-year strategic plan with measurable and achievable performance outcomes appropriate for the City to benchmark against.

Comparative Jurisdiction Research

All peer cities in EQ’s comparative research sample indicated that elected strategic planning and goal setting are the initial phase in the budget development process. In Minneapolis, Sacramento and San Francisco, the Council or the Mayor (depending on the form of government) designates strategic priority areas that then provide the overall direction for budget development. While budget items may not be individually tied to these strategic areas, they do set a broader framework. For example, Sacramento indicated that in a year of necessary budget reductions, the Council’s strategic priority areas were used such that no reductions were made to services and programs in these specific areas.

In peer cities, Council’s role in the budget development process is to establish strategic priority areas and goals for the city so that the administrative branch can focus on operationalizing this direction through budget development.

Over the last few years, Fort Worth has shifted from incremental budgeting, where the budget stays mostly the same in terms of structure and priorities from year to year while also accounting for growth, to priority-based budgeting (PBB). With PBB, the priorities identified by Council are the framework for the budget, and every expenditure must directly tie back to those priorities. The goal is to take a more long-term approach, get more robust and reliable data to measure results, and expand opportunities for public engagement. Fort Worth piloted PBB with three departments in FY 2023-2024 and in FY 2024-2025, nine departments will utilize PBB.

Robust strategic planning and goal setting is a critical component of priority-based budgeting. In Fort Worth, the council has an annual strategic planning and goal setting retreat that kicks off the budget process. The council uses this retreat to review and revise strategic priority areas (biennially) and set goals (annually), and the resulting framework is what drives budget development for the year.

Stakeholder Feedback and EQ Recommendations

Nearly all stakeholders interviewed by EQ stressed the need to have the budget process and budget itself tie to a Citywide strategic plan. Specifically, stakeholders stressed the importance of:

- Creating a budget process that was ‘truly value-based and priorities-based’, upholding the City’s adopted core values;
- Allowing for better planning by taking a multi-year strategic approach;
- Connecting goals, strategy, performance and budget;

- Engaging the public in the discussion and determination of priorities and goals, which the City then budgets in alignment with.

Creating a Citywide strategic plan is a very large undertaking which necessitates significant amounts of community engagement and staff support. High-level priorities and goals must first be developed through a collaborative process between City leaders, community, and subject-matter expert staff; next, the high-level goals must be translated to measurable operational performance metrics; and finally - for the strategic plan to be connected to budgeting - currently budgeted resources within the entire agency need to be evaluated in relationship to the proposed performance goals. This process ideally is somewhat iterative to ensure the plan is reasonably achievable.

It is possible to set strategic budget goals in absence of a larger strategic plan, and that will be the required path for the City during next years' budget development as the new Council will be seated mid-way through the budget development cycle. However, the ability to move the City as an entire agency in the direction of a unified longer-term strategic plan over time is what is required to be able to move the needle particularly on larger policy and programmatic challenges that have been dogging Portland - and many other jurisdictions - for years. A multi-year strategic plan will also greatly increase the efficiency of budget processes and operations as bureaus have a predictable 'north star' to move towards and increase transparency around budget allocations as goal consistency and predictability will enable the sharing of more consistent reporting structures and information. For this reason, EQ emphasizes that strategic planning should be conducted before and separate from the annual budget development cycle.

EQ Recommends the City Administrator kick off the strategic planning process as one of the first acts of business following January 1st when the new Council and Mayor are seated. Initial outreach can and should begin to prepare new electeds for the process as early as possible following election results.

A potential high-level strategic plan path for FY 2026-27 budget development is provided below:

1. Establish Starting Point: beginning in the fall, City operational staff collect and synthesize all of the strategic plans, bureau and council goals and values that currently exist. Staff should be directed to do this work by the City Administrator and could include SPOT team members or other available strategic and analytical staff.
2. Engage: Council members should be engaged immediately in January on their initial priorities for the City and informed of the strategic planning process and starting point. District based and inclusive public engagement on public priorities and goals could occur February-April.
3. Translate Findings into Performance Goals and Plan: May-August 2025 City staff work with leadership to turn engagement findings into a strategic plan. Part of this process involves working with service area/bureau staff as well as performance SMEs on setting measurable and appropriate performance metrics to align to strategic goals.
4. Plan Release: Strategic Plan presentation release is aligned with initial financial forecasting presentation in September 2025, kicking off the budget process for FY 2026-27.
5. Translate Performance Goals and Plan to Budget: August-October of 2025 bureau/service area and City financial and performance staff work to identify how base budgets align to strategic plan. Results inform Mayor's Budget Guidance around cross-service area cuts and adds.

While strategic plan development is resource intensive, the City has resources at its disposal. EQ recommends additional staffing analysis be conducted on the City’s 387 analyst positions to determine how these staff may best be deployed to support this high-priority and time-sensitive endeavor. Additionally, the City should identify existing available strategic planning information recently collected by the City. This could include using Portland Insights Survey data; utilizing findings and recommendations from the Government Transition Advisory Committee work; and compiling and summarizing data, information and findings from other recent plans and projects conducted by the City.

EQ recommends that once this initial plan is created, the larger strategic planning process be repeated no more than once every four years, which would allow each Council member to participate during their term while facilitating plan longevity to reap the operational benefits sought. Council will additionally have the opportunity to set near-term budgetary goals via a strategic annual budget planning process.

Budget Process Step 1: Establish Financial and Operational Context for Budget Year

Leads	Supports/Administrates	Consults
Chief Financial Officer/DCA in charge of Budget and Finance (financial context), City Administrator/Deputy City Administrators (Operational Context)	Budget Office (lead), Service Area/Bureau financial managers and staff (support)	Bureau leadership and program subject matter experts

Timeline: September

Objectives: Provide the Council and Mayor with key contextual information to inform priority setting for the upcoming budget cycle. Establish a ‘common understanding’ around the financial and operational context facing the City for all stakeholders including the public and bureau leadership and staff.

Step Deliverable: A public presentation to the Council outlining 1) the initial financial forecast for all funds; 2) financial risks and recommendations for mitigating those risks; 3) large operational issues or risks that will need addressing during the upcoming budget cycle.

Multiple different types of stakeholders expressed the need for earlier, more comprehensive and transparent financial planning processes. Specifically, feedback coalesced around the following points:

- Initial financial forecast information should be provided to leadership and discussed earlier.
- The financial status of all City funds should be highlighted and discussed holistically with the Council; the City should move away from its narrow focus on the General Fund.

- Financial outlook information needs to include more accessible language for the public.
- There is a need to have financial planning conversations with leadership consistently occur over a longer time horizon (i.e. 5-year financial plan minimum) so that there is an ability to plan ahead and connect annual budget cycles with longer term trends.

In recent years, initial financial forecast information has been provided during October or November as part of a 'budget kickoff' work session and has tended to focus on General Fund resources. The new government structure fostering increased collaboration provides the opportunity to standardize financial planning practices and provides the opportunity to present financial information holistically to the Council along an earlier timeline.

Providing a standardized process and format for financial planning is a fairly significant undertaking; the FY 2024-25 Approved Budget includes 68 funds managed by over a dozen bureaus and standardization requires an understanding of how each fund treats risks and assumptions. EQ recommends that the Chief Financial Officer - who is also the Deputy City Administrator in charge of Budget and Finance - be charged with leading the standardization of financial planning and reporting but rely on the City Budget Office to develop and deploy the project – potentially with assistance from other financial staff given the magnitude of other transitional work required over the next several months. It will not be feasible to standardize financial planning processes before a late summer presentation to the Council; as such, EQ recommends that the Budget Office focus on working with fund managers in August and September to collect and combine key near-term financial forecast information for the CFO to be able to provide a high-level initial forecast presentation to the Council in September or October of this year. In subsequent years this presentation should be complemented by a suite of standardized five-year financial plans and be provided as early as possible.

EQ also recommends that this initial presentation to Council provide information to the Council on large operational needs and risks that may or may not be assumed in financial forecasts. This information should be collected and collated by the Deputy City Administrators, with the assistance of financial managers and the City Budget Office, as well as the City Attorney's office as appropriate, to understand financial risks and assumptions associated with the operational needs.

It is important to note that for many funds - including the General Fund - this early financial forecast will be imprecise. Notably, the latest revenue figures as well as key expenditure-side information such as inflationary factors, internal service rates, and labor costs will be unknown. The goal of this presentation should be to provide a high-level overview of the context to inform the Council if or where they are looking at budgetary constraints in order to inform their initial strategic direction. The forum for this presentation could include public comment as a venue for early engagement with the community.

Budget Process Step 2: Set Strategic Goals and Process for Budget Cycle

Leads	Supports/Administrates	Consults
-------	------------------------	----------

Council (Strategic Goals and Council Process) and the Mayor/City Administrator (Operational Process)	City Administrator, DCAs, Budget Director	Community, Operational Subject Matter Experts
--	---	---

Timeline: September/early October

Objectives: Set near-term annual goals and priorities for the upcoming budget process and establish process calendar and key milestones.

Step Deliverables: Council work session(s) to discuss current performance metrics and budget reporting leading to the completion of documented Council priorities and goals for the upcoming budget process.

Once established, the City’s multi-year strategic plan should form the basis for Council and Mayoral budget direction. Each year, however, the Council should set more precise and specific near-term goals that are aligned with the strategic plan but consider the City’s operational and economic context and allow for more precise budget guidance to be crafted.

The City Administrator should support Council in constructing these strategic goals through individual conversations and through one or more work sessions, with support provided by the Budget Office, the Deputy City Administrators, and bureau leadership and analytical staff as appropriate. This process is similar to priority-setting conversations that have been held by the City Budget Office with the Council at the kick-off of the budget process in the past. However, under the new form of government, this step would align with longer term strategic plan goals, consider the financial and operational contextual information already provided to the Council, and be led by the City Administrator and the Deputy City Administrators with process and informational support from the Budget Office and other bureau staff as needed. These conversations are also key opportunities for public engagement and input in the budget process.

