

Bureau of the Budget and Management Research



Budgeting for a Better Baltimore

Fiscal 2021 3rd Quarter Update

MAY 27, 2021

Agenda

- Fiscal 2021 3rd Quarter Projection
- Revenue Detail
- Expenditure Detail / Federal Aid

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Fiscal 2021 Q3 Projection

Without Federal Aid

Fiscal 2021	Adopted Budget	3 rd Quarter Projection	Surplus / (Deficit) vs. Adopted
Revenue	\$1,932.8M	\$1,912.6	(\$20.2)
PAYGO Capital	0.5M	0.5	0.0
Expenditures	<u>1,923.0M</u>	<u>2,054.8</u>	<u>(131.8)</u>
Surplus / (Deficit)	\$9.3M	(\$142.7)	(\$152.0)

Fiscal 2021 Q3 Projection

With Federal Aid

Fiscal 2021	3 rd Quarter Projection
Revenue	\$1,912.6
PAYGO Capital	0.5
Expenditures	<u>2,054.8</u>
Surplus / (Deficit)	(\$142.7)
<i>Plus: CARES Act Funds</i>	57.6
<i>Plus: FEMA Reimbursement</i>	34.1
<i>Plus: ARPA Funds</i>	<u>51.0</u>
Net Surplus / (Deficit)	0.0

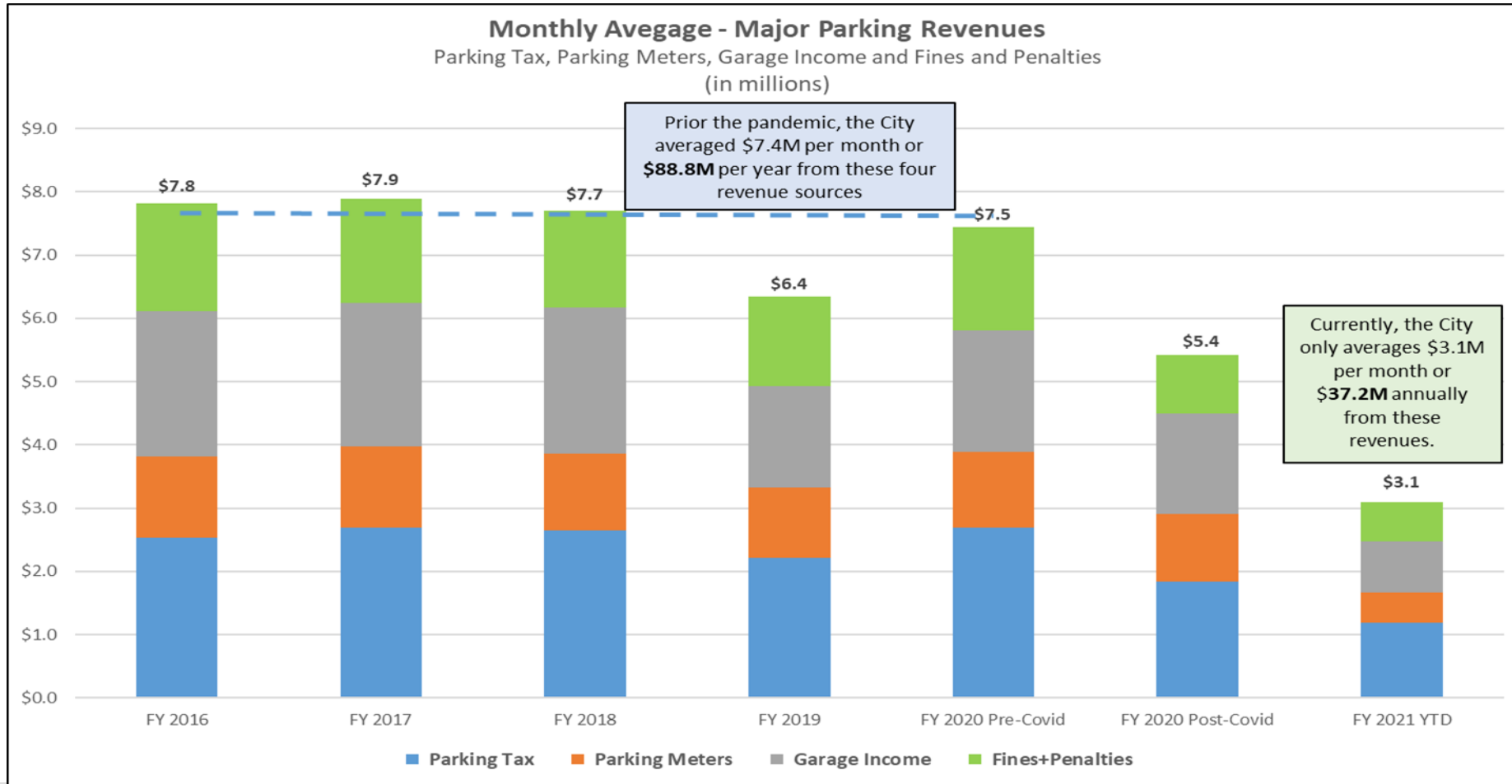
Agenda

- Fiscal 2021 3rd Quarter Projection
- **Revenue Detail**
- Expenditure Detail / Federal Aid

