

Citizens' Guide to the Fiscal 2011 Budget



Stephanie Rawlings-Blake, Mayor
City of Baltimore, Maryland





*Cover: The citizens of Baltimore make our city vibrant and diverse.
Inside Cover: City Hall facing War Memorial Plaza.
Cover photos by Mark L. Dennis, Staff Photographer, Office of the Mayor*

TABLE OF CONTENTS

Message from Mayor Rawlings-Blake	2
The City’s Objectives	3
What Is The City Budget?	4
Why Is The City Budget Important?.	7
Where Does the Money Come From?.	8
How Is the Money Used?	9
How Was the Budget Shortfall Closed?.	10
What Do We Get for Our Money?	11
What Is in the City’s Capital Plan?	14
How Does the City Fund Capital Projects?	15
How Is the Budget Created?	16
What Is the City’s Budget Process?	17
What Is the City’s Future Budget Outlook?	18
How Can I Get More Involved in the Budget Process? . . .	24
Glossary	26



MESSAGE FROM THE MAYOR

This year, Baltimore City faced the worst fiscal crisis in the City's modern history. Because of the global recession, city revenues have been hit hard, while the cost of providing basic services continues to grow. Together, we confronted this crisis with honesty and shared sacrifice. We made the tough choices necessary to protect our core priorities—public safety and public education.

My Comprehensive Plan to address the crisis included more than \$70 million in tough spending cuts and nearly \$50 million in new revenue. The Plan fully funds our obligation to public schools, maintains every single police officer, reduces firehouse closures, and keeps libraries open, all without raising property taxes.

The Citizens' Guide to the Fiscal 2011 Budget explains the City's budget and budget process in clear, simple terms. By making this information more accessible, I hope to encourage broader participation in discussions about how, even in this challenging time, we can achieve better schools, safer streets, and stronger neighborhoods.

A handwritten signature in black ink that reads "Stephanie Rawlings-Blake". The signature is written in a cursive, flowing style.

Stephanie Rawlings-Blake
Mayor

www.baltimorecity.gov

CITY OBJECTIVES FOR FISCAL 2011

The City's budget process aims to align resources with results that matter most to citizens, as determined by the Baltimore Citizen Survey. For the Fiscal 2011 budget, these results are organized around six City Objectives. They are:

- ▶ Make Baltimore a Safer City
- ▶ Build Strong, Healthy, and Educated Children and Families
- ▶ Strengthen Baltimore's Economy and Promote Economic and Cultural Opportunities for all its Residents
- ▶ Make Baltimore's Government More Innovative, Efficient, and Customer Friendly
- ▶ Cultivate Stable, Vibrant, Livable Neighborhoods
- ▶ Make Baltimore a Cleaner and More Sustainable City

OUTCOME BUDGETING

For Fiscal 2011, the City of Baltimore transitioned to a new budget planning process called Outcome Budgeting. Outcome Budgeting is a natural extension of Baltimore's heralded CitiStat program. It starts with a set of measurable results that citizens want and requires agencies to compete and collaborate for every dollar of funding based on how well their services help to achieve those results. Outcome Budgeting is more strategic than traditional budgeting, which starts with last year's spending and uses across-the-board cuts to deal with revenue shortfalls.

Outcome Budgeting offers multiple advantages:

- ▶ Addresses fiscal constraints strategically
- ▶ Rewards innovation and promotes long-term thinking
- ▶ Makes City government more accountable by measuring performance
- ▶ Makes the budget more transparent by connecting resources to results

For more about Outcome Budgeting and to view the results of the 2009 Baltimore Citizens Survey, visit our website:
www.baltimorecity.gov/outcomebudgeting

WHAT IS THE CITY BUDGET?

The City's total Fiscal 2011 budget is \$2.9 billion. The budget is divided into two major categories: Operating and Capital.

What is the Operating Budget?