In addition to setting process goals and priorities, this is also the time to establish key process structures and milestones. The Budget Office should support the City Administrator in developing a budget calendar that includes both legally required events and due dates and recommended process element milestones on both the operational and legislative sides. In Minneapolis, the Budget Committee chair sets and shepherds the Council through its legislative budget process by producing a [Budget Committee Work Plan](#). Should the City pursue this type of model, the Council Budget Committee chair would then be responsible for engaging their colleagues to establish their preferred public engagement format and opportunities for the year with the assistance of Council Operations staff and City subject-matter experts as appropriate. This Council Budget Process plan could be adopted in tandem with the City’s Operational Budget Calendar, providing a uniform process plan for the subsequent process.

As part of budget process development, EQ also recommends that the City Administrator create a Budget Outreach and Engagement team led by a City Outreach leader and supported by communications team member(s) and the City Budget Office. Historically, budget outreach has been led by the City Budget Office; however, the Budget Office has neither the number of staff nor the subject matter expertise to develop and deploy a robust communications and engagement plan. The Budget Office is well positioned to support this effort by providing budgetary process and financial information, and communications staff can provide needed support in ensuring materials and communications are accessible to multiple audiences. The team should together create an outreach and engagement plan for budget operations for the year, present the plan to the City Administrator for approval, and deploy the plan throughout the year.

The above proposal would provide two tracks for community budget engagement: a legislative/policy track, led by Council and the Budget Committee Chair and supported by the Budget Outreach and Engagement team as appropriate, and an operational track, led by the Budget Outreach and Engagement team.

FY 2025-26 Budget Development

Since the new Council will not be seated until January 1, initial budget development work will need to take place for FY 2025-26 budget development by the current Mayor and Council. Election years always prove awkward in this regard - historically this has been especially true with the transition of a Mayor since an outgoing Mayor has typically issued budget guidance for an incoming Mayoral process. However, the level of mid-budget cycle leadership change that the City is embarking upon this next year is unprecedented. Given that the City is transitioning to district representation, EQ suggests the City consider holding a priorities work session to transparently discuss key issues, priorities and goals based upon available information from recent engagement efforts – such as the Portland Community Insights data and recent budget engagement over this past cycle. The City Administrator will need to maintain close communication with members of Council and relay information to service areas and the Mayor throughout budget development to ensure that the Approved and Adopted Budget phases run smoothly and the final budget reflects initial new Council priorities.

Budget Process Step 3: Issue Budget Guidance

Leads	Supports/Administrates	Consults
Mayor, City Administrator, Budget Office (for technical guidance)	DCAs, Budget Director, City Economist	Bureau Leadership, Operational Subject Matter Experts

Timeline: October

Objectives: Establish policy and technical guidance for operations in preparing the base and requested budgets.

Step Deliverables: Written budget policy guidance and direction for all service areas and funds; technical budget guidance in the form of the budget manual.

One consistent theme in stakeholder interviews was the desire for better developed and evaluated budget proposals, allowing for thoughtful tradeoff discussions and final decision-making. The creation of clear and consistent strategic goals, followed by early specific budget guidance, enables time for thoughtful creation and evaluation of requested budget proposals. Due to the need for the Council to understand the financial context and set process strategic goals before budget guidance, EQ recommends that guidance be released in October and be in alignment with the strategic goals put forward by the Council.

Mayor's Budget Guidance typically includes strategic or policy guidance - which should align with the Council strategic goals established in Step 2 - and establishes base budget allocations of General Fund resources and guidance around required reduction packages and/or allowable add packages. Mayor's guidance may include resource constraints - meaning a lower amount than current service level of funding - and may direct bureaus to follow different types of budget development processes such as performance-based or zero-based budgeting processes. Performance-based or zero-based budgeting processes are time intensive and should be previewed with bureaus in advance of guidance, if possible.

The Chief Financial Officer - with the assistance of the City Budget Office and the City Economist - should refine the financial outlook for all funds as best as possible given available information to inform budget guidance. The City Budget Office should prepare the technical budget guidance manual and releases it as soon as possible following the release of Mayor's Policy guidance.

Early Decision Option: Internal Service Rate Models

One way to streamline the budget process and allow for more thoughtful proposal information and development could be to bifurcate budget decision-making and have the Mayor approve internal service base rates earlier in the process. Internal services charge level of service rates to all City bureaus. It is hard for bureaus and service areas to know their base budget expenditure levels if they do not fully know the cost of these services. By allowing for the early development and approval of internal service proposals, all City bureaus would have greater predictability and certainty of costs as they plan their budget proposals.

For this bifurcation to be useful to bureaus, internal service rate decisions would need to be made in October so that rates could be developed and loaded in December. If this process were to follow a similar evaluation and refinement process as other services, The Mayor would likely need to issue guidance for internal services in July, proposals prepared and evaluated internally by the CBO by September, and decisions made by the Mayor by October. There would also need to be Council engagement on this topic around this time. While this could have the additional benefit of reducing the amount of information that needs to be absorbed during the short budget evaluation timeline in the

Spring, expecting Mayoral guidance and Council engagement in the summer on the following years' budget may be a tall ask. Another option to provide advance direction and stability for internal service rate setting could be adopting multi-year rates for base service levels, which would necessitate Council and Mayoral engagement for base service levels once every few years. This would be supplemented by a decision-package process whereby internal services could change from base service levels in alignment and partnership with the needs of other services and/or goals set by the Mayor and Council.

Relatedly, some stakeholders expressed a desire to for early decisions around General Fund overhead allocations. The City has identified programs and functions which provide services for or on behalf of all City bureaus, and the costs of these programs are funded by a combination of all funds through the Overhead model. While it may make sense for indirect operational City support allocations to be decided alongside internal service budget decisions, administratively this may be challenging given the current distribution of overhead funded programs across City bureaus and service areas. EQ recommends that additional analysis be conducted on the current allocation of and methodology for overhead costs before considering an earlier decision-making timeline.

Budget Process Step 4: Identify the initial Base Budget

Leads	Supports/Administrates	Consults
City Economist & the Budget Director, Fund Managers	City Budget Office Staff, Budget and Finance staff across the City, Human Resources	

Timeline: General Fund CAL targets and non-General Fund base budgets could be determined as early as November; base budgets loaded in the budget system December-January.

Objectives: Provide base budget expenditure and revenue information to enable service areas to begin building the requested budget.

Step Deliverables: Identification of CAL targets and known revenue levels, followed by the loading of revenues and fixed expenditures into the budget system.

Establishing and loading the base budget is a largely technical exercise. Each fund manager identifies and loads forecasted revenues into the budget system and loads expenditures which follow known costs and rates as well as guidance from the Mayor's office. Typically, base budgets are established by assuming the labor costs of all permanent authorized personnel (with inflationary, benefit, and labor agreement changes) and assuming all prior ongoing non-labor costs plus an inflationary factor. However, the Mayor's guidance may establish constraints or may direct a different method of budget construction such as zero-based or performance-based budgeting that could impact the base budget levels.

The City Budget Office leads the construction of the base budget for all General Fund allocations. The City Economist provides certain inflationary factors for bureaus. Personnel data from the prior year is 'rolled' into the budget system with rate assumptions provided by human resources around labor cost changes.

Internal service rates are loaded by the internal service fund managers the first week of December. This target date of December is the output of several months of rate development that begins in earnest in October, which is why it is recommended that internal service rate current service level decisions follow an earlier process as outlined in Budget Process Step 3, above.

Overhead/Indirect Models

One technical aspect of budgeting that was identified as an area for improvement was the City's overhead models. Stakeholders mentioned the need to have overhead and indirect models reviewed for best practices and consistency, potentially by an outside consultant. Some stakeholders would also like to see General Fund overhead allocations determined earlier in the process, as changes to General Fund allocations change the budgets of all funds across the City and as such have significant and often late-breaking impacts on bureau budgets. As mentioned in the section on internal service rates in Step 3, EQ recommends that additional analysis be conducted on the current allocation of and methodology for overhead costs.

Budget Process Step 5: Develop Service Area Requested Budgets

Leads	Supports/Administrates	Consults
City Administrator, Deputy City Administrators	Bureau leadership, budget and finance managers and staff, city performance analysts, city equity analysts, City Budget Office staff	Bureau program staff, community if/as outlined in the Budget Engagement Plan

Timeline: October-February

Objective: To provide well-developed sets of requested budget packages by service area in alignment with Mayor's Budget Guidance and the City strategic plan, priorities and goals.

Step Deliverables: Completion of required documents ascribed by policy and technical budget guidance by service area; loaded budget data within the budget system.

Current Process

The development of the requested budget was listed by many stakeholders as a primary area of opportunity for improvement in the new governance system. In the former structure, twenty-eight

bureaus independently developed and submitted requested budget packages following Mayor's budget guidance. Each bureau spent a significant amount of time on their individual development process, which varied greatly from bureau to bureau in terms of process structure, community engagement, and the way in which equity was considered and incorporated.

The result of this resource-intensive effort was the production of thousands of pages of budget material and well over 100 "decision packages" for City leadership consideration varying greatly in size, complexity, and policy and operational implications. Absorbing this amount of material and this number of decision points is typically not feasible for an elected leader. The City Budget Office, through assigned budget analysts, would consider the material, analyze and produce written reviews of bureau base budget issues as well as decision packages, and produce "balanced budget" recommendations based upon the analyses as advice to the Mayor and Council as they wrestled with the decision points.

This process led to an excessive amount of staff time - and in some cases community time - preparing and evaluating proposals and materials that would not be seriously considered or ultimately included in the budget. The volume of materials and decision-points, as well the decentralized provision of information and advocacy by bureau, created an environment for decision-makers where the budget process was at once too time-consuming and not time intensive enough to enable thoughtful decisions.

