Fiscal 2025

Third Quarter Projections

Bureau of the Budget & Management Research

City Administrator Briefing

May 8th, 2025

BMORE BUDGET

Fiscal 2025: Third Quarter Outlook

3rd Quarter Projection: $8.2 Million Deficit

KEY TAKEWAYS

Overall Projection

- The overall projection is line with the 2nd Quarter. The revenue outlook has improved by $14.5 million while the expenditure deficit has increased by $14.4 million.
- Revenue projections reflect improvements from personal property tax, transfer and recordation taxes, and Highway User Revenue.
- Expenditure projections reflect increased spending in Police and Fire along with final costs from winter storm response.

Revenue	Expenditures
$37.1M SURPLUS	$45.3M DEFICIT
+1.5% Variance	-1.8% Variance

Fiscal 2025

General Fund Revenue Overview

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Fiscal 2025: Revenue Outlook

MAJOR CHANGES FROM 2ND QUARTER

Change from 2nd Quarter=+$14.5 Million

Improved Outlook

- **Personal Property :** Increase in number of certified properties & public utility assessments.
- **Highway User Revenue:** 3rd Quarter disbursements higher than first half of the year.
- **Other Misc. Adjustments:** The outlooks for tipping fees, energy taxes, and tax credits improved compared to trends in the first half of the year.

Downgraded Outlook

- **Income Tax:** Overall projection down by $4.5 million compared to 2nd Quarter based on State projections & fiduciary returns).

FISCAL 2025
THIRD QUARTER

$37.1M

PROJECTED SURPLUS

Revenue Highlights

General Fund Revenue Summary Table ($ in Millions)

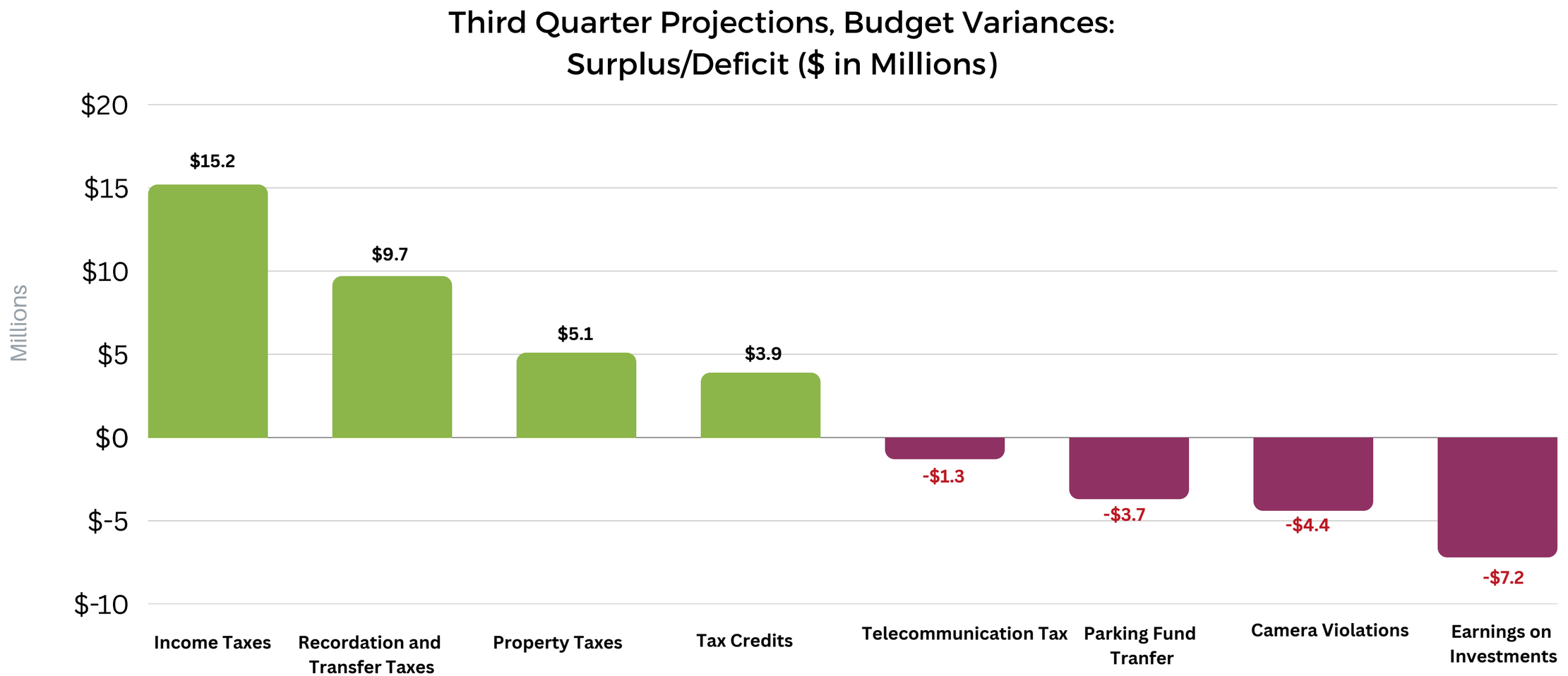
REVENUES	FY 2024 Prel. Year-End	FY 2025 Budget	FY 2025 Adj'd Budget	FY 2025 Q1	FY 2025 Q2	FY 2025 Q3	Surplus/ (Deficit)
Local Taxes	$1,773.8	$1,800.1	$1,800.1	$1,818.0	$1,817.3	$1,833.5	$33.5
State Collected Taxes	$203.0	$234.7	$234.7	$233.2	$233.2	$234.4	($0.4)
Licenses and Permits	$36.1	$28.7	$28.7	$31.1	$31.1	$35.9	$7.2
Fines and Forfeits	$30.7	$35.0	$35.0	$30.7	$30.7	$30.9	($4.1)
Use of Money and Property	$75.0	$61.1	$61.1	$56.6	$56.6	$49.2	($11.9)
State Aid	$114.4	$107.7	$107.7	$104.9	$107.5	$107.7	$0.0
Private and Federal Grants	$0.1	$0.0	$0.0	$4.1	$0.3	$0.2	$0.2
Charges for Current Services	$47.5	$48.5	$48.5	$47.5	$47.5	$52.4	$3.9
Other Revenues	$10.2	$3.4	$3.4	$9.8	$9.8	$15.7	$12.3
Total Revenues Before Transfers	$2,290.9	$2,319.1	$2,319.1	$2,335.8	$2,334.0	$2,359.9	$40.7
Net Transfers	$4.3	$7.9	$7.9	$1.9	$3.9	$4.2	($3.7)
Prior Year Fund Balance	$63.0	$20.7	$74.6	$20.7	$20.7	$74.6	$0.0
Total General Fund	**$2,358.1**	**$2,347.7**	**$2,401.5**	**$2,358.4**	**$2,358.5**	**$2,438.6**	**$37.1**

