

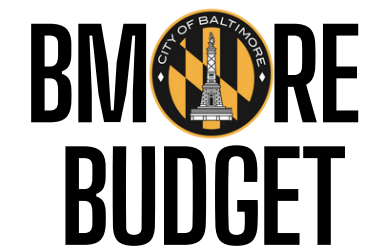
Fiscal 2025

Second Quarter Projections

Bureau of the Budget & Management Research

City Council Briefing

April 8th, 2025



Fiscal 2025: Second Quarter Outlook

2nd Quarter Projected Deficit: **\$8.3M**

KEY TAKEAWAYS

- The expenditure deficit is based on the Revised Budget that includes the \$53.4 million fund balance supplemental passed in October.
 - Without this supplemental the expenditure deficit would be \$84.3 million.
- Projection does not account for major 3rd Quarter expenditures: FOP contract costs & snow removal
- Revenue projection was based on actuals through December 31st, projections do not reflect any economic disruptions from uptick in inflation and unemployment

Revenue



Expenditures



Fiscal 2025

General Fund Revenue Overview

Fiscal 2025: Revenue Outlook

KEY REVENUE HIGHLIGHTS

Income Tax= \$19.6 million Surplus

- Anticipated increase in the State's cash available for Income Tax Distribution, based on revised State's projection.
- Projection does not include impacts of federal layoffs that began in 3rd Quarter.

Recordation and Transfer Taxes= \$8.3 million Surplus

- Higher than anticipated increase in residential home values

Parking Revenues= **-\$4.5 million Deficit**

- Fiscal 2025 revenue underperforming budget assumptions.

Investment Earnings= **-\$6.3 million Deficit**

- Reduced YTD returns based on lower interest rate.

FISCAL 2025
SECOND QUARTER

\$22.6M

PROJECTED SURPLUS

Revenue Highlights

General Fund Revenue Summary Table (\$ in Millions)

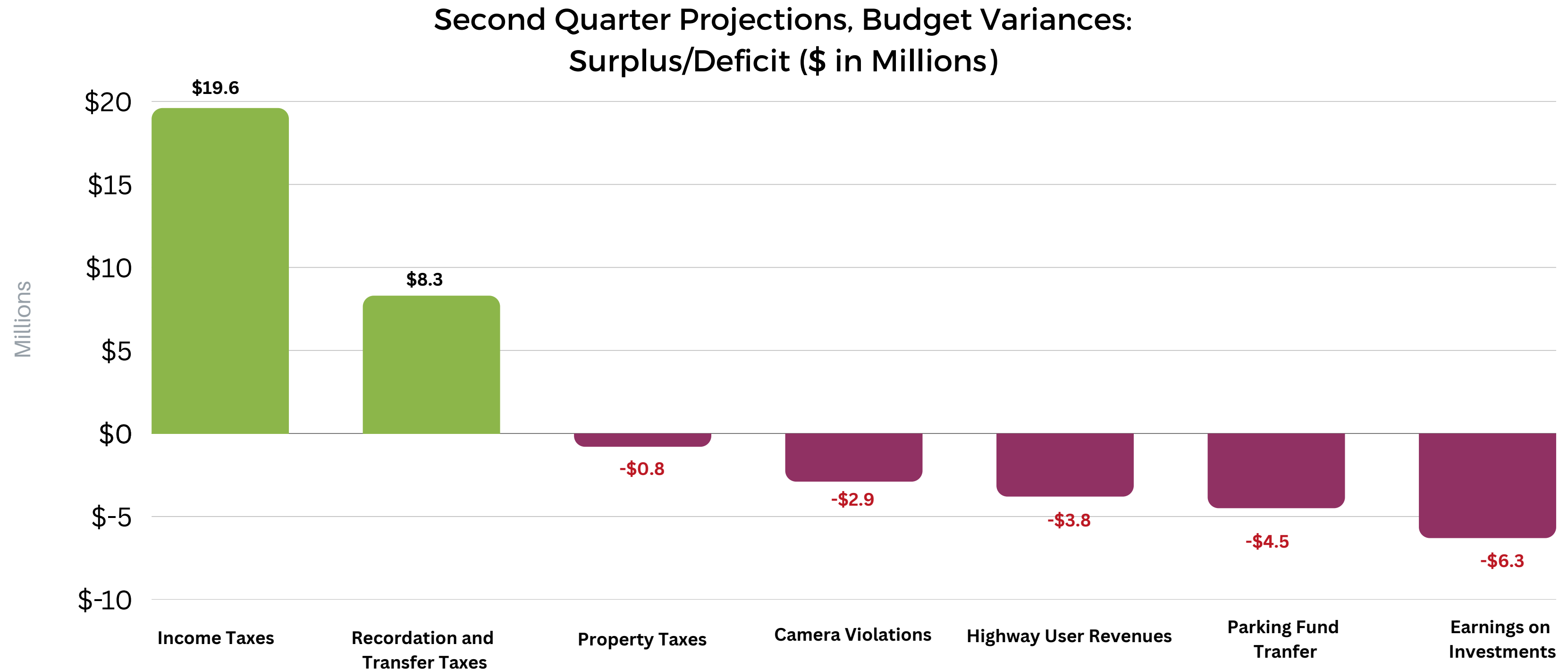
REVENUES	FY 2024 Prel. Year-End	FY 2025 Budget	FY 2025 Adj'd Budget	FY 2025 Q1	FY 2025 Q2	Surplus/ (Deficit)
Local Taxes	\$1,773.8	\$1,800.1	\$1,800.1	\$1,818.0	\$1,824.8	\$24.7
State Collected Taxes	\$203.0	\$234.7	\$234.7	\$233.2	\$230.9	(\$3.8)
Licenses and Permits	\$36.1	\$28.7	\$28.7	\$31.1	\$36.0	\$7.2
Fines and Forfeits	\$30.7	\$35.0	\$35.0	\$30.7	\$31.8	(\$3.1)
Use of Money and Property	\$75.0	\$61.1	\$61.1	\$56.6	\$49.9	(\$11.2)
State Aid	\$114.4	\$107.7	\$107.7	\$104.9	\$107.5	(\$0.2)
Private and Federal Grants	\$0.1	\$0.0	\$0.0	\$4.1	\$0.1	\$0.1
Charges for Current Services	\$47.5	\$48.5	\$48.5	\$47.5	\$50.3	\$1.8
Other Revenues	\$10.2	\$3.4	\$3.4	\$9.8	\$15.0	\$11.6
Total Revenues Before Transfers	\$2,290.9	\$2,319.1	\$2,319.1	\$2,335.8	\$2,346.2	\$27.1
Net Transfers	\$4.3	\$7.9	\$7.9	\$1.9	\$3.4	(\$4.5)
Prior Year Fund Balance	\$57.7	\$20.7	\$74.6	\$20.7	\$74.6	\$0.0
Total General Fund	\$2,352.9	\$2,347.7	\$2,401.5	\$2,358.4	\$2,424.2	\$22.6

