

Fiscal 2025

Third Quarter Projections

Bureau of the Budget & Management Research

City Administrator Briefing

May 8th, 2025



Fiscal 2025: Third Quarter Outlook

3rd Quarter Projection: **\$8.2 Million Deficit**

KEY TAKEAWAYS

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

**\$37.1M
SURPLUS**

**+1.5%
Variance**

Expenditures

**\$45.3M
DEFICIT**

**-1.8%
Variance**

Fiscal 2025

General Fund Revenue Overview

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)

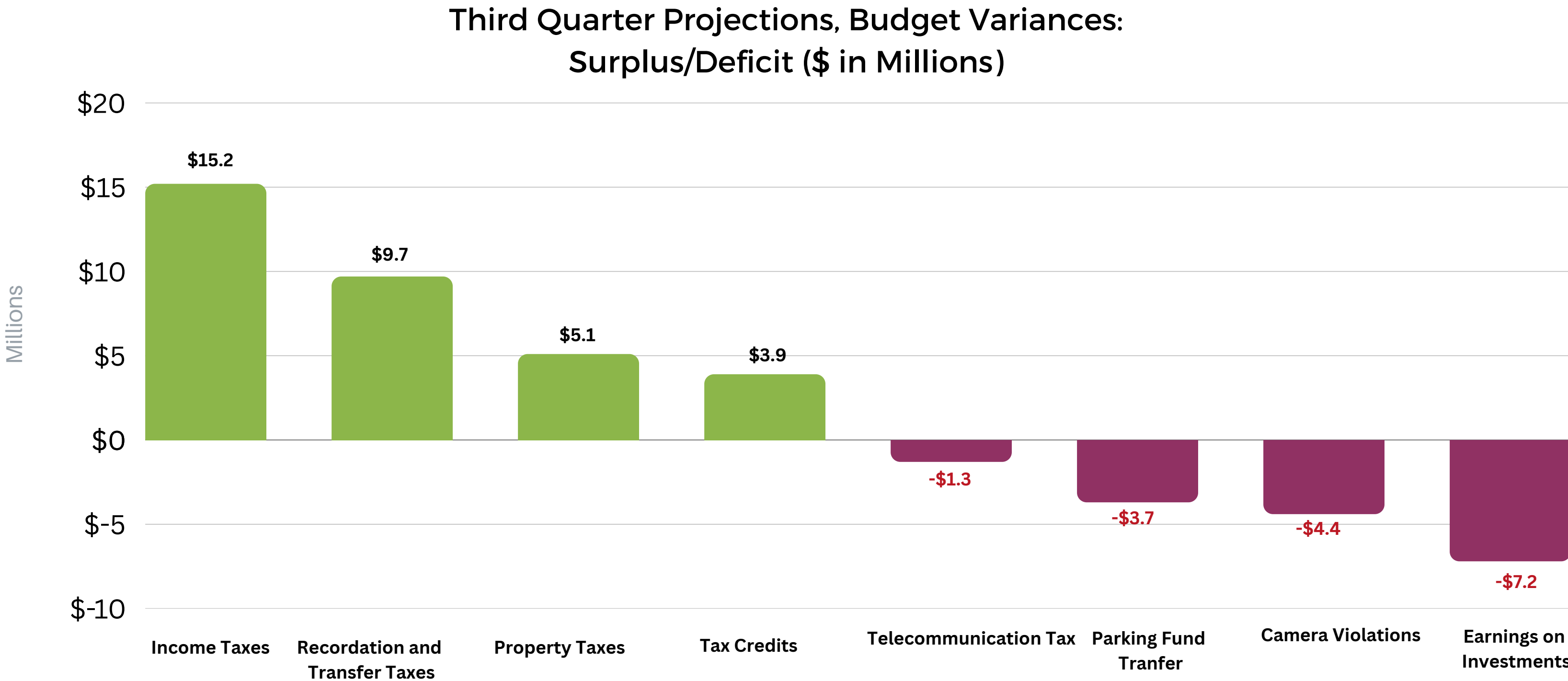
REVENUES	FY 2024 Prel. Year-End	FY 2025 Budget	FY 2025 Adj'd Budget	FY 2025 Q1	FY 2025 Q2	FY 2025 Q3	Surplus/ (Deficit)
Local Taxes	\$1,773.8	\$1,800.1	\$1,800.1	\$1,818.0	\$1,817.3	\$1,833.5	\$33.5
State Collected Taxes	\$203.0	\$234.7	\$234.7	\$233.2	\$233.2	\$234.4	(\$0.4)
Licenses and Permits	\$36.1	\$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