Proposed Process Changes

The move towards service areas and having all bureaus under a single leader provides an opportunity to significantly improve these challenges. The goal of the requested budget phase is for budgets to be thoughtfully developed to meet budget guidance, strategic and specific goals in as time-effective a manner as possible. This means fewer and better-developed decision points for elected leaders.

EQ suggests that each DCA leads the requested budget development phase for their bureaus, encouraging service area bureaus to jointly develop solutions to financial and programmatic challenges, while collaborating with other DCAs to ensure a Citywide approach. EQ suggests requested budgets be developed collaboratively and iteratively through service area budget work group sessions over a 3-4 month timeframe, following the stages and structure provided below.

Service Area Budget Work Groups: Requested Budget Development by Service Area	
Initial Idea Development: October - December	Process begins with DCA convening an initial work group meeting where bureaus bring initial ideas and/or receive direction for initial idea development from the DCA following Mayor’s Budget guidance in October and strategic goals set by Council. Bureaus receive direction from the DCA on which ideas to develop more fully.
	Bureaus develop and propose initial ideas in concert with program, financial, performance, and equity staff. Prepare initial proposal with approximate financial impacts, high-level performance and equity impacts, and high-level tradeoff assessments. These initial ideas are not fully developed and are communicated outside the budget system; only approved ideas should be fully developed. Bureaus should have internal processes to allow staff to propose ideas following Council strategic goals and the City’s strategic plan.
	Initial proposals presented at subsequent meetings; idea development is refined collaboratively by the group under direction and guidance of the DCA.
	DCAs decide – in concert with other DCAs and the CA and with advice from the budget office and finance managers – which proposals are technical, and which should be highlighted as decision points for elected leaders.
	Fund managers and City Budget Office analysts offer advice and guidance around required technical structure of packages for the budget system, financial limitations and allowable fund uses.
	In October, City Budget Office creates templates and instructions for final proposals and budget system entry as part of Technical Budget Guidance.
Requested Budget Proposal Refinement & Analysis: December - February	By late December, DCA should begin prioritizing and ‘passing to review’ a subset of the most promising initial ideas for further development and evaluation. These ideas are more thoroughly developed by bureau staff over a 1–3-week period, then passed to the Budget Office analyst via budget system and/or additional forms as established by the CBO process. Budget Office analysts produce an internal, yet ‘independent’ assessment of the impact and tradeoffs offered by the priority proposals, with the assistance of bureau staff. Approval to this stage can be done on a rolling and iterative basis to manage workflow for staff.
	Information from developed and analyzed proposals are shared and discussed at ensuing meetings providing the opportunity to refine and improve proposals.
	DCAs meet with the CA and other DCAs to discuss service area proposals, emerging Citywide themes and issues, and ensure proposals are moving together Citywide
	Proposals should all be ‘passed for review’ by the end of January and proposals made ready for entry and analysis by mid-February, allowing for CBO analysis to be completed by the end of February.
Requested Budget Finalization: Late February – Early March	DCAs meet to determine and align likely final requested budget proposals.
	A final service area budget work group meeting occurs no later than the first week of March where the work group collaboratively determines the final service area requested budget to present to the Mayor and Council.
	Support staff complete required narrative documents and budget system entries by the first week of March. Final review and editing of required narrative documents are completed by the DCA, and the Service Area Requested Budget is submitted.

Note that this process may well begin before precise financial information is known; for example, internal service rate information and labor costs may not be precisely known until December or even January. The iterative process outline above, beginning with idea development and refinement, should allow for proposals to be more fully developed in tandem with increasing amounts of financial information.

Submitted requested budgets should contain as few decision points as possible for leadership, and these decision points should reflect the service areas best options to meeting the strategic goals and budgetary constraints set forth by the Mayor’s Budget Guidance and the Council’s strategic goals.

The desire to collaborate across bureaus may at times be limited by the presence of dedicated funds - many bureau services are provided by resources that can only be spent on certain things. Including fund managers/service area financial leaders in the discussion will be important in ensuring that proposal consideration aligns with fund rules.

EQ recommends that the service area budget work groups remain small enough to be nimble, but include bureau leadership, the lead financial manager(s) for each bureau/service area, and the City Budget Office assigned analyst(s) to provide budget process and financial advice and support. Program leadership and subject matter expert staff should attend as appropriate to assist with specific topics. EQ recommends the Budget Outreach and Engagement team consider community engagement options in this stage of budget development, as discussed in the section below.

EQ recommends that the requested budget phase conclude with a publicly shareable requested budget document that aligns with accurate entries in the budget system, and that this phase conclude no later than the first week in March. This allows for four months of iterative development and analysis by service area and provides just under two months for the Mayor to develop their proposed budget.

Bureau Budget Advisory Committees

Numerous stakeholders interviewed by EQ cited the need for improvements generally in Community Budget Engagement and specifically with the current structure and support for bureau Budget Advisory Committees.

Continuing separate bureau budget advisory bodies in the new government structure runs counter to the goal of cross-bureau collaboration. Additionally - as discussed in the [Integrated Budget Processes](#) section of this report - advisory-oriented engagements are time intensive and must be thoughtfully structured to ensure that the desired expertise of community members is garnered and is valued. It is important to remember that the City employs thousands of community members who are subject matter experts in the City services they provide who also may be called upon to provide expertise and advice on budget development options. EQ suggests that community advisory engagement efforts consider the organizational knowledge gaps that are needed to be filled by community members, identify the individuals that can fill those knowledge gaps, provide those individuals with sufficient support and education to ensure they can offer their expertise, and honor their contributions by utilizing their advice. Advisory bodies *should* be staff time intensive to be successful and should be judiciously created for that reason. In particular, EQ recommends the City consider whether the functional purpose of the budget advisory body is truly to solicit budgetary or operational *advice*, or if the purpose is to solicit community *input on operational or budgetary priorities*. This distinction is critical not only to the structure of the body, but in order to properly clarify roles and expectations of the body. A Community

Budget Priorities/Input Board could be structured as less time intensive but should ensure comprehensive demographic and district representation and the structure must ensure the group is provided the right information at the right time to be utilized.

Public engagement in the new form of government should also consider district representation. The proposed service area budget work groups that would be convened during the requested budget phase *could* provide a forum for community input and engagement; however, regular representation in the work group would need to include fewer community members due to the inclusion of several operating staff and the need for the group to move through a significant amount of material over what will likely be multiple meetings a month. A dedicated service area community advisory or input group could have more members but be run as a separate, yet concurrent process with the service area budget work groups. In both cases, the purpose and functional objectives of the body would need to be clearly defined before making decisions around the engagement structure. EQ cautions against creating service area budget advisory bodies just as a replacement for bureau budget advisory bodies without more fully considering whether the structure of those bodies is set up for success.

EQ recommends decisions around budget advisory or budget priorities/input committees be made following recommendations from the GTAC, Civic Life, and be detailed in an operational budget engagement plan constructed by a new budget engagement team, formed by the City Administrator.

Council Role in Budget Development

It should be noted that most other jurisdictions do not have Council/the policymaking authority deeply involved in the budget *development* process. Comparative research conducted by EQ found that Council is typically involved in two key areas of the budget process:

1. The initial **strategic planning and goal setting phase**, that provides high-level direction for budget development; and
2. **Reviewing and subsequently adopting the proposed budget** after it has been developed in accordance with the defined strategic objectives and priorities.

These roles align with the legislative versus administrative/executive roles outlined in the City Charter. In the selected peer cities, the City Manager function (or in San Francisco, the Mayor via the Mayor's Budget Director) is responsible for proposing the budget, and it is post-proposal that the Council again becomes involved to assess and then adopt the budget. However, given the exclusive legislative authority of the Council to approve and adopt the budget, as well as the short timeline that body has to approve the budget following the Mayor's Proposed Budget release, EQ recommends that Council education and engagement occur following the completion of requested budgets and before the issuance of the Mayor's Proposed Budget, as discussed in the section below.

It will be wise for the City Administrator to retain consistent communication with Council members around budget issues that may be arising, particularly in response to constituent feedback that Council

members may be receiving throughout the process. The City Administrator may decide to request service areas develop packages in response to Council communication during Budget Development.

Budget Process Step 6: Mayor’s Proposed Budget & Council Information Gathering

Leads	Supports/Administrates	Consults
Mayor, City Administrator	Deputy City Administrators, Budget Director/Office	Bureau/Office leadership, community, Council

Timeline: March - May 5

Objectives: To educate the Mayor and Council on requested budget proposals to prepare each entity to make budget decisions; to assist the Mayor in making informed decisions in creating their balanced and accurate Proposed Budget.

Step Deliverables: Budget Committee work session meetings educating and engaging the Council on requested budget proposals; the Mayor’s Proposed Budget.

The primary purpose of this stage is to support the Mayor in developing their Proposed Budget. However, due to the exclusive legislative authority of the Council in approving and adopting the budget, paired with the extremely condensed timeline (~2 weeks) between the Proposed and Approved phases (due to Budget Law requirements), it is important that this stage also incorporate education of the Council on available budget options and tradeoffs so they may be prepared to approve the budget over a condensed timeline. Ideally this phase also includes discussions between the Mayor and Council members to enable the inclusion of Council priorities into the Mayor’s Proposed budget to ensure passage of the bulk of the Mayor’s proposal.

