

Andrew Klein

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| FROM | NAME & TITLE | Andrew Kleine, Chief |
| | AGENCY NAME & ADDRESS | Bureau of the Budget and Management Research Room 432, City Hall (410 396-4941) |
| | SUBJECT | City Council Bill No.12-0030R – Use of VLT Land Lease Revenue for School Construction and Renovation |

CITY of
BALTIMORE
MEMO



TO DATE: June 5, 2012

Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

This resolution calls on the Mayor to dedicate all of the annual city revenue from the proposed Video Lottery Terminal (VLT) facility land lease to the Public School Construction and Renovation Special Fund.

Analysis

The citizen survey data is clear. When you ask families what they need in order to stay in Baltimore, it is safe neighborhoods, good schools and lower property taxes.

The Mayor has proposed a plan to address these three issues. First, by fully funding an aggressive police hiring plan, violent crime in the City continues to decline to all-time lows. Second, by dedicating a five cent beverage container tax (\$10.4M) and ten percent of the VLT facility land lease for school construction, BCPS will have new revenue that it can leverage to finance construction and renovation projects. Finally, by dedicating the remaining ninety percent of the VLT funding to property tax reduction, the City will begin to address the third major issue in retaining residents.

The ability to retain residents is imperative to long term fiscal viability of the Baltimore City Public School System (BCPS). If residents continue to leave the City, there will be fewer resources for school funding in the long run.

In Fiscal 2013, the City will spend \$284 million to support the public schools, including \$233 million for Maintenance of Effort, \$36 million for capital and debt service, and \$15 million for other services, including school health and crossing guards. With the new funding formulas recently passed by the legislature, the City's cost to support the school system is expected to increase substantially in the next ten years. For the City to continue to fully fund these items, it is imperative that the City begin to grow its population. VLT funding for property tax reduction is an integral part of the City's growth strategy.

Recommendation

The Finance Department opposes CC Bill 12-0030R.

CC: Harry Black
William Voorhees
Angela Gibson