Revenue Highlights

Local Taxes Revenue Summary Table (\$ in Millions)

REVENUES	FY 2024 Prel. Year-End	FY 2025 Budget	FY 2025 Adj'd Budget	FY 2025 Q1	FY 2025 Q2	Surplus/ (Deficit)
Local Taxes						
Property Taxes	\$1,095.0	\$1,144.5	\$1,144.5	\$1,144.8	\$1,143.8	(\$0.8)
Income Taxes	\$475.3	\$466.5	\$466.5	\$479.2	\$486.1	\$19.6
Recordation & Transfer Taxes	\$99.3	\$92.1	\$92.1	\$96.4	\$100.4	\$8.3
Energy Tax	\$49.7	\$51.2	\$51.2	\$48.8	\$49.7	(\$1.5)
Telecommunication Tax	\$33.6	\$33.7	\$33.7	\$33.7	\$32.4	(\$1.3)
Net Hotel Tax	\$28.2	\$30.8	\$30.8	\$30.4	\$25.5	(\$5.2)
Video Lottery Terminal	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$0.0
Admission Tax	\$11.8	\$8.5	\$8.5	\$8.5	\$11.3	\$2.8
All Other Local Taxes & Tax Credit:	(\$31.6)	(\$39.7)	(\$39.7)	(\$36.3)	(\$36.9)	\$2.8
Total Local Taxes	\$1,773.8	\$1,800.1	\$1,800.1	\$1,818.0	\$1,824.8	\$24.7

Revenues: Major Variances



Projected Surpluses

Income Taxes

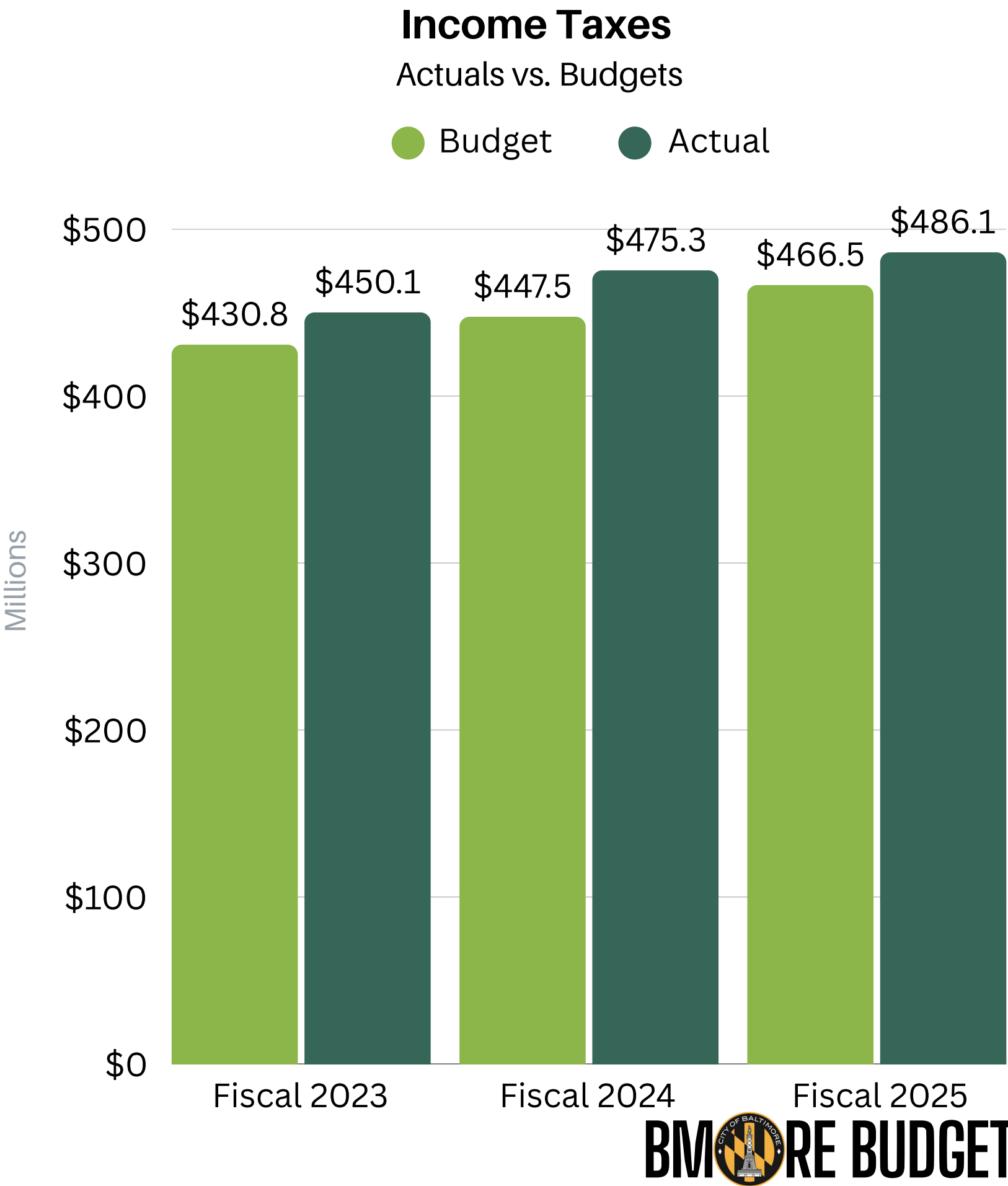
Budget: \$466,452,000
Q2 Projection: \$486,100,000
Surplus: +\$19,648,000

