



The Unified Voice of Portland’s Workforce Offers the New Council and Mayor its 2025-2026 City Budget Strategy

Your union partners believe that Portland’s new form of government requires a new approach to building the city’s annual budget. We understand that forecasted revenues for the coming year will grow only slightly for the General Fund and will likely decline for restricted funds. Meanwhile, the investments needed to provide the services Portland expects and deserves are likely to require more resources than current revenues will provide. We also understand that if building the budget is approached in the traditional way – a legacy from the commission era – cuts and layoffs will be virtually your only budget-balancing tool.

We believe that a combination of strategies offers an alternative to that approach, enabling the Mayor and Council to develop a budget plan that continues to serve our city’s needs and protect its most valuable resource: its people. We are well-positioned to partner with you in budget problem solving.

Finding Meaningful Efficiencies:

While the October 25, 2024 memorandum from former Mayor Ted Wheeler called for a management look at operating efficiencies and overlaps, no target was set for achieving savings nor a list of criteria advanced for evaluating operations. Because the Budget Advisory Committees for the 26 bureaus were eliminated, there was no community or labor input into what truly constitutes “duplication” or “inefficiency”. If the February 28 draft budget endeavors to achieve savings through staff reductions, rather than consolidations/reductions in, for instance management overhead, we would ask that you solicit input from front-line workers about the efficacy of such proposals. We know that you will take seriously the fact that our workforce is currently operating with low morale and would appreciate your respect for their expertise.

Managing Increased Costs:

Both the loss of one-time resources and the cost growth of such line-items as health insurance premiums will challenge the budget-building process. Though the draft budget will lay out 5% and 8% reduction scenarios, based on the “old way” of viewing budgeting, we would urge you to approach the crafting of the 2025-2026 budget with a values-based approach that would overcome these obstacles differently.

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Four suggested options:

USE OF GENERAL RESERVES: Per City Ordinance FIN-2.07, use of “countercyclical reserves” is allowable when triggered by “slower revenue growth”, defined in part as when basic revenue growth, per forecasted estimates, “shall be below three percent for the next fiscal year.” Our GF growth is estimated at 1%, making this resource a legitimate and responsible budget-balancing tool.

USE OF ENDING FUND BALANCE: The GF ending fund balance from the 2024-2026 budget is \$198 million—well above the five-year average of \$180 million per annum. This sum is the “Beginning Fund Balance” in the new budget’s revenue column. Though some of it surely must be retained for CBO cash flow purposes, more is traditionally left untouched than would be necessary.

BRINGING SERVICES IN-HOUSE: A recent analysis has shown that for every contracted-out position the City engages, the per-FTE cost is significantly higher than if that work were done by a full-time city employee. For example, a Capital Project Manager II at BES costs \$94.48/hour while a contracted equivalent costs the city an average of \$193.01/hour for the exact same work. Bureau managers employ this workaround when they are unsuccessful in obtaining FTE authorization. This is not just a cost issue; the practice of using these contractors for bargaining unit work is also a violation of labor agreements.

While we recognize that not all (especially temporary) contracts are feasibly able to be performed by existing personnel, the budgeting process ought to take a hard look at these contracts and eliminate every outside hire possible to help balance the budget. This would not only save money, but also likely improve project outcomes.

CREATIVE REVENUE-SHARING: Should any element of restricted funds significantly exceed projected needs, those excess resources should be applied to other core service areas to preserve jobs and maintain employee health benefits.

Aligning the Budget to Portland’s Mission:

Portlanders have made clear their expectations regarding the work required to address critical needs and rebuild our beautiful city. Given that inflation pressures, affordability issues, and community health and safety remain top-tier issues, we know that this budget’s integrity is critical. All we ask is that it not be built on the backs of the 7500 people who provide the City’s vital services.

We look forward to ongoing collaboration, in solidarity.

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