

Bureau of the Budget and Management Research



Budgeting for a Better Baltimore

# Baltimore's Operating Budget

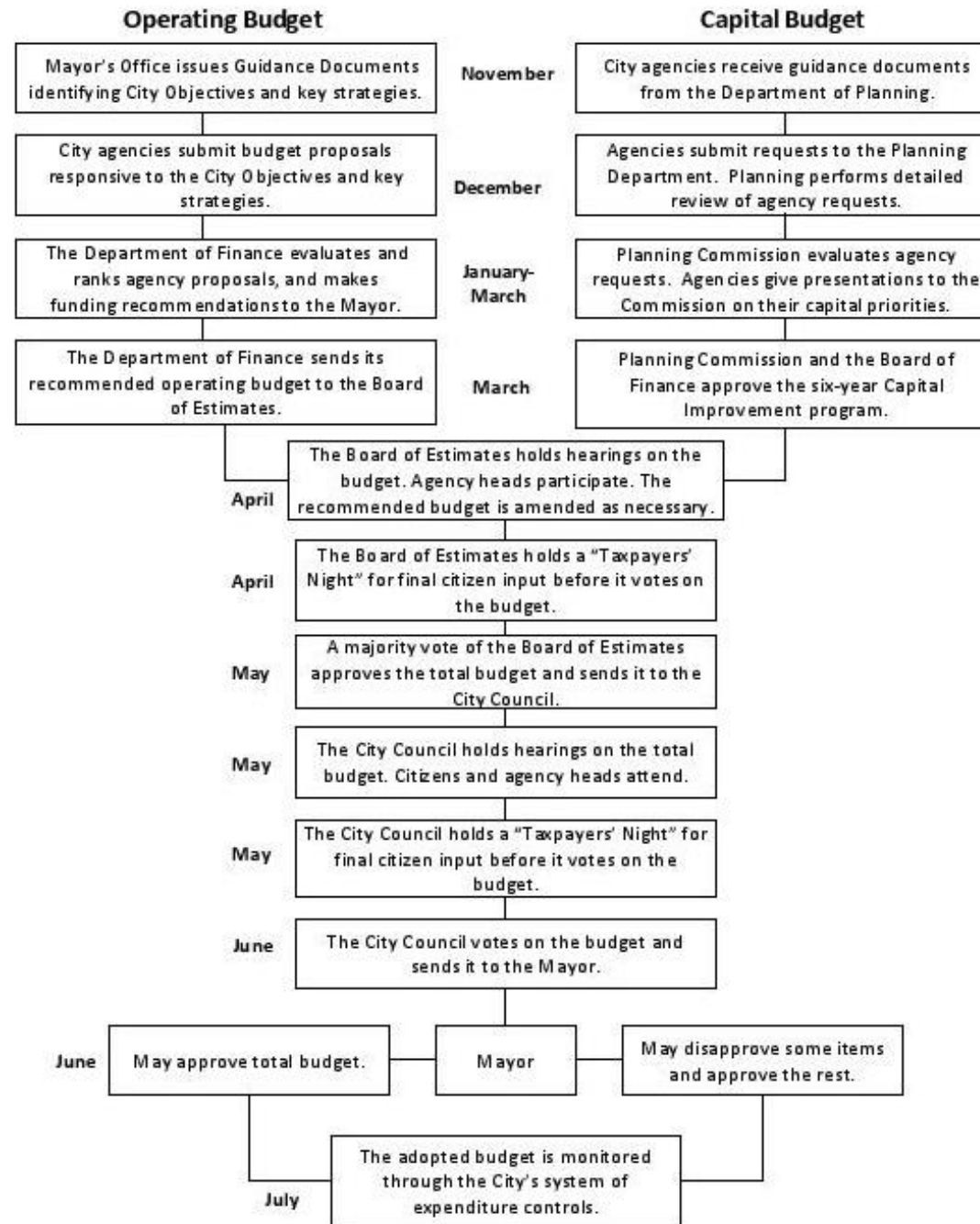
OCTOBER 3, 2018

# Overview

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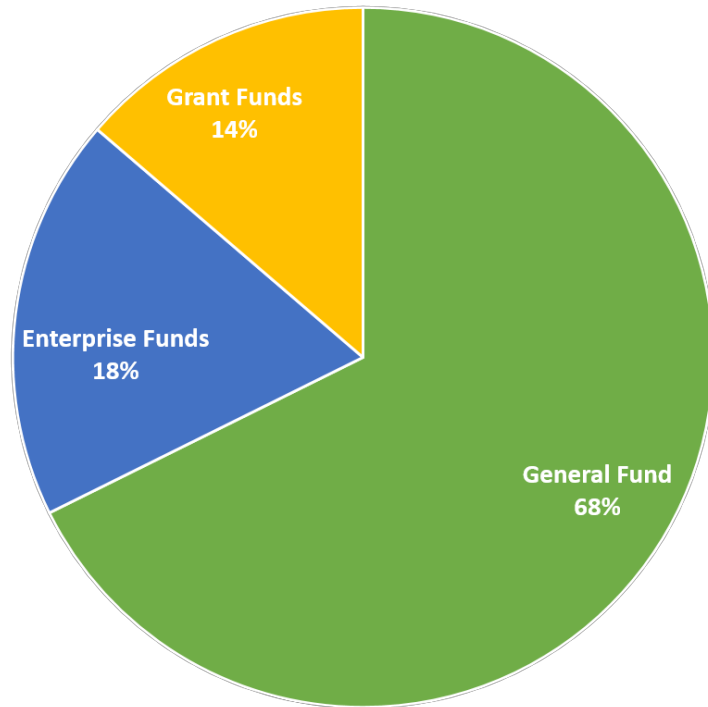
- Budget 101
- FY19 Budget Predictions
- Our Priorities
- Ten-Year Plan
- Balancing Act Activity

