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**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, FEBRUARY 09, 2021  
10:00 AM**

**VIRTUAL WEBEX MEETING**

*Legislative Oversight #LO 21-0003*

**Budget Briefing – Bureau of Budget and Management Research  
(BBMR)**

# 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)**

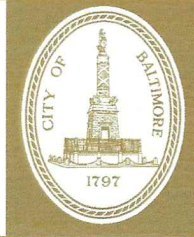
Robert Stokes – Chair  
John Bullock  
Zeke Cohen  
Antonio Glover  
Sharon Green Middleton  
Phylicia Porter  
James Torrence  
*Staff: Marguerite Currin*

## **HEALTH, ENVIRONMENT, AND TECHNOLOGY (HET)**

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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**

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**Budget Briefing – Bureau of Budget and Management Research (BBMR)**

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**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.

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**Agencies/Organizations Reporting**

Bureau of Budget & Management Research	Robert (Bob) Cename
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**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, plats, 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 October 15, 2020 the Director of the Bureau of Budget and Management Research (BBMR) came before the then named Budget and Appropriations Committee to present the last budget briefing. At the hearing BBMR gave a PowerPoint presentation dated September 21, 2020. *A copy of the Presentation is attached*. Following are notes from the hearing:

1. Some highlights from the Presentation were:
    - The projection was based on data through June 30, 2020 – **Fiscal Year 2020 Closeout Update**
      - General Fund Summary
      - Improvement(s) versus 3<sup>rd</sup> Quarter projection
      - Revenue Summary
      - COVID Expenses
      - Actions taken to Closeout (Rainy Day Fund and Deficits)
    - Note: Per the Director, the data given for Fiscal Year 2020 Closeout had not been audited yet; but will be audited within the next couple of months.
    - **Fiscal Year 2021 Discussion**
      - Received some aid
      - Possible loss of revenue from the amount of Income Taxes collected
      - Will meet with committee later on to discuss the first quarter projection for fiscal year 2021
  2. The committee/councilmembers asked questions, stated concerns and asked for verification/clarification for certain data. Some highlights of same were:
    - I. **Rainy Day Fund**
      - What is the balance in the Rainy Day Fund?
      - Some discussion pertaining to the Rainy Day Fund
      - When will we know the total amount of expenditures used out of the Fund for fiscal year 2020?
      - What is the allocation from the Rainy Day Fund for Fiscal Year 2021?
    - II. **Cares Act**
      - Clarification sought regarding “One time bonuses”
    - III. **COVID Expenditures**
      - Locally versus minority businesses – is there a breakdown of what was spent?  
Requested by then committee member Pinkett – Please provide a breakdown for same
      - Per Chairman Costello: Another follow-up meeting will be scheduled within the next 4 to 6 weeks to discuss COVID expenditures
    - IV. **Tourism**
      - What level of investment is needed to get the Tourist industry restarted?
  3. Hearing was adjourned.
  4. **On February 9, 2021** the Director of BBMR will come before the committee/councilmembers to provide an update for Fiscal Year 2020 Closeout (Ended June 30, 2020) and to present the budget projection for the first quarter of Fiscal Year 2021 based on data, revenue, expenditures and etc. collected through December 30, 2020.
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Was further study requested? If yes, describe below.

1. Yes - see "yellow" highlights above.

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### 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 October 15, 2020.

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*Marguerite M. Currin*

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

Date: February 4, 2021

# PowerPoint Presentation

Shown at

the

October 15, 2020

Budget Briefing

*See Attached*

# Fiscal 2020 Closeout Update

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September 21, 2020



# General Fund Summary

Fiscal 2020	Adopted Budget	1 <sup>st</sup> Quarter Projection	2 <sup>nd</sup> Quarter Projection	3 <sup>rd</sup> Quarter Projection (COVID)	4 <sup>th</sup> Quarter Closeout (COVID)	Surplus / (Deficit) vs. Adopted
Revenue	\$1,967.2M	\$1,973.9M	\$1,994.7M	\$1,926.0M	\$1,945.6M	<b>(\$21.6M)</b>
PAYGO Capital	50.0M	50.0M	50.0M	50.0M	50.0M	<b>0.0M</b>
Baseline Expenditures	1,917.2M	1,919.3M	1,918.3M	1,918.3M	1,877.3	<b>39.9M</b>
COVID Expenditures	0.0M	0.0M	0.0M	0.0M	32.6M	<b>(\$32.6M)</b>
<b>Surplus / (Deficit)</b>	<b>\$0.0M</b>	<b>\$4.6M</b>	<b>\$26.4M</b>	<b>(\$42.3M)</b>	<b>(\$14.3M)</b>	<b>(\$14.3M)</b>



# Improvement vs. 3<sup>rd</sup> Quarter

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- **Hiring and Spending Freeze**

- Non-COVID and non-essential spending was kept to a minimum with only limited exceptions.
- This action successfully slowed spending in the 4<sup>th</sup> Quarter.