INCREASED YIELDS FOR INCOME TAX

- The 2nd Quarter projection is based on November’s 1st Quarter distribution and prior years’ reconciliations as of December 2024.
- The State has revised Fiscal 2025 revenue assumptions:
 - Budget=4.6% Increase
 - Revision: 6.0% Increase
- The projection incorporates adjustment to the % allocation of receipts to the City, which increases the distribution from 5.600% to 5.612% (0.2% increase).

Potential Changes

- Federal layoffs (government and impacted industries) will have an immediate impact on statewide income tax collections. Revised projections will have impact on FY25 and FY26.



Transfer & Recordation Taxes

Budget: \$92,125,000

Q2 Projection: \$100,375,000

Surplus: +\$8,250,000

TRANSFER AND RECORDATION TAXES:

- Transactions subject to Transfer tax are up by 4.4%, but those subject to Recordation tax are down by 1.1%.
 - Average yield per Transfer tax transaction are up by 4.9% and 5.1% for Recordation tax.

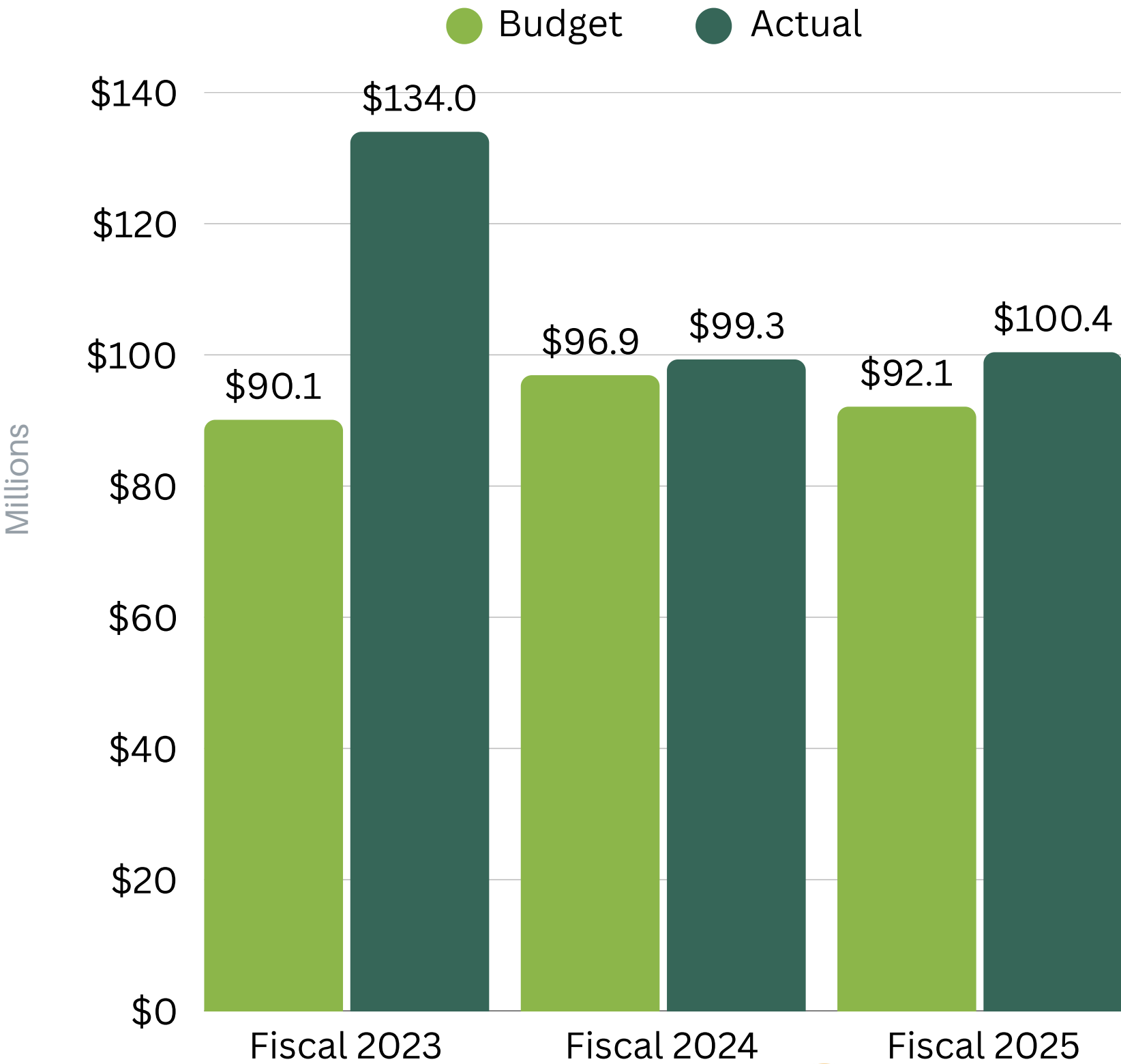
MARKET ACTIVITY

- Transaction activity continues in-line with budgeted expectations.
 - Residential units sold are down by 1.6% compared to FY24.

