

For Internal Use Only



**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**TUESDAY, SEPTEMBER 14, 2021
10:00 AM**

VIRTUAL WEBEX MEETING

Legislative Oversight #LO 21-0003

**Budget Briefing – Bureau of Budget and Management Research -
(BBMR) – Fiscal Year 2021 Closeout**

CITY COUNCIL COMMITTEES

ECONOMIC AND COMMUNITY DEVELOPMENT (ECD)

Sharon Green Middleton, Chair
John Bullock – Vice Chair
Mark Conway
Ryan Dorsey
Antonio Glover
Odette Ramos
Robert Stokes
Staff: Jennifer Coates

WAYS AND MEANS (W&M)

Eric Costello, Chair
Kristerfer Burnett
Ryan Dorsey
Danielle McCray
Sharon Green Middleton
Isaac “Yitzy” Schleifer
Robert Stokes
Staff: Marguerite Currin

PUBLIC SAFETY AND GOVERNMENT OPERATIONS (SGO)

Mark Conway – Chair
Kristerfer Burnett
Zeke Cohen
Erick Costello
Antonio Glover
Phylicia Porter
Odette Ramos
Staff: Samuel Johnson

EDUCATION, WORKFORCE, AND YOUTH (EWY)

Robert Stokes – Chair
John Bullock
Zeke Cohen
Antonio Glover
Sharon Green Middleton
Phylicia Porter
James Torrence
Staff: Marguerite Currin

HEALTH, ENVIRONMENT, AND TECHNOLOGY (HET)

Danielle McCray – Chair
John Bullock
Mark Conway
Ryan Dorsey
Phylicia Porter
James Torrence
Isaac “Yitzy” Schleifer
Staff: Matthew Peters

RULES AND LEGISLATIVE OVERSIGHT (OVERSIGHT)

Isaac “Yitzy” Schleifer, Chair
Kristerfer Burnett
Mark Conway
Eric Costello
Sharon Green Middleton
Odette Ramos
James Torrence
Staff: Richard Krummerich



LEGISLATIVE OVERSIGHT

Committee: Ways and Means

Legislative Oversight # LO 21-0003

Budget Briefing – Bureau of Budget and Management Research (BBMR) **CLOSEOUT – FISCAL YEAR 2021**

Purpose:

For the purpose of calling on the Director of the Finance Department's Bureau of Budget and Management Research (BBMR) to brief the City Council on how the City's actual finances compare to its budget projections.

Agencies/Organizations Reporting

Bureau of Budget & Management Research	Robert (Bob) Cename
--	---------------------

Current Law

Baltimore City Code – Article 1, Subtitle 1-City Council, Sections 1-5 and 1-6

§ 1-5. Agencies to provide budget status reports.

(a) Reports required.

On or before November 1, February 1, May 1, and August 1 each year, the City agencies so requested shall file quarterly budget status reports with the Budget and Appropriations Committee of the City Council.

(b) Contents.

Each report shall contain the information required by the Committee and be in the format requested.

(c) Public hearing.

The Committee may hold a public hearing for those agencies not reporting or those showing a projected deficit for the fiscal year.

(d) "City agency" defined

The words "City agencies" include the City trustees and all City sponsored and financed nonprofit corporations. (City Code, 1976/83, art. 1, §5.) (Ord. 72-211; Ord. 77-333; Ord. 81-568; Ord. 82-753.)

§ 1-6. Agencies to provide legislative information.

It shall be the duty of the head of every City department or bureau established by the Baltimore City Charter or by ordinance to provide all technical materials, plans, drawings, and information that are requested by any member or the President of the City Council for the purpose of introducing legislation into the Council.

(City Code, 1976/83, art. 1, §6.) (Ord. 76-080.)

Background

On May 27, 2021 the Director of the Bureau of Budget and Management Research (BBMR) came before the Ways and Means Committee to discuss the third quarter projection for fiscal year 2021. *A copy of the Presentation is attached.*

On September 14, 2021 the Director of BBMR will come before the committee/councilmembers to provide an update and/or to discuss Fiscal Year 2021 Closeout (Ended June 30, 2021).

Additional Information

Fiscal Note: A PowerPoint presentation will be given by BBMR during the hearing.