Projected Surpluses

Income Taxes

Budget: \$466,452,000
Q3 Projection: \$481,606,187
Surplus: +\$15,154,187

Changes from 2nd Quarter

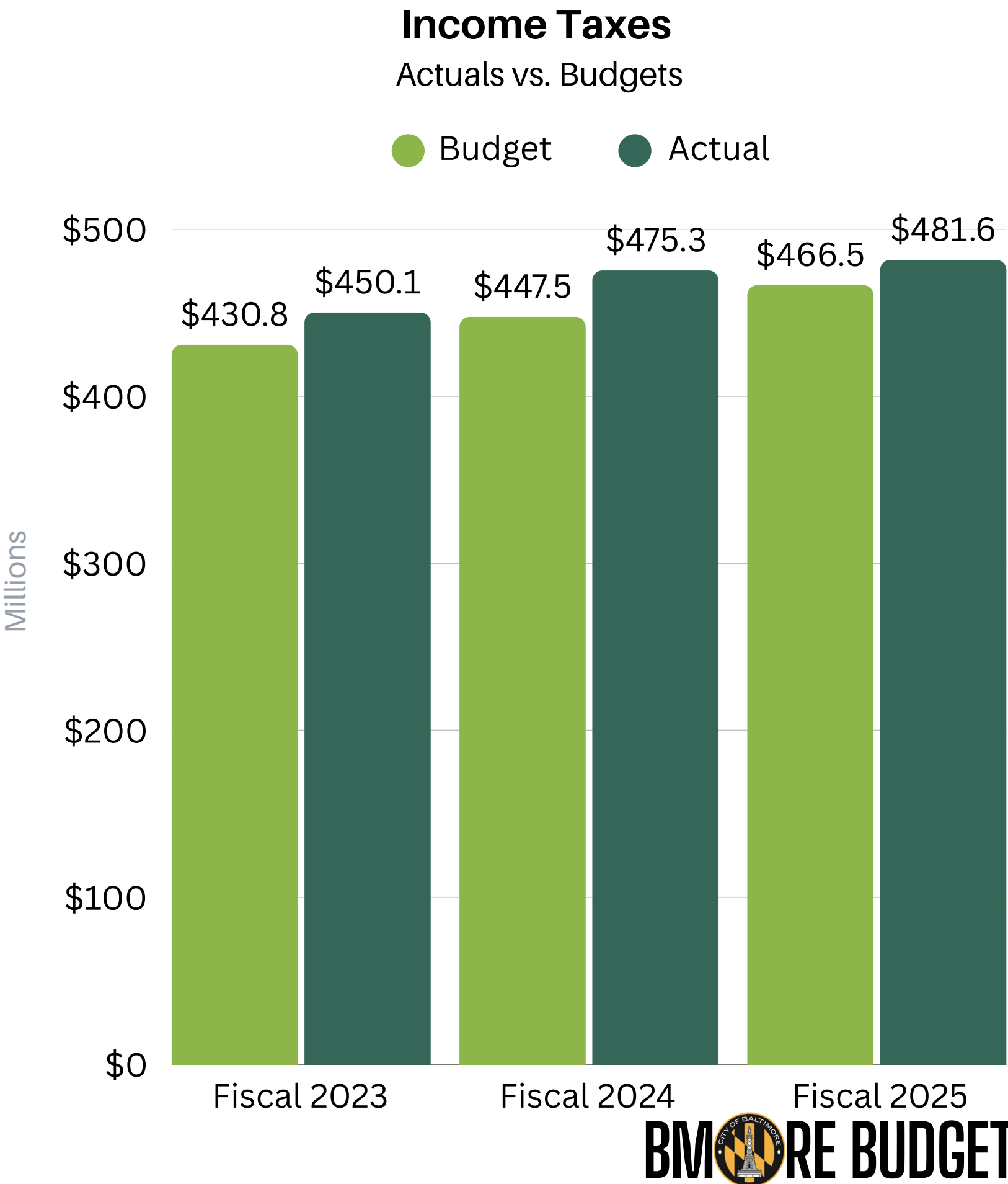
- Projected surplus is \$4.5 million lower than the 2nd Quarter based on updated State forecast.

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.