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	FY 2025 Q3	Surplus/ (Deficit)
Local Taxes							
Property Taxes	$1,095.0	$1,144.5	$1,144.5	$1,144.8	$1,144.4	$1,149.7	$5.1
Income Taxes	$475.3	$466.5	$466.5	$479.2	$478.2	$481.6	$15.2
Recordation & Transfer Taxes	$99.3	$92.1	$92.1	$96.4	$97.4	$101.8	$9.7
Energy Tax	$49.7	$51.2	$51.2	$48.8	$49.4	$52.0	$0.8
Telecommunication Tax	$33.6	$33.7	$33.7	$33.7	$32.4	$32.4	($1.3)
Net Hotel Tax	$28.2	$30.8	$30.8	$30.4	$30.4	$24.9	($5.9)
Video Lottery Terminal	$12.6	$12.6	$12.6	$12.6	$12.6	$12.6	$0.0
Admission Tax	$11.8	$8.5	$8.5	$8.5	$8.5	$10.3	$1.8
All Other Local Taxes & Tax Credits	($31.6)	($39.7)	($39.7)	($36.3)	($35.8)	($31.7)	$8.0
Total Local Taxes	$1,773.8	$1,800.1	$1,800.1	$1,818.0	$1,817.3	$1,833.5	**$33.5**

Revenues: Major Variances



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Projected Surpluses

Income Taxes

Budget: $466,452,000

Q3 Projection: $481,606,187

Surplus: +$15,154,187

Changes from 2nd Quarter

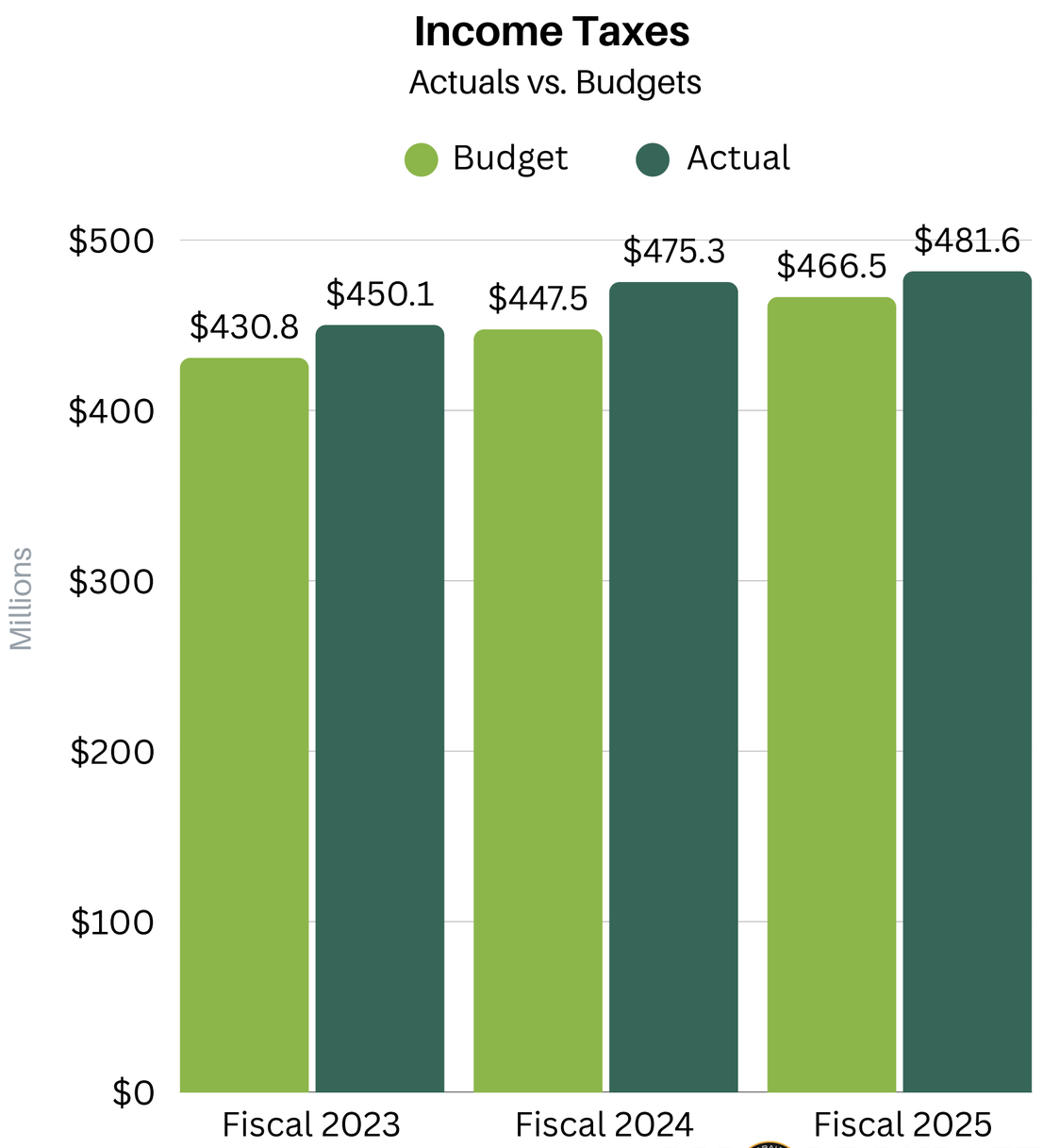
- Projected surplus is $4.5 million lower than the 2nd Quarter based on updated State forecast.