# The City of Baltimore's Budget Process



# Where the Money Comes From

## Operating Budget by Revenue Source



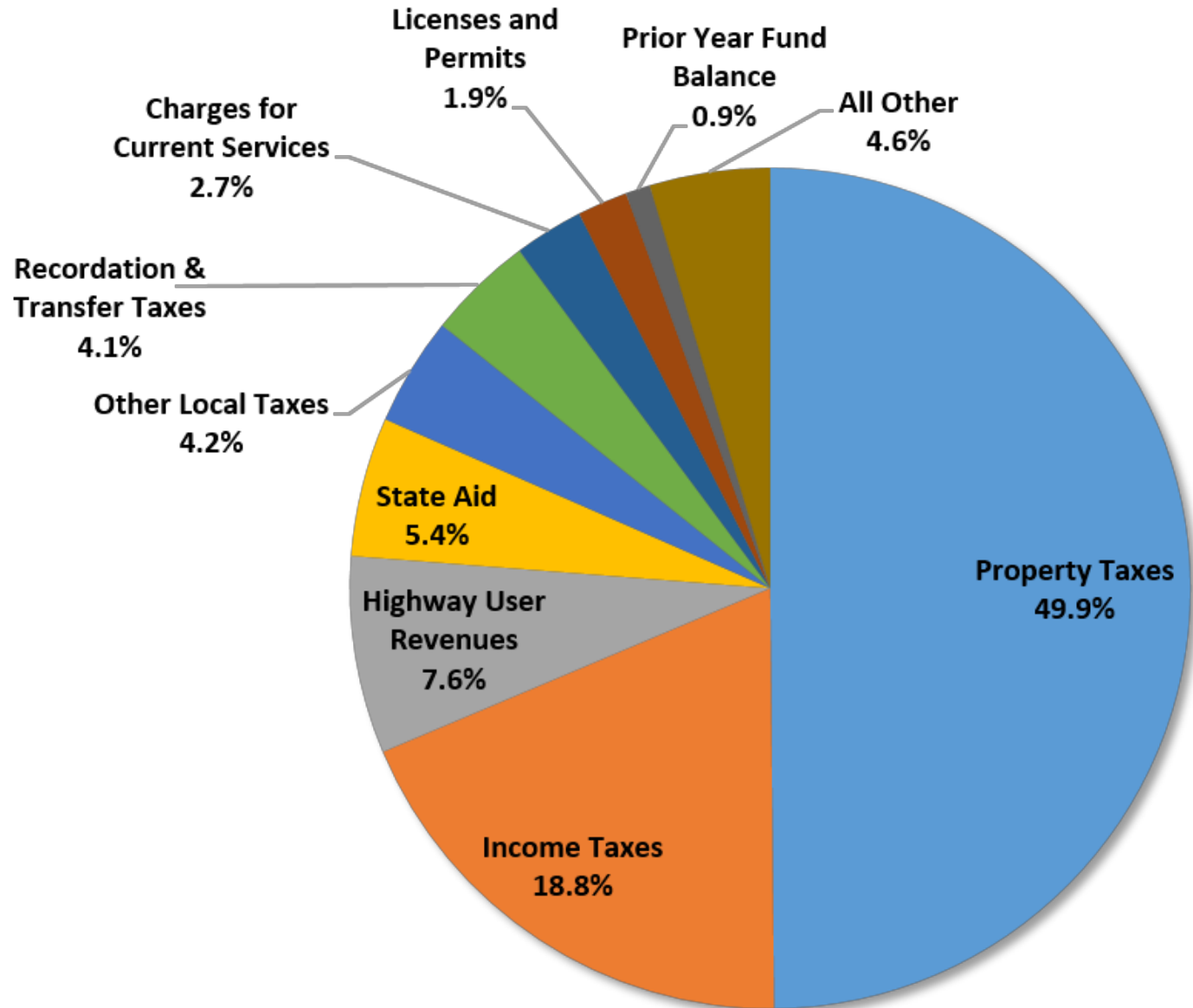
**General Fund:** is the City's largest fund. It includes all local taxes paid by residents, businesses and visitors. Policy-makers have the most management flexibility over how dollars are spent.

**Grant Funds:** are legally required to support specific programs and initiatives. The City receives funding from Federal, State and other special or private grantors.

**Enterprise Funds:** are used for operations in which the cost of services is covered primarily through user charges, which are determined based on consumption.