Transfer & Recordation Taxes

Budget: \$92,125,000

Q3 Projection: \$101,838,000

Surplus: +\$9,713,000

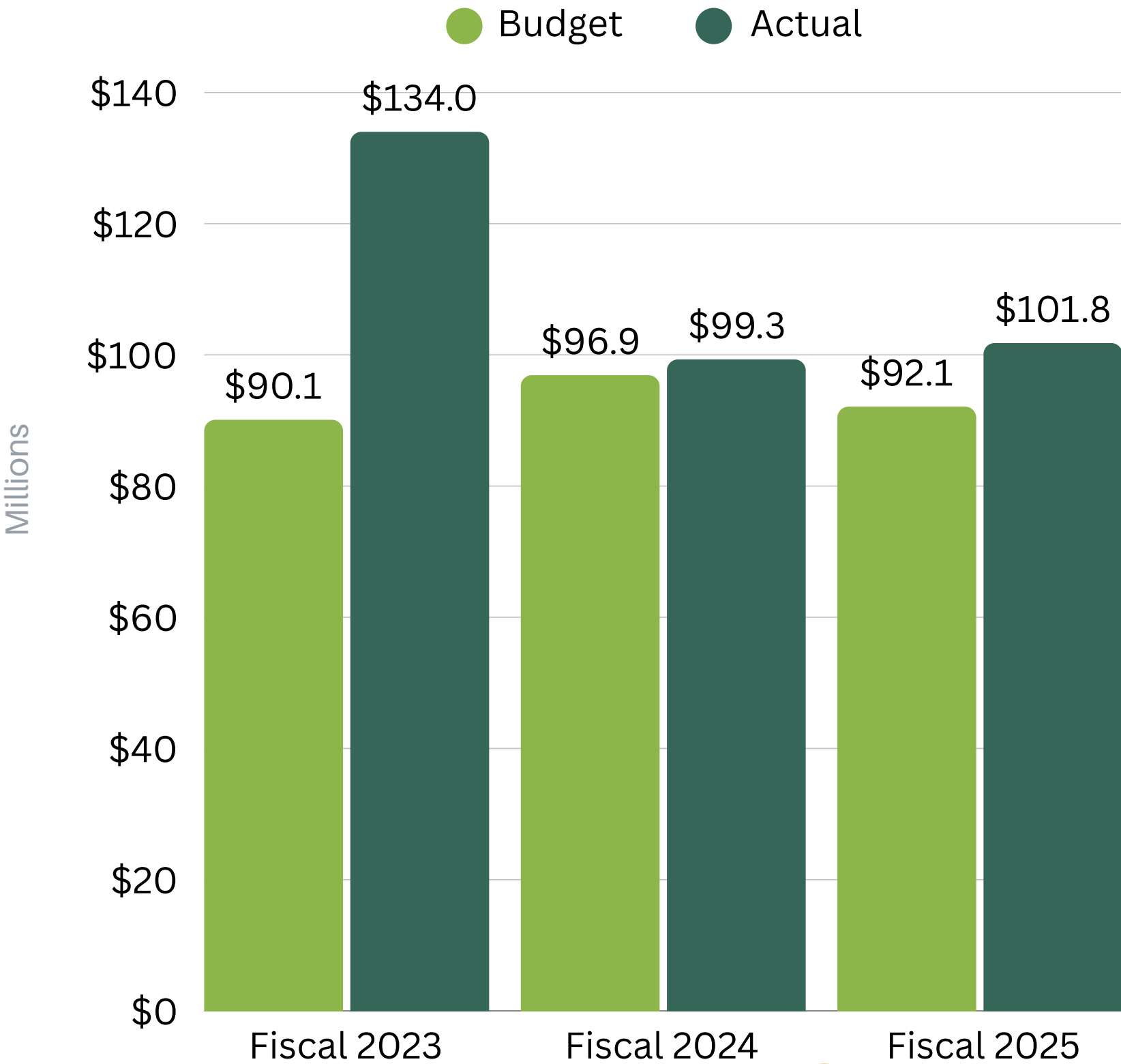
Changes from 2nd Quarter

- 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

Transfer & Recordation Taxes:
Actuals vs. Budgets



Property Taxes

Budget: \$1,144,536,000

Q3 Projection: \$1,149,679,000