- **Contributions Waived**

- Budgeted contributions to the Rainy Day Fund and OPEB Trust Fund were waived.
- These contributions are intended to maintain a consistent schedule for building reserves and paying down unfunded liabilities.
- Contributions are scheduled to restart in Fiscal 2022.

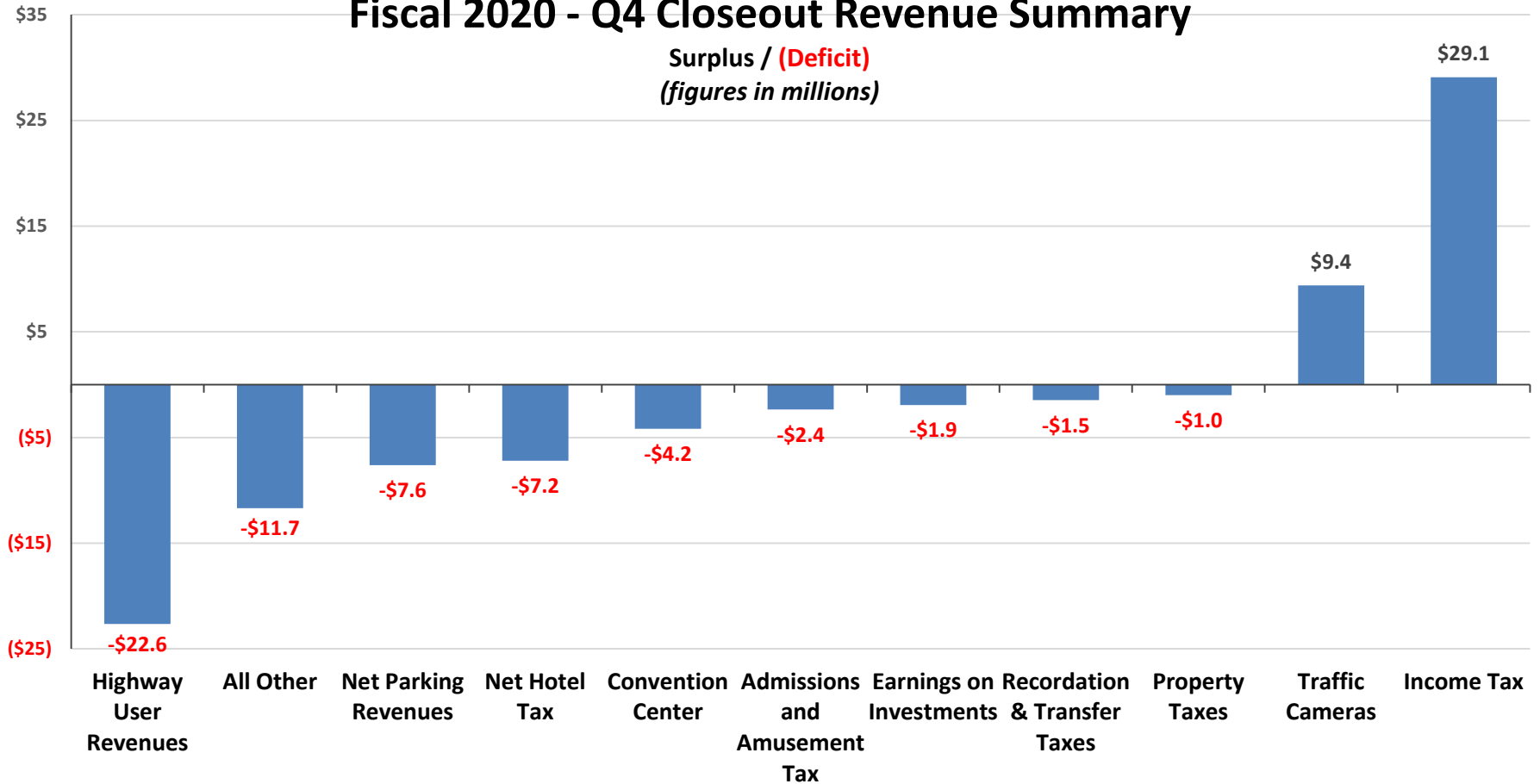
- **June Revenue**

- April and May revenue was sluggish as expected for Hotel Tax, Convention Center, Admissions & Amusement Tax, and parking revenues.
- Small rebound in June due to greater business activity.
- Strong June for Transfer & Recordation taxes, due to lower interest rates and increased activity in the housing market (30-year mortgage < 3.0%)

# Revenue Summary

## Fiscal 2020 - Q4 Closeout Revenue Summary

Surplus / (Deficit)  
(figures in millions)