PRICES & RESIDENTIAL HOME VALUES

- Residential home sale prices have grown in value by 4.7% compared to last year when examining average sales prices:
 - July-December 24 Avg Sales Price: \$265,000
 - July-December 23 Avg Sales Price: \$253,000

Transfer & Recordation Taxes:
Actuals vs. Budgets



Projected Deficits

Property Taxes

Budget: \$1,144,356,000

Q2 Projection: \$1,143,752,000

Deficit: (\$784,000)

REAL PROPERTY TAX

- Assessments subject to real property have declined by \$238.1 million or 0.50% compared to Budget, which is higher than projected.
- Anticipated collection rate remains at 97.5%.

Public Utilities

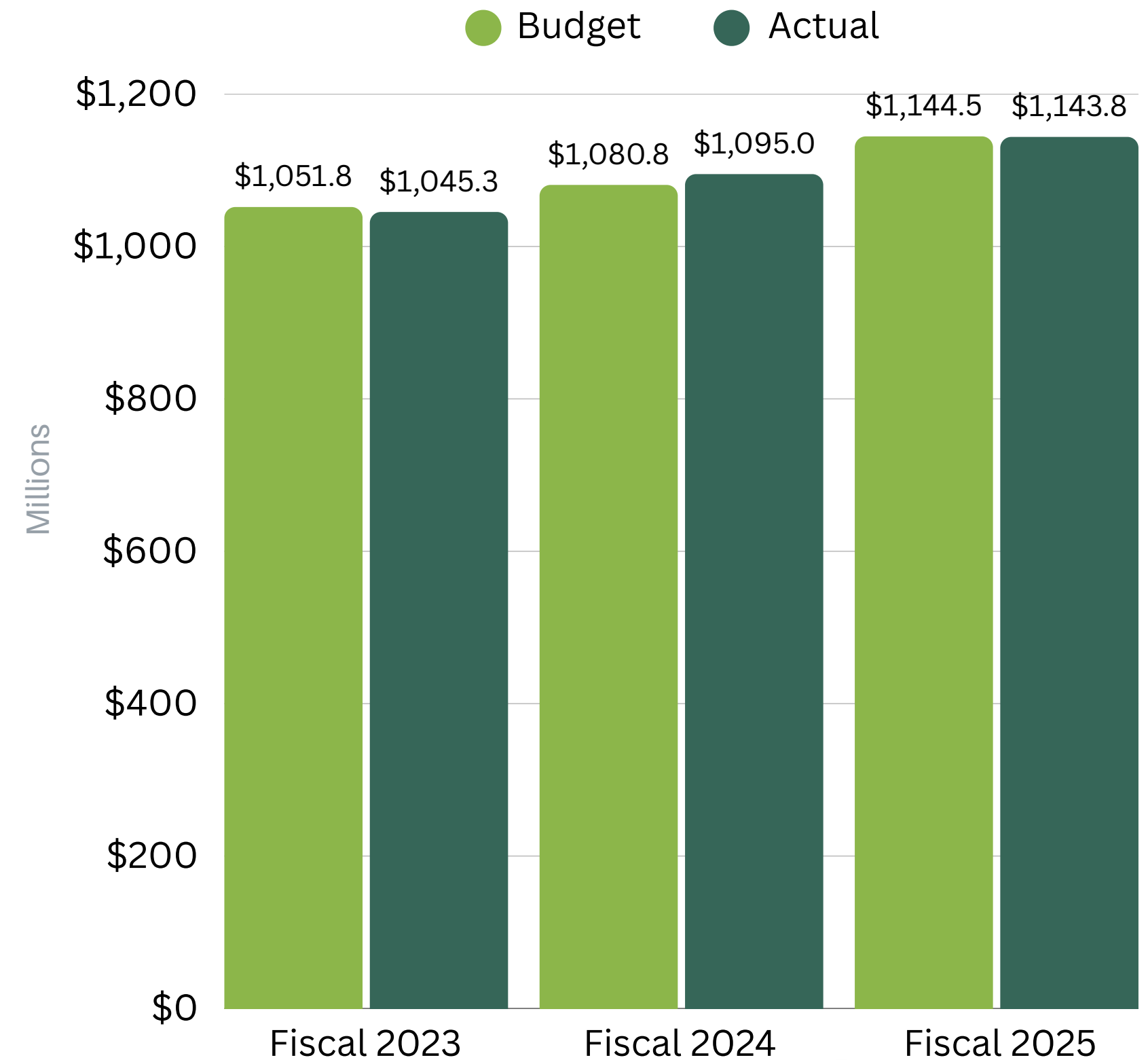
- Projected \$3.2 million surplus from increase in BGE property assessment (+5.1%).

Personal Property Tax

- Assessment down by 3.6% resulting in \$2.2 million deficit.

Property Taxes

Actuals vs. Budgets



Investment Earnings

Budget: \$41,603,000

Q2 Projection: \$35,287,000

Deficit: (\$6,316,000)

CASH AVAILABLE FOR INVESTMENT

- The projection reflects an overall drop of \$245 million in the annual average daily cash for investments compared to budget assumptions.