# General Fund by Revenue Source

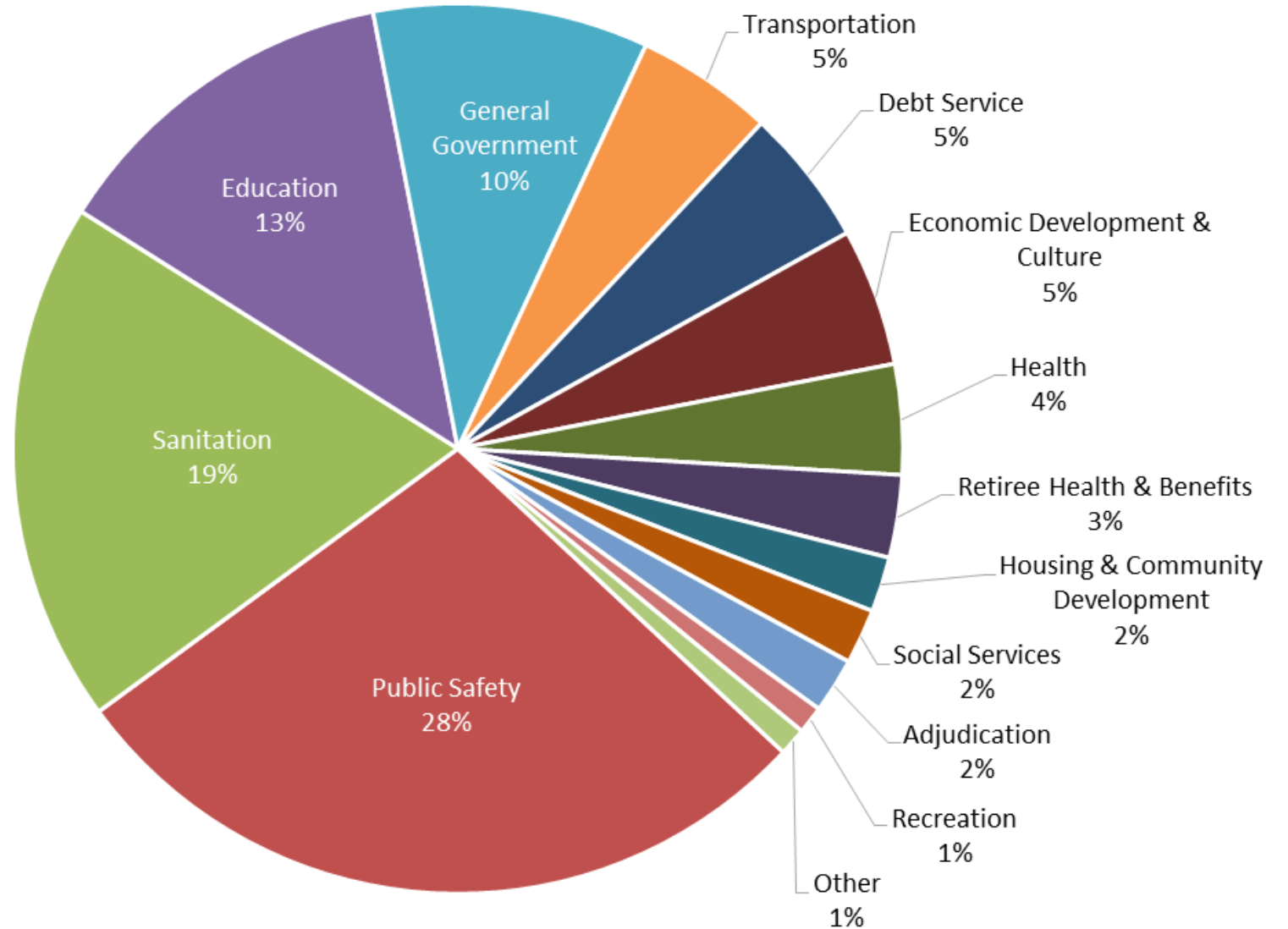
2019 Total = \$1,882.8 million



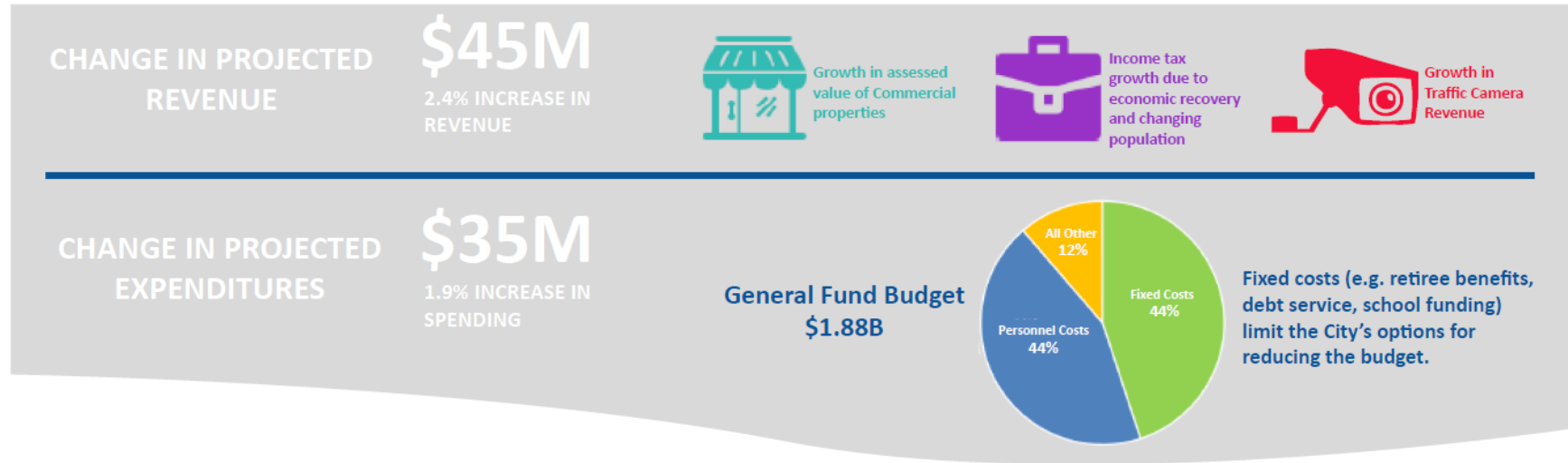
# Where the Money is Spent

2019 Operating Budget = \$2.82 billion

Allocation by Function