Information Source(s): Baltimore City Code and hearing notes from the last budget briefing held on May 27, 2021.

Marguerite M. Currin

Committee Staff: Marguerite M. Currin
Direct Inquiries to: (443) 984-3485

Date: September 9, 2021

PowerPoint Presentation

Shown at

the

May 27, 2021

Budget Briefing

See Attached

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

Agenda

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

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

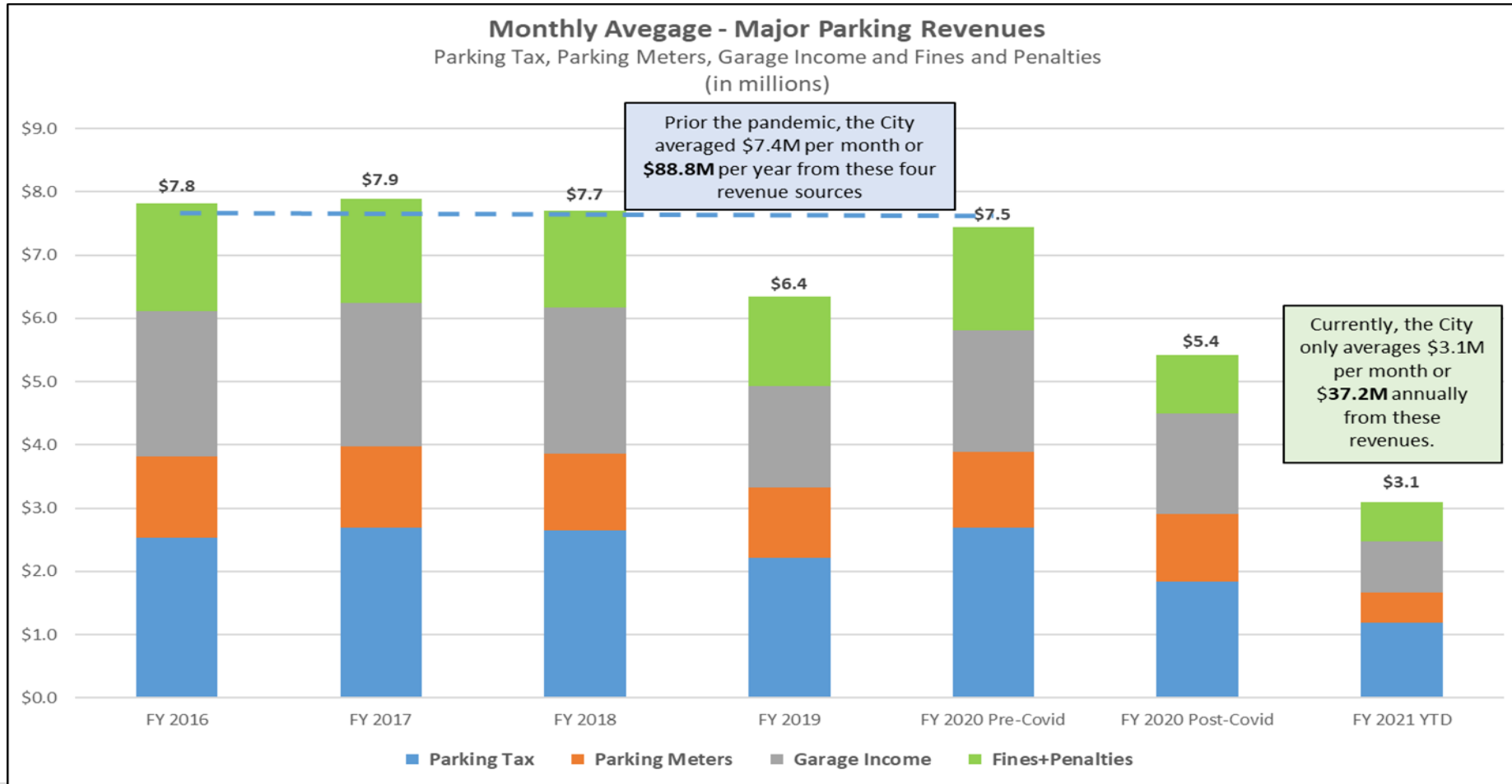
Agenda

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

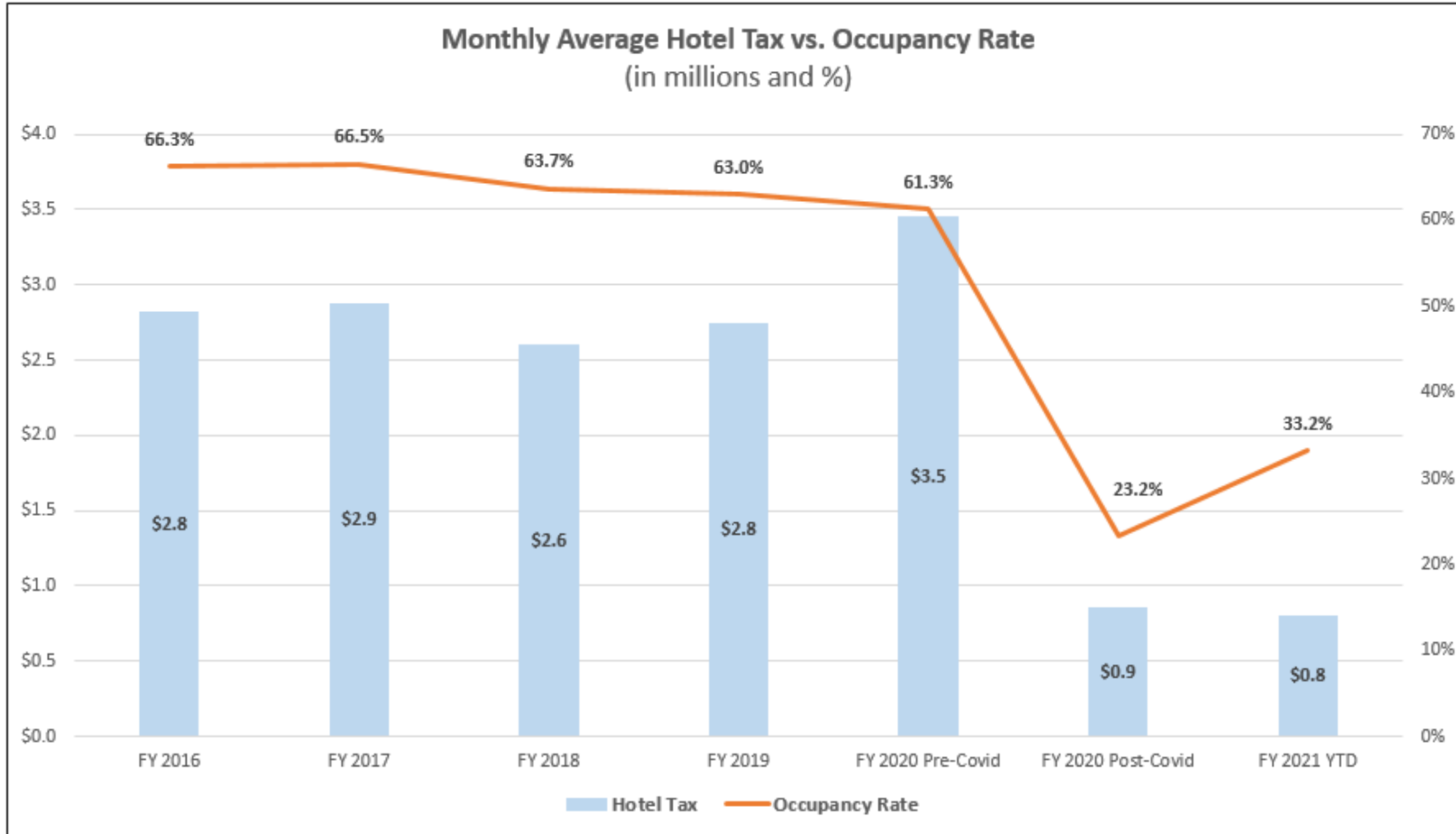
Revenue Summary

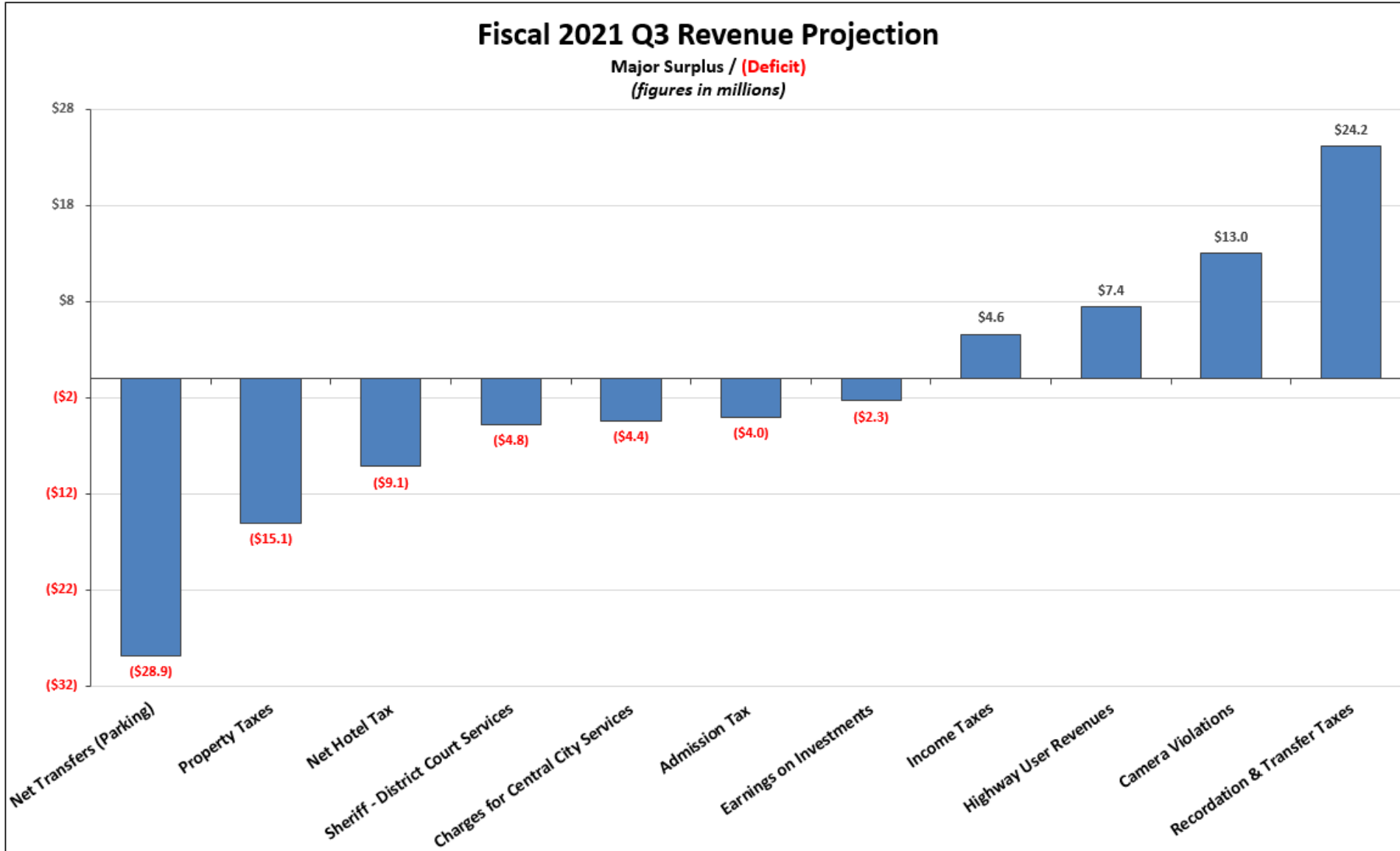
- Fiscal 2021 General Fund revenue was written down \$100M+ before the final budget submission in May 2020.
- 3rd Quarter projection shows revenue down \$20M even beyond those budgeted estimates.
- General Fund revenue sources most directly tied to business activity and tourism have suffered even more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

COVID-19 Revenue Impact: Parking



COVID-19 Revenue Impact: Hotel





Agenda

- 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.

Connect with
us!

budget.baltimorecity.gov



@baltimorebudget



@baltimorebudget

Questions?