

City Budget Office

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Department Overview

The City Budget Office (CBO) is responsible for developing and monitoring the City's annual budget, carrying out budget-related functions, overseeing fiscal policy and financial planning activities, policy analysis, and preparing legislation for City Council review. CBO provides strategic analysis relating to the use of revenues, debt, long-term issues, and special events. The office also provides technical assistance, training, and support to City departments in performing financial functions. The Innovation and Performance team is also in CBO, supporting and advancing initiatives by using data, evaluation, and design to solve problems.

Budget Snapshot

	2022 Actuals	2023 Adopted	2024 Endorsed	2024 Adopted
Department Support				
General Fund Support	7,682,047	8,215,845	8,711,842	8,782,621
Other Funding - Operating	1,055,722	-	175,212	176,490
Total Operations	8,737,769	8,215,845	8,887,054	8,959,111
Total Appropriations	8,737,769	8,215,845	8,887,054	8,959,111
Full-Time Equivalents Total*	40.00	47.00	45.00	45.00

* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here

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Incremental Budget Changes

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	2024 Budget	FTE
Total 2024 Endorsed Budget	8,887,054	45.00
Baseline		
Citywide Adjustments for Standard Cost Changes	122,442	-
Proposed Operating		
Payroll Expense Tax Evaluation Staff and Capacity	1,013,647	2.00
Council		
Eliminate Evaluation Staff and Reporting for Payroll Expense Tax Spending	(1,013,647)	(2.00)
Errata Corrections to the Proposed Budget Adjustments and CIP	-	-
SCERS Contribution Rate Change	(50,385)	-
Total Incremental Changes	\$72,057	-
Total 2024 Adopted Budget	\$8,959,111	45.00

Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$122,442

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Proposed Operating

Payroll Expense Tax Evaluation Staff and Capacity

Expenditures \$1,013,647
 Position Allocation 2.00

The Council eliminated this proposal in the adopted budget. Refer to the Council Phase Changes section below. The proposed budget description follows:

The City's 2023-2024 Proposed Mid-Biennial Budget Adjustments appropriates approximately \$301 million in JumpStart Payroll Expense Tax (payroll tax) proceeds, of which \$7 million is allocated to the administration and evaluation of the Payroll Expense Tax. This ongoing item adds \$1,013,647 of payroll tax in the General Fund to the Innovation and Performance (IP) team within the City Budget Office for: two evaluation advisors (\$354,647), two-

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year evaluation consulting services (\$500,000 per year), evaluation design and reporting services (\$60,000), and community outreach (\$40,000) needed to conduct evaluation and reporting on the effectiveness of Payroll Expense Tax programs. With this change, the payroll tax administration budget funds two evaluation advisors for approximately \$200 million in payroll tax funded programs.

These additional consultant evaluation resources are critical to evaluate the impact of the payroll tax on jobs and the local economy per the Seattle Municipal Code. The funding also supports two staff evaluators and outreach and reporting services, initially proposed in the last budget cycle, to assess the effectiveness of the new programs and ensure that the tax proceeds are allocated to areas that are delivering positive impact to our communities.

This item also provides \$59,000 to increase administrative staffing capacity to fully-fund an existing position in IP. The additional capacity is needed due to the increase in IP staffing related to administration and evaluation of the Payroll Expense Tax.

Council

Eliminate Evaluation Staff and Reporting for Payroll Expense Tax Spending

Expenditures	\$ (1,013,647)
Position Allocation	(2.00)

This Council item rejected a proposed budget add of two evaluation advisors (\$354,647), a two-year evaluation consulting services (\$500,000 per year), evaluation design and reporting services (\$60,000), and community outreach (\$40,000) related to conducting the evaluation and reporting on the effectiveness of Payroll Expense Tax programs. When the Payroll Expense Tax (JumpStart Tax) was adopted, the Council established that a Payroll Tax Oversight Committee (Oversight Committee) would provide oversight on the services and impact, and other data measuring the impact of the tax on the City's economy. Council believes that funding needs for evaluation-related new positions and activities should be determined once an Oversight Committee is established (expected to be established by the end of 2023 or early 2024).

Errata Corrections to the Proposed Budget Adjustments and CIP

This Council Budget Action (CBA) corrects errors in appropriations and revenues for the 2024 Proposed Budget Adjustments. Also, this CBA adds three missing project pages to the 2024 – 2029 Proposed Capital Improvement Program (CIP). The City Budget Office and Central Staff identified these errata after transmittal to the City Council.

Central Staff reviewed the proposed corrections and finds that they do not represent policy choices and are appropriately addressed as a single budget action. Any conflicting effect of CBAs included in Council's final decision on the 2024 Budget or the 2024-2029 CIP would override changes included in this Errata CBA.

Only transactions that correct appropriations or revenues that were included in the 2024 Proposed Budget Adjustments are included in the Summary of Dollar Effect tables above. Discrete corrections to appropriations and revenues are shown in separate transactions in the Transaction table below.

The corrections included in this CBA by department include:

ARTS 1: This item reduces the Municipal Arts Fund revenues by \$2.7 million to align it with projections from contributing departments in 2024.

OH 1: Via two transactions, this item corrects the alignment of the JumpStart Fund programmatic split between homeownership and multifamily capital with allocations set forth in Seattle Municipal Code. It reduces the homeownership appropriation by \$543,000 and increases the multifamily appropriation by the same amount.

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SCL 1: This item addresses a technical issue where three SCL project pages were inadvertently omitted from the Proposed 2024-2029 CIP. No corresponding budget transactions are necessary. This CBA adds to the SCL CIP the following project pages: Distribution Systems Replacement (MC-CL-YR8333), Network Services (MC-CL-ZS8370), and Network Systems (MC-CL-YN8630) as shown in Attachment A. There are no corresponding transactions.

SDOT 1: This item adds \$790,000 of revenue to the School Safety Traffic and Pedestrian Improvement Fund that was inadvertently omitted from the budget.

SCERS Contribution Rate Change

Expenditures \$(50,385)

The City's employee retirement system, the Seattle City Employees Retirement System (SCERS), of which most non-uniformed City employees are members, is a defined benefit pension program funded by a combination of salary-based employer (i.e., the City) and employee contributions, and investment earnings.

The employer portion of the SCERS contribution is funded through the annual budget process as a percentage of salaries based on several factors including reports from the contracted actuary and the City's long-range financial forecasts. The Mayor's 2024 Proposed Mid-Biennial Budget included an employer contribution rate of 16.22%, which was determined prior to the actuary's recommendation but provided for long-term "smoothing" given the City's long-term financial challenges.

This item reduces the employer contribution rate from the proposed rate of 16.22% to the SCERS minimum actuarial required rate of 15.17%, which was determined to provide sufficient funding to the retirement system to achieve 100% funded status by 2042.

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2023-24 Mid-Biennium Adopted Budget Updates - Expenses

Budget Summary Level	Fund	Budget Process Phase Endorsed	Adopted Changes	Grand Total
City Budget Office	00100 - General Fund	8,711,842	70,779	8,782,621
	14000 - Coronavirus Local Fiscal Recovery Fund	0	0	0
	14500 - Payroll Expense Tax	175,212	1,278	176,490
City Budget Office Total		8,887,054	72,057	8,959,111
Grand Total		8,887,054	72,057	8,959,111