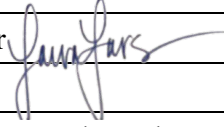




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	December 15 th , 2025
SUBJECT	City Council Bill 25-0100, Children and Youth Fund – Updates

Position: Opposed

The Department of Finance is herein reporting on City Council Bill 25-0100, Children and Youth Fund – Updates, for the purpose of updating the process and procedures by which the Fund may disperse grants; altering the composition of the Board of Directors; requiring a certain report; defining certain terms; and generally relating to the administration of the Children and Youth Fund.

Background

The Baltimore Children and Youth Fund (Fund) was approved by the voters via Charter amendment and established in 2016. The fund was created to support programs for and services to children and youth in Baltimore. The Fund receives an annual budget appropriation that must be equal to at least \$0.03 for every \$100 of assessed property value. In practice, property tax revenues are diverted out of the General Fund and into a non-lapsing fund that must be used exclusively for the purposes established in the Charter. The chart below details the Fund's revenues and expenses since its establishment.

Children and Youth Fund Revenues, Expenses, and Fund Balance FY18-FY25			
Fiscal Year	Operating Revenues	Operating Expenses	Balance
FY18	\$11,866,000	\$697,230	\$11,168,770
FY19	\$12,386,000	\$11,937,770	\$11,617,000
FY20	\$13,105,000	\$6,964,985	\$17,757,015
FY21	\$5,346,000	\$19,862,331	\$5,142,861
FY22	\$13,327,000	\$-	\$18,469,861
FY23	\$13,757,000	\$11,677,197	\$20,546,352
FY24	\$14,225,000	\$15,589,553	\$19,181,799
FY25	\$15,152,000	\$20,137,319	\$14,196,480
Total	\$99,164,000	\$86,866,385	
Data Source: City of Baltimore Financial System (Fiscal 2018-2022 data pulled from legacy system; Fiscal 2023-2025 data pulled from Workday).			

Council Bill 25-0100

Council Bill 25-0100 proposes a comprehensive update to how the Fund operates. Under the proposal, the Fiscal Agent for the Fund must adopt a standardized and publicly transparent grant process, including a uniform application, published evaluation criteria, community review of applications, and feedback to all applicants. Grantees would be required to submit monthly performance and financial reports, though compliant organizations will be able to report quarterly. To ensure oversight, the Fund would undergo a performance audit by the Comptroller's Office every three years beginning in Fiscal Year 2027.

The bill changes the composition of the Board of Directors, responsible for fund oversight. The bill expands the Fund's minimum number of members of the Board of Directors from 9 to 13. The legislation also expands the maximum number of members of the Board of Directors from 20 to 21 members and adds new ex-officio voting seats, including representatives from the Baltimore City Youth Commission.

The table below summarizes major changes proposed by this legislation.

Change	Current	Proposed
Annual Financial Plan	Includes: -a budget -an amount to be disbursed from the Fund	Additional requirements: -the fund balance -present year's property tax contribution -most recent fiscal audit -a plan to spend fund balance
Spending Allocations	Limits spending: -up to 5% for public engagement -up to 15% for staff and admin costs	Limits spending: -up to 2% for Community grant reviews -up to 3% for public engagement -up to 15% for staff and admin costs -up to 20% for technical assistance to grantees
Spending Limitations	No Limitations	- No single grant may exceed 20% of the Fund's total grant disbursements in a fiscal year. - The Board may not award a grant to any organization that fails to comply with policies and procedures.
Grant Eligibility	No eligibility limitations for grants.	Must be a tax-exempt organization
Board Composition	Board Size: -9–20 voting members, of whom: -2 ex-officio voting members -2 non-voting members	Board Size: -13–21 voting members, of whom: -3 ex-officio voting members -2 non-voting members -membership from >50% of Council districts

Fiscal Impact

As shown earlier in the response, approximately \$15 to 16 million is transferred from the City's General Fund to the Children and Youth Fund each year (actual amount fluctuates based on property tax assessments). Annual allocations represent property tax revenues equal to the Charter-required amount. The Children and Youth Fund functions as a non-lapsing fund where any balances carry forward across fiscal years.

Since the inception of the Fund, total City funding for youth-related programs has increased by approximately 46%, reflecting expanded investments across schools, recreation, and related services.

Under the current policy, the City cannot use proceeds from the Children and Youth Fund to supplant funding for youth-related services at the funding levels in the Fiscal 2017 Ordinance of Estimates. This

legislation would further restrict the City's ability to coordinate funding strategies with the Children and Youth Fund by limiting the extent to which Fund resources may be used to offset or complement General Fund spending for youth-related services beyond the Fiscal 2017 baseline.

Amendments to the legislation modify the budget and financial reporting timelines for the Fund's Fiscal Agent. These updates are in line with broader budget timelines, the Department of Finance has no obligation to these requirements as amended. We do acknowledge there may be additional administrative costs associated with being compliant with these additional requirements.

Conclusion

The Department of Finance supports efforts to improve transparency and accountability in the administration of the Children and Youth Fund. However, the Department notes that provisions limiting the flexibility of fund usage may constrain the City's ability to respond to changing fiscal and operational needs while continuing to support increased investments in services for the City's children and young people.

For the reasons stated above, the Department of Finance opposes City Council Bill 25-0100.

cc: Michael Mocksten
Nina Themelis