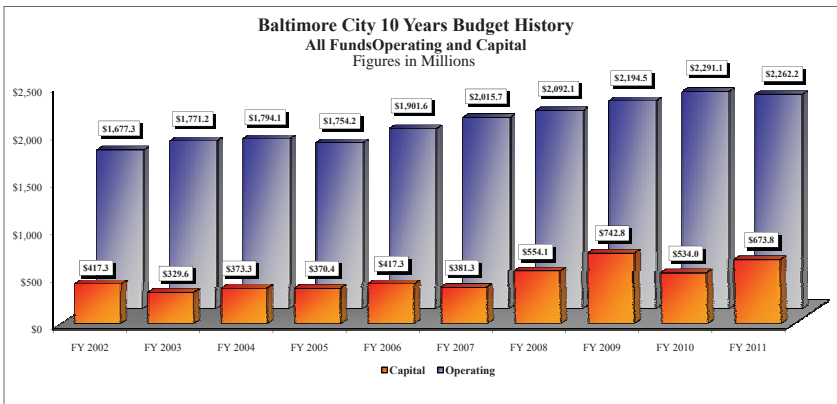
The operating budget is a proposed plan of revenue and expenditures for a given year. The operating budget funds the City's day-to-day expenses, including salaries and benefits of City employees, rent and utilities, materials and supplies, and equipment needed to provide public safety, recreation, health, sanitation, transportation and other services to City residents. The operating budget currently represents 77% of the total City budget. The Baltimore City Charter requires a balanced budget by the end of the fiscal year.

What is the Capital Budget?

Capital projects are physical improvements that cost more than \$50,000 and equipment and items of repair and maintenance that cost more than \$100,000. The capital budget represents the first year of the six-year Capital Improvement Program recommended by the Planning Commission. The capital budget represents 23% of the total City budget, and is funded through a combination of local revenues, user charges, grants and debt financing.

Budget History

The following chart shows the 10 year history of the City's Operating and Capital budget. The operating budget grew an average of 3.5% per year from 2002-2010, however, it declined 1.3% from Fiscal 2010 to Fiscal 2011.



BUDGETARY FUNDS

The City's budget is comprised of the following budgetary funds that are made up of distinct groups of revenues and expenses that must be separately identified, planned and accounted for by law or for management purposes.

General Fund

This is the City's largest and most important fund and contains all local taxes paid by City residents, businesses and visitors. This is the fund over which policymakers have the most management discretion in order to implement service changes, improvements and increase or lower tax burdens.

Motor Vehicle Fund

This fund primarily comprises State-shared Highway User Revenues (HUR)

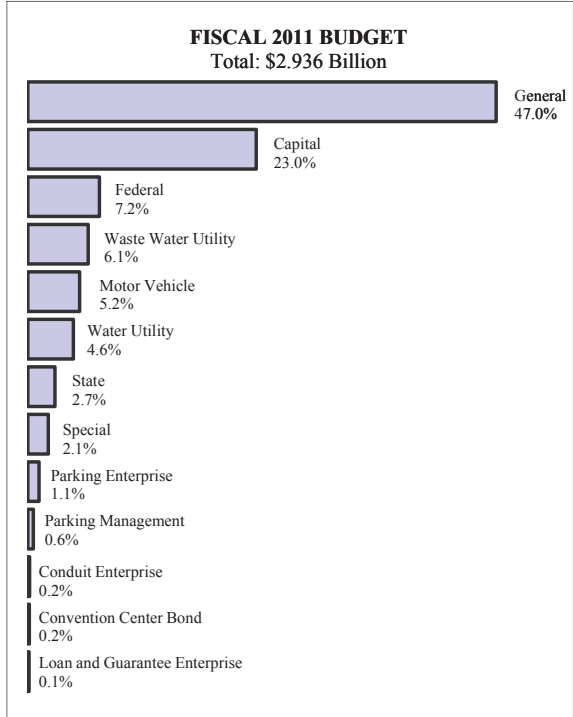
including gas tax and vehicle sales titling tax. HUR is restricted to prescribed transportation programs set forth in State law.

Grant Funds

These funds are used to budget and account for all activities that have legally restricted uses supported by dedicated funds. This group consists of federal, State and other special and private grant funds.

Enterprise Funds

These funds are used to budget and account for operations where the costs of providing services are financed or recovered primarily through user charges or other dedicated revenues. Enterprise funds include the Conduit, Loan and Guarantee, Parking, Water Utility and Wastewater Utility funds.





WHY IS THE CITY BUDGET IMPORTANT?