INTEREST RATE

- Assumed average interest rate producing investment earnings decreased from 4.4% in the Budget to 3.5%

Investment Earnings:

Actuals vs. FY25 Budget



Highway User Revenues (HUR)

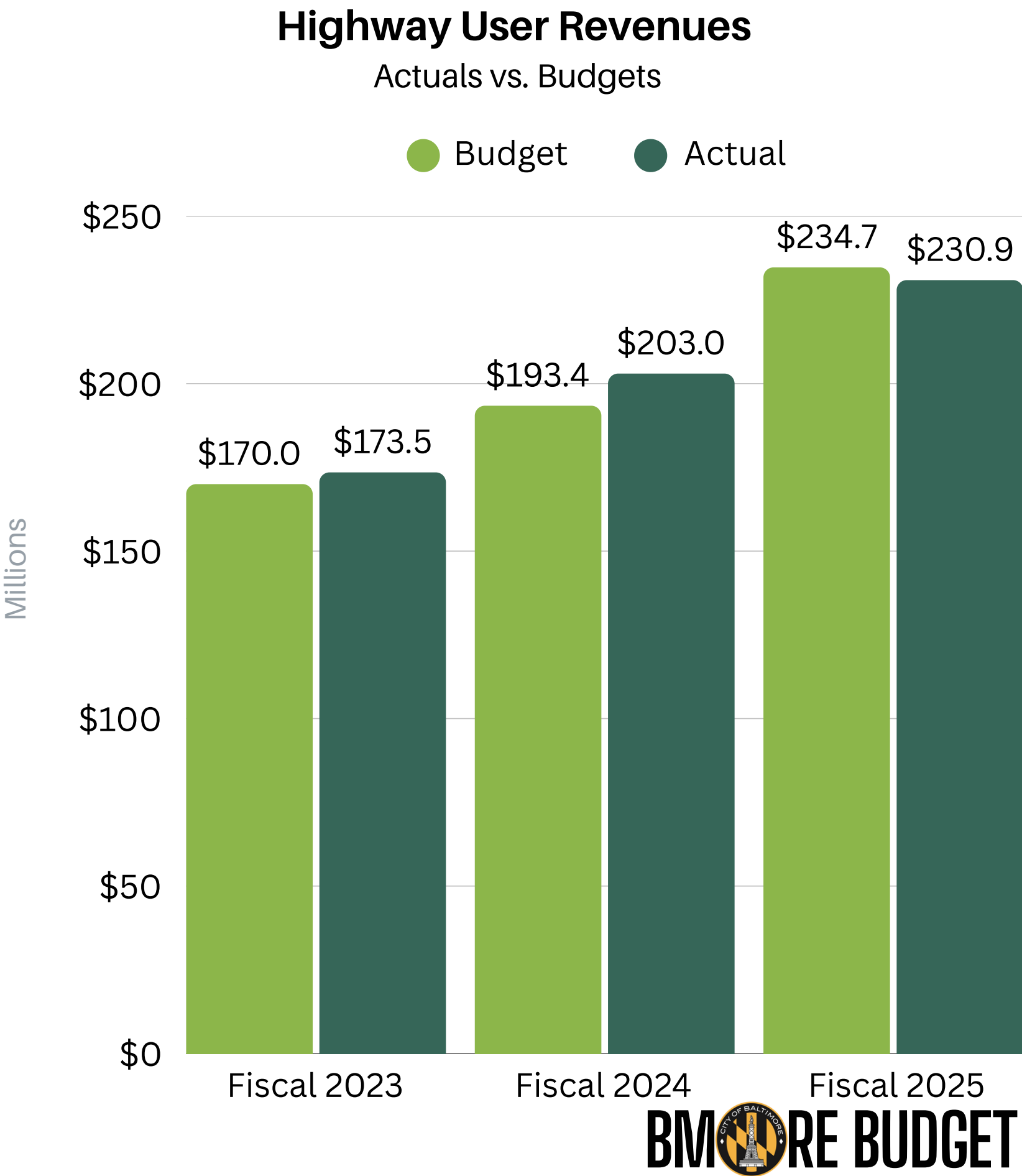
Budget: \$234,719,000

Q2 Projection: \$230,922,000

Deficit: (\$3,797,000)

HUR ACTIVITY

- The projection reflects lower than expected activity during the first five months of the Fiscal year.
 - Collection of Fuel tax as of November 2024 is 10.7% lower than last year.
 - Vehicle registrations are down 12.1% compared to last year. Changes in registration renewal period started last year to allow drivers to register one, two or three years. It is assumed that drivers are choosing to register annually.
 - Corporate Income Tax is 16.1% higher than last year, and this growth incorporates the increased allocation of to HUR from 20% to 21%.