Surplus: +\$5,143,000

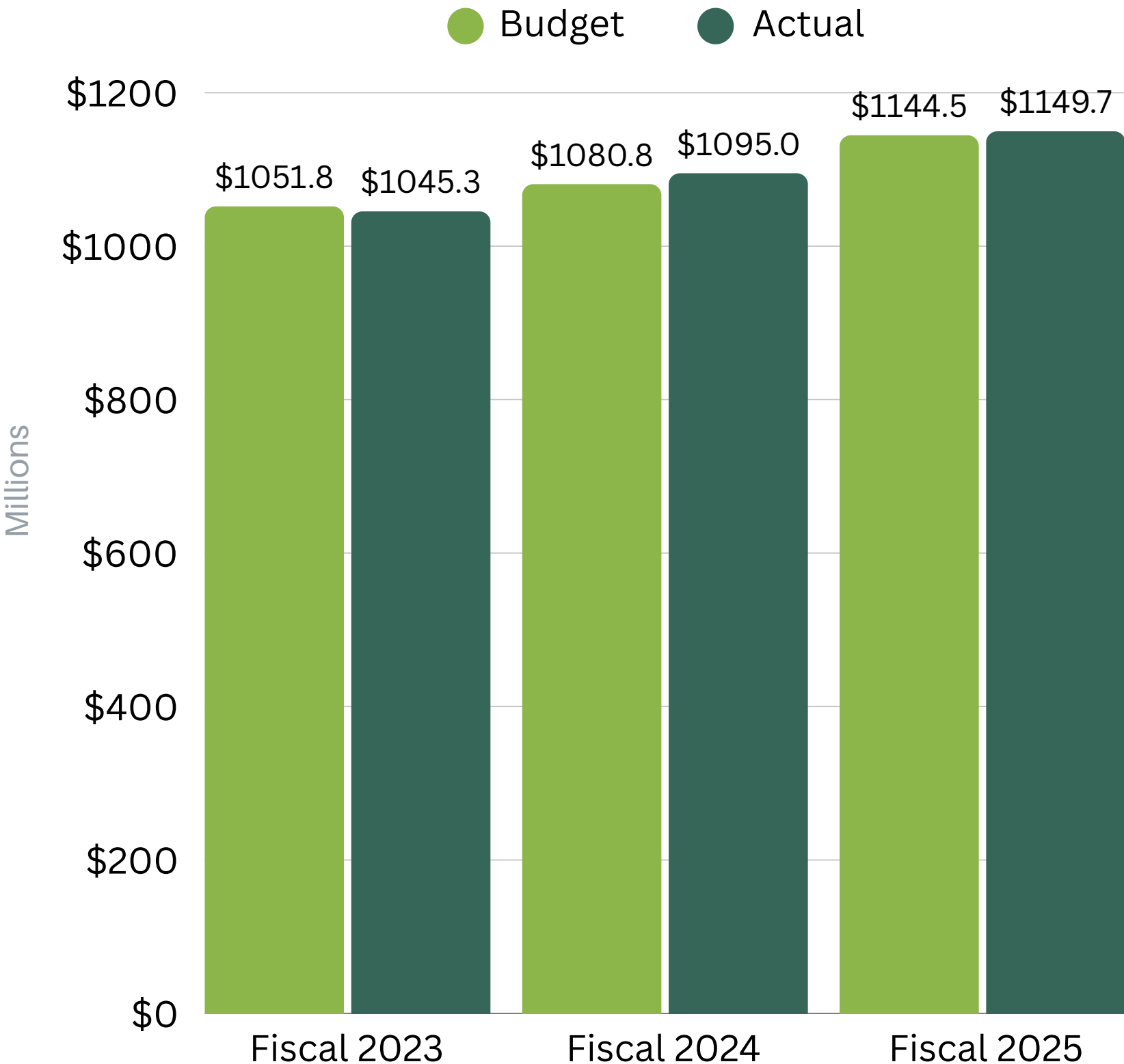
Changes from 2nd Quarter

- 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)

Property Taxes:
Actuals vs. Budgets



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.

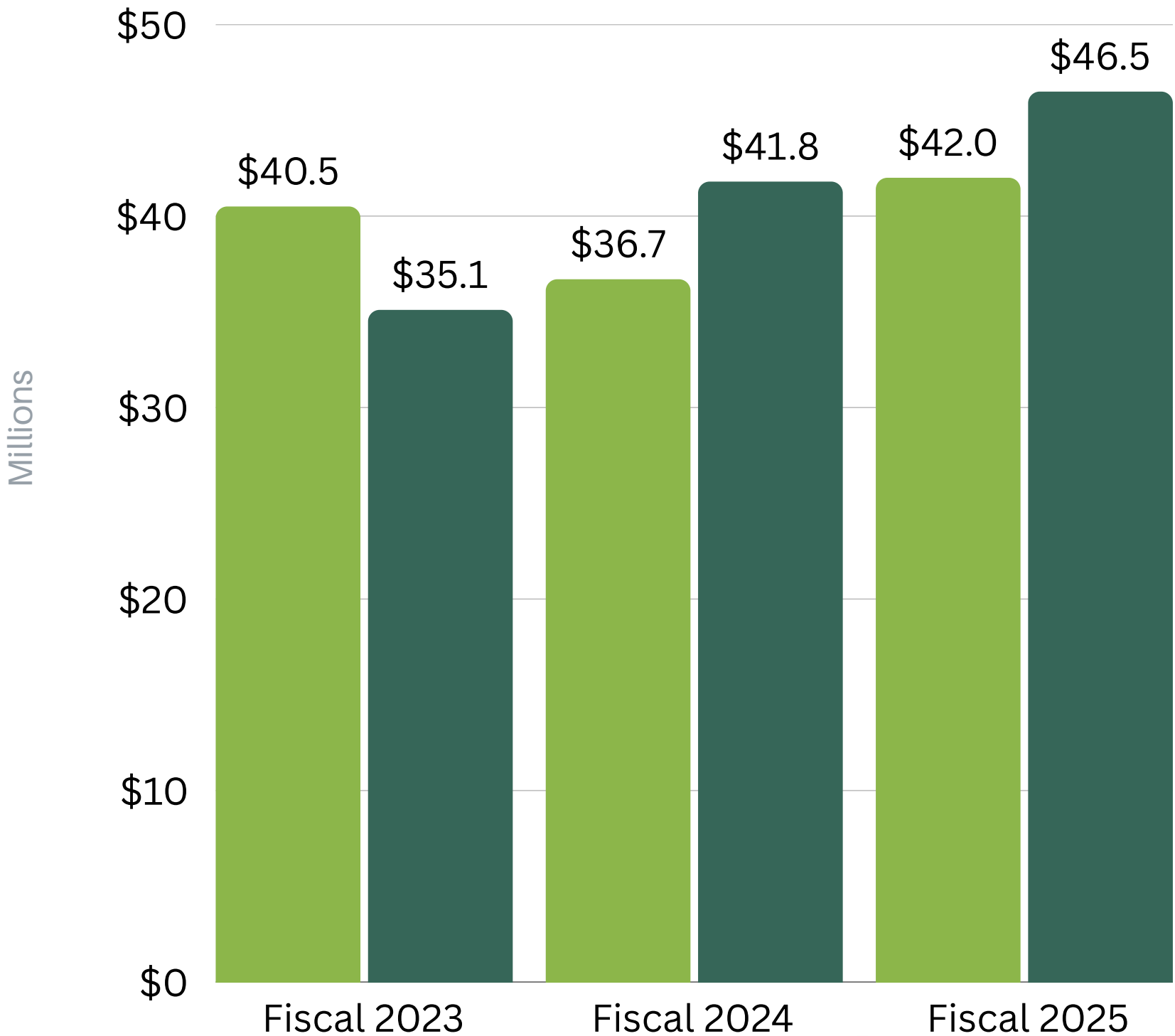
Major Components

- 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.