Mayor’s Proposed Budget Decision-Making

The elongated and leadership-involved process of the requested budget phase outlined above should facilitate an easier process for Mayoral decision-making. Depending on the volume of decision-points for the Mayor, the City Administrator could guide them through the decision-making process in one of the following ways:

Mayor's Proposed Budget Briefing Options	
Option 1: Mayor briefed on all service area budgets without operational recommendations	Option 2: DCAs create balanced Citywide budget recommendations to present to the Mayor

<p>Requires: More Mayoral time/involvement; low level of decision points and policy/programmatic issues.</p>	<p>Requires: Intensive deliberation and decision-making by DCAs over a 2-3 week period. Fewer meetings with the Mayor required than with Option 1.</p>
<p>Process: The City Administrator briefs the Mayor on all requested packages by service area and works towards a balanced proposed budget directly with the Mayor.</p> <p>As part of this process, the Mayor should be able to ask questions and discuss programs or issues directly with City experts and bureau leadership. These discussions should be supported by analysis on tradeoffs, as this will be the first time that tradeoffs and priorities from across service areas will need to be weighed against one another. The City Budget Office should support these meetings to ensure the appropriate tracking of available resources as the Mayor makes decisions and works towards a balanced budget, and can provide additional analysis as needed/directed.</p>	<p>Process: Immediately following the release of requested budgets, the City Administrator directs the DCAs to develop a recommended balanced budget proposal for the Mayor. These decisions should be supported by analysis on tradeoffs provided during the requested budget phase, and the City Budget Office should provide Citywide requested budget reports and supplemental Citywide analysis as needed to facilitate the DCA’s holistic understanding of requested budget proposals.</p> <p>In April, the Mayor receives intensive briefings on the proposals and the recommendations of the DCAs. The City Budget Office should support these meetings to ensure the appropriate tracking of available resources and alignment with technical budgeting needs.</p>

During the Mayor’s budget consideration process, the City Administrator and/or Mayor should work with the Council to determine their priorities following receipt of requested budget information which should support the Mayor in developing a Proposed Budget that is likely to be approved by the Council.

Council Budget Information Gathering & Committee Structure

EQ’s comparative research found that peer cities generally provide Council members with foundational information that enhances financial and budgetary understanding prior to the release of the proposed budget. This information is relatively routine and includes information like forecasts and costs of providing prior level of service. The peer cities indicated that the provision of this information was seen as “laying the groundwork” prior to the release of the proposed budget, but the mechanics of the budget in development, such as tradeoffs, are not shared.

Amongst peer cities, Fort Worth is the only jurisdiction that provides Council with both foundational information as well as specific budgetary information, such as a “program inventory” conducted after the Council’s annual retreat. Fort Worth has purposefully implemented strategies to improve governance and budgeting. Key to implementing these changes is the city’s Fort Worth Lab (FWLab), a department that reports directly to the City Manager and centralizes Budget, Planning, Strategy and Performance, and Data Analytics within the same department, with the stated objective of providing “information, analysis and other tools to facilitate decision making for optimum financial planning and

management in keeping with the strategic goals and priorities as defined by the City Council.” FWLab is responsible for running the budget process and developing the budget; it is the resources available in this Department that enable a schedule and system in which Council can be deeply involved in the budget process from start to finish.

Fort Worth operates on the federal fiscal year and therefore the budget is adopted in the fall, right before the start of the fiscal year. Following budget work sessions in the spring, where Council receives both foundational information as well as specific budget development information such as decision packages, Council is provided with a lengthy packet that includes all documents relevant to budget development. Providing Council with this level of information promotes transparency and enables Council members to get “into the weeds” if they so desire.

Per [Oregon Budget Law](#) and City Charter, the full Council must approve the budget as the Budget Committee.⁶ Following peer City research, Portland’s Council could follow one of two options: have the full Council receive all budget related presentations and information during the months of March and April, or have a sub-committee receive budget information and presentations in March and April and forward recommendations to the full Council for Approval and Adoption in May and June. This dedicated budget and finance sub-committee could also meet year-round.

Having the full Council receive presentations and information has the benefit of ensuring all Council members are equally engaged in the budget material and have equal opportunity to ask questions of operational staff and leadership. It also should provide more stability in the approved budget process as full Council member involvement will lead to earlier daylighting of issues that may hinder approval. However, the Council should expect that as a full Council they will be able to dive into less profound budgetary detail as the number of hours for specific service area presentations will be limited. This may create challenges if several Council members have different specific issue areas that they want to understand details about. It is worth noting that the City of Portland has a larger

⁶ Oregon Budget Law [Local Budgeting Manual](#), p44

PEER CITY COUNCIL INFORMATION SHARING

- San Francisco and Sacramento use their budget and finance-related Council sub-committees – the Budget and Appropriations Committee and Budget and Audit Committee, respectively – to share this information. All Council members are welcome to attend the meetings, and all information provided is publicly available.
- Minneapolis’ Budget Committee includes all members of the Council and uses this forum or regular City Council meetings to provide Council members with relevant foundational information prior to proposed budget release.
- Fort Worth provides Council with both foundational information as well as specific budgetary information through the FWLab.

budget than the peer cities with full Councils as Budget Committees by a magnitude of several billion.

Having a subcommittee receive presentations and information has the benefit of allowing for more profound depth of understanding around financial issues in bureaus as presentations can be scheduled year-round to prepare the subcommittee for the material they will digest during budget development, and additional meetings to dive into budget proposals would be easier scheduled and facilitated with a subcommittee versus the full Council. This structure also provides the opportunity to partner with the Council on longer-term and/or more strategic financial issues.

	Full Council as Informational and Legal Budget Committee		Budget and Finance Subcommittee	
# of Council Engaged	12		4-5	
Council Workload	High		Low-Moderate	
Admin Workload	High		Moderate	
	Pros	Cons	Pros	Cons
	All Council members have the opportunity to engage admin staff on the same level of information	Less budget material depth due to time constraints of Council members	Allows for greater and more consistent budget issue depth	Not all members of Council have opportunity to get into budgetary detail (may or may not be desired)
		Requires more significant Council and Administrative time to have 12 members understand budget details	Provides forum for Council strategic financial planning and regular budget reporting	

A subcommittee should likely be composed of 4-5 Council members and should follow the format of other Council subcommittees. Obviously, this would mean a majority of the Council would not be on the Committee. With the committee structure in San Francisco, the President of the Board of Supervisors is responsible for Committee assignments, and assignment to the Budget Committee is a coveted assignment. Once assigned, Board members respect the responsibility and authority of those assignments. Interested Board members are allowed to attend meetings as they desire, and all information provided is publicly available. The sentiment and structure of the Budget and Audit committee in Sacramento is similar.

As articulated in the earlier sections of this report, EQ recognizes the paramount importance of building trust in budgeting between the Council, the public, and operations. Council members may or may not

want to be involved in the details of the budget, but there may be a sense that increased information for all of Council is required to build trust around the budget process.

A table of these Council budget Committee structure options and relative pros and cons is provided below. Note that because the full Council must act as the legal Budget Committee under Oregon Budget Law, what is referenced here is the additional role of being briefed and engaged with budget material.

Public Engagement during the Mayor’s Proposed Budget and Council Information Gathering Phase

Typically, there is some level of budget engagement that occurs during this phase of the budget process to inform Mayoral and Council budgetary decision-making. In the current form of government, the City has typically held community outreach or town hall-style events during this phase of the budget. There is one budget hearing following the release of the Mayor’s Proposed Budget that is required by Oregon Budget Law.

With the move to district representation, the Council is likely to desire district-based outreach efforts during this phase of the budget. The type of engagement conducted during this phase is typically advocacy for service area priorities. As discussed in the Community Engagement section of the report, the City must take care when structuring advocacy-focused engagement activities to understand and balance the representation of voices being heard.

Budget Process Step 7: Budget Committee Approved Budget

Leads	Supports/Administrates	Consults
Council	City Administrator, Budget Office, City Attorney	Community, Service Area Operating leadership as needed

Timeline: early May - mid-May

Objectives: Council members will sufficiently understand budget decisions and tradeoffs and be able to vote to approve a Citywide approved budget following required timelines.

Step Deliverable: An approved budget by the full Council acting as the Budget Committee.

Comparative research shows that Council is always involved in the final steps of the budget process: reviewing the proposed budget and ultimately, adopting the budget. Across all peer jurisdictions, receiving the proposed budget to adopting the budget happens on a relatively short time frame of approximately six to eight weeks. During this six-to-eight-week period, Council receives department reports, requests additional information as necessary, and has some recourse to amend or change the budget minimally. Then, the budget is adopted.

Within the City of Portland, there is typically a 2-3 week window between the Proposed Budget and the Budget Committee Approved Budget and an additional approximately 4 weeks between the Approved Budget and the Adopted Budget. The timeline is governed by Oregon Budget Law and the requirement to hold a Tax Supervising and Conservation Committee (TSCC) hearing following a certain number of days after budget approval but before final budget adoption. Oregon Budget Law also requires that the entire Council act as the Budget Committee in approving the budget. As such, the City of Portland typically has an extremely condensed timeline between when the budget is proposed and when the full Council takes its initial step towards final adoption. Due to restrictions around the amount of fund change that can occur between the approved and adopted phases of the budget (also governed by Oregon Budget Law) the approved phase of the Budget holds significance if the Council desires to make notable changes to the budget.

As discussed in the section above, this timeline renders it important that the bulk of information sharing on budgetary issues, decision points, tradeoffs and impacts occur earlier - during the development of the Mayor's Proposed Budget. Before the Mayor's Proposed Budget is released, Council members should have a good sense of budget options and priorities, making it possible for them to digest the Mayor's Proposed Budget and craft changes or amendments within the short timeframe allotted. Ideally, the Mayor's Proposed Budget will have as few surprises for the Council as possible and will incorporate Council priorities such that minimal amendments or changes are required for Approval.

The Council will need to work collaboratively to craft a Citywide budget that will receive at least 7 votes (or 6 votes if the Mayor also approves as the tie-breaker vote). This is true regardless of which format of committee or subcommittee Council pursues. The Budget Committee may elect a Chair (a Budget Committee presiding officer is required to be elected under Oregon Budget Law⁷) who should be responsible not just for presiding over meetings but also for shepherding the Council to agreement on the budget.