# Fiscal 2019 (July 1, 2018–June 30, 2019)

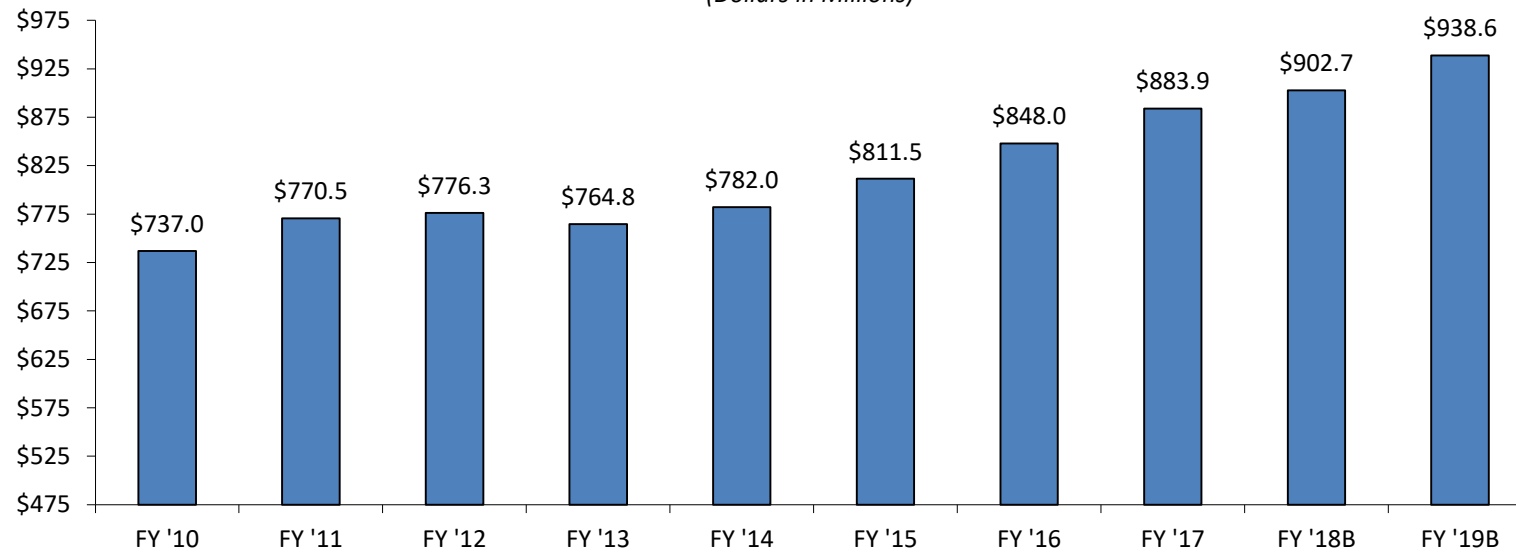


**\$10M SURPLUS**

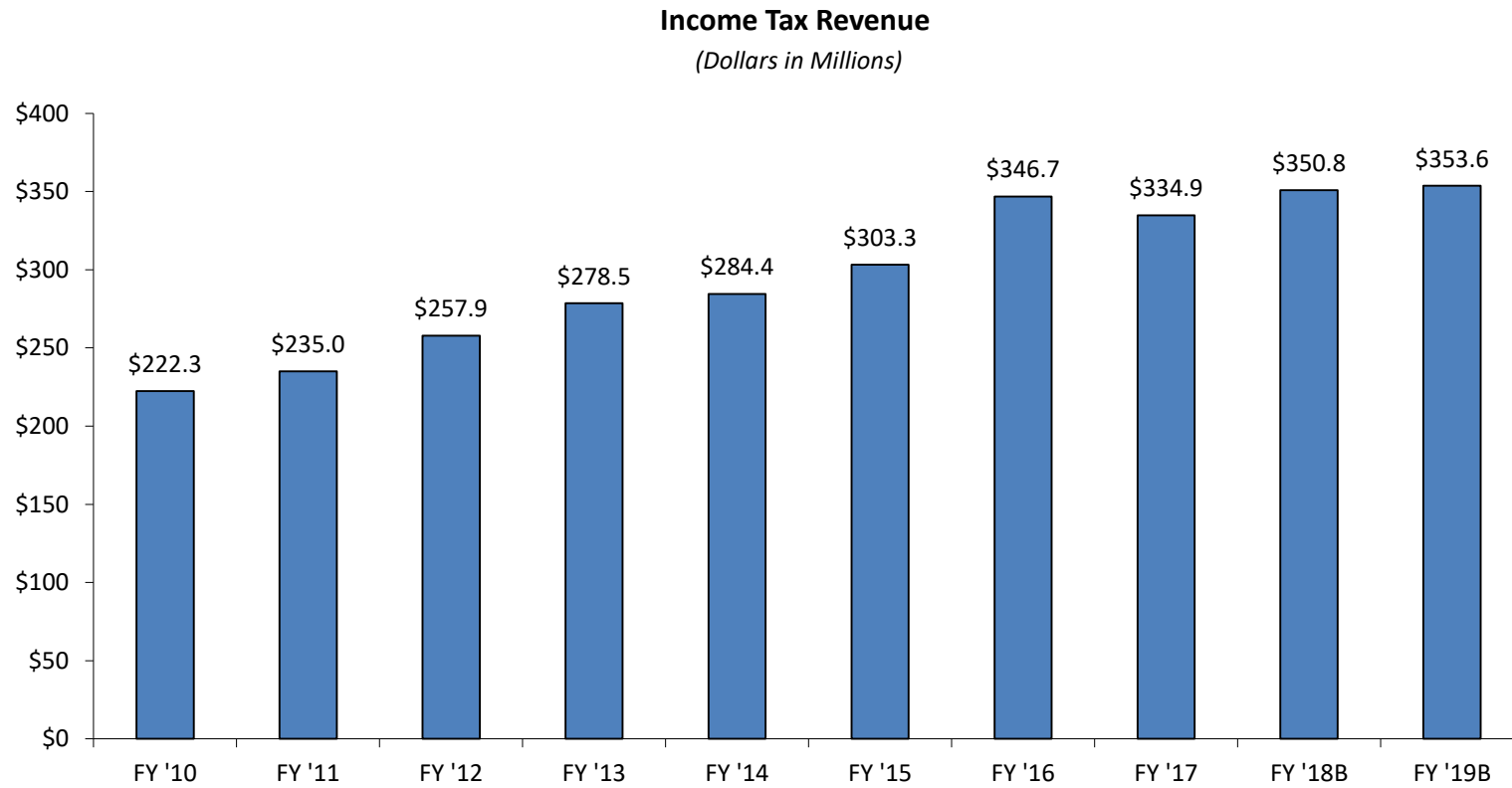


### Real and Personal Property Tax Revenues

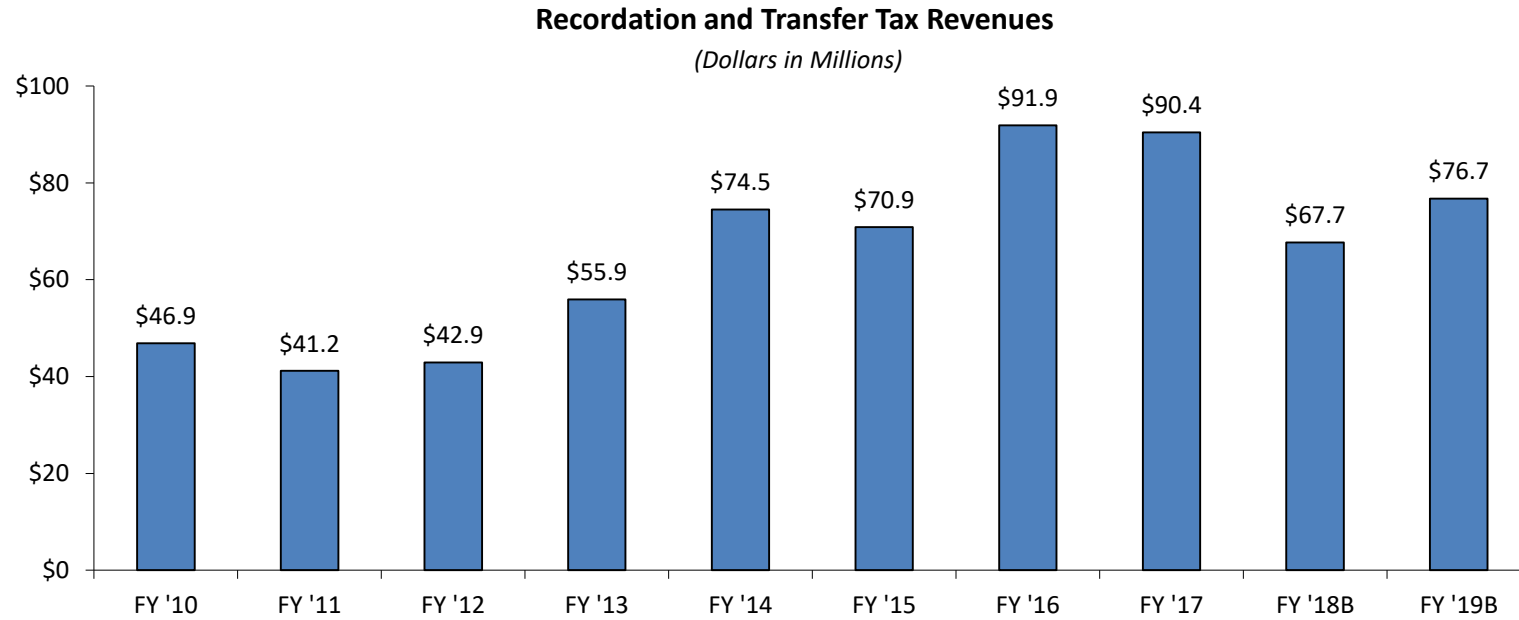
(Dollars in Millions)



