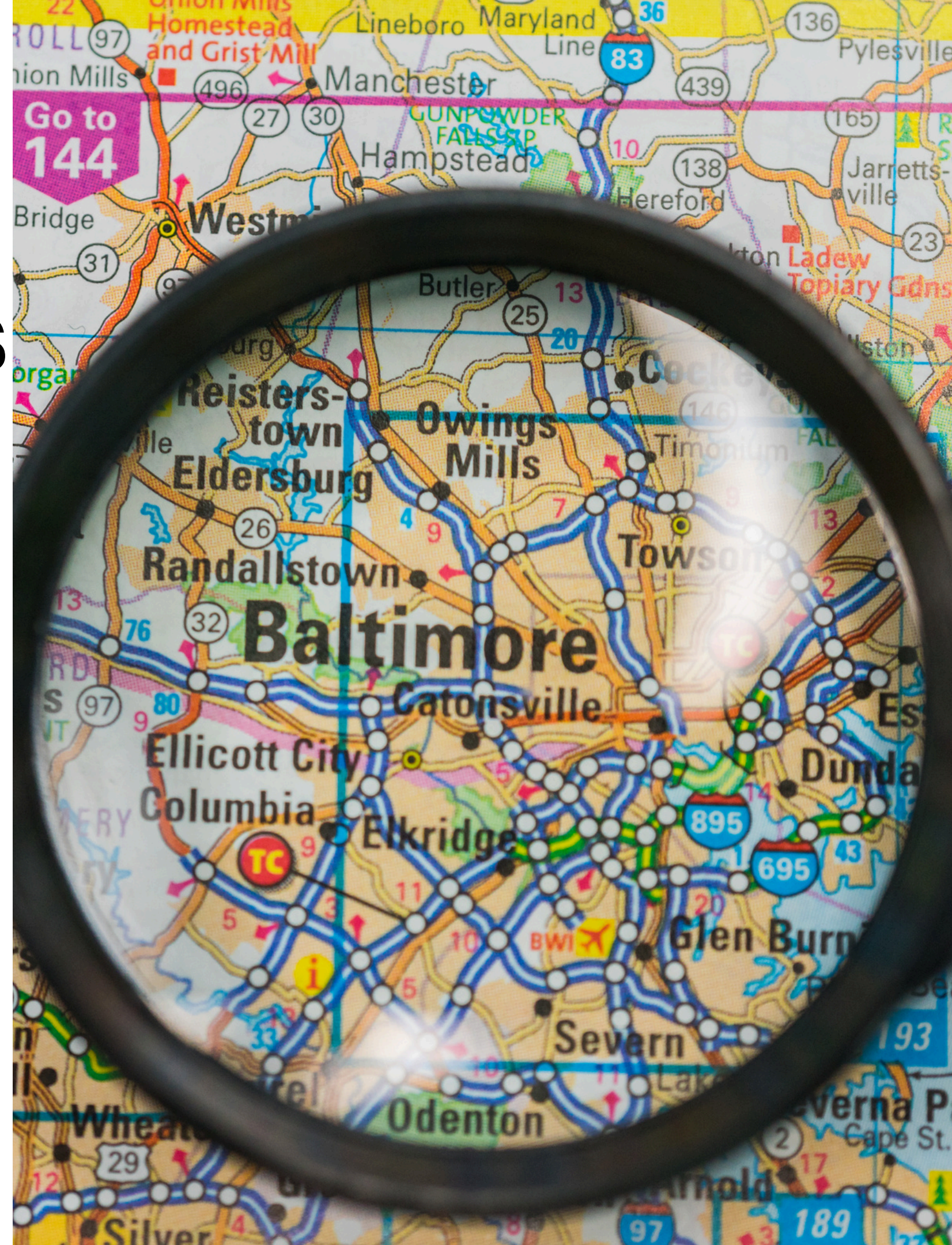


# Fiscal 2025 First Quarter Projections

Bureau of the Budget & Management Research  
City Council Briefing  
February 2025



# Fiscal 2025: First Quarter Outlook

1st Quarter Projected Deficit: \$14.4M

## KEY TAKEAWAYS

- **Revenue:**
  - Projections for many large revenue sources are based on FY24 final actuals, waiting on additional FY25 actual data (i.e. State disbursements for HUR & Income Tax).
  - Largest revenue streams are in line with budget assumptions
  - Coming up short on Parking revenues where we assumed FY25 increases.
- **Expenditures**
  - Chronic deficits from Police and Fire are offsetting surpluses throughout the remainder of the budget.
  - Overtime spending (civilian & sworn) continues to increase.
- **Timing for 2nd Quarter**
  - BBMR is finalizing the 2nd Quarter projection & can be available to provide a briefing in the coming weeks.