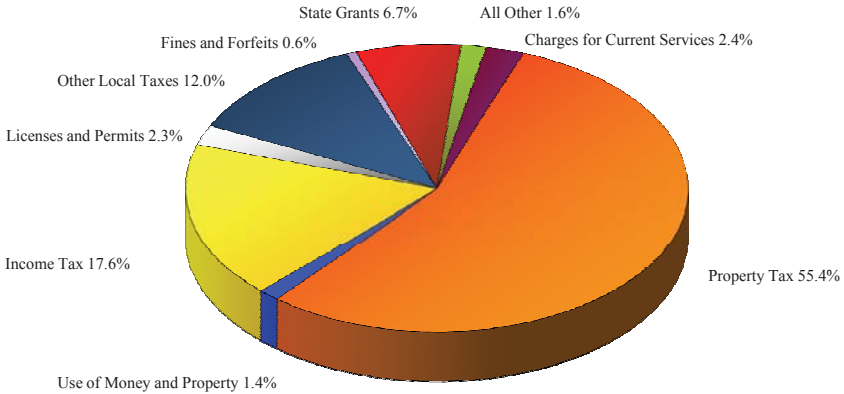
The City's budget is the plan for how the Mayor and City Council accomplish their policy and strategic priorities. The City is responsible for a vast array of services that directly impact the daily lives of Baltimore residents. These include:

- ▶ Maintaining 2,000 miles of roadway including 300 bridges and culverts, 3,600 miles of sidewalks, 456 miles of alleys and 72,000 street lights
- ▶ Operating a water distribution system that supplies water to 1.8 million customers in the Baltimore Metropolitan Region, which includes 4,500 miles of water mains
- ▶ Collecting and disposing of refuse from 205,000 City households
- ▶ Maintaining 1,300 signalized intersections, 250,000 traffic and informational signs and 4.5 million linear feet of lane markings
- ▶ Responding to 834,000 police and 265,000 fire emergency calls annually
- ▶ Operating 55 recreation centers
- ▶ Managing and maintaining 6,500 acres of parkland
- ▶ Overseeing 10,770 parking meters and 78 red light cameras
- ▶ Monitoring 454 Closed Circuit Television (CCTV) and 102 Portable Overt Digital Surveillance System (PODSS) cameras
- ▶ Operating 23 Library Branches including the Central Branch
- ▶ Providing annual health assessments and services to over 82,000 students enrolled in approximately 200 City public and charter schools
- ▶ Inspecting 7,000 food establishments
- ▶ Answering 1.1 million 311 and non-emergency calls a year
- ▶ And much more

WHERE DOES THE MONEY COME FROM?

The pie chart below shows the revenue sources for the General Fund. The General Fund is the largest fund, and its revenues come primarily from local taxes. More detailed information about the City budget can be found at <http://www.baltimorecity.gov/budget>.

General Fund
Where the Money Comes From
Total: \$1.383 Billion



May not add due to rounding

Your Taxes:

The following table shows the main taxes that you pay as a City resident. These rates were not changed for Fiscal 2011.

Revenue Name	Description
Property Tax	\$2.268 per \$100 of Assessed Property Value
Income Tax	3.05% of Taxable Income. New Rate of 3.2% Will Take Effect on January 1, 2011.
Telephone Tax	\$4 per land and wireless line and \$0.4 for each Centrex line.
Energy Taxes	Per Unit Consumed - Rate Varies by Type of Energy
Recordation Tax	\$5 per \$500 of the Consideration Value Subject to Recordation
Transfer Tax	1.5% of the Consideration Value Subject to Transfer
Admissions and Amusement	10% on the Gross Amount Paid for Various Admissions such as Sport Events
Hotel Tax	9.5% of the Gross Amount Paid for Using a Hotel Room
Parking Taxes	20% of the Gross Amount Paid for Occupying a Parking Space

Revenue Enhancements

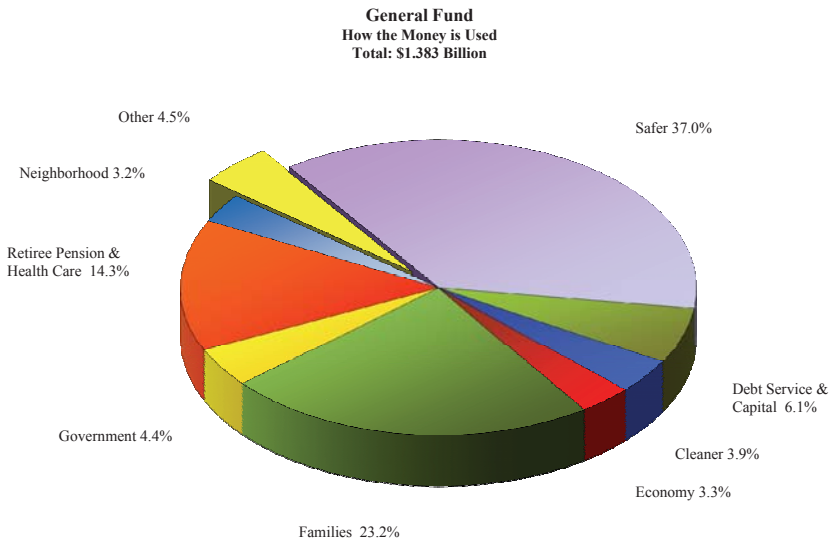
Facing an unprecedented budget shortfall of \$121 million for Fiscal 2011, the City cut spending by \$73 million dollars and raised \$48 million of additional revenue. The new revenue restored funding for critical services, such as police, fire, recreation, and health.