Following the release of the Mayor's Proposed Budget, the Council will require administrative and analytical support to understand what is included in the budget and to help craft amendments. The City Administrator, City Attorney, and the Budget Office will all need to provide informational and process support: the City Administrator should support this process as the City's designated Budget Officer, the City Attorney should provide legal support and the Budget Office should provide guidance to the City Administrator in fulfilling their duties as Budget Officer and procedural support to the Council including helping the Budget Committee Chair track resources and expenditures to ensure the final package is balanced. The Budget Office will need to liaise with bureau budget staff in constructing any new budgetary packages requested by the Council. Ideally, if the Council desires City operations to construct a new package or proposal, that desire would be expressed during the conversations with the City

⁷ Oregon Department of Revenue Local Budgeting Manual. https://www.oregon.gov/dor/forms/FormsPubs/local-budgeting-manual_504-420.pdf. p45

Administrator in March and April, who could then pass along direction to the appropriate service areas and allow operations more time to thoughtfully craft a package.

As discussed in the section describing the roles of the City Budget Office, EQ recommends that the City Budget Office also provide analytical support to the Council during this phase. Additional details on the structure of this support can be found in that section of this report.

Public Engagement during the Approved Budget Phase

It is expected that constituents will be communicating with their representatives throughout the months leading up to budget approval, and the desire to be responsive to public input and feedback should be reflected in Council communication with the City Administrator throughout the process, allowing service areas the time and awareness to be responsive to the potential desires of the Council during the approved phase.

In addition to ongoing community feedback, the Budget Committee’s approval of the budget provides an opportunity for public comment. At this later stage in the process, the type of engagement is typically advocacy for or against items specifically within the final budget package. The budget engagement plan should consider budgetary timelines and the opportunity to make changes to the budget in establishing the structure for engagement during this phase.

Budget Process Step 8: Adopted Budget

Leads	Supports/Administrates	Consults
Council	City Administrator, Budget Office, City Attorney	Community, Service Area Operating leadership as needed

Timeline: Mid-May to mid-June

Objectives: Council will be able to identify and make any desired final adjustments to the Approved Budget

Step Deliverable: An adopted budget by the full Council acting as the governing body.

The Adoption of the Council Budget should follow the process outlined by the Budget Committee Chair and be supported by the City Administrator, the Budget Office, and the City Attorney in a similar fashion to the Approved phase of the budget.

Before final adoption, the Tax Supervising and Conservation Commission must hold a public hearing and approve the City’s budget. The City Budget Office, as the body responsible for liaising with the TSCC, should support the logistics around this meeting for the City Administrator and the Council.

Public Engagement during the Adopted Phase

Oregon Budget Law restricts the level of fund changes that may occur between the approved and adopted phases of the budget; as such, typically changes between the approved and the adopted phases are minimal. However, there continues to be opportunity for public input and opportunity for Council to make changes to the budget right up until final adoption.

At this later stage in the process, the type of engagement is typically advocacy for or against items specifically within the final budget package. The budget engagement plan should consider budgetary timelines and the opportunity to make changes to the budget in establishing the structure for engagement during this phase.

Year Round: Budget Reporting and Monitoring

Leads	Supports/Administrates	Consults
City Administrator, Deputy City Administrator in charge of Budget and Finance/Chief Financial Officer	City Budget Office, Financial/Fund Managers across the Agency, Deputy City Administrators	Bureau leadership

Timeline: year-round, with Council presentations and discussions occurring at specific intervals.

Objectives: Establish a transparent, predictable process of budget reporting and monitoring which empowers transparency and trust, financial accountability and oversight, as well as operational flexibility and adaptability to adjust to financial challenges or issues.

Step Deliverable: Regular budget reporting sessions where standardized and accessible financial information is provided to the public and presented to the Council; internal reporting documents and processes instituted at key intervals (for example, following Accounting Period or “AP” 3, 6, 8, and 10 for fund/financial reporting; regular performance reporting at intervals that make sense for the availability of data).

Currently, the City conducts three budget monitoring and supplemental budget processes, known as the Fall BMP, the Spring BMP, and the Over-Expenditure Ordinance. These processes are meant to focus on Budget Monitoring (BMP stands for Budget Monitoring Process), but in practice the focus of these processes have been on supplemental budgeting. An extraordinary amount of operational and Council staff and leadership time is being spent on these supplemental budget processes, which have developed into condensed versions of the annual budget process with allocation decisions being made just a few months after the prior budget process.

Having these types of structured, large supplemental budget processes hinders the City’s ability to make strategic decisions around allocations and reduces operational ability to implement strategic initiatives which take time to develop, operationalize, and garner results from.

Conversely, the provision of standardized and accessible budgetary information to the Council and the public is essential in garnering trust. Providing regular reports on revenue, expenditure, performance trends, and the results/impacts of prior investments made by the Council is essential to supporting legislative oversight and preparing Council

members for the next budget cycle. EQ recommends changes below that reverse the current prioritization to again focus on reporting and monitoring in lieu of mid-year budget appropriations.

Current supplemental budget processes hinder strategic decisions and reduces operational ability to focus on implementing strategic initiatives.

Eliminating Structured Mid-Year Supplemental Budgeting

The Budget Process Change Finance Manager Workgroup Report highlighted the need to urgently reduce the scope of supplemental budgeting in Budget Monitoring Processes, noting that the new Council will be expected to conduct its first BMP only three months after being seated and would undergo this process concurrently with the budget development process. The report recommends that the process focus exclusively on carryovers.

EQ takes this recommendation a step further and recommends that the City eliminate the Fall Supplemental and Spring Supplemental budgets, and instead utilize that time to focus on monitoring budgets and performance, resulting in the provision of presentations and reports to the Council on the financial status of various funds and the progress towards desired outcomes as performance data is available.

To facilitate this, EQ recommends that any year-end true-up of General Fund resources serve as the financial starting point for the following years’ budget conversation and not be allocated to the current year contingency account. Operational service areas should be provided with their compensation set aside allocation as part of their regular budget (which for this year should be completed as the sole General Fund allocation in the fall of 2024) and be expected to manage within their allocations throughout the course of the year. The annual General Fund contingency amount should be set as part of annual budget development; this amount will serve to address unforeseen and urgent needs throughout the year and the level should be set appropriately to reflect the fact that additional deposits will not be made.

BETTER DECISIONS THROUGH BUDGET MONITORING

- Standardized and accessible **financial reports** for Council and the public and key intervals
- Regular **performance reporting** to Council and the public on progress towards desired outcomes
- Year-end General Fund fund balance becomes available resource as the next years' beginning balance
- "Carryovers" become a technical and predominantly administrative process
- Technical adjustments and supplemental budgets come to Council as needed
- Appropriate flexibility within the budget granted to ensure adaptability to meet mid-year needs

In the spring, an alternative process will need to be identified for approving and processing the carryover of particularly General Fund resources. There are varying perspectives on whether bureau allocations of General Fund should fall to balance at year end. Allowing bureaus to retain unspent General Fund resources provides more operational flexibility and incentivizes better year-end spending behaviors. However, it reduces the amount of General Fund resource available in the next years' budget, facilitates the ability of certain bureaus to amass resource, and increases opportunity for operational allocation decision-making outside of the annual budget process. The latter may not be a problem if allocations are made in alignment with the City's strategic plan set forth by the Council, and the risk of bureaus or service areas amassing resources could be mitigated by better financial reporting structures.

Should the City opt to retain the current structure of General Fund resources falling to fund balance at year-end, EQ would recommend that carryovers be treated as a purely technical exercise that is administered by operations. This aligns with the process in the City and County of San Francisco, where carryover resources are approved by the Controller's Office and the Mayor's Budget Office based upon a set of technical criteria. EQ recommends that in Portland, requests be reviewed by the City Budget Office for compliance with the technical standards for one-time carryover, approved by the DCA of Budget and Finance, and a stand-alone technical budget resolution or ordinance be brought to the Council along a separate timeline from budget monitoring presentations to process the carryovers, if and as required by Oregon Budget Law.

There are a handful of required technical budget adjustments that will likely need Council authority throughout the year, such as truing up fund balance between years for non-General Fund resources. EQ recommends these adjustments be grouped by type, and a process for approving these adjustments be developed and managed administratively by the City Budget Office and the DCA of Budget and Finance. Council approval of technical changes and urgent contingency allocations should be brought to the Council on an as-needed basis. EQ recommends that the Over Expenditure Ordinance process be retained in June as a technical exercise to protect the City against over-expenditure.

The legislative body should be empowered to provide oversight over budget allocations especially as it related to the strategic direction,

policies, and performance outcomes they set for the City. In turn, operations must be provided with the right amount of flexibility to be adaptive and effectively achieve those outcomes. In order for service areas to be expected to manage within their needs and not return to the Council for contingency requests or adjustments on a frequent basis, the Council should allow a certain level of budget flexibility by adopting the budget at an appropriate level of expenditure. This will allow operations to be nimble and responsive to small mid-year changes or needs. EQ recommends that the Budget Office and the DCA of Budget and Finance, in concert with the City Administrator, develop a policy and procedure for making mid-year adjustments including guidance on what level of adjustments would require full Council approval. Regular budgetary and financial reporting should be structured to provide Council with transparency and oversight necessary to ensure the trust in operations is retained.

Enhanced Monitoring and Reporting

Standardizing budget monitoring and elevating the accessible provision of budget reporting to Council is essential to ensuring the City's financial sustainability and in garnering trust and transparency in budgeting. The City's budget monitoring processes currently require that all bureaus submit certain standardized information that is reviewed and analyzed by the budget office; however, the process employed by fund managers and bureaus for regular budgetary monitoring is not standardized. EQ recommends that the City Budget Office - in consultation with the DCA of Budget and Finance and fund managers - develop a more standardized process for regular financial monitoring and reporting. This process should include the provision of accessible reports that are developed by fund managers and reviewed by their Deputy City Administrators at regular intervals, such as following accounting periods 3,6,8 and 10 which aligns with current CBO review processes. Deputy City Administrators should communicate with the CFO about any issues. The City Budget Office should provide a secondary check for financial issues, as is the case currently.