## Revenue

**\$10.0M  
SURPLUS**

**+0.4%  
Variance**

## Expenditures

**\$25.4M  
DEFICIT**

**-1.1%  
Variance**

# Fiscal 2025 General Fund Revenue Overview

# Fiscal 2025: Revenue Outlook

## KEY REVENUE HIGHLIGHTS

### Income Tax= \$12.8 million Surplus

- Revised projection is based on Fiscal 2024 Year-End receipts.
- Anticipated increase in the State’s cash available for Income Tax Distribution.

### Recordation and Transfer Taxes= \$4.3 million Surplus

- Higher than anticipated increase in residential home values
- Transaction subject to Recordation and Transfer tax in-line with budget.

### Moving Violations= -\$3.1 million Deficit

- Slower than anticipated deployment of new Red-Light cameras.
- Reduced number of Speed camera tickets issued resulting from driver’s behavior changes.

### Parking Revenues= -\$5.9 million Deficit

- Reduced level issued parking violations.
- Lower than expected collection of parking fines.
- Underperforming Parking meter revenues due to upgrade and repair of equipment.

FISCAL 2025  
FIRST QUARTER

**\$10.0M**

**PROJECTED SURPLUS**

# Revenue Highlights

General Fund Revenue Summary Table

REVENUES	FY 2024 Yearend	FY 2025 Budget	FY 2025 Q1	Surplus/ (Deficit)
Local Taxes	\$1,777.4	\$1,800.1	\$1,817.9	\$17.9
State Collected Taxes	\$203.0	\$234.7	\$233.2	(\$1.5)
Licenses and Permits	\$36.1	\$28.7	\$31.1	\$2.4
Fines and Forfeits	\$30.7	\$35.0	\$30.7	(\$4.3)
Use of Money and Property	\$75.0	\$61.1	\$56.6	(\$4.5)
State Aid	\$114.4	\$107.7	\$104.9	(\$2.8)
Private and Federal Grants	\$0.1	\$0.0	\$3.3	\$3.3
Charges for Current Services	\$47.5	\$48.5	\$47.5	(\$0.9)
Other Revenues	\$6.2	\$3.4	\$9.8	\$6.4
Total Revenues Before Transfers	\$2,290.5	\$2,319.1	\$2,335.0	\$15.9
Net Transfers	\$4.3	\$7.9	\$1.9	(\$5.9)
Prior Year Fund Balance	\$0.0	\$20.7	\$20.7	\$0.0
<b>Total General Fund</b>	<b>\$2,294.8</b>	<b>\$2,347.7</b>	<b>\$2,357.7</b>	<b>\$10.0</b>

# Revenue Highlights

Local Taxes Revenue Summary Table

REVENUES	FY 2024 Yearend	FY 2025 Budget	FY 2025 Q1	Surplus/ (Deficit)
<b>Local Taxes</b>				
Property Taxes	\$1,095.0	\$1,144.5	\$1,144.8	\$0.2
Income Taxes	\$475.3	\$466.5	\$479.2	\$12.8
Recordation & Transfer Taxes	\$99.3	\$92.1	\$96.4	\$4.3
Energy Tax	\$49.7	\$51.2	\$48.8	(\$2.4)
Telecommunication Tax	\$33.6	\$33.7	\$33.7	\$0.0
Net Hotel Tax	\$31.8	\$30.8	\$30.4	(\$0.4)
Video Lottery Terminal	\$12.6	\$12.6	\$12.6	\$0.0
Admission Tax	\$11.8	\$8.5	\$8.5	\$0.0
All Other Local Taxes & Tax Credits	(\$31.6)	(\$39.7)	(\$36.3)	\$3.4
<b>Total Local Taxes</b>	<b>\$1,777.4</b>	<b>\$1,800.1</b>	<b>\$1,817.9</b>	<b>\$17.9</b>