The package of revenue enhancements equitably distributes the burden across residents, non-residents, businesses and nonprofit organizations.

Revenue Name	Additional Revenue (Millions)	Description
Energy Tax	\$6.98	Increased by 15% for Commercial and Residential users. Nonprofits up from 6% to 8% of bill
Income Tax	\$5.91	Increased from 3.05% to 3.20% of taxable income
Beverage Container Tax	\$5.70	New 2 cent tax on all beverage containers under two liters, excluding milk and juice
Not for Profit MOU	\$5.40	Voluntary contributions from universities and hospitals, which pay no property tax
Parking Tax	\$5.08	Increased to from 16% to 20% of parking charge
Telecommunications Tax	\$3.74	Increased per line charge from \$3.50 to \$4.00 per month
Parking Fines	\$3.17	Increased parking fines by various amounts
Hotel Tax	\$3.14	Increased hotel tax from 7.5% to 9.5%
Parking Meters	\$3.10	Increased hourly rate in high usage areas from \$1.00 to \$2.00
Property Tax Discount Savings	\$2.50	Reduced discount period to 0.5% in July only
Simulated Slot Machines Tax	\$1.91	Eliminated admissions & amusement tax and levied a sliding scale excise tax per machine
Vacant Property	\$1.28	Residential vacant structure fees increased by \$100 and commercial vacant structures by \$250
Civil Citation Fines	\$0.17	Increased civil citation fines by various amounts
Total	\$48.08	

HOW IS THE MONEY USED?

The following chart shows how General Fund revenues were allocated by City Objective in the Fiscal 2011 budget:



HOW WAS THE BUDGET SHORTFALL CLOSED?

The City faced an unprecedented budget shortfall of \$121 million for Fiscal 2011, representing nearly eight percent of the combined General Fund and Motor Vehicle Fund. A budget shortfall is the difference between projected revenues and the estimated costs of continuing to provide current levels of City services.

The \$121 million shortfall included:

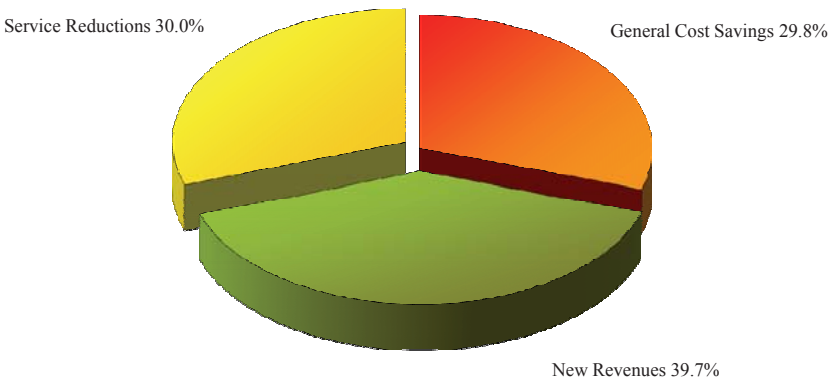
- ▶ A \$54 million revenue shortfall compared to the Fiscal 2010 budget. The largest components of the shortfall were reductions in Highway User Revenue from the State and declining Income Tax receipts.
- ▶ A \$67 million increase in the costs of maintaining current services, including \$28 million for pensions and \$23 million for employee and retiree health care.

Mayor Rawlings-Blake and the City Council worked together on a comprehensive plan to balance the Fiscal 2011 budget. As shown in the pie chart below, the plan has three components:

- ▶ \$36 million in general cost savings. These include:
 - continuing employee furloughs
 - 10% employee and retiree cost share for prescription drug benefit
 - sharing the cost of crossing guards with the school system
- ▶ \$48 million in new revenue
- ▶ \$37 million in service reductions and savings from efficiencies

Overall, the plan closed 60% of the budget shortfall with spending reductions and 40% with new revenue.