Charges for Current Services:

Actuals vs. Budgets

Budget Actual



Tax Credits

Budget: -\$100,898,000

Q3 Projection: -\$96,998,908

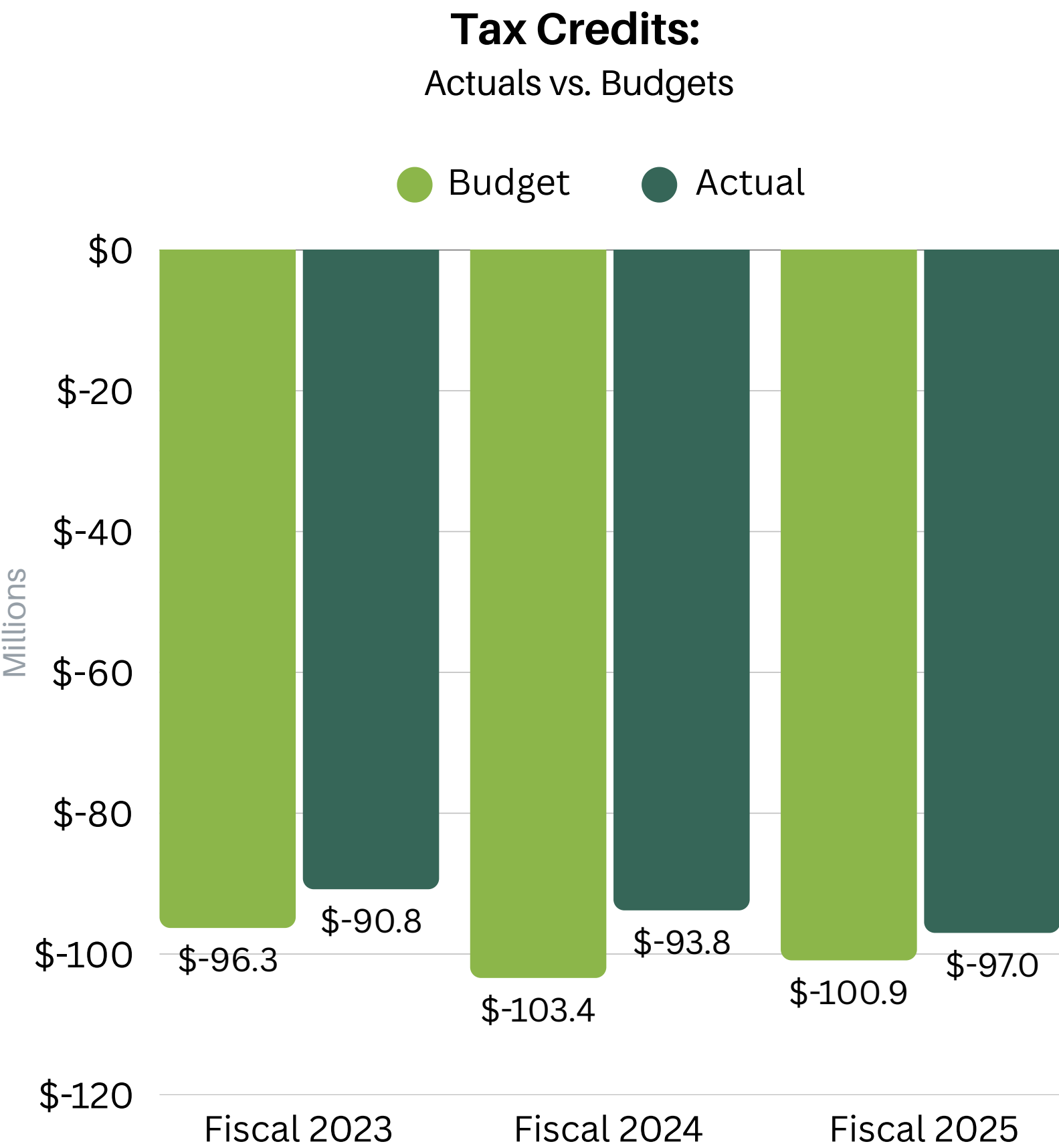
Surplus: +\$3,899,092

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.



Projected Deficits

Parking Related Revenues

Budget: \$23,020,466

Q3 Projection: \$19,346,384

Deficit: (\$3,674,082)