State Growth Assumptions

- Initial Budget Assumption: 4.6% increase
- December 2024 Assumption: 6.0% increase
- March 2025 Assumption: 4.9% increase

Other Income Tax Factors

- Fiduciary Returns: Income tax collections from estate and trust fund income dropped significantly, down 48.2% or $6.6 million.
- State Allocation: The State has increased the City's share of statewide collections from 5.6% to 5.612%.
- Final statewide reconciliations take place during the 4th Quarter; these adjustments have contributed to prior year income tax surpluses.



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Transfer & Recordation Taxes

Budget: $92,125,000

Q3 Projection: $101,838,000

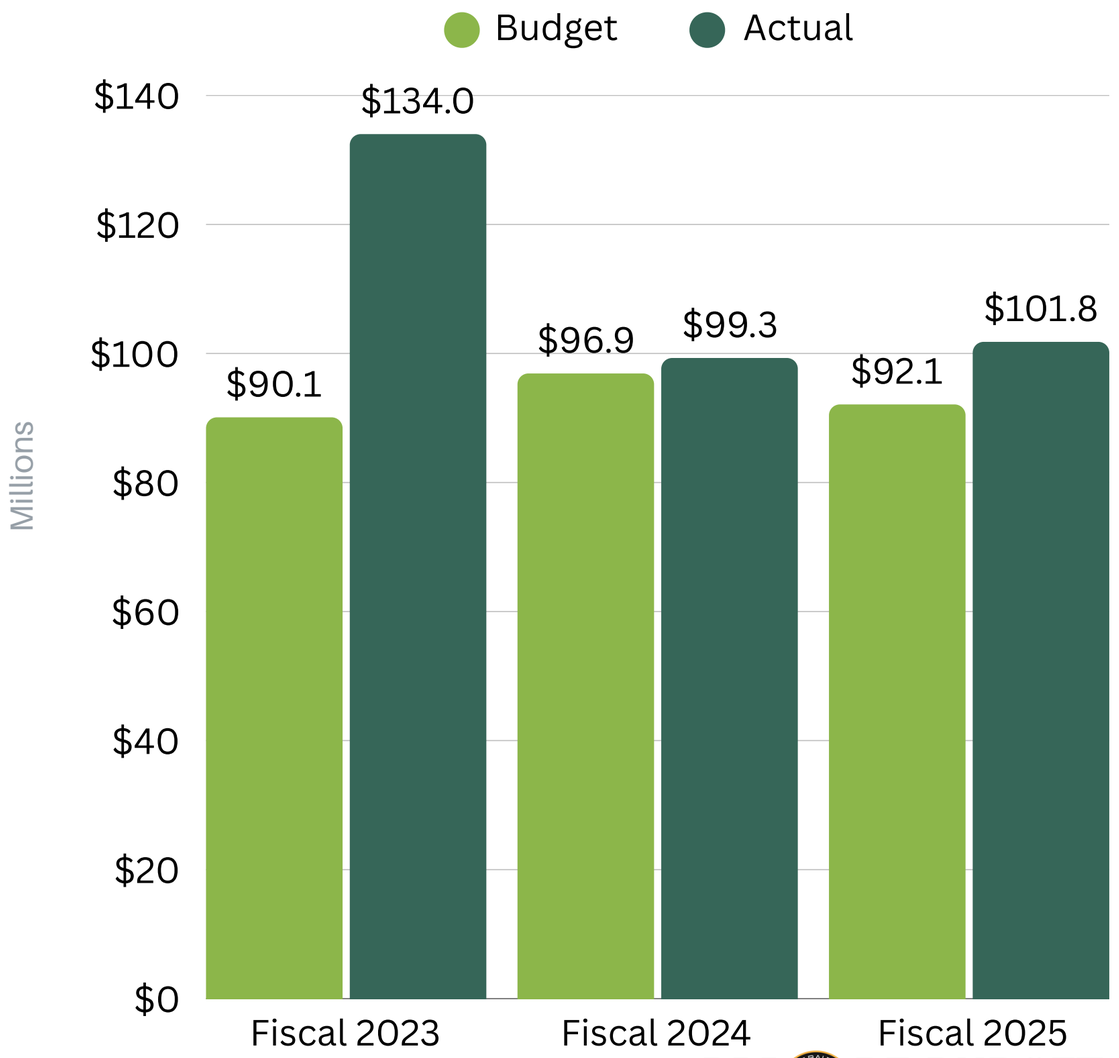
Surplus: +$9,713,000

Changes from 2nd Quarter

- Projected surplus is $4.5 million higher than 2nd Quarter.
- Transactions subject to Transfer tax are up by 4.9%, but those subject to Recordation tax are down by 4.0%.
- Average Yield/Transaction
  - Transfer Tax=+ 6.2%
  - Recordation tax=+9.9%

Market Activity

- Residential units sold are up by 1.0% compared to FY24.
- Residential home sale prices have grown in value by 3.7% compared to last year when examining average sales prices:
  - July 24-February 25 Avg Sales Price: $260,834
  - July 23-February 24 Avg Sales Price: $251,560