# Continued Property Tax Growth



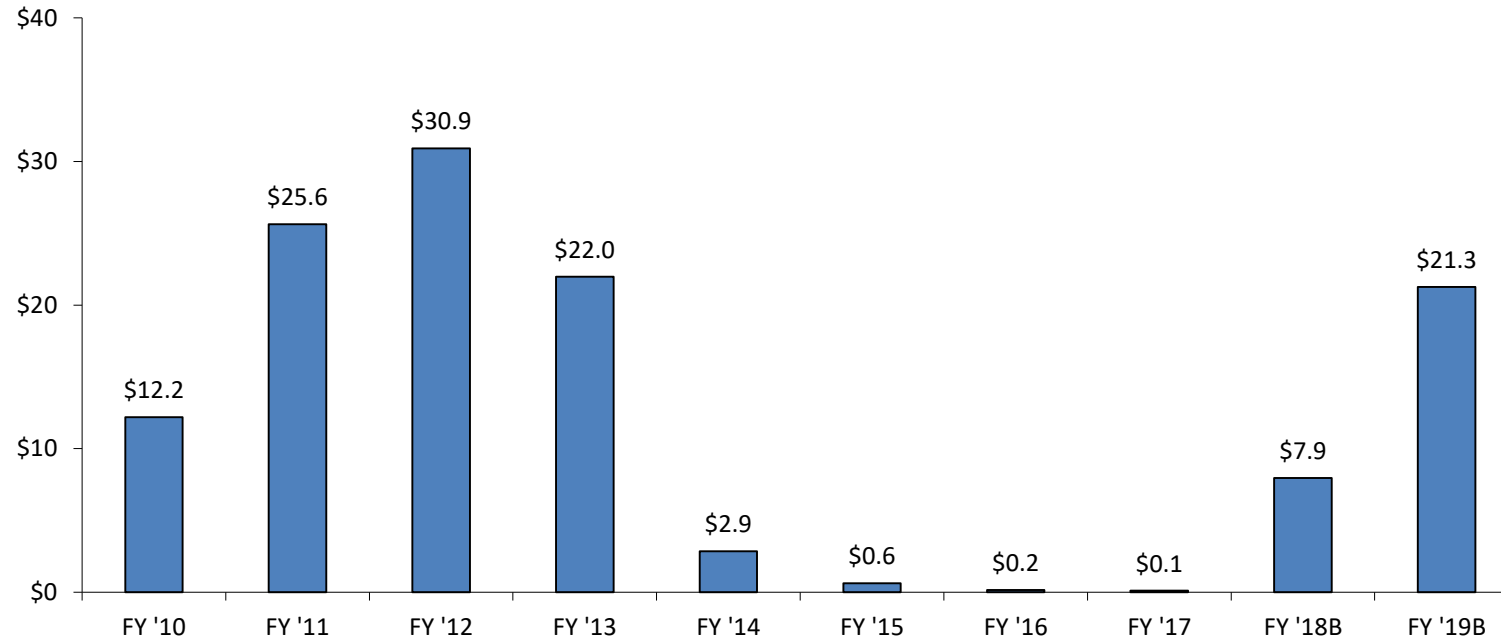
# A Stronger Income Tax Base



# Increase in One-Time Multimillion Dollar Transactions

### Speed and Red Light Camera Violation Revenues

(Dollars in Millions)

