

Government that Works for All
November 27, 2018 Work Session Discussion
“Biennial Budgeting & Reconsideration/Reduction of Programs”

Biennial Budgeting Background

- Government Finance Officers Association (GFOA) Definition: A document that details a government’s appropriations (i.e. planned expenditures) and revenues for two or more budgetary periods where the document is adopted at one time. Once this multi-year budget is approved, minor adjustments are made at the end of each budget year to reflect changes in fiscal condition, such as unanticipated revenue shortfalls or unanticipated expenditure increases.
- Uncommon practice for local governments. Only 4 of the 50 largest cities utilize biennial budgeting: San Francisco, Portland, Oakland, and Dallas.
- State law and the City charter require annual appropriations, but this does not preclude biennial planning.
- Potential benefits:
 - A longer term perspective may result in a more strategic allocation of resources
 - Opportunity to enhance focus on enterprise and support departments as annual budget discussions are typically dominated by General Fund issues
 - More time for department staff to conduct other tasks in non-budget development years such as program review, strategic realignment, and efficiency improvements

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Biennial Budgeting Questions/Concepts:

1. Concept: Use overlapping two year cycles such that biennial budgets for General Fund and support service departments are adopted in odd years and biennial budgets for enterprise departments are adopted in even years.
2. Biennial budgeting would require limiting comprehensive policy discussions about department budgets to once every two years. The second year of the two-year budget cycle would generally be limited to only appropriating the second year of the two-year plan. What opportunities or challenges does Council foresee with this?
3. How will emergency funding for unanticipated events be addressed? Does the criteria for mid-year budget amendments need to be revisited? If revenues fall short of projections, how will this be addressed in the second year of the budget?
4. Will unexpended funds be carried over into the next budget year or expire at year-end?

Reconsideration/Reduction of Programs

1. Which programs or services should be reviewed? What process should be used to identify programs for review? Should all City programs be reviewed on a rolling schedule? If so, how frequently?
2. What criteria should be applied in making decisions about program reductions? Alignment to strategic objectives? Program performance? Equity?

Future Work Session Discussion Schedule

December 11, 2018

- Council and Staff collaboration on staff identified pain points
- Strategic Direction 2023 - Next Steps