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Property Taxes

Budget: $1,144,536,000

Q3 Projection: $1,149,679,000

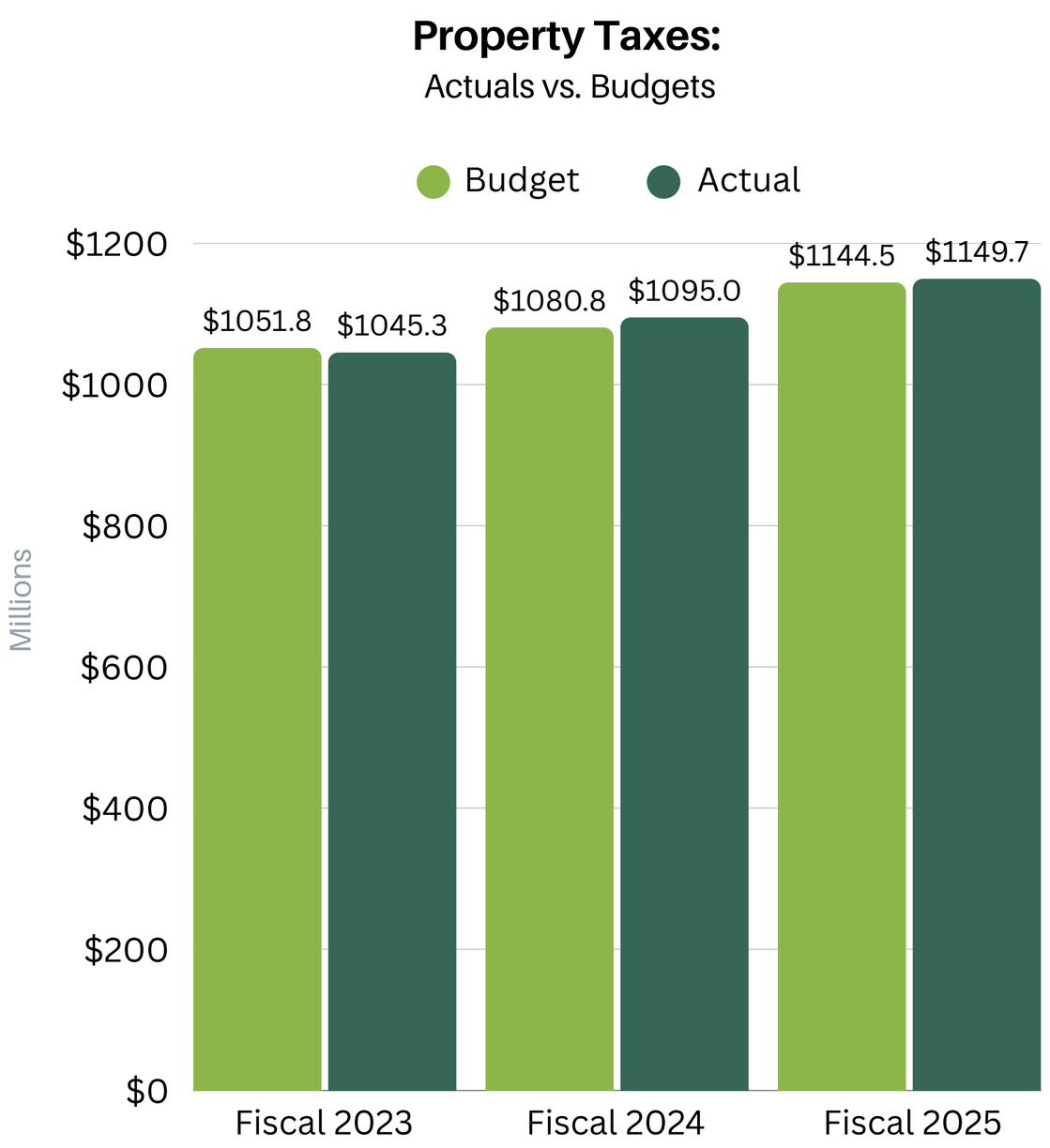
Surplus: +$5,143,000

Changes from 2nd Quarter

- Overall projection is up $5.3 million compared to 2nd Quarter projection (small deficit projected at 2nd Quarter).

Major Changes

- Real property tax projections consistent with 2nd Quarter
  - 97.5% Collection Rate
  - Consistent appeal rate
- Projected revenue growth is coming from Personal Property Taxes
  - Public Utilities: $4.2 Million Surplus
    - BGE: +5.1%
    - CXS: +8.7%
    - Other providers (avg.): +4.6%
  - Business & Corporate Personal Taxes: $1.5 Million Surplus
    - 239 additional companies assessed in FY25 vs. FY24
    - Avg. tax per business rose 7.9%
    - From $3,738 (FY24) → $4,034 (FY25)



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Charges for Current Services