Changes from 2nd Quarter

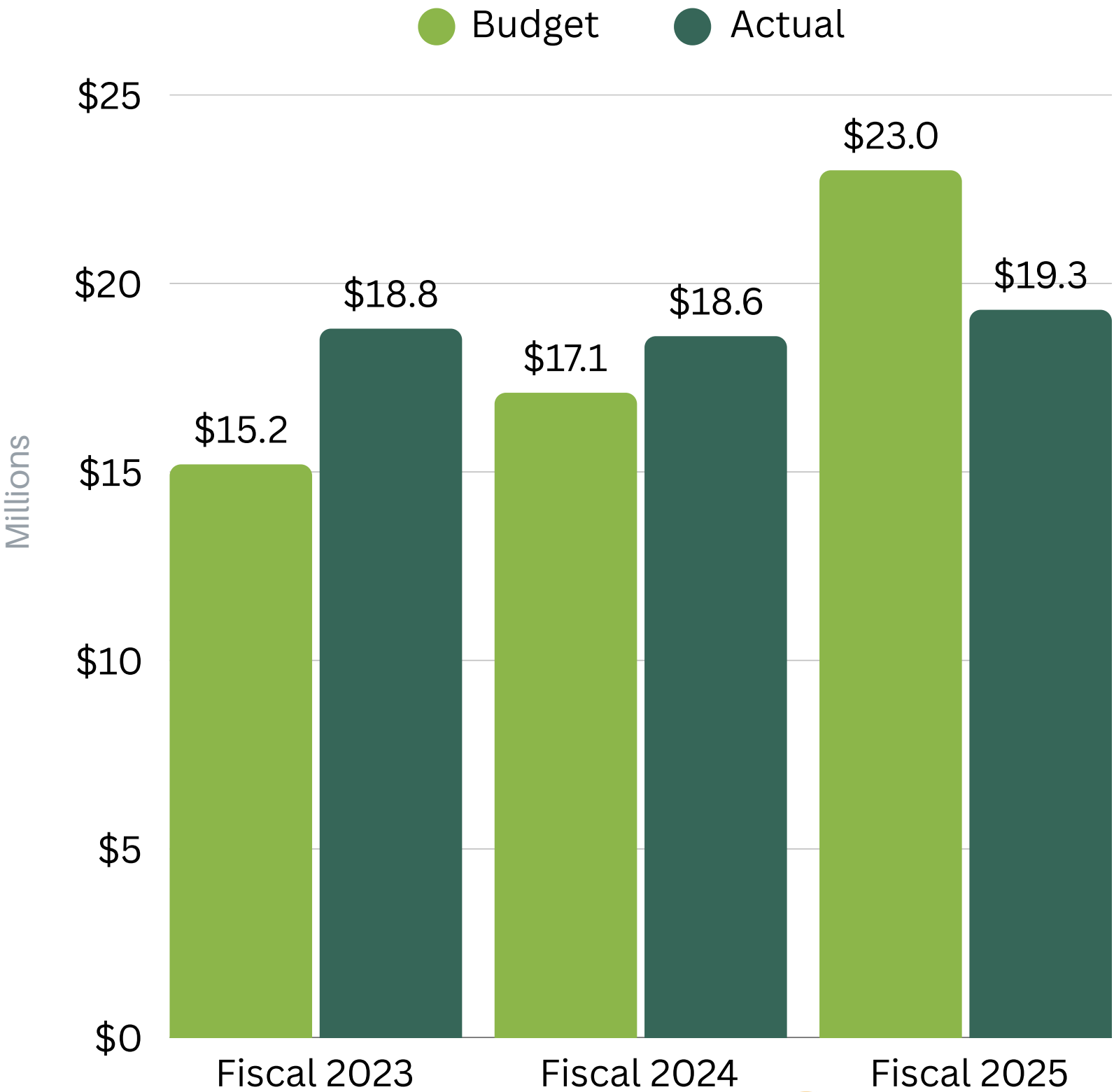
- Projected deficit is down by \$800k compared to 2nd Quarter projections.

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.

