

Reply to Common Council File No. 200297
From DOA-Budget and Management Division

June 29, 2020

Ref: BF 21-4K

Common Council File 200297 contains a substitute charter ordinance that requires the Mayor to submit his or her proposed budget by July 30th. The current deadline in the State Statutes is before September 28th. A July 30th deadline cuts almost in half the budget preparation time from when departments submit their budget requests on the second Tuesday in May.

By law, the Mayor submits an Executive Budget to the Common Council. The purpose is to provide a thoroughly reviewed and analyzed budget to the Common Council for their review. The City's annual budget is over \$1.6 billion and consists of the general fund, capital improvement fund, debt service fund, special revenue funds, and enterprise funds. There is an enormous amount of complex financial information used to develop a complete financial plan that allocates limited financial resources among competing public services and policies and provides detailed estimates of all anticipated revenues and proposed expenditures. Requiring the Mayor to submit a proposed budget by July 30 would significantly impair his ability to develop an accurate, thorough, and responsible budget.

State law in section 65.20 of the Statutes dictates the amount of detail that needs to be provided in the proposed budget documents. Many pieces of information included in the budget are from sources that are not available until after July 30th. The following is a list of some significant information that will not be available in a proposed budget submitted on July 30th.

1. Net new construction value used to set the tax levy (August 15th)
2. Manufacturing property values used in estimating the property tax rate (August 15th)
3. Shared revenue and Expenditure Restraint Program revenue estimates from the State (September 15th)
4. The City's Comprehensive Financial Statement is not available to mid-July. Actual expenses from two years prior will not be able to be provided.

It is not reasonable to require the Mayor to submit a proposed budget on a timeline that does not allow the Mayor to incorporate necessary financial information and data into budget decisions. This will force the Mayor to submit an incomplete and inaccurate budget proposal. This is not consistent with responsible financial management. Unnecessarily restricting the Mayor's ability to develop a complete financial plan contravenes the intent of the executive budget process established in State statutes and the City Charter.

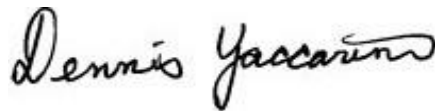
Common Council resolution 191462 directed the Director of Administration to "develop and present a plan to the Common Council for a City budget public education and participation initiative." The proposed budget submittal date of July 30 makes it difficult to incorporate public input into the proposed budget. It is difficult for meaningful public engagement to fit into this shortened timeframe.

A proposed budget submittal deadline of July 30 does not make sense given the Council's operating calendar. The Common Council normally takes a recess during the month of August. It is not clear why the Mayor would be required to submit the budget on July 30 just prior to the Common Council's August recess. Also, the month of August and into early September is the time the Mayor refines the proposed budget and makes final decisions.

Our office does not support this legislation, however, we do intend to continue to seek Aldermanic and public input into the proposed budget. Our office is always willing to discuss budget issues at any point during the year and we have worked with you on proposals in the past and will continue to do so.

Given the conflicting dates of submission of the proposed budget between the proposed City Charter date change and State law, we ask that the City Attorney be consulted to determine which legislation takes precedence. Also, there needs to be follow up with the City Attorney to determine if the City can comply with State and local laws relating to the information provided in the proposed budget if this legislation were adopted.

**RECOMMENDATION: PLACE COMMON COUNCIL FILE NUMBER
200297 ON FILE.**



Dennis Yaccarino
Budget and Management Director

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