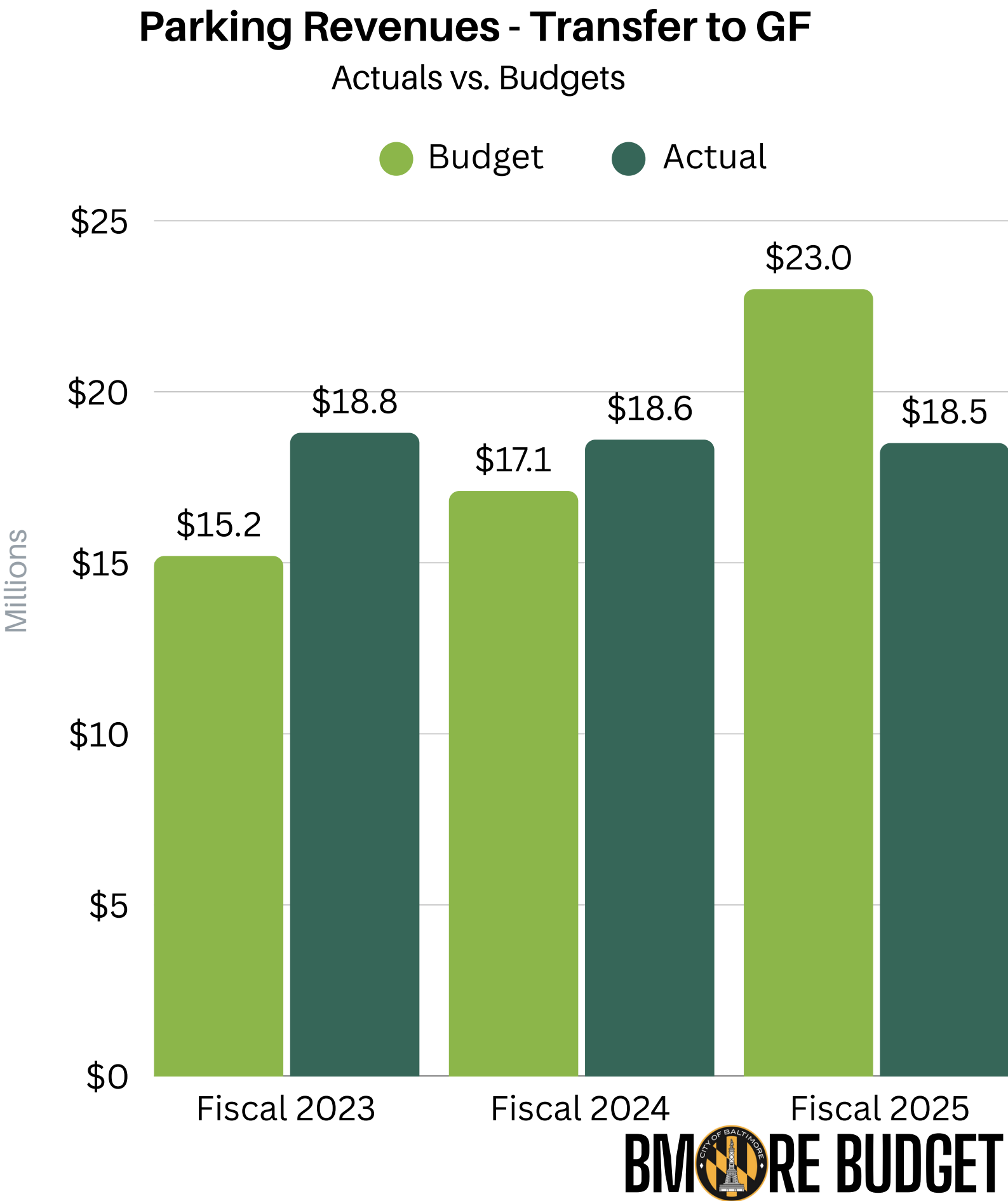
Parking Related Revenues

Budget: \$23,020,466

Q2 Projection: \$18,544,600

Deficit: (\$4,475,866)

- The Fiscal 2025 budget assumed \$6.2 million in new revenue from deploying License Plate Reader Technology, reinstituting parking penalties, and new parking tax legislation.
- Actual revenue is coming up \$1.7 million short of those projections.
 - Parking & meter citations were down in the first half of the year compared to prior trends.
 - Actual revenue from reinstating late fees is lower than budget projections.
- During the 3rd Quarter, DOT has focused on filing vacant Traffic Enforcement Officers. Deployment of the License Plate Reader technology has been delayed, but is expected to begin in the 4th Quarter.