Budget: $41,993,000

Q3 Projection: $46,532,898

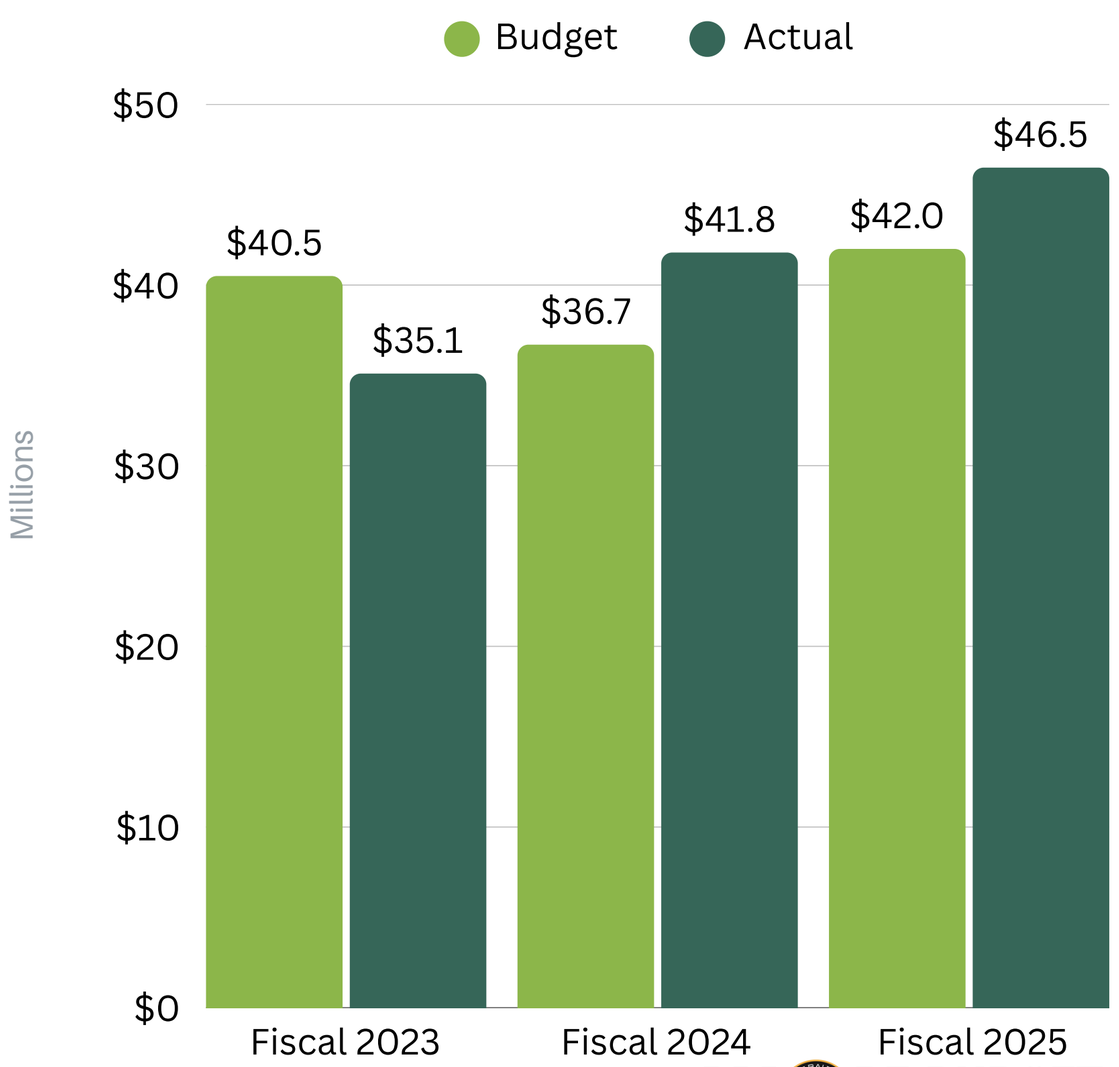
Surplus: +$4,539,989

Changes from 2nd Quarter

- Projected surplus is up by $4.8 million compared to 2nd Quarter.

Major Components

- Utility Overhead charges are up by $1.9 million based on utility expenditures.
- Tipping fee revenue is up by $2.0 driven by an overall increase in landfill activity (private haulers and BRESCO ash).
- Semi-annual tax payments are up from $611.1 million in FY 24 to $631.7 million in FY 25.



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Tax Credits

Budget: -$100,898,000

Q3 Projection: -$96,998,908

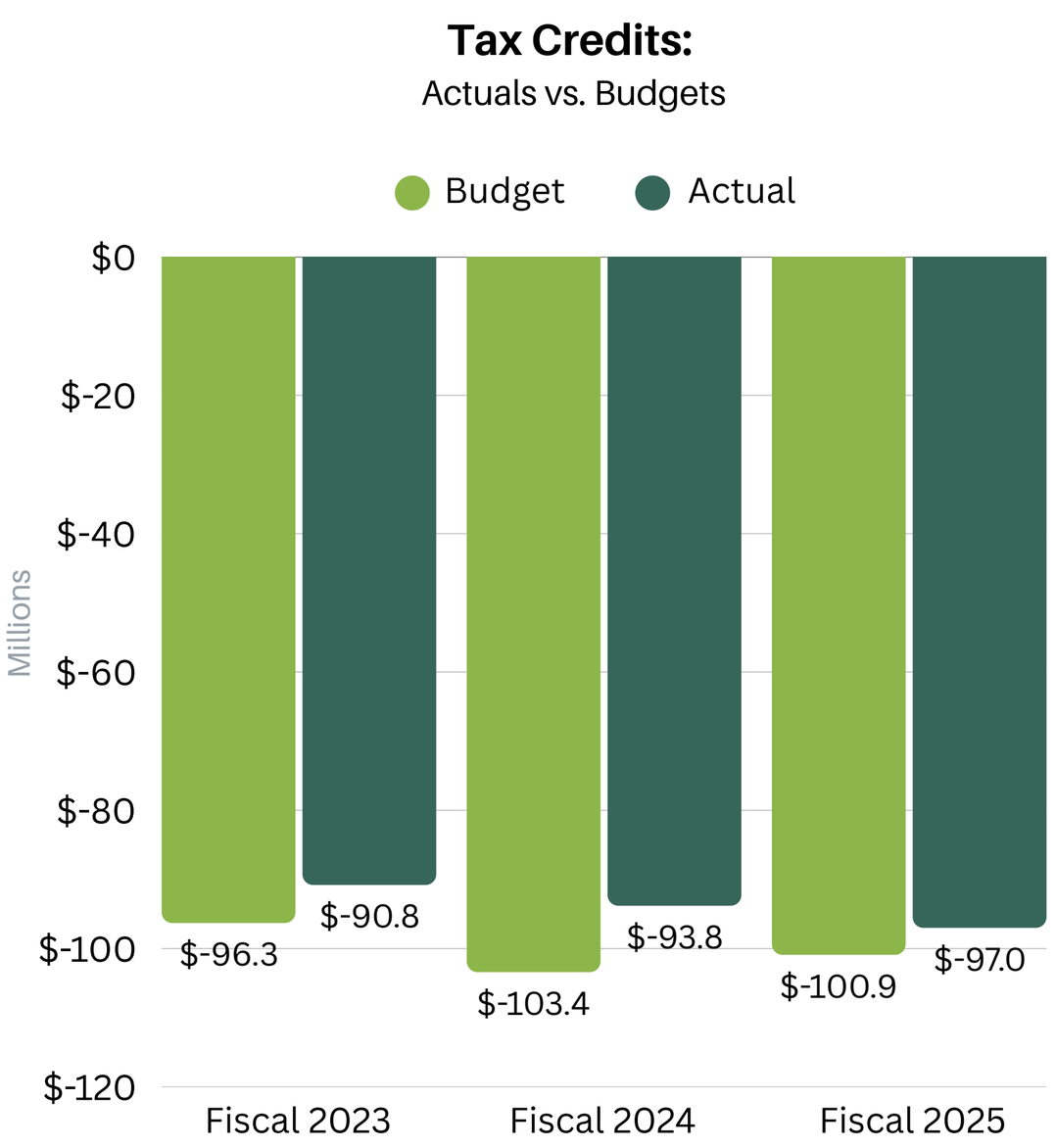
Surplus: +$3,899,092

Changes from 2nd Quarter

- Projected cost of tax credits is down by $4.1 million compared to the 2nd Quarter.

Major Variations

- Number of tax credit applications for various tax credit programs down compared to prior years (i.e. CHAP Tax Credit).
- Cost of EZ Tax credit lower than projected due to personal property tax projection for Amazon credit.
- Cost of Brownfield credit higher than budget based on higher participation than what was assumed in the budget.