Leading up to fall and spring budget reporting to leadership, financial reports should be shared with the Deputy City Administrator of Budget and Finance, who should be responsible for sharing all fund information with the Council and public. In the Fall, financial reporting should be on prior year-end financial reporting and in the spring the focus is on current year spending, as is the case currently. Performance reporting should be collected and paired with financial information in alignment with data availability. This information may inform both operations and the Council's annual budgetary decisions.

V. Implementation Timeline

Immediately: Within 3 Months

Implementation Timeline	
Immediately: Within 3 months	
Improve Budget Education and Communication	The Budget Office - with support from a dedicated budget communications staff person - provides enhanced communication and education for internal and external stakeholders on what is in the current budget and on the process for the upcoming budget
	The City Administrator convenes a Budget Engagement team - with 1-2 budget engagement leader(s), 1-2 budget communications specialist(s), and 1-2 City Budget Office staff - and directs them to develop a public budget outreach plan for the FY 2025-26 budget development process. The plan should consider and incorporate findings and recommendations from GTAC research and the Office of Civic Life. The plan should consider and integrate both opportunities for budget engagement and strategic plan development engagement in the coming year.
Implement Transitional Fall Monitoring Process & Begin FY 2025-26 Budget Development	The City Budget Office prepares and releases BMP guidance in August for the transitional fall budget monitoring process and limited supplemental budgeting.
	The City Budget Office establishes the Budget Calendar for FY 2025-26 budget development.
	Fund managers true up prior year ending balance and provide financial health and forecast information to the City Budget Office and the CFO (following CBO guidance) to inform a Citywide financial outlook and operational context presentation in September, which serves as Step 1 in the FY 2025-26 budget development process.
	Typically, annual Council goal- and priority-setting would occur in the fall. However, the current Council will not be managing FY 2025-26 budget development so EQ does not recommend that the current Council set the goals for budget development. For transparency with the public, however, the City may hold a public Council work session where broad priorities and goals - based upon recently collected community input - are discussed to inform Mayor's guidance and allow service areas to begin thinking about budget development approaches.

Implementation Timeline

Immediately: Within 3 months

Implement key budget monitoring transitional changes as suggested below.

- *There should be no unrestricted contingency allocation except for compensation set aside as a technical allocation and other policy set aside resources as required for transitional or election-related needs. Three months into the fiscal year, unforeseen and/or urgent needs should be addressed by the City Administrator, Deputy City Administrators, and service area staff. Any contingency allocation directly reduces the opportunity and flexibility of the future Council to effectively close out the fiscal year and adopt their first budget.*
- *General Fund ending balance should be identified and communicated as available beginning balance for the FY 2025-26 budget development process, but not re-budgeted until FY 2025-26 budget development. In this transitional year only, the Budget Office and CFO may consider budgeting a small portion of General Fund ending balance to enhance current year contingency to ensure ability to address urgent needs through the year in the absence of greater built-in service area flexibility.*
- *Carryovers are a technical operation and should not contain policy decisions. All carryover requests should be managed through an Administrative process managed by the Budget Office under the guidance of the CFO. Carryovers must meet technical requirements to be approved by the Budget Office and the CFO, who will prepare a technical budget ordinance for the Council for approval in October.*
- *Fall reporting is an opportunity for service areas to try convening Service Area Budget Work groups. DCAs should convene groups in August and September to discuss the financial health of the funds managed within that service area, and to troubleshoot any budgetary concerns in the absence of supplemental budgeting.*

Implementation Timeline	
Immediately: Within 3 months	
Conduct Priority Staff Analyses to Inform Upcoming Budget Process	<p>Conduct additional analysis on positions within the Analyst and Financial Analyst classifications to identify:</p> <ul style="list-style-type: none"> • Currently filled positions that can be redeployed to support the City’s strategic planning efforts • Currently filled positions that can be redirected as needed during budget development to support the Budget Office in providing Citywide analysis to the DCAs and the Council • Vacant positions that should not be re-hired but instead be moved to support either of the efforts described above and/or be eliminated to generate savings.
Establish Larger Strategic Plan Starting Point	<p>Collect and synthesize all of the strategic plans, and bureau and Council goals and values that currently exist. This should happen in the fall and could be conducted by city operational planning and analytical staff such as the SPOT team.</p>
Outcomes	<ul style="list-style-type: none"> • City Administrator and Deputy City Administrators are provided with the financial and operational context as well as broad goals and direction to begin the budget development process. • There is transparency around the financial and operational picture for the public, Council and mayoral candidates. • Available resources are preserved for decision-making by the new Council. • Pre-work is conducted to enable new leadership to hit the ground running on the strategic planning process once they assume office.

Near-Term: Within 6 months

Implementation Timeline	
Near-Term: Within 6 months	
Partner with Newly Elected Leaders to Refine Goals and Inform Budget Guidance	<p><i>Note: This should occur after November 5, 2024 (Election Day) but before January 1, 2025.</i></p> <p>Mayor Wheeler and the City Administrator meet with the incoming Mayor in November to jointly draft budget guidance to the Deputy City Administrators. The Mayor may release initial budget guidance in September/October, but updated budget guidance</p>

	<p>incorporating the new Mayor’s direction should be released by early December.</p>
	<p>The City Administrator and the new Mayor meet with each district of elected Council members to solicit priorities to inform budget guidance. These meetings serve to preview the upcoming strategic planning process and budget process as well as showcase and share findings from the fall.</p>
<p>Initiate Strategic Planning Process for the City</p>	<p><u>Stakeholder Engagement:</u> Council members are engaged immediately in January to solicit their initial priorities for the City. Council members are also informed of the strategic planning process and starting point.</p>
	<p><u>Stakeholder Engagement:</u> District-based and inclusive public engagement on priorities and goals should occur February-April.</p>
<p>Implement Near-Term Budget Process Changes</p>	<p>Implement budget process changes as suggested below.</p> <ul style="list-style-type: none"> ● <i>Determine and set up Council budget committee structure following options outlined in Council Committee Structure section of this report</i> ● <i>The Budget Office releases technical budget guidance.</i> ● <i>Base budgets are loaded and Service Area Budget Work Groups are convened to begin developing service area requested budgets.</i> ● <i>There is no supplemental budget in the Spring; instead there is a monitoring/reporting process. Carryovers are managed through an administrative process and technical ordinance managed by the City Budget Office.</i> ● <i>The City Administrator holds regular meetings with Council offices and the Mayor regarding budget priorities and process; functions as key communication node between electeds and the DCAs in developing requested budgets.</i> ● <i>The City Administrator develops a process for briefing/presenting information to the Mayor and Council, with assistance from the Budget Director and Deputy City Administrator of Budget and Finance.</i> ● <i>The Budget Engagement Team deploys the City operational budget outreach plan, and supports the Council as needed in developing their near-term engagement plan for FY 2025-26.</i>
<p>Outcomes</p>	<ul style="list-style-type: none"> ● New elected officials will have clarity within their first month in office on how and when they will take action to successfully propose/approve/adopt the FY 2025-26 budget ● City operations will have updated budget guidance from the newly elected Mayor in time to adapt requested budget submissions accordingly. ● The Council structure for a budget committee will be

	<p>determined and deployed (either all 12 members or a subcommittee format)</p> <ul style="list-style-type: none"> • The City will initiate Service Area requested budgets • The public will have a clear understanding of when and how to engage in the FY 2025-26 budget development process.
--	---

Medium term: Within 15 months

Implementation Timeline	
Medium-Term: Within 15 months	
Adopt the First 12-member Council Budget While Looking Toward the Next Cycle	Complete Budget Process steps 4 through 8: from developing requested budgets through Council Adoption.
	In the absence of a Citywide strategic plan, City decision-making should utilize available data and information collected in recent months, with the knowledge that more robust alignment to strategic plans will occur beginning in Fall 2025.
	The Adopted Budget should ensure that operations have sufficient appropriation authority to be flexible and adaptive to small unforeseen operational issues and/or priorities of the Council and Mayor mid-year as needed.
Finalize the Strategic Plan and Align with the Next Budget Cycle	<u>Translate Initial Strategic Plan Findings into Performance Goals and Strategic Plan:</u> In May-August, City staff work with leadership to turn engagement findings into a strategic plan. Part of this process involves working with service area/bureau staff as well as performance subject matter experts (SMEs) to set measurable and appropriate performance metrics to align with strategic goals.
	<u>Plan Release:</u> Align Strategic Plan release with initial financial forecasting presentation in September of 2025, kicking off the budget process for FY 2026-27.
Implement Medium-Term Budget Process Changes as part of FY 2026-27 Development	<p>Implement budget process changes as suggested below.</p> <ul style="list-style-type: none"> • <i>Council considers designating a Budget Committee Chair to determine and release legislative budget calendar and plan with support from the City Administrator and the Budget Office.</i> • <i>Council holds a work session(s) to identify near-term strategic priorities and goals for the FY 2026-27 budget process, following the strategic plan release and the presentation on financial and operational context.</i>

Implementation Timeline	
Medium-Term: Within 15 months	
	<ul style="list-style-type: none"> • <i>City considers bifurcating the budget process to approve internal service rates earlier in order to help bureaus set base budgets. See the early decision option in Budget Process Step 3 for more information.</i>
Conduct Organizational and Staffing Analyses	<p>Conduct additional organizational and staffing analyses in the following suggested areas:</p> <ul style="list-style-type: none"> • A deeper dive into the appropriate financial staffing levels in individual departments and service areas, including in the Budget Office • Communications, Engagement and Outreach staff • Performance and Data Analytics
Outcomes	<ul style="list-style-type: none"> • The new Mayor will propose and the new Council will successfully adopt its first budget. • The City's Strategic Plan will be finalized, released, and presented to the Council. • All key changes to the budget process will be implemented by FY 2026-27 budget development. • Additional analysis will facilitate future decisions around further operational organizational changes and opportunities for efficiency.