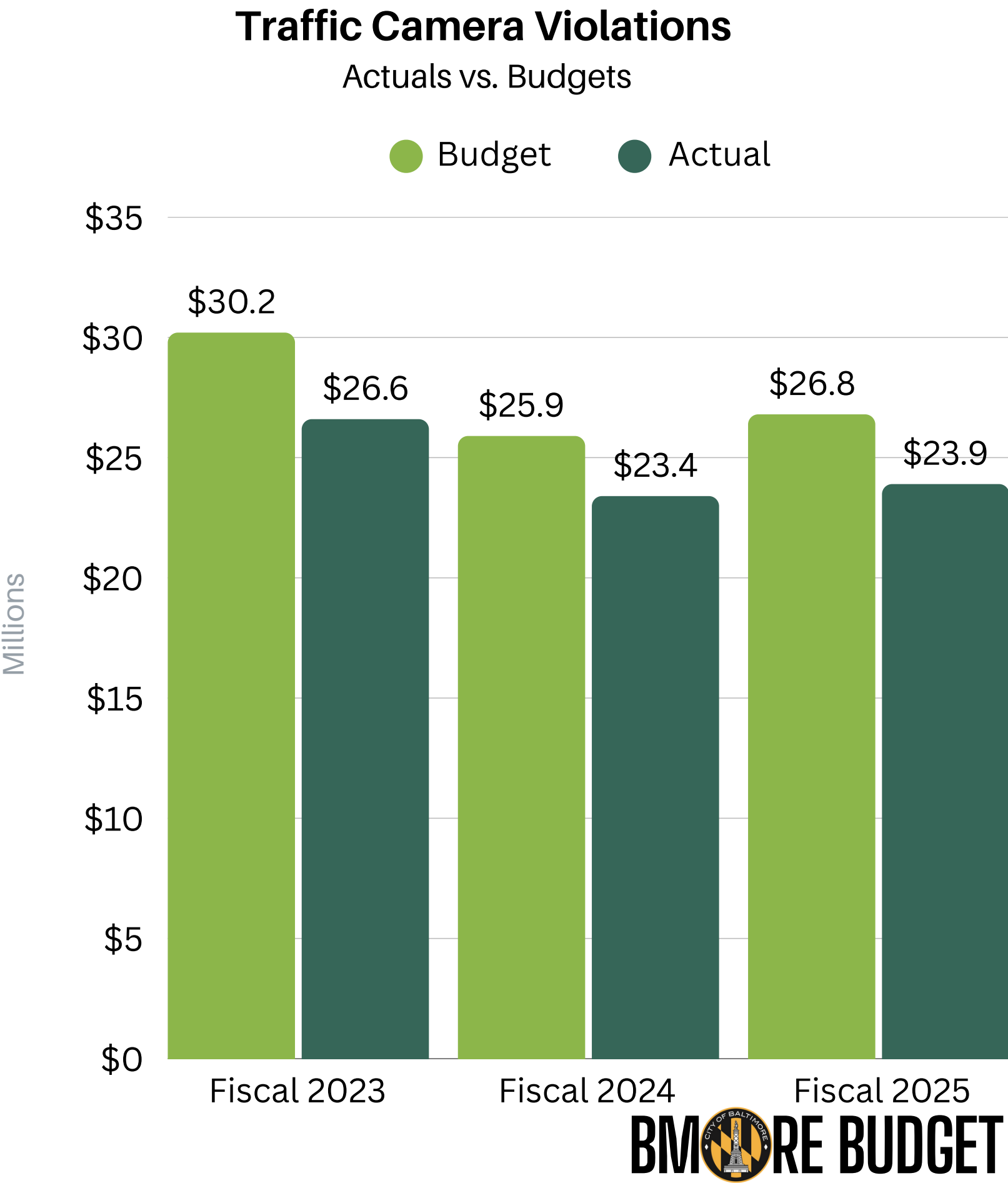
Traffic Camera Violations

Budget: \$26,750,000

Q2 Projection: \$23,899,000

Deficit: (\$2,851,000)

- Projected camera citation revenue is up \$500k compared to Fiscal 2024.
- The Fiscal 2025 budget was increased by \$900k to reflect new Red Light cameras getting installed; actual revenue down based on timing of installing the new cameras.



Fiscal 2025

Expenditure Overview

Fiscal 2025: Expenditure Outlook

EXPENDITURE DEFICIT DRIVERS

Staff Costs: Projection=\$8.5 Million Deficit

- General Fund vacancies down compared to Fiscal 2024
- Overtime costs are projected to end year with \$90 million deficit (sworn & civilian)

Non-Personnel Spending: Projection=\$12.7 Million Deficit

- Fleet maintenance costs projected to be \$16.0 million over budget; \$14.2 million deficit in Fire, Police, & Sheriff
- Professional services contract costs projected to \$29.2 million overbudget
 - Fire: \$10.4 Million Deficit
 - BCIT: \$4.1 Million Deficit
 - Rec & Parks: \$4.1 Million Deficit

Projection Assumptions

- Does not include snow costs incurred after Jan 1st
- Does not capture FOP wage increases that went into effect in January

FISCAL 2025
SECOND QUARTER

\$30.9M

PROJECTED DEFICIT

Fiscal 2025: Key Expenditure Stats

Expenditure Type	FY24 YTD	FY25 YTD	% Change	FY24 Yearend	FY25 Projected	Trend
	Year to Date Comparison			Annual Comparison		
Civilian Overtime	\$18.7	\$17.8	-5%	\$35.1	\$42.1	↓
Sworn Overtime	\$50.0	\$54.4	+9%	\$99.0	\$106.8	↑
Citywide Vacancies	1,982	1,608	-19%	1,970	n/a	↓
Non-Personnel Spending	\$220.2	\$254.8	+16%	\$475.1	\$536.6	↑

\$ in Millions

Agencies with Projected Surplus:

Projected Surplus > 10%

Agency	Projection (\$M)	Change from 1st Quarter	Notes
City Council	\$1.7	↓	<ul style="list-style-type: none">Overall spending lower than Fiscal 2025 1st Quarter, driven by position vacancies and turnover.
Comptroller	\$2.1	→	<ul style="list-style-type: none">Spending consistent with Fiscal 2025 1st Quarter.Projected surplus driven by Audits and Accounts Payable, primarily from vacant positions.
Legislative Reference	\$0.2	↓	<ul style="list-style-type: none">Projected spending lower than Fiscal 2025 1st Quarter.Projected surplus driven by delays in finalizing the lease for the Archives space.
Municipal and Zoning Appeals	\$0.1	→	<ul style="list-style-type: none">Projected spending consistent with Fiscal 2025 1st Quarter.Surplus based on savings from vacant position.
State’s Attorney	\$5.8	↑	<ul style="list-style-type: none">Spending increased from 1st Quarter based on salary costs. Projected surplus driven by software savings and vacant positions (6 vacant Chief State’s Attorneys; \$1.0M annualized value).





Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection (\$M)	Change from 1st Quarter	Notes
Circuit Court	\$1.5	↑	<ul style="list-style-type: none">Surplus driven by vacancies and savings in juror compensation payments.
Board of Elections	\$0.0	→	<ul style="list-style-type: none">Projected spend at budget, consistent with Fiscal 2025 1st Quarter.
General Services	\$0.7	↑	<ul style="list-style-type: none">Projected surplus driven by savings from vacancies and holding costs for Surplus Schools.
Health	\$4.5	→	<ul style="list-style-type: none">Large projected surpluses in School Health Services (\$2.8m) and HIV Treatment for Uninsured (\$1.1m).Agency had 20% vacancy rate at close of 2nd Quarter (excluding School Health).
Housing and Community Development	\$0.7	↑	<ul style="list-style-type: none">Overall vacancy count (56 at end of 2nd Quarter) down 33% since beginning of the fiscal year.





Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection (\$M)	Change from 1st Quarter	Notes
Human Resources	\$0.8		<ul style="list-style-type: none">Surplus driven by vacancies in Civil Service Management.
Law	\$0.0		<ul style="list-style-type: none">Minor surplus driven by savings on staff costs, offset through overspending in legal fees and professional services .
Enoch Pratt Free Library	\$2.0		<ul style="list-style-type: none">Surplus driven by vacant positions; the projected surplus does not include the FY24 back-wages that have been negotiated for their AFSCME employees.
M-R: Office of the Inspector General	\$0.2		<ul style="list-style-type: none">Projected surplus primarily driven by savings from timing of implementing new Ethics software.





Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection (\$M)	Change from 1st Quarter	Notes
M-R: Office of Children and Family Success	\$0.2		<ul style="list-style-type: none">• Spending consistent with Fiscal 2025 1st Quarter.• Projection reflects General Fund absorbing unbudgeted staffing & software costs.
M-R: Office of Neighborhood Safety and Engagement	\$0.2		<ul style="list-style-type: none">• Projected spending in line with budget.
M-R Office of Employment Development	\$0.1		<ul style="list-style-type: none">• Surplus driven by savings from grant overhead (Workforce Services for Out of School Youths).• Increased spending from 1st Quarter reflects final YouthWorks expenditures from summer 2024.
Orphan’s Court	\$0.1		<ul style="list-style-type: none">• Spending consistent with Fiscal 2025 1st Quarter.

Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection (\$M)	Change from 1st Quarter	Notes
Office of Equity and Civil Rights	\$0.4		<ul style="list-style-type: none">Projected surplus driven by agency vacancies.
Planning	\$0.0		<ul style="list-style-type: none">At Budget as of 2nd Quarter; vacancy savings are offset by unbudgeted professional services costs and higher materials & supplies costs.
Public Works	\$6.6		<ul style="list-style-type: none">Surplus driven by increase in tipping fees budget from FY24, and low year-to-date subcontractor payments (Waste Removal & Recycling, and Vacant and Abandoned Property Cleaning).Not projected to fully utilize supplemental funding allocated for contractual support for trash & recycling.
Transportation	\$2.9		<ul style="list-style-type: none">Projected surplus driven by anticipated savings on traffic camera contracts; surplus could be attributed to timing of vendor payments (\$6.0m).Projected deficits in Street Management & Special Events (\$5.6m).Deficit will be higher in 3rd Quarter based on snow costs.






Agencies with Projected Deficit:

Projected Deficit >\$0

Agency	Projection (\$M)	Change from 1st Quarter	Notes
Finance	(\$0.2)	↓	<ul style="list-style-type: none">Deficit driven by unbudgeted Professional Services to support payroll, accounting, & finance systems (Workday & MUNIS).
Fire	(\$35.8)	↑	<ul style="list-style-type: none">Spending higher than Fiscal 2025 1st Quarter, with deficit driven by sworn overtime (\$32.9m), contracted EMS services (\$10m), & fleet costs.
Liquor License Board	(\$0.6)	↑	<ul style="list-style-type: none">Spending higher than Fiscal 2025 1st Quarter, driven by full-time salary variance from budget and overtime costs.
M-R: Office of Information Technology	(\$2.7)	↑	<ul style="list-style-type: none">Projected deficit driven by software contract costs in Enterprise Innovation service.
M-R: Office of Homeless Services	(\$2.4)	↑	<ul style="list-style-type: none">Projected deficit driven by contractual costs for shelter operations and late payment on prior year invoices (\$2m).

Agencies with Projected Deficit:

Projected Deficit >\$0

Agency	Projection (\$M)	Change from 1st Quarter	Notes
M-R: Environmental Control Board	(\$0.1)		<ul style="list-style-type: none">Spending consistent with Fiscal 2025 1st Quarter, driven by converting contractual position to full-time.
M-R: Arts and Culture	(\$0.1)		<ul style="list-style-type: none">Spending projected higher than Fiscal 2025 1st Quarter due to higher benefits costs and the Bromo Seltzer Tower emergency sprinkler repair (BOPA).
Police	(\$25.2)		<ul style="list-style-type: none">Overall spending higher than Fiscal 2025 1st Quarter due to overtime budget; projection does not include the impact of pending FOP contract.
Recreation and Parks	(\$7.6)		<ul style="list-style-type: none">Projected deficit driven by Park Maintenance - \$2.8m for maintenance and repairs, and \$300k for facilities assessment\$1.4m deficit in Urban Forestry driven by Camp Small damages
Sheriff	(\$1.7)		<ul style="list-style-type: none">Projected deficit driven by overtime spending exceeding the budgeted amount and upfitting of vehicles.

Corrective Actions & Next Steps

- All agencies with a projected deficit have been placed on an expenditure freeze for the remainder of the Fiscal Year.
- Freeze Actions:
 - Pause on personnel actions including reclassifications and in-range adjustments
 - Increased review and approval of discretionary overtime
 - Additional review of all procurement related actions, including contracts submitted to the BOE
 - Freeze all p-cards except Agency Directors & direct reports
- BBMR is currently working on 3rd Quarter projections; updates to this guidance will be based on updated projections.

Discussion and Questions