Parking Revenues - Transfer to GF

Actuals vs. Budgets



Traffic Camera Violations

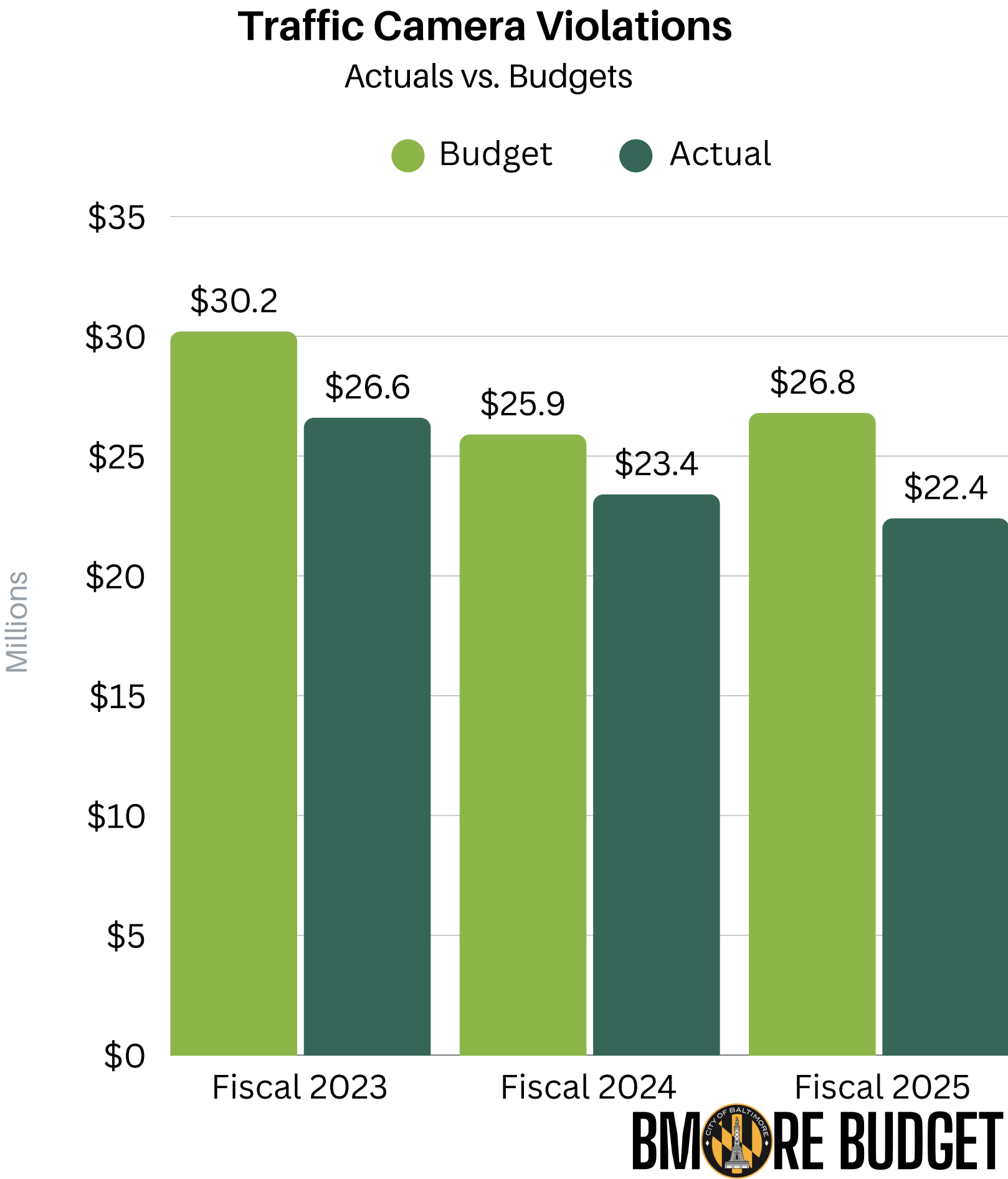
Budget: \$26,750,000

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

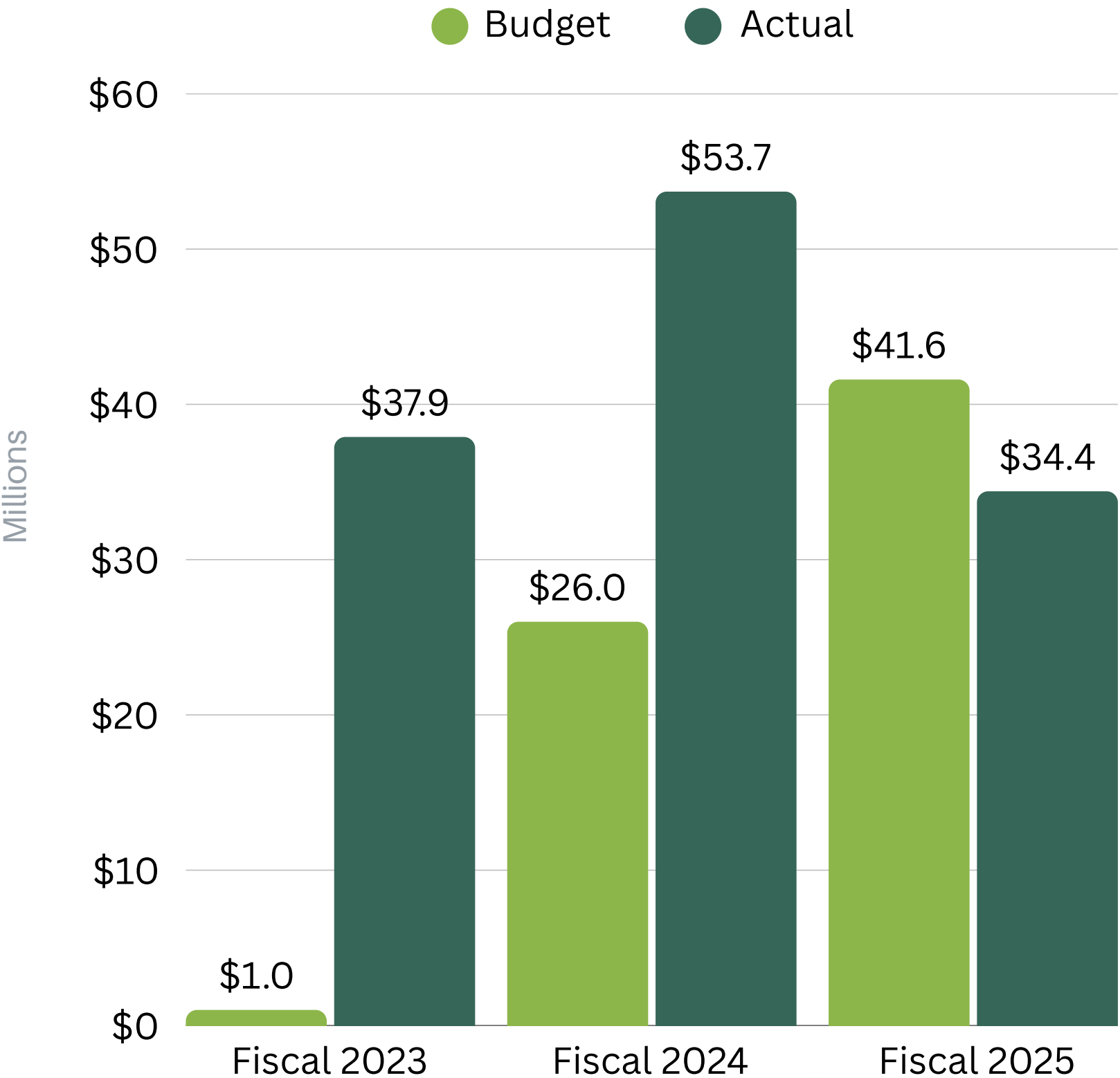
- Projected deficit is up by \$800,000.