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Projected Deficits

Parking Related Revenues

Budget: $23,020,466

Q3 Projection: $19,346,384

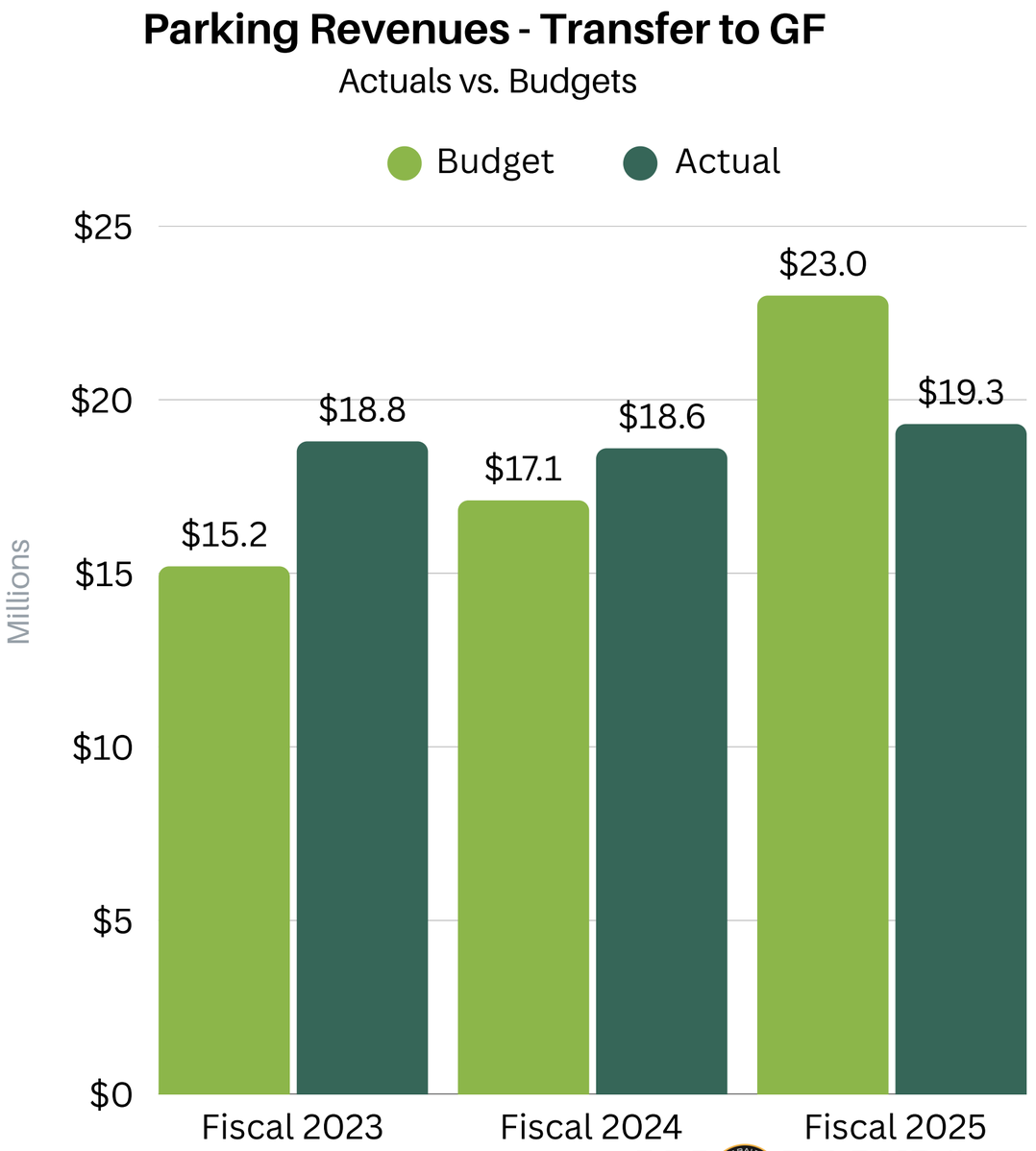
Deficit: ($3,674,082)

Changes from 2nd Quarter

- Projected deficit is down by $800k compared to 2nd Quarter projections.

Major Trends

- Overall ticketing trends have continued to improve in the 3rd Quarter but still down 2% for the full fiscal year.
- Parking meter revenue is down by $1.1 million compared to Fiscal 2024 trends.
- Work on the License Plate Reader pilot continues. The Fiscal 2026 budget includes additional software funding to expand the pilot.



