



SEATTLE CITY COUNCIL
CENTRAL STAFF

Fiscal Transparency Legislation

ESTHER HANDY, DIRECTOR

SELECT BUDGET COMMITTEE

NOVEMBER 15, 2023

History

SLI: Leg-322-A-001 (2023)

- Expressed Council's intent to update Resolution 28885 related to the annual budget process through new legislation and request a Central Staff (CS) and Central Budget Office (CBO) workgroup prepare recommendations;
- Eight workgroup recommendations issued June 2023 to:
 - Increase transparency in City budgeting, reporting, and use of City resources;
 - Create sustainable budgets; and
 - Shift second-year budget process goals towards financial monitoring and planning.

Fiscal Note Project

- Best practice research by Central Staff Fiscal Policy Team

Fiscal Transparency Ordinance

Establishes a Fiscal Transparency Program (3.140.010)

- to increase and sustain transparency in City budgeting, reporting, and use of City resources, including historical trends, current performance, and future projections, and to foster sustainable budgets that maintain appropriate service levels and enable City departments, and the contracted partners that deliver City services, to focus on service performance.

Consolidates existing financial reporting information into one code section

- Reports on Past Activities
- Reports on Current Activities
- Reports on Future Fiscal Projections

Establishes requirements for Summary and Fiscal Notes

- Process updates:
 - fiscal notes must be prepared with transmitted bills,
 - updated and re-published prior to final City Council action (new)
 - Updated and republished after final City Council approval (new)
- Template developed and maintained by CBO &CS that must include:
 - Bill Summary
 - Fiscal impact estimates for current year and four future years
 - Meet current information requirements for capital projects and environmental impacts

Fiscal Transparency ORD

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Updates the duties of the City Budget Office in code

- Adds financial reporting as a responsibility

Updates the CBO Director's authority to transfer between Budget Control Levels mid-year

- Updates allowable transfer between BCLs to 10% of a receiving BCL or \$250,000
- Transfer may never result in a cumulative annual net transfer of more than \$500,000 of appropriation into the budget for any one BCL.

Budget Process Resolution

Budget Process RES

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Replaces and Supersedes RES 28885 (1994)

- Establishes the City's modified biennial budget process

Defines types of allowable mid-year budget changes, and their cadence

1. Annual Carryforward
 - By April 1 of each year; City departments and offices shall only request to carry forward unspent funds from the previous year's budget if those appropriations are necessary to carry out an essential project or program approved in the previous year's budget.
2. Mid-year and Year-End Supplementals
3. Supplemental Grant Appropriation Bills
 - The Executive may transmit up to three times each year: first quarter, mid-year and year-end supplemental grant bills

Budget Process RES

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Explores Practices for Planning Reserves

- To increase transparency and a shared ownership of reserve decisions between the Council and Executive, CBO and CS will explore, analyze and provide options to the Select Budget Committee by June 30, 2024, of an approach to brief the Select Labor Committee on labor reserves, prior to budget transmittal and creating an appropriated Risk Reserve for items with confidentiality considerations

Maintains Position List Requirements

- The City will adopt department-wide position lists in each year of the biennium

Defines a Current-Year Financial Reporting Program

- Acknowledges the progress of CBO and City Finance's financial monitoring pilot program
- States intent for CBO and the Office of City Finance to provide mid-year and year-end updates on the performance of all financials by department and budget control level, beginning third quarter 2025.
- Recognizes the pilot program reviews spending variances greater than five percent or \$100,000 and requires a report from CBO by second quarter 2025 proposing reporting thresholds for financial monitoring and timing of the reports submitted to the Council.

Questions?