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%.

Investment Earnings:

Actuals vs. FY25 Budget



Fiscal 2025

Expenditure Overview

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

Agencies with Projected Surplus:

Projected Surplus > 10%

Agency	Projection (\$M)	Change from 2nd Quarter	Notes
Comptroller	\$2.0		<ul style="list-style-type: none"> Projected surplus driven by Audits and Accounts Payable, primarily from vacant positions.
Orphans' Court	<\$0.1		<ul style="list-style-type: none"> Projected spending consistent with Fiscal 2025 2nd Quarter.
Legislative Reference	\$0.2		<ul style="list-style-type: none"> Savings on lease costs from for the City's Archives.
Municipal and Zoning Appeals	\$0.1		<ul style="list-style-type: none"> Projected surplus driven by staff costs.
State's Attorney	\$5.5		<ul style="list-style-type: none"> Projected savings from software costs and vacant positions.
M-R: Environmental Control Board	\$0.2		<ul style="list-style-type: none"> Surplus driven by vacant positions that the agency is working to fill.





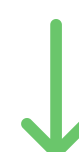

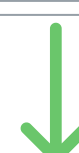
Agencies Projected at Budget:

Projected Surplus < 10%

Agency	Projection (\$M)	Change from 2nd Quarter	Notes
City Council	\$1.4	↑	<ul style="list-style-type: none"> Surplus driven by vacancies (13 positions) across Council Administration and Council offices.
Circuit Court	\$0.9	↑	<ul style="list-style-type: none"> Increased spending in 3rd Quarter due to technology upgrades Surplus driven by vacancies and savings in juror compensation payments.
Board of Elections	\$0.4	↓	<ul style="list-style-type: none"> Savings due to delay in lease agreement for new office/warehouse space.
General Services	\$1.4	↓	<ul style="list-style-type: none"> Surplus driven by vacant positions and lower holding costs for surplus schools.
Health	\$4.1	→	<ul style="list-style-type: none"> Surplus driven by vacant positions throughout agency.
Housing and Community Development	\$1.2	↓	<ul style="list-style-type: none"> 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		<ul style="list-style-type: none"> Surplus driven by vacant positions throughout agency.
Enoch Pratt Free Library	\$1.3		<ul style="list-style-type: none"> Surplus driven by vacant positions; projection includes staffing costs from ongoing union negotiations.
M-R: Office of the Inspector General	\$0.3		<ul style="list-style-type: none"> Savings based on timing of implementing new Ethics software.
M-R: Office of Information Technology	\$0.1		<ul style="list-style-type: none"> 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		<ul style="list-style-type: none"> Surplus driven by vacant positions; 7 funded vacancies at the end of the 3rd Quarter.
M-R Civic Promotion	\$0.0		<ul style="list-style-type: none"> Projected at budget.
M-R Convention Center Hotel	\$0.1		<ul style="list-style-type: none"> 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	↓	<ul style="list-style-type: none"> Surplus driven by various grant programs administered by agency.
Office of Equity and Civil Rights	\$0.4	→	<ul style="list-style-type: none"> Surplus driven by vacant positions; 7 funded vacancies at the end of the 3rd Quarter.
Planning	\$0.1	↓	<ul style="list-style-type: none"> Surplus driven by vacant positions; 4 funded vacancies at the end of the 3rd Quarter.
Public Works	\$6.1	→	<ul style="list-style-type: none"> 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)	↑	<ul style="list-style-type: none"> Fiscal 2025 deficit driven by unbudgeted Professional Services to support payroll, accounting, & finance systems (Workday & MUNIS).
Fire	(\$39.9)	↑	<ul style="list-style-type: none"> 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)	↓	<ul style="list-style-type: none"> Deficit driven by full-time salary variance from budget and overtime costs.
Law	<(\$0.1)	↑	<ul style="list-style-type: none"> Minor projected deficit in Fiscal 2025 3rd Quarter driven by overages in contractual spend.
M-R: Arts and Culture	(\$0.4)	↑	<ul style="list-style-type: none"> 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)		<ul style="list-style-type: none"> Deficit driven by \$4m CFG Arena Payment <ul style="list-style-type: none"> This is offset by accompanying revenue to the City.
M-R Office of Employment Development	(\$0.3)		<ul style="list-style-type: none"> 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)		<ul style="list-style-type: none"> 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)		<ul style="list-style-type: none"> 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)	↓	<ul style="list-style-type: none"> Projected deficit is \$1.7 million lower than 2nd Quarter. Deficit caused by park and facility maintenance costs.
Sheriff	(\$1.9)	↑	<ul style="list-style-type: none"> Deficit driven by overtime spending exceeding budget, unbudgeted upfitting of vehicles not programmed for 2025 replacement.
Transportation	(\$7.3)	↑	<ul style="list-style-type: none"> Projected deficit driven by winter storm response costs. <ul style="list-style-type: none"> YTD Snow Response Costs=\$15.9 million (budget=\$7.1 million).

Discussion and Questions