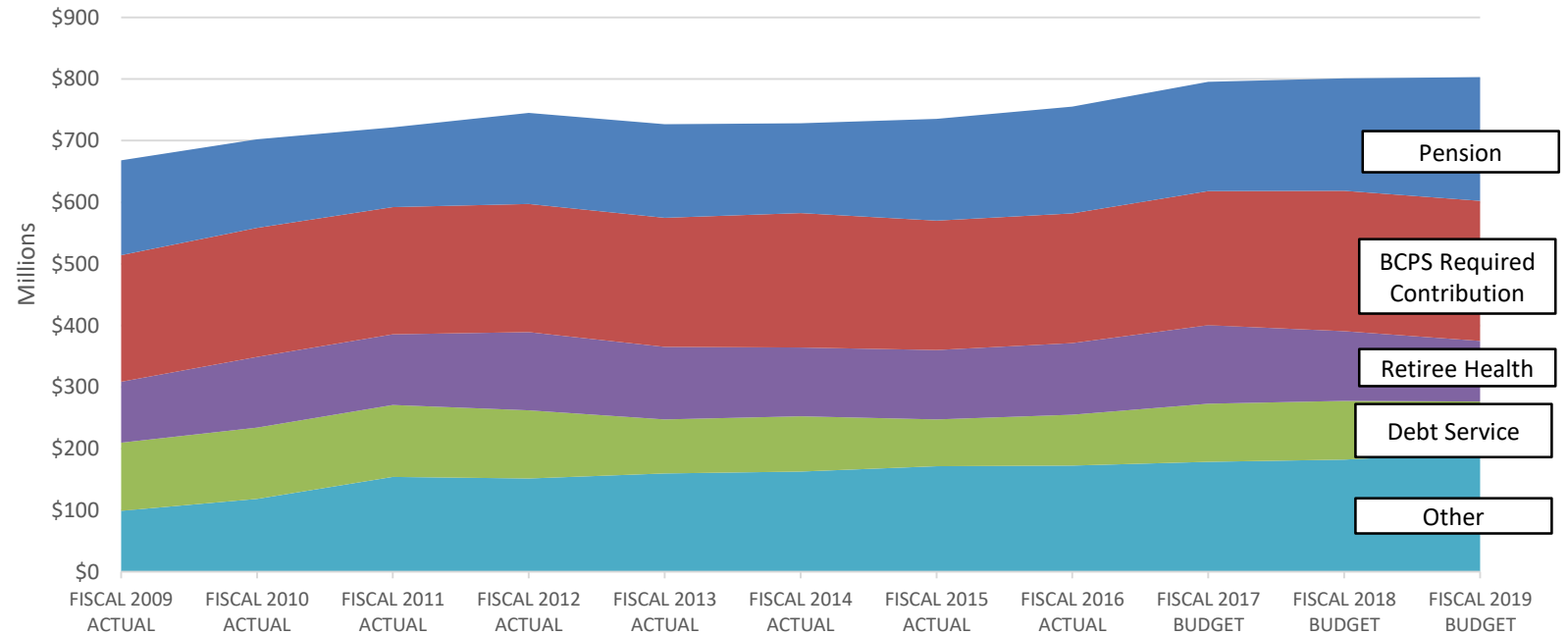


# Increase from Speed Cameras and Red-Light Violations

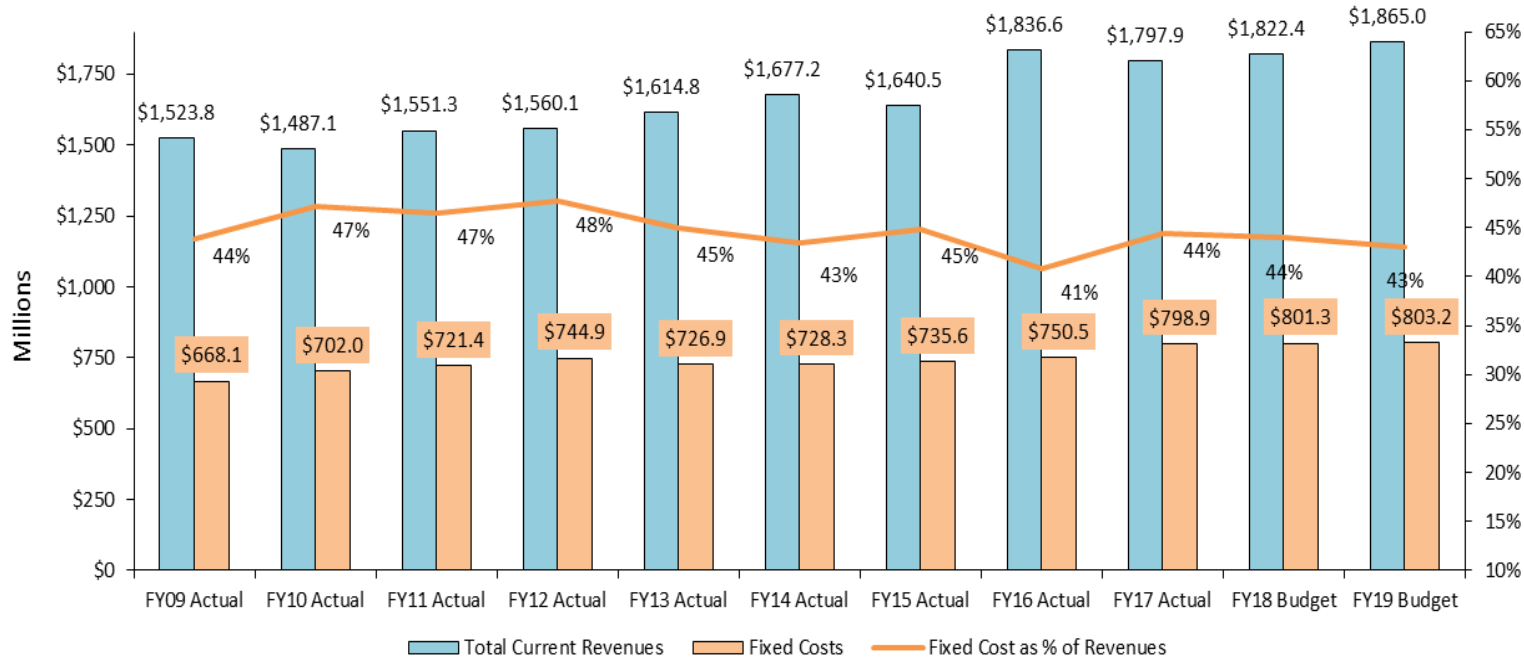
# Fixed Costs

**General Fund Fixed Costs Trend**

*Fiscal 2009 - Fiscal 2019*



**General Fund Trend - Current Revenues vs. Fixed Costs**  
 Fiscal 2009 - Fiscal 2019



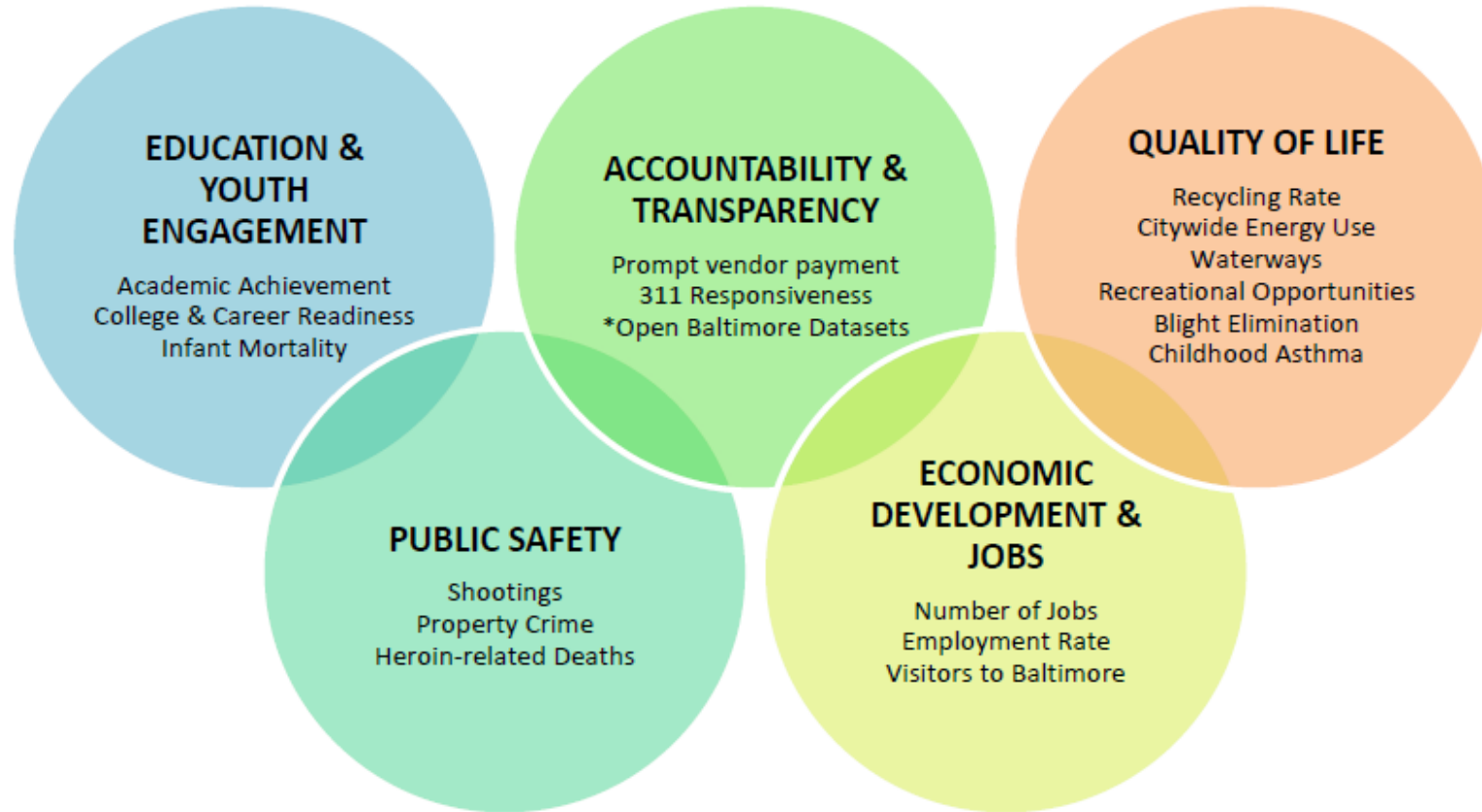
**Note:** Current revenues exclude fund balance and prior year reserve

# Reducing Fixed Costs Expands Budget Options

# Our Priorities

- Charter-mandate to have a balanced budget
- Establish budget through Outcome Budgeting
  - A process that aligns resources with results
  - Start with what results matter most to citizens and fund initiatives that will impact those areas
  - Organized at the service level around the City's Five Pillars, NOT around Agencies

OLD WAY	NEW WAY
<u>Starting Point:</u> Last year's spending	<u>Starting Point:</u> Next year's goals
<u>Funding Targets:</u> By agency	<u>Funding Targets:</u> By Priority Outcome
<u>Agency Submission:</u> How allocation will be spent	<u>Agency Submission:</u> Proposal to achieve Results