Traffic Camera Violations

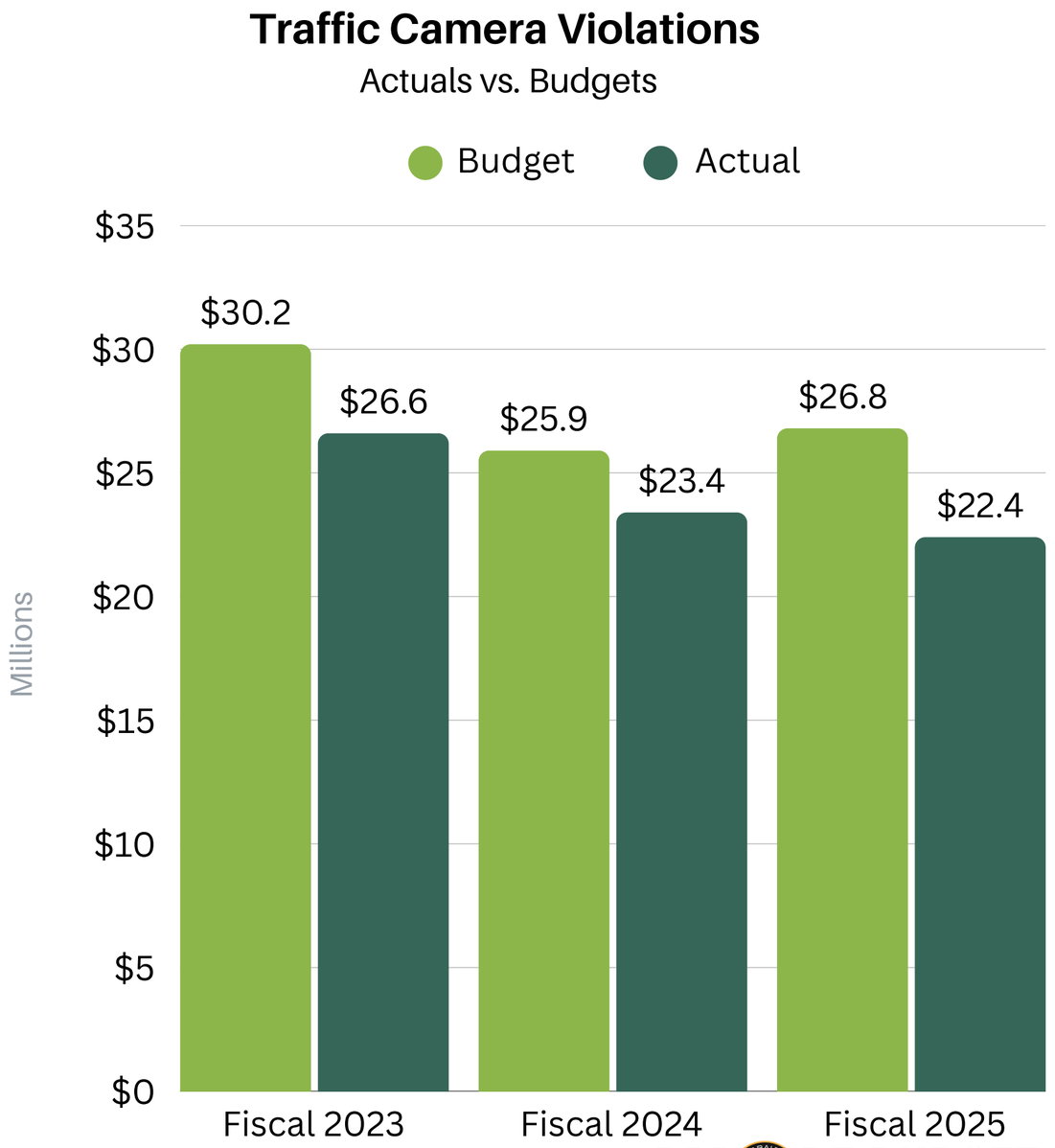
Budget: $26,750,000

Q3 Projection: $22,395,000

Deficit: ($4,430,000)

Changes from 2nd Quarter

- Projected deficit is up by $1.2 million.
- Projected deficit driven by timing of deploying new cameras in Fiscal 2025.



Investment Earnings

Budget: $41,603,000

Q3 Projection: $34,415,000

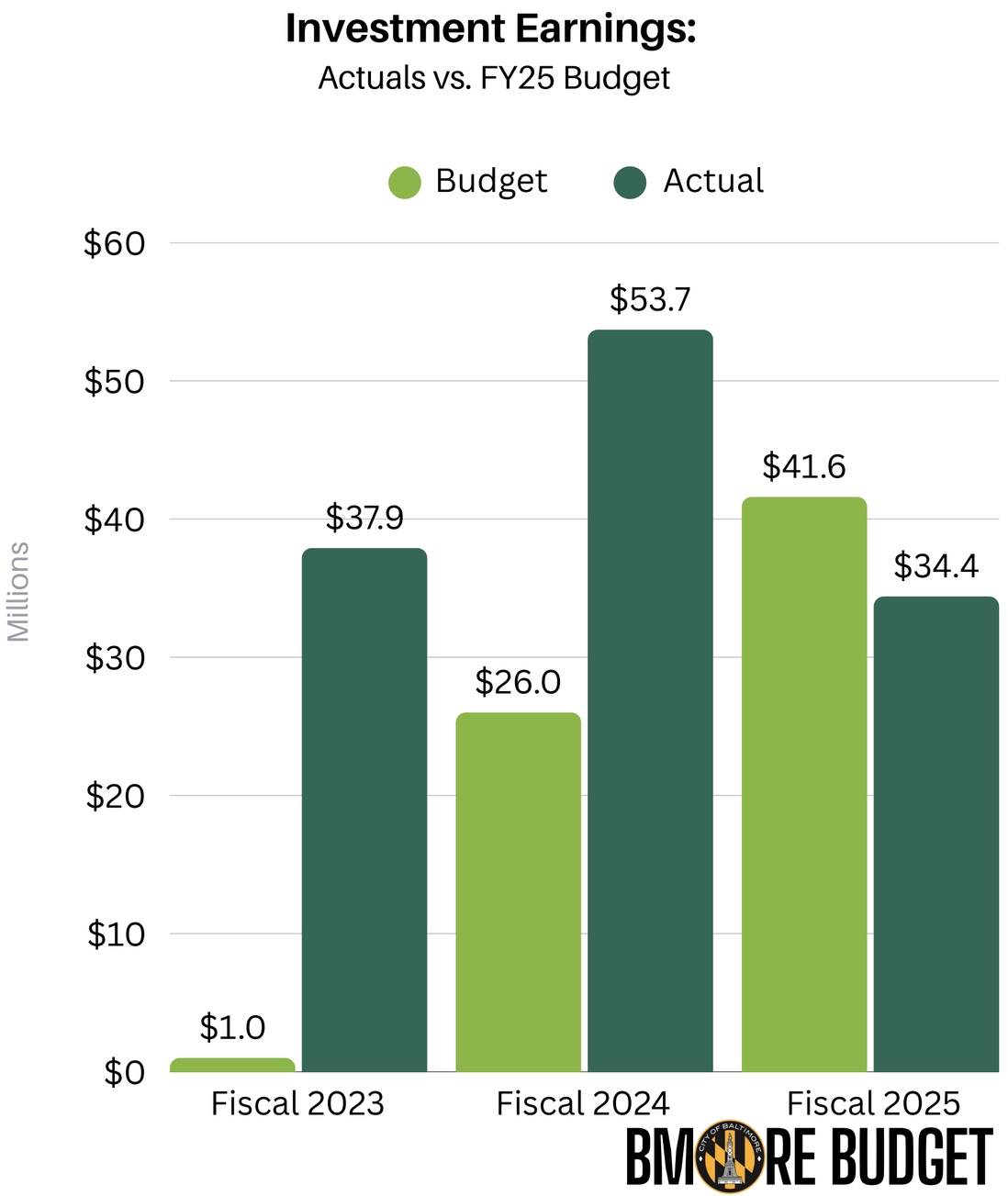
Deficit: ($7,188,000)

Changes from 2nd Quarter

- Projected deficit is up by $800,000.

Major Trends

- Cash on Hand: The projection reflects an overall drop of $285.3 million in the annual average daily cash for investments compared to budget assumptions.
- Interest Rate: The budget assumed a 4.4% rate of return on investments; actual average=3.8%.



