

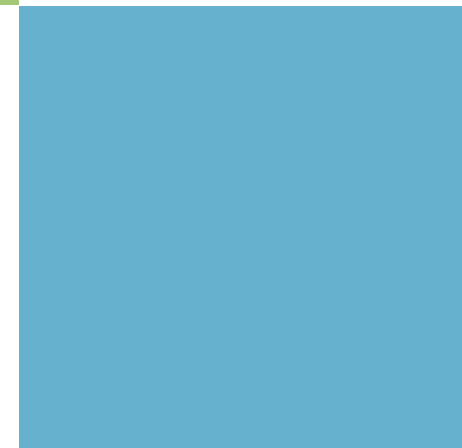
Fiscal 2025 Preliminary Budget

**Board of Estimates-
Taxpayer's Night**
April 17th, 2024

City of Baltimore



**Brandon M. Scott
Mayor**



**BMORE
BUDGET**

FY 2025 Highlights



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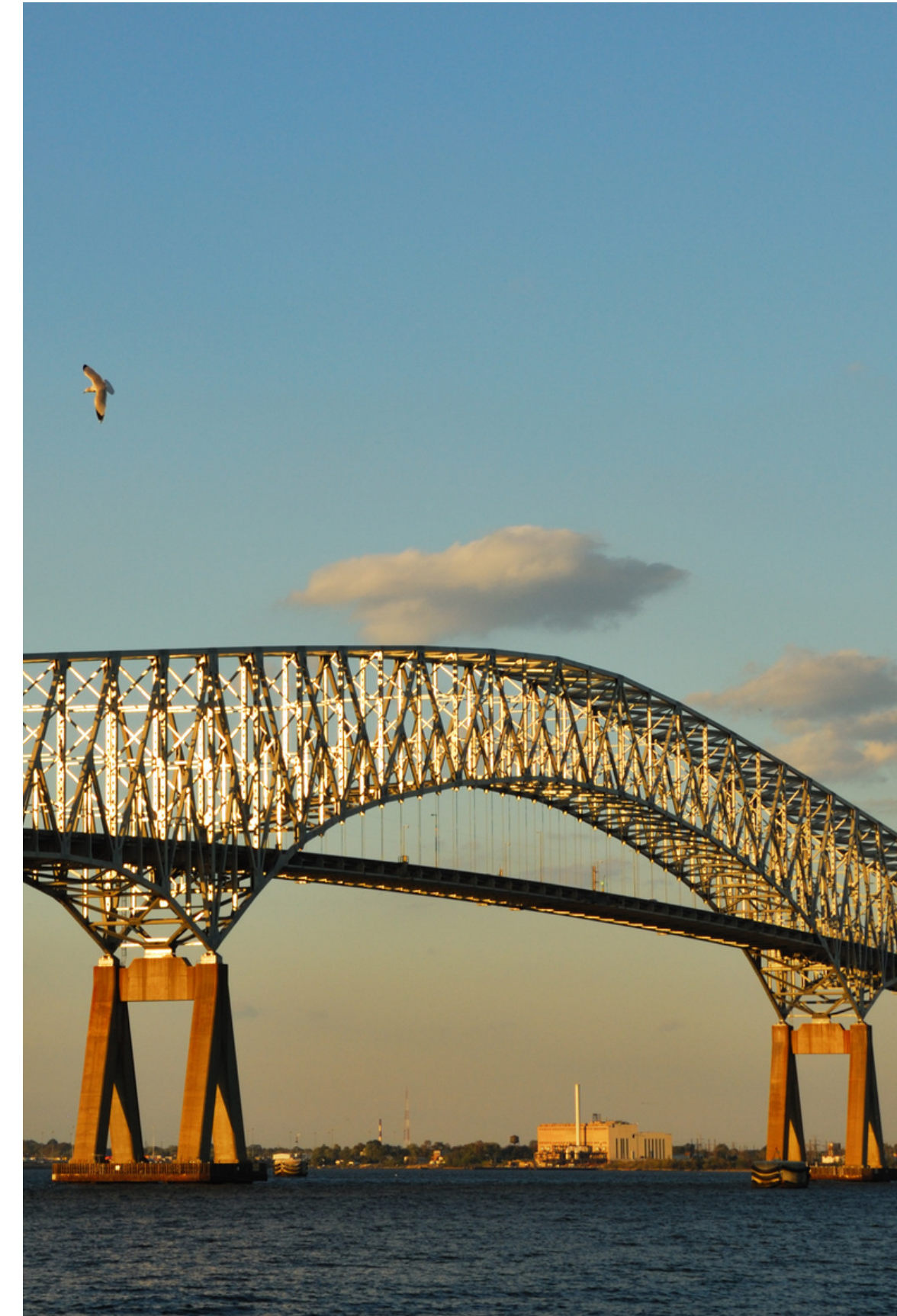
Key Bridge Collapse & Fiscal 2025