# Revenues: Major Variances

First Quarter Projections, Budget Variances  
Surplus/Deficit



# Projected Surpluses



## Income Taxes

Budget: \$466,452,000

Q1 Projection: \$479,218,000

Surplus: +\$12,766,000

### INCREASED YIELDS FOR INCOME TAX

- The 1st Quarter projection is based on FY24 actuals; no State disbursements received in the 1st Quarter.
- Assumed continued growth in income tax receipts based on Fiscal 2024 trends.
  - Overall State collections up by 4.5%; City distribution up by 1.4%.

### FIDUCIARY & WITHHOLDINGS

- Based on Fiscal 2024 actuals, the projection reflects the net deficit of \$2.3M from unallocated withholdings and fiduciary returns.



# Transfer & Recordation Taxes

**Budget: \$92,125,000**

**Q1 Projection: \$96,399,000**

**Surplus: +\$4,274,000**

## MARKET ACTIVITY

- Transaction activity is in-line with budgeted expectations.
  - Residential units sold down by 3.6% compared to FY24.

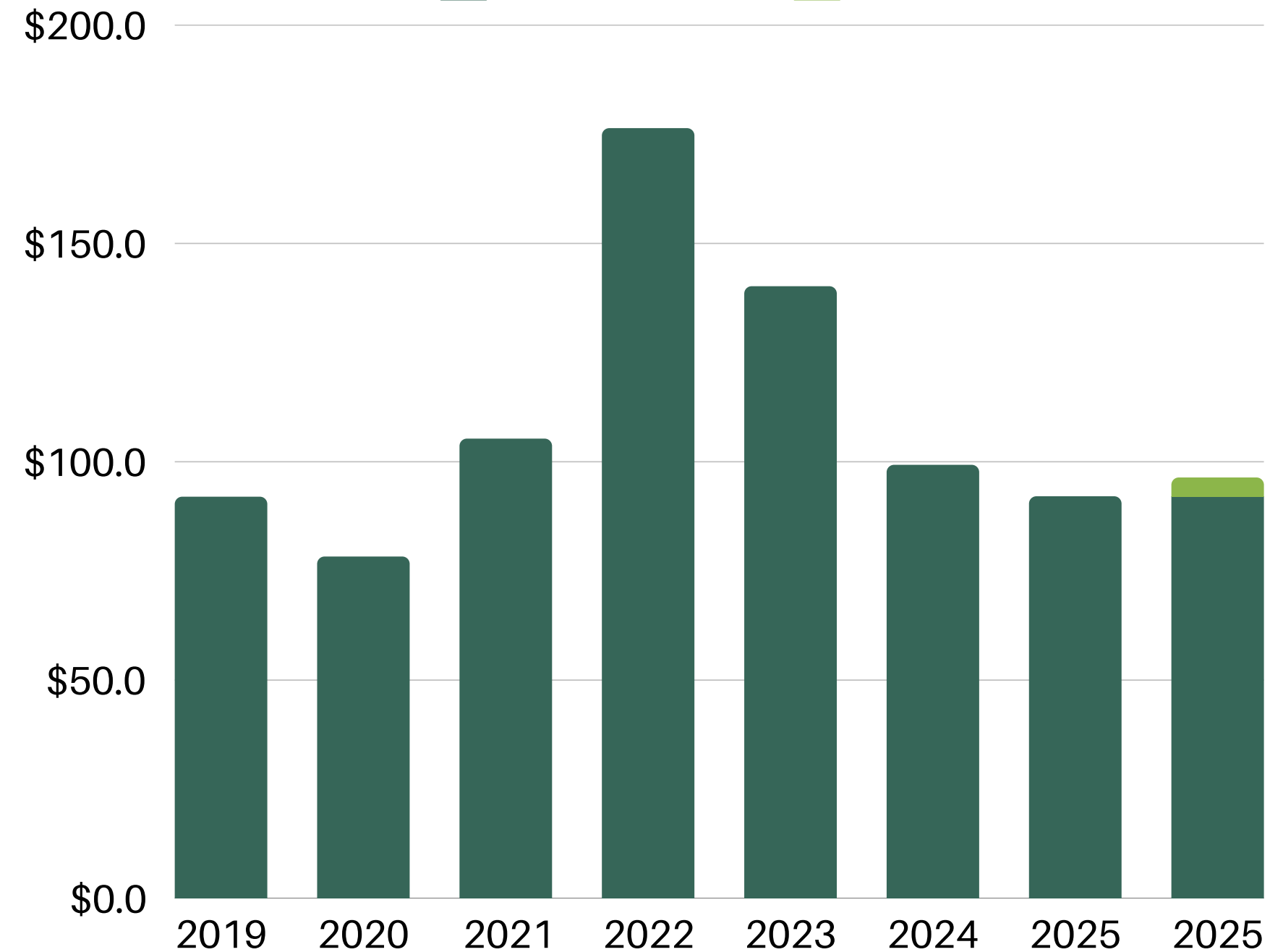
## PRICES & RESIDENTIAL HOME VALUES

- Residential home sale prices have grown in value by 7.2% within the past year when examining average sold prices.
  - FY2025 Q1 Avg Sales Price: \$264,000
  - FY2024 Q1 Avg Sales Price: \$245,000

## Transfer & Recordation Trends:

Actuals vs. FY25 Budget

■ Budget/Actual ■ Surplus



# Projected Deficits

# Investment Earnings

**Budget: \$41,603,000**

**Q1 Projection: \$39,380,000**

**Deficit: -\$2,223,000**

## CASH AVAILABLE FOR INVESTMENT

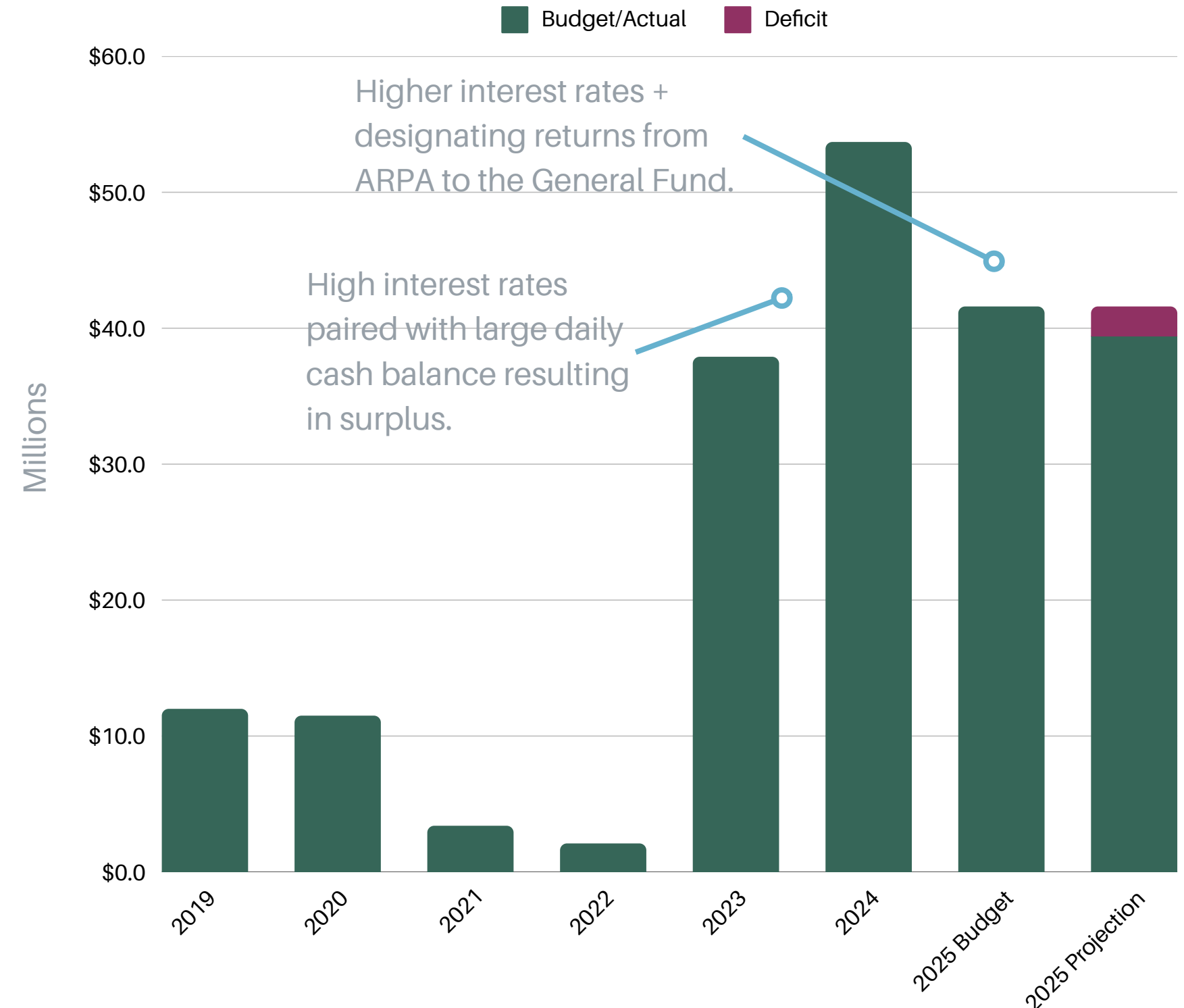
- The projection reflects an overall drop in the average daily cash for investments
  - FY25 Budget Assumption:
  - FY25 Actual: \$61.4M (5.6% lower than assumption)