<u>Debate:</u> What to cut	<u>Debate:</u> What to keep



# Mayor's Five Pillars

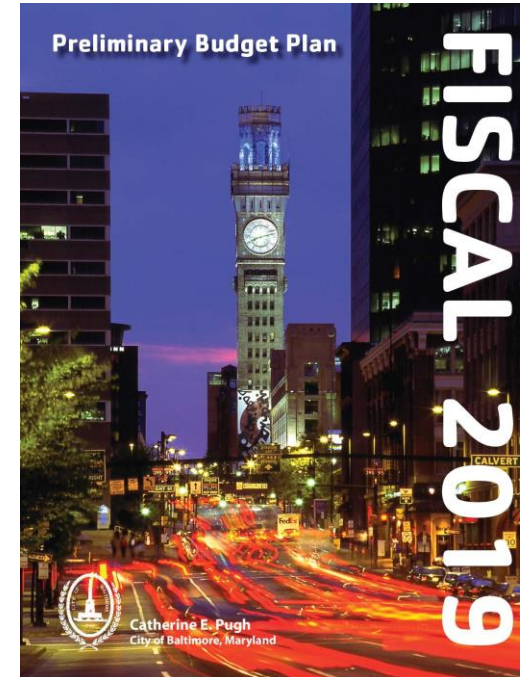
Outcomes & Indicators

# Ten Year Forecast

	BASELINE ESTIMATE									
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Adopted Budget	Estimate	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue	1,834.9	1,880.5	1,924.8	1,949.7	1,993.6	2,039.0	2,078.4	2,116.9	2,158.4	2,193.8
Expenditures	1,813.5	1,853.0	1,910.7	1,962.9	2,023.5	2,090.3	2,127.4	2,187.0	2,244.0	2,305.5
PAYGO Capital	21.4	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Forecast <b>Without</b> Initiatives:										
<i>Surplus / Deficit</i>	0.0	10.6	(2.9)	(30.2)	(47.0)	(68.3)	(66.0)	(87.0)	(102.7)	(128.7)
<i>Cumulative Surplus / Deficit</i>	0.0	10.6	7.6	(22.5)	(69.5)	(137.8)	(203.8)	(290.8)	(393.5)	(522.2)
<b>Note:</b>										
<i>Base Revenue Growth</i>		2.49%	2.35%	1.29%	2.25%	2.28%	1.93%	1.86%	1.96%	1.64%
<i>Base Expenditure Growth</i>		2.18%	3.11%	2.73%	3.09%	3.30%	1.77%	2.80%	2.61%	2.74%