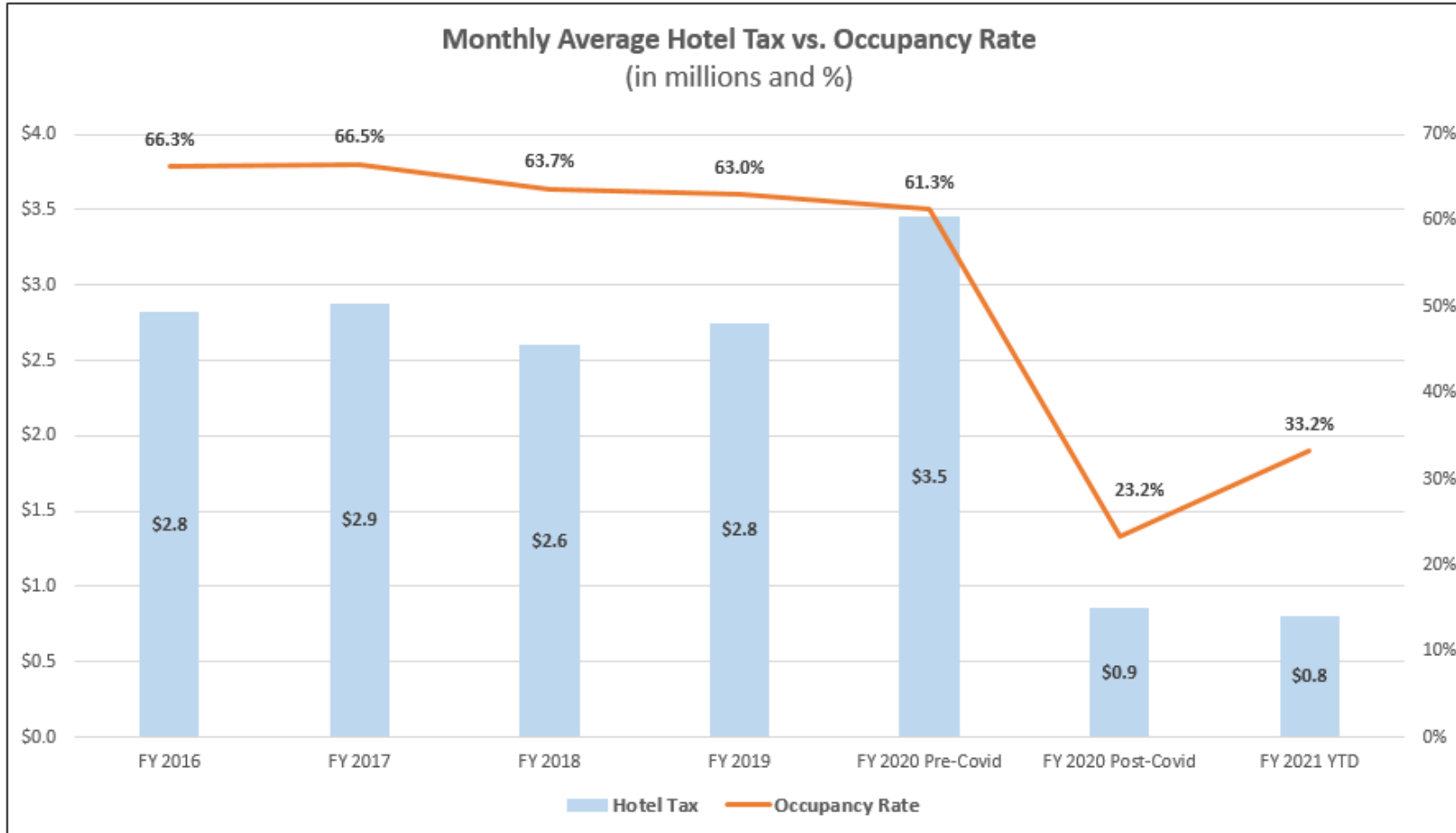
Revenue Summary

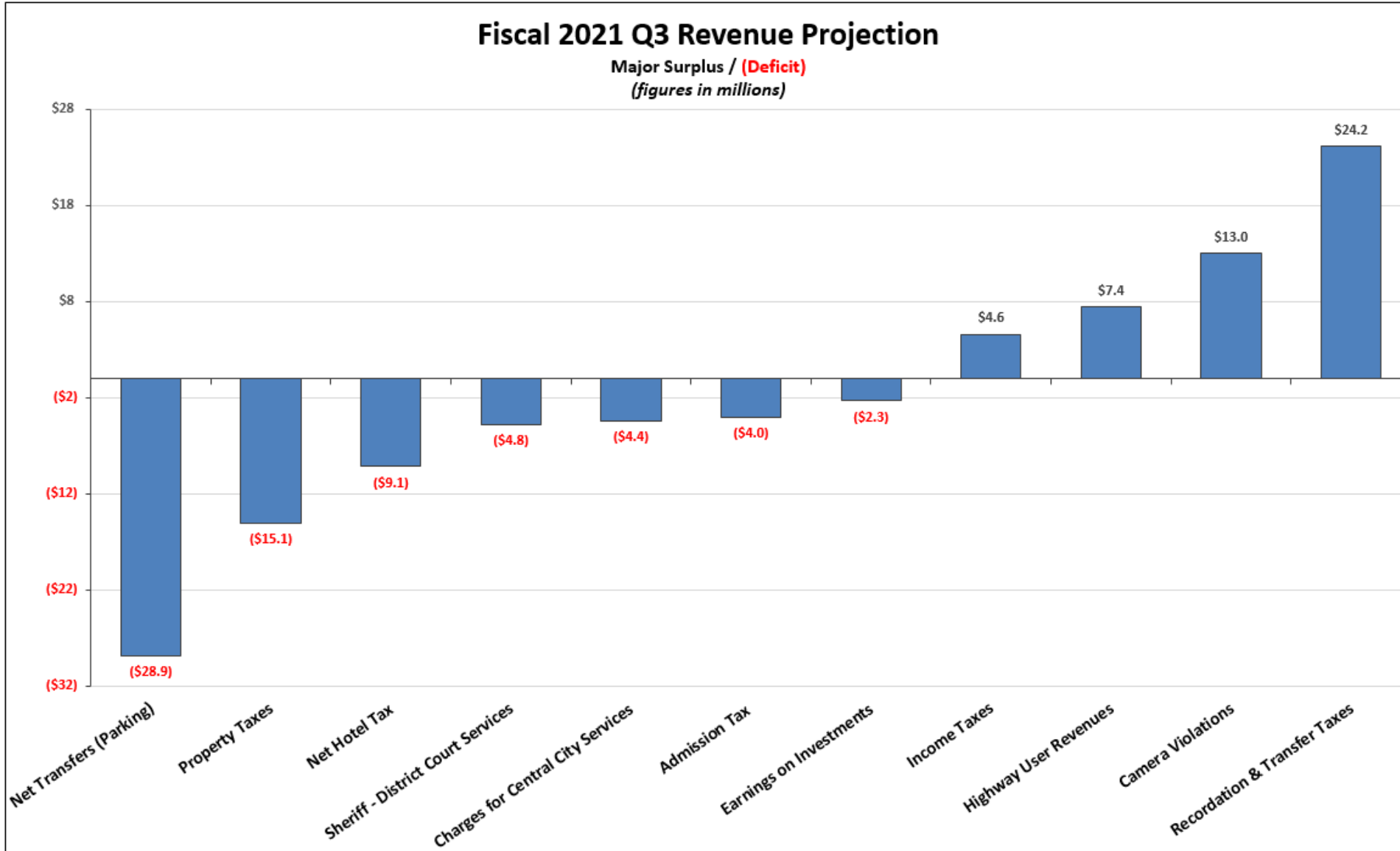
- Fiscal 2021 General Fund revenue was written down \$100M+ before the final budget submission in May 2020.
- 3rd Quarter projection shows revenue down \$20M even beyond those budgeted estimates.
- General Fund revenue sources most directly tied to business activity and tourism have suffered even more than our pessimistic estimates.

COVID-19 Revenue Impact: Parking



COVID-19 Revenue Impact: Hotel





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- Fiscal 2021 3rd Quarter Projection
- Revenue Detail
- Expenditure Detail / Federal Aid

Federal Aid Chronology

- Coronavirus Aid, Relief, and Economic Security Act (CARES)
 - **March 2020 – passed by Congress**
 - Provided \$103M of direct aid to Baltimore City.
 - Provided supplemental funds for disaster relief via FEMA.
 - Provided supplemental funds through some existing grant programs such as CDBG and ESG.