## ARPA Impact on Investment Earnings

- The projection estimates the ARPA balance will drop by 41% by the end of FY25 (estimated balance=\$205.4m)
- The General Fund share of ARPA allocations is lower than previously projected due to the allocation methodology used by the Bureau of Treasury management.

## Investment Earning Trends:

Actuals vs. FY25 Budget



# Traffic Camera Violations

Budget: \$26,825,000

Q1 Projection: \$23,677,500

Deficit: -\$3,147,500

## DELAY IN ROLLOUT OF NEW CAMERAS

- There were 24 new Red-Light cameras anticipated to be rolled out in Spring 2024. Due to operational delays, these cameras are not anticipated to be deployed until the end of October.
- Violations for Speed cameras continue a declining trend due to drivers' awareness of cameras location. No relocation of camera is anticipated at this point.



## Traffic Camera Violations

Actuals vs. FY25 Budget



## Parking Related Revenues

Budget: \$23,020,466

Q1 Projection: \$17,100,800

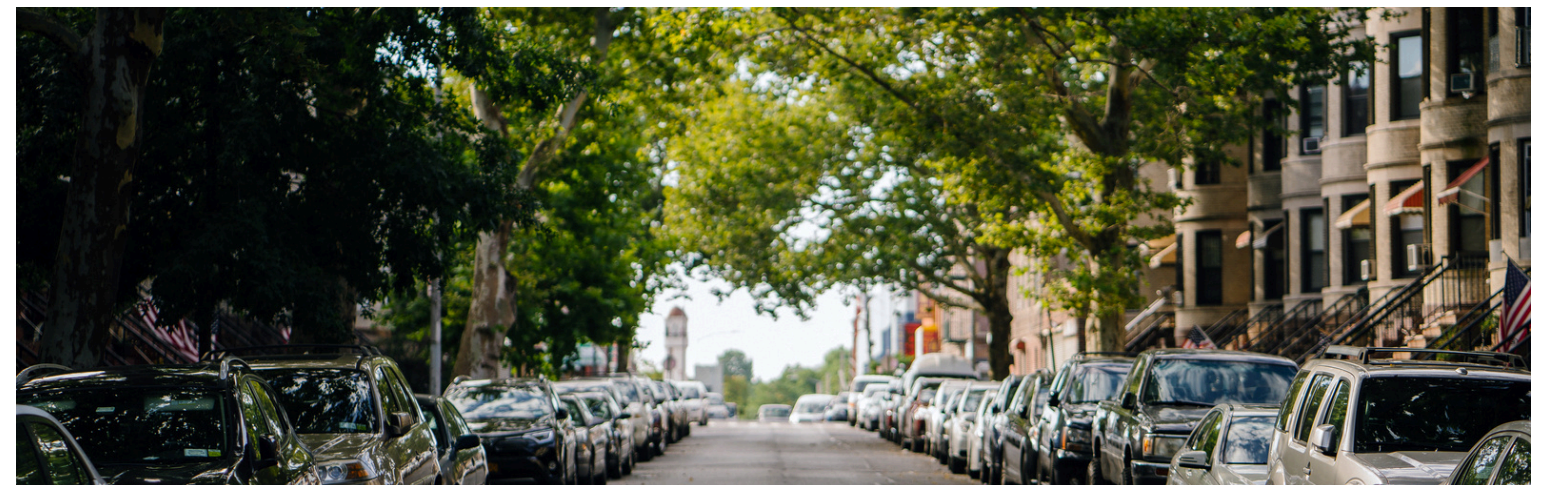
Deficit: (\$5,919,666)