Collapse Costs & Fiscal 2025

- The Preliminary Budget does not include any recommendations from the Key Bridge collapse.
- The City continues to track costs associated with the response & recovery.

Long-Term Impacts

- The economic impacts of the Port closure and bridge collapse have the potential to be long-term.
- BBMR is developing economic factors that will be monitored regularly to understand how these impacts are flowing through to the City budget.
- Any major items impacting the City's budget will either be incorporated into the BOE Recommended budget or through amendments after budget adoption.



Fiscal 2025 Budget Highlights

BALANCED GENERAL FUND BUDGET

\$107 million shortfall closed with targeted agency trims, new efficiencies, and reduced long-term liabilities. No use of Fund Balance.

TARGETED INVESTMENTS

Continues progress on top priorities: violence prevention, consent decree compliance, vacants initiative, climate action, and procurement transformation.

ARPA TRANSITION

Begins process of transitioning high-priority ARPA investments to other sources of funding.

INFLATION

City still facing some lingering cost pressure from recent high inflationary period (2021 to 2023), especially on wages and labor contracts.

EDUCATION COSTS

City's contribution will decrease in Fiscal 2025 but City's investment is still 47.6% higher than pre-Blueprint levels.



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Fiscal 2025 by the Numbers

FISCAL 2025	Recommended Amount	Change from Fiscal 2024, \$	Change from Fiscal 2024, %
Operating Plan	\$3.41 Billion	-\$119.2 Million	-3.4%
Capital Plan	\$654.1 Million	-\$177.6 Million	-21.4%
Total	\$4.06 Billion	-\$296.8 Million	-6.8%

FISCAL 2025 General Fund	Recommended Amount	Change from Fiscal 2024, \$	Change from Fiscal 2024, %
Budget	\$2.327 Billion	\$111.0 million	+5.0%
Positions	9,746	-172	-1.7%



Fiscal 2025 General Fund Outlook

Projecting the Fiscal 2025 Outlook

- BBMR initial forecast was completed in the Fall of 2024.
- The forecast included assumptions for two large factors updated in January each year:
 - **Property Tax** re-assessments for 1/3 of City properties
 - The City’s required **Local Share** contribution to City Schools
- For Fiscal 2025 both of these revisions broke in the City’s favor.
- BBMR also made revisions to two revenue line items based on more current data for Investment Earnings and Income Tax.

Fiscal 2025 General Fund Outlook Recap

(in \$ millions)

FY 2025 General Fund Outlook (Initial)	(\$107.3)
Property Tax Group 3 Re-Assessments	9.5
Schools Formula	18.2
Investment Earnings	13.0
Income Tax	5.3
All Other Revisions	(0.5)
FY 2025 General Fund Outlook (Rev’d)	(\$61.9)



Balancing the FY 2025 Budget

Budget Balancing Actions

- The Preliminary Budget balances a \$61.9 million budget gap
 - \$58.1M realized through budget balancing actions in both revenues and expenditures
 - \$5.8M invested for critical enhancements.

Use of One-Time Resources

- Fiscal 2025: Utilizing \$9.6M of one-time resources to balance, with no use of Fund Balance.
- Fiscal 2024: Utilized \$39.6M of one-time resources to balance:
 - \$29.6M of Fund Balance.
 - \$10.0M of State Aid.