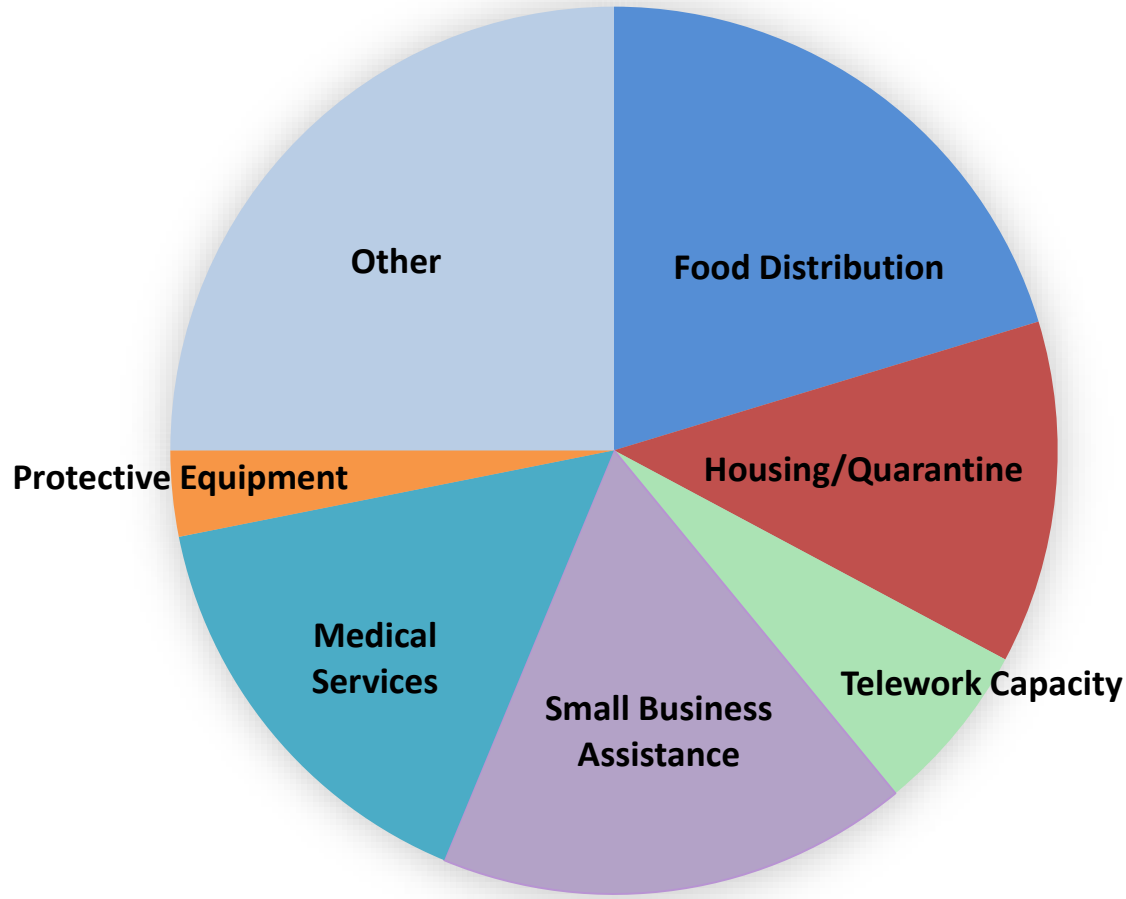


# Revenue Summary

Revenue Name	FY 2020 Budget	4th Quarter Closeout (COVID)	Surplus/(Deficit) vs Adopted
Property Taxes	\$987,060,000	\$986,056,737	(\$1,003,263)
Income Tax	\$366,804,000	\$395,894,840	\$29,090,840
Highway User Revenues	\$157,350,000	\$134,702,771	(\$22,647,229)
Recordation & Transfer Taxes	\$79,867,000	\$78,410,766	(\$1,456,234)
Traffic Cameras	\$21,350,000	\$30,729,314	\$9,379,314
Net Parking Revenues	\$36,795,516	\$29,171,434	(\$7,624,082)
Net Hotel Tax	\$29,100,000	\$21,891,653	(\$7,208,347)
Earnings on Investments	\$11,200,000	\$9,274,422	(\$1,925,578)
Admissions and Amusement Tax	\$8,300,000	\$5,939,322	(\$2,360,678)
Convention Center	\$9,800,000	\$5,624,511	(\$4,175,489)
All Other	\$259,623,484	\$247,934,048	(\$11,689,436)
<b>Total General Fund</b>	<b>\$1,967,250,000</b>	<b>\$1,945,629,820</b>	<b>(\$21,620,180)</b>
<b>Surplus/(Deficit) vs Adopted</b>		<b>(\$21,620,180)</b>	

# FY20 COVID Expenses

**\$32.6M (est.) of COVID-Related General Fund Expenditures**



# Fiscal 2020 Closeout Actions

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- **Rainy Day Fund**

- BOE approved a drawdown of up to **\$25M** from Rainy Day Fund.
- The City must end each year with the General Fund in balance, per City Charter Article VI Section 8a.
- Rainy Day Fund can only be used per BOE policy after “all reasonable efforts” have been made in controlling expenses.

- **Agency Appropriation**

- BOE and City Council have approved actions to close deficits for agencies that had additional COVID-related expenses:
  - Police (**\$2.0M**)
  - Fire (**\$11.0M**)
  - Health (**\$5.5M**)
  - DGS (**\$2.5M**)
  - HCD/BDC (**\$6.0M**)

# Questions?

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