### REVENUE CHANGES

- **Parking Citations:** The overall number of Parking citations issued is down 17.9% when compared to FY24 trends.
- **Late Fees:** The Fiscal 2025 budget assumed \$3.2m of additional revenue from reinstating late fees. Actual trends are lower than budget assumptions.
- **Metered Revenue:** Down by \$1.2 million; likely driven by drop off in enforcement activity.

### EXPENDITURE SAVINGS

- Parking Enterprise Fund (+\$2.6 million): Lower-than expected spending for debt service, contractual spending, and meter installation costs.
- Parking Management Fund (+\$1.4 million): Surplus driven by vacancy savings from unfilled 44 TEO positions.



# Fiscal 2025

# Expenditure Overview

# Fiscal 2025: Expenditure Outlook

## EXPENDITURE DEFICIT DRIVERS

### Staff Costs: Estimated Impact= \$19 million

- Overtime projected to exceed budget across civilian positions (\$27M) and sworn positions (\$71M). Current budgeted vacancies and other wage/salaries lines offset only \$79M of this amount.
- Pronounced overtime across multiple agencies either contributing towards deficits or reducing potential surpluses within larger agencies (Fire, Police, DOT, DPW, Rec & Parks).

### Transfer Credits: Estimated Impact=\$15M

- Agencies are not performing transfers as budgeted. Large impacts for capital-heavy agencies (DOT, DGS), as well as grant agencies (Housing, Health, MOED).

### Contracted Professional Services: Estimated Impact=\$21M

- Reliance on professional services to cover gaps where vacancies exist or to supplemental services. (Finance, Fire, BCIT, Police, Rec & Parks)

FISCAL 2025  
FIRST QUARTER






# \$25.4M

**PROJECTED DEFICIT**








# Agencies with Projected Surplus:

## *Projected Surplus > 10%*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
City Council	\$1.1		<ul style="list-style-type: none"> <li>Overall spending lower than Fiscal 2024 driven by position vacancies and turnover.</li> </ul>
Council Services	\$0.1		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Projected surplus driven by vacant positions.</li> </ul>
Comptroller	\$2.5		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Projected surplus driven by Audits and Accounts Payable, primarily from vacant positions.</li> </ul>
Orphans' Court	\$0.1		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Projected surplus driven by lower benefits costs vs. budget.</li> </ul>
State's Attorney	\$6.3		<ul style="list-style-type: none"> <li>Overall spending patterns consistent with Fiscal 2024.</li> <li>Projected surplus driven by software savings and a slowdown in hiring activity (6 vacant Chief State's Attorneys; Budgeted Sal=\$212k/position).</li> </ul>