Balancing Action	Amount
Parking Revenue	6.2
Fines and Fees	1.0
OPEB "Catch-Up" Contributions	17.6
Agency Position Savings	13.3
Agency Other Savings	20.0
ARPA Transition	(1.7)
Enhancements	(4.1)
Investment Income (one-time)	9.6
Total Savings	\$61.9



Community Engagement for Fiscal 2025

Budget Engagement Forums

- BBMR and the Mayor’s Office hosted four budget engagement events in January and February of 2024.
- Over 100 participants from across Baltimore City submitted 158 feedback notes and 323 votes on key pillars of prioritization for the upcoming budget.

Newsletter: Bmore Budget Brief

- To increase communication and transparency with the community, BBMR has released a regularly scheduled newsletter to provide updates on budget process, legislative & policy notes, social media content, and community engagement opportunities throughout the year.

Continued Engagement Opportunities

- BBMR continues to provide community presentations to residents on the budget process upon request.
- Fiscal 2025 Taxpayers’ Night at the Board of Estimates is on April 17, 2024. Residents may provide testimony in person, virtually via WebEx, voicemail, or online form.



FY 2025 General Fund Highlights



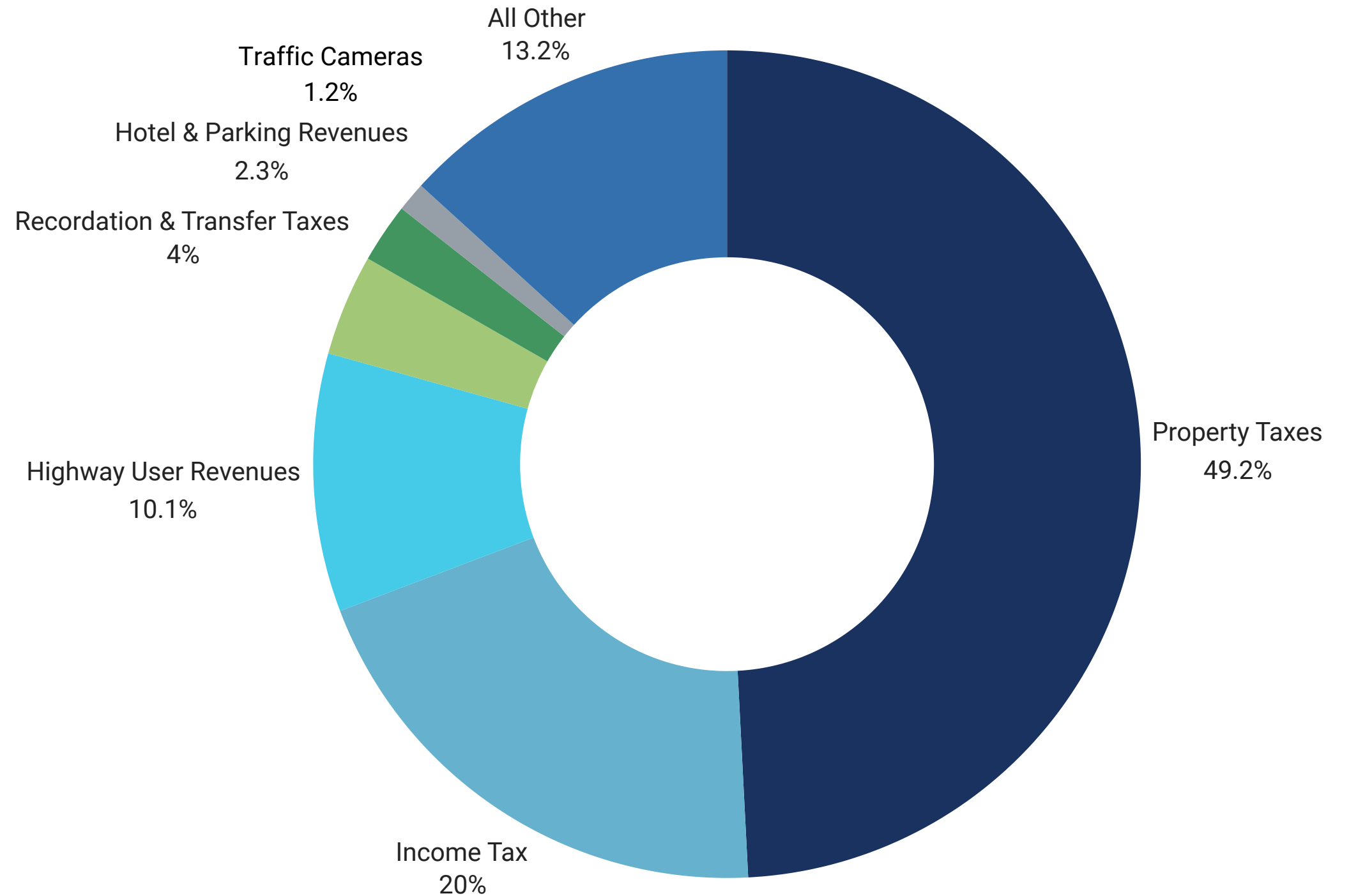
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Where the Money Comes From