Appendices

Appendix A: Stakeholder List

Stakeholder/Interviewee	Project Involvement	Organization
Project Client		
Sara Morrisey	Weekly meetings	City of Portland, Mayor's Office
Hayley Blonsley	Weekly meetings	City of Portland, Mayor's Office
Core Stakeholder Group		
Michael Jordan	Bi-weekly meetings	City of Portland, City Administrator
Jonas Biery	Bi-weekly meetings, interview	City of Portland, City Administrator
Ruth Levine	Bi-weekly meetings, interview	City of Portland, Budget Office
Bobby Lee	Bi-weekly meetings	City of Portland, Mayor's Office
Budget and Finance Subject Matter Experts		
Chelan Huddleston	Interview(s)	City of Portland, City Budget Office
City Budget Office Staff	Feedback session	City of Portland, City Budget Office
Aaron Rivera	Interview(s)	City of Portland, Business Operations
Aaron Beck	Interview	City of Portland, Business Operations
Crystal Castruita	Interview	City of Portland, Business Operations
Benjamin Smith	Interview	City of Portland, Business Operations
Shannon Fairchild	Interview	City of Portland, Business Operations
Budget Managers and Contacts	"Open House" Feedback Session	City of Portland
Government Transition Project Management		
Shoshanah Oppenheim	Interview(s)	City of Portland, Transition Project
Tate White	Interview(s)	City of Portland, Transition Project
Julia Meier	Interview	City of Portland, Transition Project/GTAC

Stakeholder/Interviewee	Project Involvement	Organization
Diana Shippet	Interview	City of Portland, Transition Project
Other City Stakeholders		
Deputy City Administrators	Briefing/feedback session(s)	City of Portland, City Administrator
Executive Leadership Team	Draft Report Briefing/feedback session	City of Portland, Bureau Leadership
Claudio Campuzano	Interview	City of Portland, City Administrator
Sonia Schmanski	Interview	City of Portland, City Administrator
Robert Taylor	Interview	City of Portland, City Attorney
Linda Law	Interview	City of Portland, City Attorney
Elected Leadership		
Mayor Wheeler	Briefing/feedback session(s)	City of Portland
Commissioner Rubio	Briefing/feedback session(s)	City of Portland
Commissioner Gonzalez	Briefing/feedback session(s)	City of Portland
Commissioner Ryan	Briefing/feedback session(s)	City of Portland
Commissioner Mapps	Briefing/feedback session(s)	City of Portland
Community Members		
Kevin Rogers	Interview	City of Portland, Citywide Community Budget Advisory Committee
Government Transition Advisory Committee	Draft Document Review	Community Advisory Body Members

Stakeholder/Interviewee	Project Involvement	Organization
Comparative Jurisdictions		
Melissa Whitehouse	Interview	City and County of San Francisco; EQ
Marisa Pereira Tully	Interview	City and County of San Francisco; EQ
Christianne Simmons	Interview	City of Fort Worth
Jayne Discenza	Interview	City of Minneapolis
Mirthala Santizo	Interview	City of Sacramento
Michael Tamayo	Interview	City of Sacramento

Appendix B: List of Documents and Resources Reviewed

Documents and Resources Reviewed
Charter Change and Government Transition
City Charter (memo format with changes redlined)
Oregon Budget Law
Resolutions 37635 and 37609 (including supporting documents and impact statements)
Employee Engagement Report from the Transition Team
Costing for and summaries of organizational changes proposed (CAL adjustments, fall 2024)
Transition Plan Updates and Status Reports
Budget Process and Roles
Budget Function Report from the City Budget Office
Budget Process Report summarizing budget manager feedback on process improvements
GTAC Report on Improving Community Engagement in Budgeting
Business Operations organizational documents
FY25 Proposed Budget Notes
Lake Oswego budget process case study
Comparator Cities
City of Fort Worth
<u>Local Government Resources</u>
<ul style="list-style-type: none"> ● Government webpage (information on Elected Officials and Board Committees) ● The FWLab webpage (information on all Divisions of the FWLab) ● FY 2024 Adopted Budget webpage (links to FY 2024 Budget Book, budget responses) ● FY 2024 Budget Book
<u>Articles on Innovation</u>
<ul style="list-style-type: none"> ● <i>How one city is looking to future-proof its budgeting process (article)</i> ● <i>Planning, data combine in new city of Fort Worth department focused on budgeting</i>

Documents and Resources Reviewed

and finance ([article](#))

- City of Minneapolis**
- Local Government Resources
- [Government structure](#) webpage (includes org chart and reports on Charter change)
 - [Charter amendment background](#) webpage (information on process, timeline, changes)
 - [Roles of Mayor and Council](#) webpage (information on division of responsibilities)
 - [City Council](#) webpage (information on process and Council committees)
 - [Budget Committee](#) webpage (includes links to calendar and agendas)
 - [Budget Planning Steps](#) webpage (includes timeline and details of budget process)
 - [Budget Committee Work Plan](#)
 - [FY 2024 Budget Book](#)

- City of Sacramento**
- Local Government Resources
- [Citywide Organization Chart](#)
 - [About the City Manager’s Office](#) webpage (includes text on budgetary responsibility)
 - [Budget Division](#) webpage (information on budget development timeline and process)
 - [Budget and Audit Committee](#) webpage (includes purpose, links meeting materials)

- City and County of San Francisco**
- Local Government Resources
- [Board of Supervisors Committees](#) webpage
 - [Budget and Finance Committee](#) (includes purpose, links to meeting materials)
 - [Budget and Appropriations Committee](#) (incl. purpose and meeting materials)
 - [Government Audit and Oversight Committee](#) (incl. purpose and materials)

Note: Appendix X is the detailed research document on comparator cities. These links and additional resources are available there.

Appendix C: List of Specific Roles of Distinct Financial Staff

City Budget Director

- **Advising:** advises DCA and CA on budget development and reporting processes timelines and deliverables; advises on budget analysis topics; advises DCA and CA on impacts and tradeoffs of program and policy decision-making.
- **Executive Support:** provides direct executive support to the City Administrator and direct support to the Mayor during legal and technically important proceedings of the budget process. This includes preparation for required hearings and during final budget balancing decision-making.

- Communications: Central node of communication on technical details of budget development and reporting processes amongst budget and finance staff and City operational leadership. Central node of communication between TSCC and the City. Lead provider of Citywide budget data and information. Communicates regularly and partners with other financial managers of the City to ensure budgets align with operations and legal authority.
- Community Engagement: Lead provider of Citywide budget data and information for community education and engagement. Leads the Portland Insights Survey project. Attends budget engagement events as desired and/or directed by the City Administrator or the DCA of Budget and Finance
- Compliance Monitoring: Leader tasked with ensuring budget processes, adjustments and the budget itself is technically accurate and follows all applicable laws including Oregon Budget Law.
- Budget Analysis: Leads the provision of timely, accurate, and independent analyses on financial and programmatic issues and changes at the direction of the CA, DCA of Budget and Finance, and DCAs of assigned service areas during budget development.

Business Operations Manager and Other Financial Staff Leadership

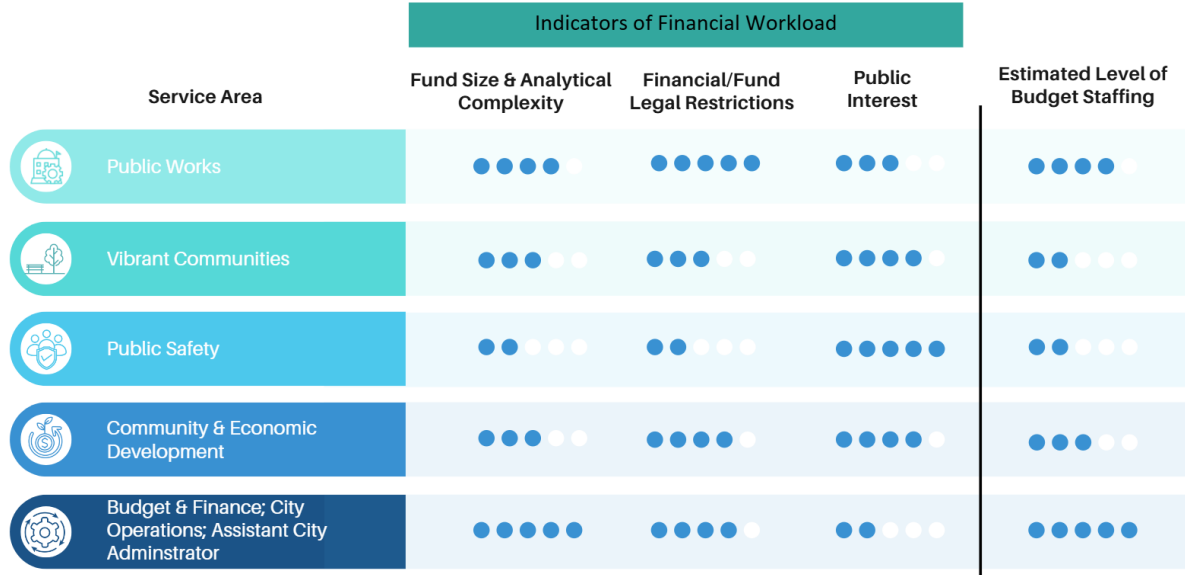
- Advising: advises the DCA of Budget and Finance on actions to take that will increase the financial resiliency of the City and improve the budgetary/financial outlook. Provides advice on budget solutions in their subject areas of expertise.
- Communications: communicates frequently with other SME financial City leaders to ensure practices, policies, and programs are aligned with goals of financial resiliency.
- Compliance Monitoring: monitors the budgeting of and actual expenditures and revenues within their purview; ensures fund management practices follow all applicable laws for funds under their purview.
- Budget Analysis: provides timely, accurate and accessible financial data and budgetary information at the request of their DCA, the DCA of Budget and Finance, the CA and/or the Budget Office.