# How to Engage in the Budget

- Our Website: [budget.baltimorecity.gov](http://budget.baltimorecity.gov)
- Publications each Fiscal Year
  - Budget Books
  - Summary of the Adopted Budget
  - Community Guide to the Budget
- Attend Events and Hearings (April and May)
  - Tax Payer Nights
  - Board of Estimates and City Council Hearings
- Open Budget: [openbudget.baltimorecity.gov](http://openbudget.baltimorecity.gov)
- Social Media: Twitter (@BaltimoreBudget), Facebook, developing more



## The City of Baltimore Community Guide to the Budget – Fiscal 2018

### What did we accomplish in Fiscal 2017?

This year's budget represents a responsible plan that upholds the City's tradition of sound financial management, maintains core City services, continues Property Tax reduction for homeowners, and targets investments in our children to move Baltimore forward.

The City has made significant progress toward fiscal sustainability, but in spite of growing tax revenue, we still faced a General Fund shortfall of \$20 million. To make my targeted investments possible within a balanced budget, we are restoring the traffic camera program, expanding municipal advertising, introducing demand-based parking meter rates, and more.

The investments this budget will make are focused on my 5 pillars – Education, Public Safety, Economic Development & Jobs, Quality of Life, and Accountability & Transparency. Most importantly, I have pledged \$100 million in bridge funding over three years for City Schools while the Governor and General Assembly consider changes to school funding formulas. In collaboration with the City Council, I have also committed to funding after-school programs and the Safe Streets program to curb youth violence.

Additional investments in our great City include the B'More Bright initiative, which will install new street lights where they are needed most; new "big belly" solar-powered garbage cans to improve cleanliness; a small haulers program to reduce illegal dumping; and mobile workforce units to bring employment services to underserved neighborhoods.

I am proud that my first budget as Mayor of Baltimore puts children first. We need every son and daughter of this great city involved, engaged, and thriving. The Fiscal 2018 Budget Plan will help us begin that important work.



**Education**

- All branches of the Enoch Pratt Free Library were open for the first time in a decade
- C.C. Jackson Community Center became fully operational and the Rita Church Gymnasium was opened
- B'More for Healthy Babies supported home-visits and reproductive health services for 8,000 mothers to decrease the percent of babies born with low birth weight

**Public Safety**

- Installed 6,000 LED light fixtures in Baltimore's highest-crime areas
- Operation Ceasefire provided vulnerable community members opportunities to walk away from criminal activity via social services
- The Fire Department transitioned to a two-tiered EMS system that allows the department to respond to 911 calls faster and at lower cost

**Economic Development & Jobs**

- 30% increase in applications for summer jobs through the Office of Employment Development, which placed 8,000 youth in jobs, exposing them to potential careers and instilling positive work-life skills for future employment

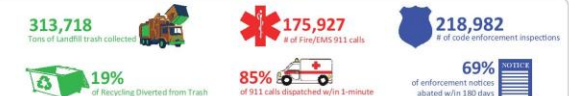
**Quality of Life**

- Launched B'MORE beautiful pilot program, a peer-to-peer volunteer network to promote cleanliness and address sanitation issues in 22 city neighborhoods
- Began the BikeShare program and installed biking infrastructure through the city, including 25 share stations
- TECHhealth Initiative engaged members of Baltimore's technology and design community to solve the city's pressing public health challenges

**Accountability & Transparency**

- Launched Open City Hall which will allow residents to offer their opinions about the City and its priorities: <http://www.baltimorecity.gov/opencityhall>
- Updated the City's permit application system to expand the types of building permits eligible for on-line filing

### City Snapshot



This information reflects service performance from Fiscal 2016.

# Balancing Act Activity

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- Simulation of budget process for Fiscal 2019
- Includes proposed initiatives to funds and cuts to be made to agencies
- Note: This is a pilot of the website. We hope to include more recent and timely budget data in the future to gather public input.

<http://baltimore.abalancingact.com/meetings/132>

- *Don't forget to click submit when you're finished!*

# What actually happened in FY19?

## New Initiatives: Emphasizing Violence Reduction

- Police positions (\$9M)
- Police budget adjustments (\$5.5M)
- Roca (\$1M)
- Safe Streets Expansion (\$3.6M)
- Bloomberg grant operating support (\$1M)
- Crime Lab Gun Intelligence (\$1.3M)
- VRI rapid response (\$1.6M)
- Homeless Services (\$2M)
- New positions (\$2M)
- CAD support (\$0.9M)
- Mayor's Scholars program (\$0.5M)
- Total: \$28.4M

## Offset New Costs

## One-Time Investments

# What actually happened in FY19?

## New Initiatives: Emphasizing Violence Reduction

### Offset New Costs

- Health care contract rebid (\$20M)
- Agency reductions (\$1.7M)
- EMS fee increase (\$1M)
- SDAT cost-share (\$2.1M)
- Total: \$24.8 million

### One-Time Investments

# What actually happened in FY19?

New Initiatives: Emphasizing Violence Reduction

Offset New Costs

One-Time Investments

- Additional PAYGO Capital (\$6.2M)
- BCPS Capital (\$2M)
- MOED grant funding gap (\$1M)
- Police Strategic Command Centers (\$0.8M)
- LEAD program bridge funding (\$0.4M)
- Total: \$10.4 million