Fiscal 2025

Expenditure Overview

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Fiscal 2025: Expenditure Outlook

CHANGES FROM 2ND QUARTER

Change from 2nd Quarter=Deficit Up by $7.3 Million

Major 3rd Quarter Expenditures:

- Winter storm response costs that took place in January and February.
- Spending has slowed compared to 2nd Quarter; improved outlooks for BCIT, Homeless Services, and Recreation and Parks.
- Spending in Police and Fire up compared to 2nd Quarter.

FISCAL 2025
THIRD QUARTER

$45.3M

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	$28.3	$27.1	*-4%*	$35.1	$37.9	
Sworn Overtime	$75.4	$82.8	*+10%*	$99.0	$106.3	
Citywide Vacancies	1,977	1459	*-26%*	1,970	n/a	
Non-Personnel Spending	$356.9	$375.2	*+5%*	$475.1	$551.5	

$ in Millions

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Agencies with Projected Surplus:

Projected Surplus >10%

Agency	Projection ($M)	Change from 2nd Quarter	Notes
Comptroller	$2.0	→	• Projected surplus driven by Audits and Accounts Payable, primarily from vacant positions.
Orphans' Court	<$0.1	→	• Projected spending consistent with Fiscal 2025 2nd Quarter.
Legislative Reference	$0.2	→	• Savings on lease costs from for the City's Archives.
Municipal and Zoning Appeals	$0.1	→	• Projected surplus driven by staff costs.
State's Attorney	$5.5	→	• Projected savings from software costs and vacant positions.
M-R: Environmental Control Board	$0.2	↓	• Surplus driven by vacant positions that the agency is working to fill.

Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection ($M)	Change from 2nd Quarter	Notes
City Council	$1.4	↑	• Surplus driven by vacancies (13 positions) across Council Administration and Council offices.
Circuit Court	$0.9	↑	• Increased spending in 3rd Quarter due to technology upgrades • Surplus driven by vacancies and savings in juror compensation payments.
Board of Elections	$0.4	↓	• Savings due to delay in lease agreement for new office/warehouse space.
General Services	$1.4	↓	• Surplus driven by vacant positions and lower holding costs for surplus schools.
Health	$4.1	→	• Surplus driven by vacant positions throughout agency.
Housing and Community Development	$1.2	↓	• Surplus driven by vacant positions throughout agency.

Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection ($M)	Change from 2nd Quarter	Notes
Human Resources	$0.8	→	• Surplus driven by vacant positions throughout agency.
Enoch Pratt Free Library	$1.3	↑	• Surplus driven by vacant positions; projection includes staffing costs from ongoing union negotiations.
M-R: Office of the Inspector General	$0.3	→	• Savings based on timing of implementing new Ethics software.
M-R: Office of Information Techology	$0.1	↓	• Agency was previously projected to end year with $2.7 million deficit; improved outlook from transferring capital costs to correct projects.
M-R: Office of Children and Family Success	$0.3	↓	• Surplus driven by vacant positions; 7 funded vacancies at the end of the 3rd Quarter.
M-R Civic Promotion	$0.0	→	• Projected at budget.
M-R Convention Center Hotel	$0.1	↓	• Surplus due to lower debt service payments than budget.

Agencies Projected at Budget:

Projected Surplus <10%

Agency	Projection ($M)	Change from 2nd Quarter	Notes
M-R: Office of Neighborhood Safety and Engagement	$0.8	↓	• Surplus driven by various grant programs administered by agency.
Office of Equity and Civil Rights	$0.4	→	• Surplus driven by vacant positions; 7 funded vacancies at the end of the 3rd Quarter.
Planning	$0.1	↓	• Surplus driven by vacant positions; 4 funded vacancies at the end of the 3rd Quarter.
Public Works	$6.1	→	• Surplus driven by tipping fee savings and lower year-to-date non-personnel spending.

Agencies with Projected Deficit:

Projected Deficit >$0

Agency	Projection ($M)	Change from 2nd Quarter	Notes
Finance	($0.6)		• Fiscal 2025 deficit driven by unbudgeted Professional Services to support payroll, accounting, & finance systems (Workday & MUNIS).
Fire	($39.9)		• Deficit driven by sworn overtime ($32.8m), contracted EMS services ($10.8m), fleet costs ($5m), and severance costs ($1.7m).
Liquor License Board	($0.4)		• Deficit driven by full-time salary variance from budget and overtime costs.
Law	<($0.1)		• Minor projected deficit in Fiscal 2025 3rd Quarter driven by overages in contractual spend.
M-R: Arts and Culture	($0.4)		• Increased benefits costs; Bromo Seltzer Tower emergency sprinkler repair (BOPA) also contributing to deficit position.

Agencies with Projected Deficit:

Projected Deficit >$0

Agency	Projection ($M)	Change from 2nd Quarter	Notes
M-R Convention Complex	($4.4)		• Deficit driven by $4m CFG Arena Payment ◦ This is offset by accompanying revenue to the City.
M-R Office of Employment Development	($0.3)		• Lower non-General Fund support for Youthworks program ($1.8m deficit), partially offset by lower grant overhead expenses. • Projection reflects costs from summer 2024 program; upcoming YouthWorks season funded by Fiscal 2026 budget.
M-R: Office of Homeless Services	($1.6)		• Projected deficit driven by contractual costs for shelter operations and late payment on prior year invoices ($2m). Improvement from 2nd Quarter due to lower projected subcontractor costs.
Police	($41.7)		• Projected deficit up by $16.5 million based on costs from the FOP contract approved in January. • Overtime, fleet costs, and prior year invoices contributing to remainder of projected deficit.

Agencies with Projected Deficit:

Projected Deficit >$0

Agency	Projection ($M)	Change from 2nd Quarter	Notes
Recreation and Parks	($5.9)		• Projected deficit is $1.7 million lower than 2nd Quarter. • Deficit caused by park and facility maintenance costs.
Sheriff	($1.9)		• Deficit driven by overtime spending exceeding budget, unbudgeted upfitting of vehicles not programmed for 2025 replacement.
Transportation	($7.3)		• Projected deficit driven by winter storm response costs. ◦ YTD Snow Response Costs=$15.9 million (budget=$7.1 million).

Discussion and Questions