Subject Matter Expert Staff

- Data System Management: Interact with and/or manage data software system(s).
- Compliance Monitoring: track details and report upon expenditures and revenues to ensure compliance with all applicable financial laws and policies.
- Specialized Financial Analysis: revenue and expenditure projections, rate development and modeling, and fee assessments, among other specialized financial analyses. This is work that is typically performed by mid- to high-level financial staff.
- Budget Process Coordination: Coordinate the completion of budget process requirements for the service areas they serve.
- Budget Analysis: staff may perform analysis that incorporates programmatic and performance information as well as budgetary and financial information.

Appendix D: Methodology for Budget Staffing & Financial Complexity Comparison

Service Area Financial Complexity and Budget Staffing Comparison



Fund Size and Analytical Complexity Methodology

EQ compared fund size using data from the FY 2024-25 Approved Budget, which was the most recently available data during EQ analysis. Fund size was determined using all major object categories of expenditures with the exception of debt service reserves, contingency balances, and unappropriated balances as those resources can substantially increase a service area’s budget but not require a commensurate increase in workload for budget and finance staff. EQ estimated service area budgeting fund complexity by looking at the number of funds each service area held budgeted resources within, and by using contractor knowledge of the number of funds each service area was responsible for managing. These assessments are estimates, but provide a general sense of comparative financial volume and complexity leading as an indicator of financial and budgetary workload:

EQ Assessment of Fund Size and Complexity (Using FY 2024-25 Approved Budget Data)	Estimated # of Funds Used in Budgeting	Estimated # of Funds Managed by Service Area	Size of Fund (less contingency and reserves) (\$ Billions)
Community and Economic Development Service Area	16	11	\$ 0.7
Public Safety Service Area	6	3	\$ 0.6
Vibrant Communities Service Area	11	8	\$ 0.4
Public Works Service Area	16	12	\$ 3.1
Budget and Finance; City Operations; Asst City Adm Service Area	42	35	\$ 1.2

Financial/Fund Legal Restrictions

Financial/Fund legal restrictions was estimated by assessing restrictions on given resources contained within a service area and the potential opportunity for and legal consequences of financial mismanagement should those restrictions not be carefully adhered to. This category was assessed by EQ as an indicator of financial/budgetary workload as resources that contain legal restrictions require an enhanced level of financial oversight, understanding, and reporting. This categorization does not necessarily reflect operational legal risk of a service area since financial staff would largely not be needed to address operational legal risks.

General Fund resources are the most flexible City resource, and contain relatively few restrictions for use. As a result, service areas that predominantly budget rely on General Fund resources - such as the Public Safety service area - are deemed to have low legal restrictions and require a low level of financial work in that arena. Most funds have some level of restrictions; examples include ratepayer funds (either internal or external fees for service), voter-approved bond or levy resources, grant funding, and tax increment financing. EQ indicated a higher level of financial support needed in service areas which must manage several different types of funds and/or where there is precedence for legal action taken against the City around the allowable use of a particular funding source.

Public Interest

Greater levels of public interest in an issue area typically require greater levels of financial reporting and analysis. The category of "Public Interest" in the above matrix is a more subjective measure that is based upon the consultant's experience developing the City of Portland's budget and fielding requests for information from members of the public and elected leaders from 2015 to 2022. During this time, the level and complexity of analysis required of budget analysts was the greatest for public safety issue areas, and in particular for policing. This was followed closely by requests for information and analysis on homeless services and housing, which falls within the Community and Economic Development service area. The Portland Parks and Recreation bureau has consistently been a publicly popular bureau and whenever there are proposed program reductions there is a desire for significant budgetary and analytical support. Additionally, this Service Area is likely to need increased analytical and budgetary support during discussions around levy renewal.

The Public Works service area also garners significant and consistent public interest, particularly with transportation issues as well as with water and sewer rates among other primarily environmental and health issues. However, this consultant's experience is that the public interest in these issue areas have not required as significant a level of financial and budgetary support as that of public safety, community and economic development, and vibrant communities. Typically, the service areas of Budget and Finance and City Operations garner relatively little public interest; some of the offices under the Assistant City Administrator and the Office of Accountable Elections within the Budget and Finance service area garner more public interest, but these offices are relatively small and don't require substantial budgetary/analytical support in comparison to the other service areas.

Appendix E: Human Resources Sub-Family Descriptions

EQ accessed the City of Portland Job Families dashboard developed and maintained by the Bureau of Human Resources. The dashboard describes the job family and job sub-family fields as following:
“In 2021, all non-represented positions were organized into job family and sub-family categories that align with common fields, functions, or vocational specialties as a part of a comprehensive study. The City of Portland’s Job Classification and Job Family structures make it possible to identify work of comparable character at an organizational level; these structures support classification decisions and pay equity analyses. Job family designations are made thoughtfully by the BHR Classification and Compensation (“Class Comp”) team through the position classification process and are based on the position description.”

<p>Job Family: Finance and Accounting</p> <p>Positions in this job family are responsible for the financial and accounting operations of within the organization and/or the City as a whole.</p> <p>This job family is made up of 9 sub-families; the following 3 were used in the analysis to identify ‘dedicated’ budget-involved staff.</p>	
Job Sub-Family	Job Sub-Family Description
Budget Analysis	Positions in this sub-family are responsible for supporting, developing, implementing, and/or managing program or bureau budgets. Examples include reviewing proposals, preparing reports and analysis to make spending and planning recommendations; support, prepare, and/or oversee preparation of annual budget; monitoring budgeted revenues and expenditures and providing or implementing budget modifications; providing compilation and reporting of bureau wide performance metrics, both financial and non-financial; preparing revenue and expenditure analyses; performing financial, budgetary, statistical and other management analyses in support of bureau financial, budgetary and/or other programs; developing alternate solutions, monitoring spending, and planning for future expenses.
Budgeting	Positions in this sub-family are responsible for managing and maintaining the city’s budgeting processes. Examples include preparing budgets and financial reports; conducting budget analyses; and making recommendations to senior leaders; reviewing and assisting auditors on financial processing and financial disclosures; using analysis to optimize decision making and financial modeling; setting new budgets and long-term forecasts; assessing performance compared to budget.
Financial Analysis	Positions in this sub-family are responsible for analyzing financial information and producing analysis for internal and external reporting and decision-making

Job Family: Finance and Accounting

Positions in this job family are responsible for the financial and accounting operations of within the organization and/or the City as a whole.

This job family is made up of 9 sub-families; the following 3 were used in the analysis to identify 'dedicated' budget-involved staff.

Job Sub-Family	Job Sub-Family Description
	purposes. Examples include: financial planning, forecasting, fund management and rate calculation; performing complex models; reviewing and assisting auditors on financial processing and financial disclosures; analyzing inventory, costs, revenue, expenditure, cash flow, rate calculation, operating performance; may contribute to budget development and identify budget discrepancies.

Using human resources data, EQ used the following job family and sub-family fields to identify budget and finance staff throughout the city. The descriptions provided here come directly from the [City of Portland Job Families | Tableau Public](#) dashboard.

Job Family: Business Operations and Administration

Positions in this family are responsible for managing, designing, and/or supporting the business and administrative processes and systems that support fiscal and operational objectives, compliance with regulatory statutes, and organizational goals.

This job family is made up of 16 sub-families. The following 3 sub-families were referenced in the analysis as being positions that may be working on budget-related activities and/or may be able to assist with citywide analytical needs.

Job Sub-Family	Job Sub-Family Description
<p>Business Analysis</p> <p><i>41 total positions in this subfamily; 27 in Analyst classifications</i></p>	<p>Positions in this sub-family are responsible for supporting, managing, and/or providing business, and/or management analyses. Examples include identifying and measuring problems, and recommending, customizing and implementing solutions; servicing clients in areas including operations, finance and information systems to help organizations run more effectively; identifying and providing recommendations on policy, procedure, and process improvements; assisting in adopting best practices. Some positions may also provide executive level administrative operational support.</p>
<p>Business Services</p> <p><i>47 total positions in this subfamily; 11 in Analyst classifications</i></p>	<p>Positions in this sub-family are responsible for supporting, managing, and/or implementing operational services and staff functions, and/or budget and financial management of a division or bureau. Examples include grants management and compliance; procurement, contracts and ordinance process; accounting, compliance, business process controls and audit; financial and operational planning and analysis; developing, monitoring and reporting on the bureau/division or work group operating and capital improvement budgets; supporting, developing and/or implementing group and bureau level business operations, including budget development and tracking; procurement and contract processes; group business process operations and documentation; developing customized tools, training and resources; developing and implementing guidelines, procedures, process improvements, policy recommendations, and best practices; developing, tracking, and monitoring Council and ordinances, resolutions, and other documents.</p>
<p>Business Strategy & Operational Planning</p> <p><i>81 total positions in this sub-family; 57 in analyst classifications</i></p>	<p>Positions in this sub-family are responsible for supporting and implementing cross-functional strategic and operational analyses and planning including process improvement, performance management, strategic planning, and/or workforce planning. Examples include defining and facilitating strategic planning process; engaging staff, external stakeholder groups, and community in planning discussions; leading and supporting cross bureau and division process improvements; providing process improvement, performance management and strategic planning; providing policy development and project management; leading and performing data analytics and modeling; oversees and integrates technology into services, administration and information management.</p>