# Agencies Projected at Budget:

*Projected Surplus <10%*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
Circuit Court	\$1.9		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Surplus driven by vacancies and savings in juror compensation payments.</li> </ul>
Board of Elections	\$0.0		<ul style="list-style-type: none"> <li>Spending up from Fiscal 2024 based on General Elections costs.</li> <li>Projection based on estimates for General Election, will be updated at 2nd Quarter based on actuals.</li> </ul>
General Services	\$0.8		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by timing of utility water bill payments.</li> <li>Projected surplus driven by savings from holding costs for Surplus Schools.</li> </ul>
Health	\$4.8		<ul style="list-style-type: none"> <li>Overall spending down as unbudgeted COVID costs have wrapped up.</li> <li>Large projected surpluses in School Health Services, HIV Treatment for Uninsured, &amp; Youth/Trauma Services.</li> <li>Agency had 19% vacancy rate at close of 1st Quarter (not including School Health).</li> </ul>
Housing and Community Development	\$2.6		<ul style="list-style-type: none"> <li>Projected spending up as the agency works to fill vacant positions.</li> <li>Overall vacancy count for the agency down 33% in the 1st Quarter.</li> </ul>

# Agencies Projected at Budget:

*Projected Surplus <10%*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
Human Resources	\$0.5		<ul style="list-style-type: none"> <li>Overall spending higher than Fiscal 2024, driven by improved (reduced) vacancy rate.</li> </ul>
Law	\$0.3		<ul style="list-style-type: none"> <li>Spending patterns consistent with Fiscal 2024.</li> <li>Surplus driven by savings on staff costs.</li> </ul>
Legislative Reference	\$0.2		<ul style="list-style-type: none"> <li>Overall spending up from Fiscal 2024 as the agency fills additional positions.</li> <li>Projected surplus driven by delays in finalizing the lease for the Archives space.</li> </ul>
Enoch Pratt Free Library	\$2.0		<ul style="list-style-type: none"> <li>Overall spending higher than Fiscal 2024 driven reduction to vacancies.</li> <li>Surplus is still driven due to unfilled positions. The projected surplus does not include the FY24 back-wages that have been negotiated for their AFSCME employees.</li> </ul>
M-R: Office of the Inspector General	\$0.2		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Projected surplus primarily driven by savings from timing of implementing new Ethics software.</li> </ul>






# Agencies Projected at Budget:

*Projected Surplus <10%*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
M-R: Office of Children and Family Success	\$0.2	↓	<ul style="list-style-type: none"> <li>Spending lower than Fiscal 2024, driven by prior year spend down of majority of Eviction Prevention funding.</li> <li>Projection reflects General Fund absorbing unbudgeted staffing &amp; software costs for Eviction Prevention (3 perm positions &amp; 3 contract positions).</li> </ul>
M-R: Minority and Women’s Business Development	\$0.3	↑	<ul style="list-style-type: none"> <li>Spending trending higher due to grant amounts for Main Streets program.</li> <li>Surplus driven by vacant positions (6 vacancies).</li> </ul>
M-R: Arts and Culture	\$0.1	↓	<ul style="list-style-type: none"> <li>Spending lower than Fiscal 2024 driven by savings in benefit costs for the Walters &amp; Baltimore Museum of Art.</li> </ul>
M-R: Convention Center Hotel	\$0.1	↓	<ul style="list-style-type: none"> <li>Spending lower than Fiscal 2024 driven by lower City contribution for debt service payment.</li> <li>Does not include any funding from City to cover union agreement for wages.</li> </ul>
M-R Office of Employment Development	\$1.0	↑	<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by higher Youthworks program costs; YouthWorks program projecting \$556k deficit.</li> <li>Surplus driven by savings from grant overhead (consistently overbudgeted).</li> </ul>







# Agencies Projected at Budget:

*Projected Surplus <10%*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
Office of Equity and Civil Rights	\$0.4		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by the agency staffing up for the Police Accountability Board.</li> <li>Projected surplus driven by vacancies within Equity Office.</li> </ul>
Planning	\$0.1		<ul style="list-style-type: none"> <li>Projected surplus driven by vacant positions.</li> </ul>
Public Works	\$1.9		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by decrease in vacancies.</li> <li>Surplus driven by increase in tipping fees budget from FY24, and low year-to-date subcontractor payments (unbudgeted, but received \$6m allocation in fund balance supplemental).</li> </ul>
Transportation	\$2.9		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by increased overtime.</li> <li>Projected surplus driven by anticipated savings on traffic camera contracts; surplus could be attributed to timing of vendor payments (\$6.0m).</li> <li>Projected deficits in Street Management &amp; Special Events (\$5.6m).</li> </ul>
Municipal and Zoning Appeals	\$0.1		<ul style="list-style-type: none"> <li>No significant changes from the prior year,</li> </ul>