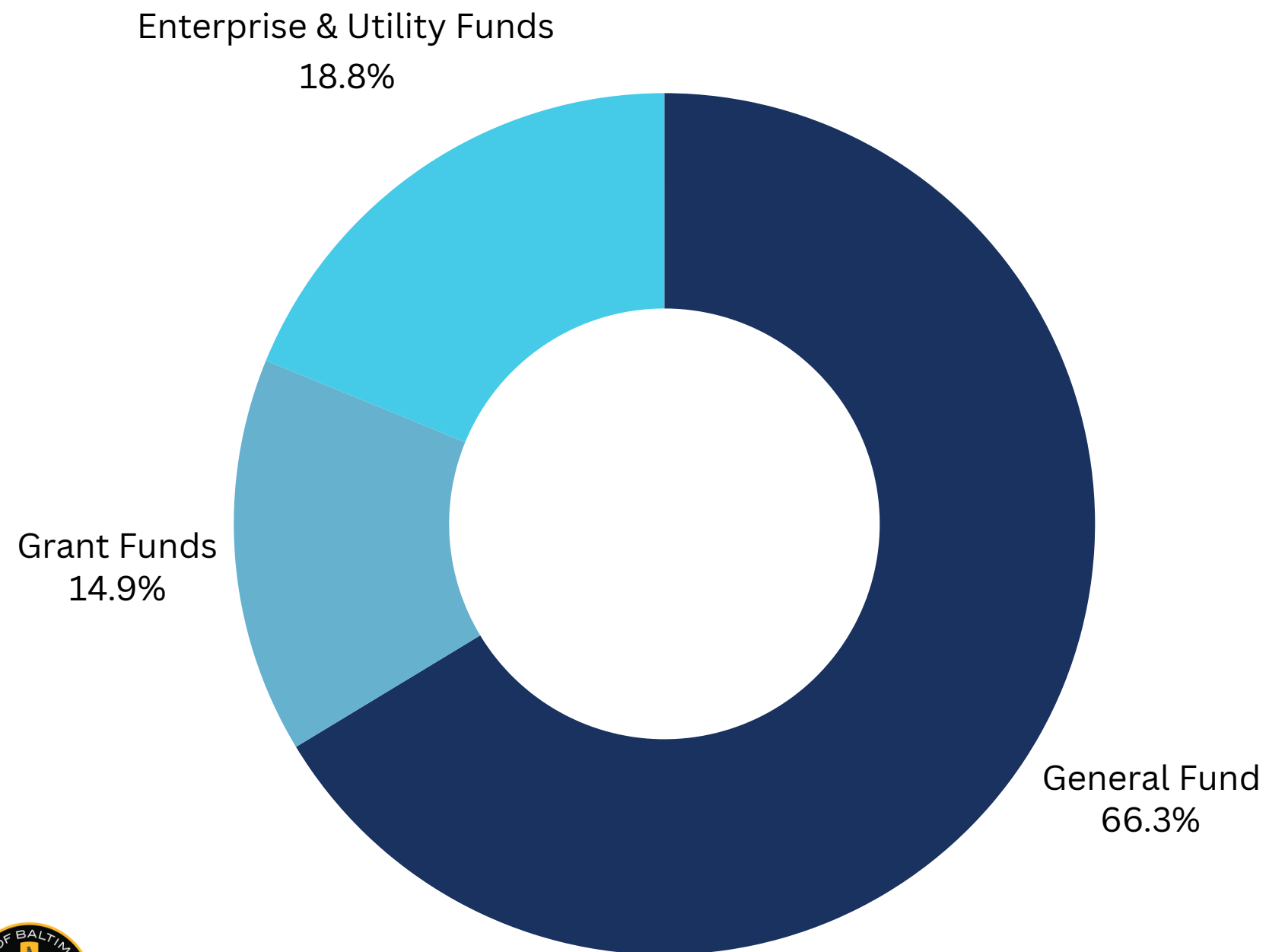
Fiscal 2025 General Fund Revenues \$2.3 Billion