- Consolidated Appropriations Act
 - **December 2020 – passed by Congress**
 - Provided \$17M for rental relief program to be administered by Baltimore City.
 - Extended the deadline from December 2020 to 2021 for the direct local aid authorized under the CARES Act.

- American Rescue Plan (ARP)
 - **March 2021 – passed by Congress**
 - Will provide an estimated \$641.2M of direct aid to Baltimore City.
 - Funding priorities and process currently being developed.

Federal Aid Rules

	<u>CARES</u>	<u>FEMA</u>	<u>ARPA</u>
Funding	<ul style="list-style-type: none"> • Direct award to City. • \$103.1 million. 	<ul style="list-style-type: none"> • Reimbursable. • Estimated \$70.0M of support. 	<ul style="list-style-type: none"> • Direct award to City. • \$640.0 million
Match Requirement	<ul style="list-style-type: none"> • No match requirement. 	<ul style="list-style-type: none"> • 100% Federal support through September 30, 2021. • 75% Federal, 25% City thereafter. 	<ul style="list-style-type: none"> • No match requirement.
Deadline	<ul style="list-style-type: none"> • December 31, 2021. 	<ul style="list-style-type: none"> • FEMA can close disaster period any time. 	<ul style="list-style-type: none"> • December 31, 2024.
Eligibility	<ul style="list-style-type: none"> • Necessary expenses due to pandemic. • Cannot be used for lost revenue. 	<ul style="list-style-type: none"> • For emergency protective measures, as defined by FEMA. • Includes food, sheltering, health response. 	<ul style="list-style-type: none"> • Costs to respond to the pandemic. • Or the economic consequences of the pandemic.

CARES Act

<u>CARES Eligible Costs</u>	<u>(\$M)</u>
Election Security	0.9
EMS Personnel	9.3
PPE	3.3
Health Personnel	4.0
Contract Tracing	5.0
Health Other costs	0.7
Small Business Support	4.3
Liquor Board	0.1
Tourism Reboot	5.0
Convention Center infrastructure	1.4
Childcare Support	4.0
Convention Center Hotel	1.0
Non-Profit Relief	5.0
Ernst & Young contract	0.8
Main Streets	0.3
Eviction Prevention	10.0
Telework Infrastructure	0.8
Solid Waste contract	1.2
States Attorney	<u>0.6</u>
Grand Total	57.6

By Fiscal Year

- \$21.5M was used in Fiscal 2020
- **\$57.6M** will be used in Fiscal 2021.
- \$24.5M budgeted in Fiscal 2022.

Other Notes

- City received direct allocation from U.S. Treasury in March 2020.
- Deadline for spending was later extended to December 30, 2021 by the Consolidated Appropriations Act.
- BBMR has been reporting quarterly spending to the U.S. Treasury, per Federal law.

FEMA

FEMA Eligible Costs	(\$M)
EMS Contract	1.8
Food Distribution	20.0
Isolation and Shelter	9.6
Vaccination	<u>2.7</u>
Grand Total	34.1

By Fiscal Year

- **\$34.1M** will be used in Fiscal 2021.
- \$27.5M budgeted in Fiscal 2022 through December.

Other Notes

- Federal support at 100% through September 30, 2021.
- From October onward, split will be Federal 75% / City 25%.
- FEMA can end the disaster period at any time.



American Rescue Plan (ARPA)

<u>ARPA Eligible Costs</u>	<u>(\$M)</u>
Hazard Pay	32.5
Revenue Loss Protection	<u>18.5</u>
Grand Total	51.0



By Fiscal Year

- **\$51.0M** will be used in Fiscal 2021.
- Remaining funds need to be obligated by December 31, 2024.

Other Notes

- ARPA funding allows cities to replace public sector revenue to provide or maintain public services.
- U.S. Treasury rules allow recipients to use up to the difference between their pre-pandemic revenue trend vs. actual receipts.
- For Baltimore, calculated gap of \$271.9M for CY 2020.

Summary

- General Fund revenue down \$20M even beyond the Fiscal 2021 budget, which was written down \$100M+ due to COVID.
- Without Federal aid, General Fund projected to end with \$140M+ deficit, which exceeds the balance of the City's Rainy Day Fund.
- With Federal aid from CARES, FEMA, and ARPA, most COVID-related spending will be covered in Health, Fire, Police, DPW, and other agencies.
- ARPA funds will still likely be needed to close the General Fund in balance, under the "revenue loss" provision of the Federal law.

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