# Agencies with Projected Deficit:

*Projected Deficit >\$0*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
Finance	(\$0.8)		<ul style="list-style-type: none"> <li>Spending lower than Fiscal 2024 driven by fewer outstanding/delayed invoices payments.</li> <li>Ongoing deficit driven by unbudgeted Professional Services to support payrolling, accounting, &amp; finance systems (Workday &amp; MUNIS).</li> </ul>
Fire	(\$33.9)		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Deficit driven by overtime (\$33.7m), contracted EMS services, &amp; fleet costs.</li> </ul>
Liquor License Board	(\$0.4)		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by full-time salary variance from budget and overtime costs.</li> </ul>
Mayoralty	(\$1.2)		<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by contractual spend for MOID and AAME. Funding for these contracts included in FY25 Supplemental.</li> </ul>
M-R: Office of Information Technology	(\$2.3)		<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024 levels.</li> <li>Projected deficit driven by software contract costs.</li> </ul>
M-R: Office of the Labor Commissioner	(\$2.8)		<ul style="list-style-type: none"> <li>Projected spending higher than Fiscal 2024 driven by anticipated legal costs for union contracts.</li> </ul>

# Agencies with Projected Deficit:

*Projected Deficit > \$0*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
M-R: Office of Neighborhood Safety and Engagement	(\$0.2)	↑	<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by costs from FY24 hitting in FY25.</li> <li>Projection does not reflect additional funding to transition a portion of ARPA funded positions to GF in January. (\$500k allocated in GF supplemental).</li> </ul>
M-R: Convention Complex	(\$0.5)	↑	<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by FY24 costs hitting in FY25 (chilled water &amp; maintenance services).</li> </ul>
M-R: Cable and Communications	(\$0.2)	→	<ul style="list-style-type: none"> <li>Spending consistent with Fiscal 2024.</li> <li>Deficit driven by chargeback credit that won't be realized in FY25.</li> </ul>
M-R: Office of Homeless Services	(\$0.9)	↓	<ul style="list-style-type: none"> <li>Spending lower than Fiscal 2024 driven by resolution of COVID/FEMA related expenses.</li> <li>Projected deficit driven by contractual costs for shelter operations. Deficit lower than actual costs due to shifting a portion of costs to ARPA in FY25.</li> </ul>
M-R: Environmental Control Board	(\$0.1)	↑	<ul style="list-style-type: none"> <li>Spending higher than Fiscal 2024 driven by converting contractual position to full-time.</li> </ul>

# Agencies with Projected Deficit:

*Projected Deficit >\$0*

Agency	Projection (\$M)	Change from FY24 Actual	Notes
Police	(\$13.4)	↑	<ul style="list-style-type: none"> <li>Overall spending higher than Fiscal 2024 due to overtime budget.</li> <li>Projection does not include the impact of pending FOP contract.</li> <li>Overtime spending is up by 19% (+\$10m) driven despite a declining number of vacancies:                             <ul style="list-style-type: none"> <li>FY24: 589</li> <li>FY25 1st Quarter: 538</li> </ul> </li> </ul>
Recreation and Parks	(\$3.2)	→	<ul style="list-style-type: none"> <li>Overall spending consistent with Fiscal 2024 levels.</li> <li>Projected deficit driven by unbudgeted maintenance costs:                             <ul style="list-style-type: none"> <li>\$1.5m for repairs</li> <li>\$300k for facilities assessment</li> </ul> </li> </ul>
Sheriff	(\$1.1)	↓	<ul style="list-style-type: none"> <li>Overall spending lower than Fiscal 2024 due to Detail Pay charges.</li> <li>Projected deficit driven by overtime spending exceeding the budgeted amount.</li> </ul>



# Discussion and Questions