Where the Money Goes

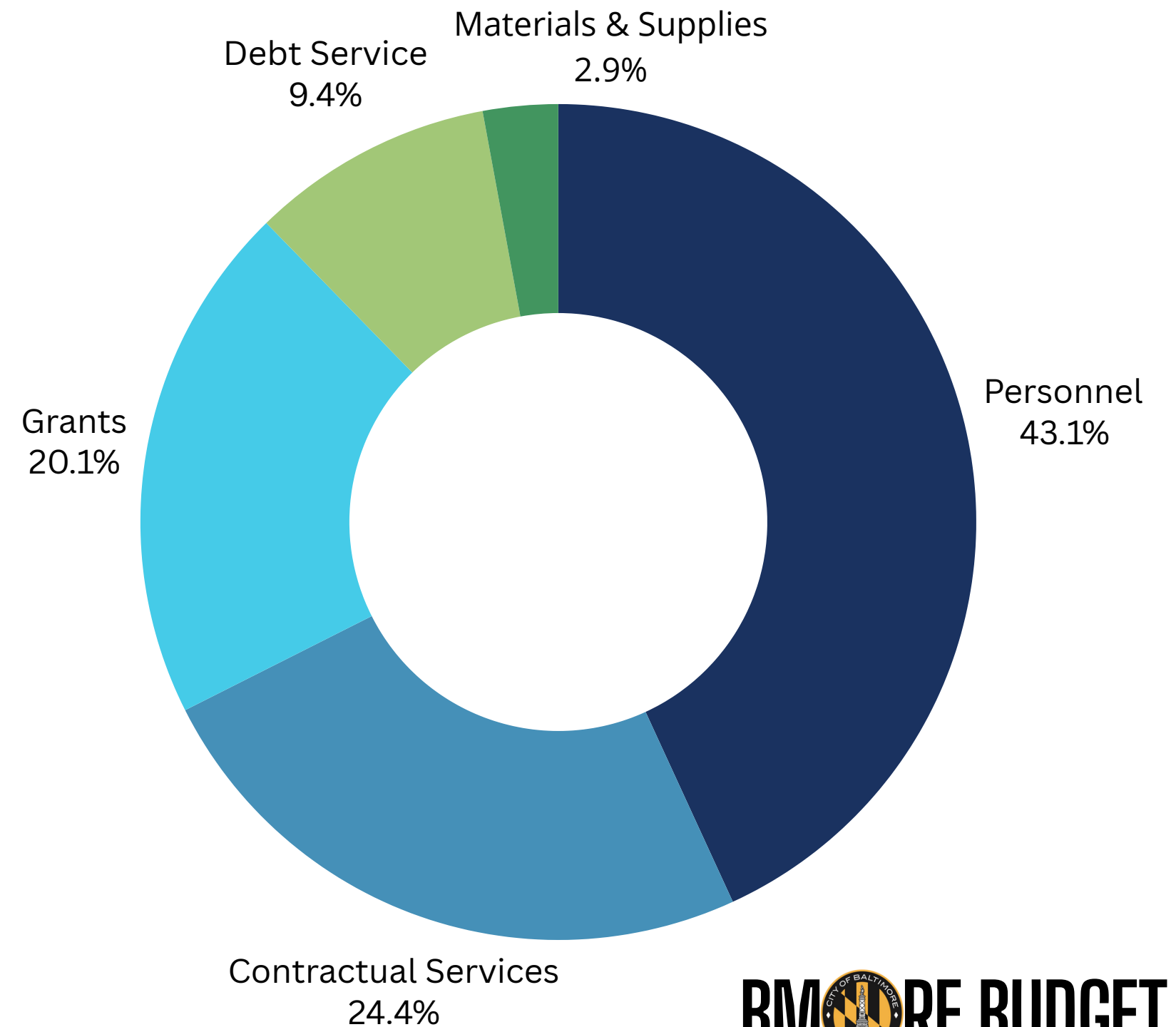
Where the Money Comes From

\$3.5 billion



How the Money is Used

\$3.5 billion

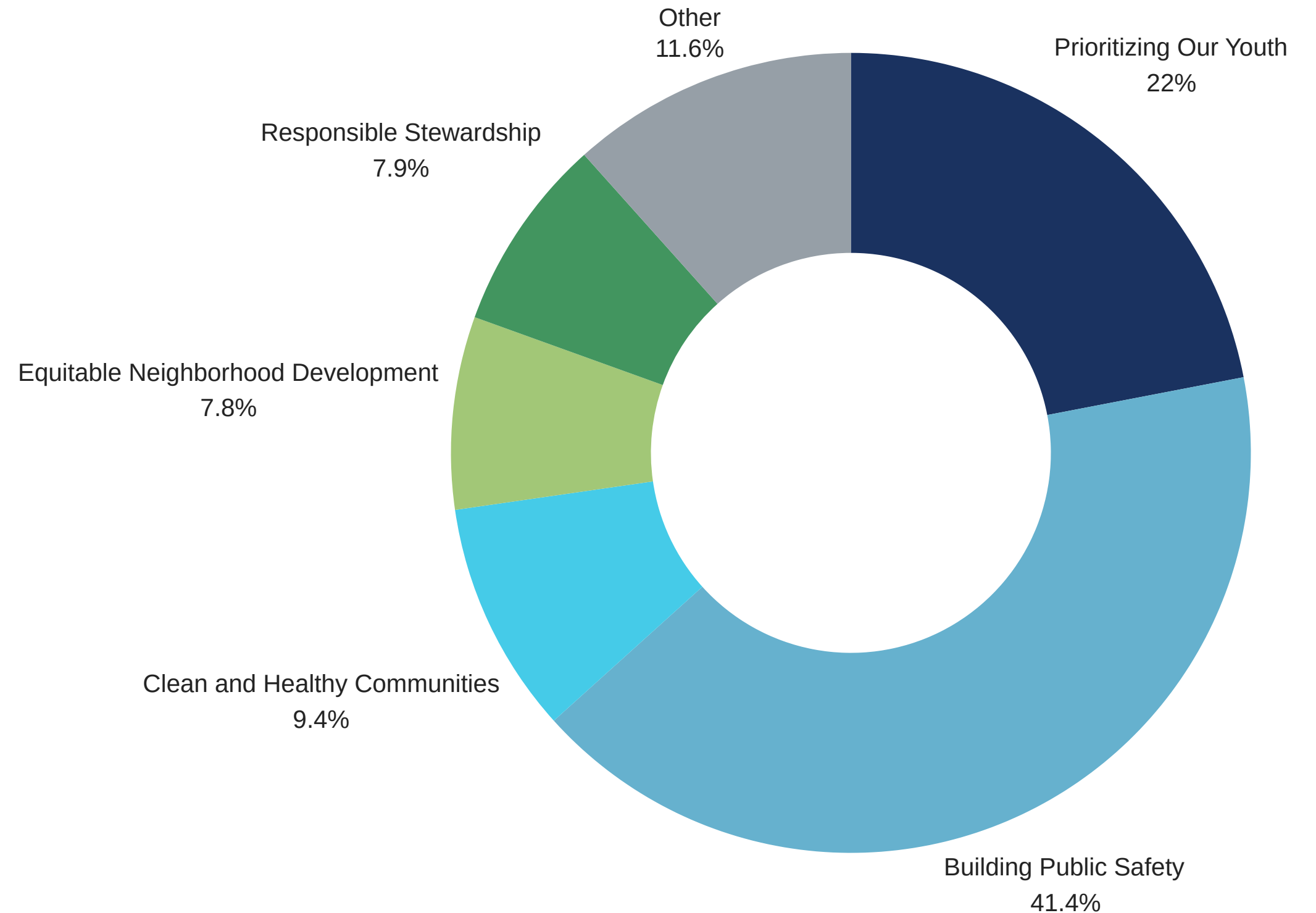


Where the Money Goes



General Fund Expenditures by Pillar

\$2.3 Billion



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Building Public Safety
41.4%



Fiscal 2025 General Fund Highlights

Major Revenue Changes

Property Tax

- **+\$65.4 Million; +6.7%**
- Growth driven by 11th consecutive year of assessment increases
- Reflects reassessments for Group 3 (Southern portion of City)

Transfer & Recordation Taxes

- **-\$4.8 Million; -4.9%**
- Decline reflects real estate market normalizes after record years in FY 2021 & FY 2022
- While number of housing transactions is down; the value of transactions is up

Income Tax

- **+\$18.9 Million; +4.2%**
- Income tax base continues to grow as City's labor market remains strong
- In calendar year 2023 unemployment was 2.9%, lowest level since 1990

Investment Earnings

- **\$15.6 Million; +59.8%**
- Higher earnings driven by interest rate assumptions & higher cash on hand balances

Major Expenditure Changes

Prioritizing Our Youth

- Continue increased investment for City Schools under Blueprint
- Funding for 56 Career Coaches for all City middle & high schools
- 240 year-round spots through the YouthWorks program

Building Public Safety

- Expanding Group Violence Reduction Strategy to 2 additional Police districts
- Continued investment in civilianization in Police Department

Clean & Healthy Communities

- Annualize funding for 10 Solid Waste crews to continue weekly recycling
- Investment in Building Automation system to reduce City's energy footprint

Equitable Neighborhood Development

- Additional staffing in Housing to support Vacants plan

Responsible Stewardship of City Resources

- Continuation for various hiring incentives
- Purchasing electric charges hubs to support electrifying the City's fleet



FY 2025 Other Budgets Overview

Utility Funds, Grant Funds, & the Capital Budget



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Utility Budgets Overview

Anticipated Rates

- Scheduled rate increases for FY 2025 already approved by BOE in June 2022:
 - Water: 3.0%
 - Wastewater: 3.5%
 - Stormwater: 3.0%

+12.4%

+\$69.6M

Budget Highlights

- The Fiscal 2025 budget annualizes pay increases implemented in Fiscal 2024 based on a salary study for all Utility staff.
- Increased funding will support higher contractual and supply costs for the Utilities.

	FY 2024	FY 2025	\$ Change
Water	218,285,454	251,312,119	33,026,665
Wastewater	314,803,781	345,966,816	31,163,035
Stormwater	29,514,915	34,956,854	5,441,939
Total	\$562,604,150	632,235,789	69,631,639

Grant Funds Overview

Budgeting Grants

- Approach for budgeting grants in Fiscal 2025 changed to provide a more accurate reflection of anticipated grant awards.
- Fiscal 2025 budget based on known grant awards rather than estimated amounts.
- Grants received after the start of the Fiscal Year will be approved through supplemental budget appropriation (will require BOE and City Council approval).
- This change does ***not*** reflect a loss of grant funding, but provides a more accurate picture of known grant awards.

-34.5%

-\$255.3M

	FY 2024	FY 2025	Change
Federal	296.3	153.6	(142.7)
State	11.3	25.2	13.9
Special Rev	199.4	152.7	(46.6)
Special Grant	232.2	152.3	(79.9)
TOTAL	\$739.2	\$483.8	\$255.3M



FY 2025 Upcoming Major Dates

Major Dates for Fiscal 2025 Budget Adoption



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FY 25 Budget: Key Dates

Key Dates

- April 1st: Preliminary Budget Released
- April 3rd: Preliminary Budget Introduced at BOE
- April 17th: BOE Taxpayer Night
- May 1st: BOE Votes on Fiscal 2025 Budget
- May 6th: Fiscal 2025 Ordinance of Estimates introduced at City Council
- May 16th: City Council Taxpayers Night
- May 23rd - June 6th: City Council Budget Hearings

Budget Adoption

- Per Charter, the Ordinance of Estimates must be adopted no later than June 26th.



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