Comprehensive Plan for Fiscal 2011



WHAT DO WE GET FOR OUR MONEY?

In planning the Fiscal 2011 budget, the City faced its worst economic outlook since the Great Depression. The shortfall between the cost of maintaining the Fiscal 2010 level of City services and expected revenue for Fiscal 2011 was an unprecedented \$121 million.

The Fiscal 2011 budget closes the \$121 million shortfall with a combination of spending reductions and new revenue.

Through Outcome Budgeting, the City was able to maintain funding for high priority services that are proven effective, reward innovation, and eliminate lower value services. Below are select priority-funded services for Fiscal 2011, by City Objective.



Make Baltimore a Safer City

This was the top priority Objective. The priorities within this objective were crime prevention, targeting violent criminals, community engagement, and making emergency medical service response more efficient.



- ▶ Funds all police positions to maintain neighborhood presence, community engagement and targeting of violent criminals.
- ▶ Reduces rotating fire company closures and maintains funding for fire prevention programs and EMS.
- ▶ Maintains funding for Operation Safe Kids and Safe Streets and the Youth Opportunities program, all of which have been shown to prevent violence.



Build Strong, Healthy, and Educated Children and Families

The top priorities under this objective were to expand lifelong learning opportunities and to improve citizens' health.

- ▶ Fully funds the City's obligation to the Baltimore City Public Schools.
- ▶ Maintains library branches and hours. Libraries are hubs of lifelong learning and have seen a spike in usage by job seekers in this tough economy.
- ▶ Provides more than \$5 million for the Family League's after-school programs, which serve 5,000+ young people and improve school attendance.



Strengthen Baltimore's Economy and Promote Economic and Cultural Opportunities for all its Residents

Funding under this objective was focused on attracting investment, growing key economic sectors, and strengthening the workforce.

- ▶ Maintains support for the City's One Stop Career Centers, which have seen a 20% increase in customers as the City's unemployment rate has grown.
- ▶ Funds job training and summer jobs for Baltimore's youth, which are critical investments in the City's future workforce.

Make Baltimore's Government More Innovative, Efficient, and Customer Friendly

The key strategies under this objective were to improve customer service; empower employees; and automate, streamline and integrate business processes.

- ▶ Supports an initiative to streamline the hiring process and move to pay for performance.
- ▶ Increases funding for the development and support of mission-critical information technology applications. IT is the key to making City services more cost-effective and customer friendly.

Cultivate Stable, Vibrant, Livable Neighborhoods

The top priority under this objective is to address the City's longstanding vacant housing problem and make quality housing more available and affordable.

- ▶ Strengthens code enforcement to ensure that inspections result in increased private investment to rehabilitate vacant housing.
- ▶ Invests in automating the building permits function in exchange for improved customer service and a crackdown on work without a permit.

Make Baltimore a Cleaner and More Sustainable City

The top priority under this objective is to make the City cleaner. Despite significant progress in recent years, only 28% of residents rate the City's cleanliness as "Good" or "Excellent."



- ▶ Fully funds 1 + 1 trash and recycling collection in the City's neighborhoods. 1 + 1 has saved money, increased street and alley cleaning, and boosted recycling by 50%.
- ▶ Shifts rat control from the Health Department to the Department of Public Works, which can leverage its street cleaning crews for burrow identification and baiting.

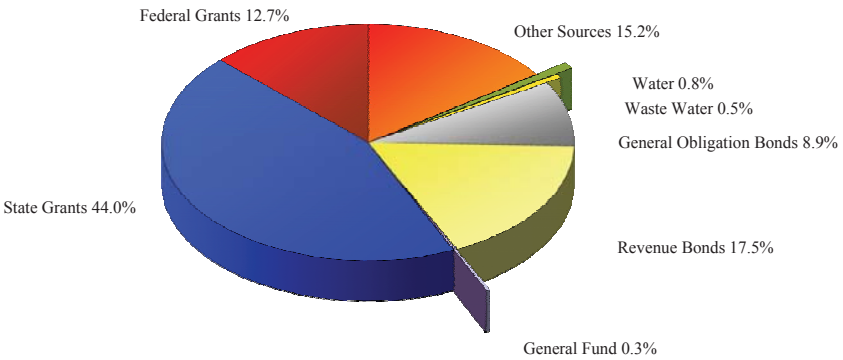
Continue investment in the City's infrastructure

- ▶ \$20 million for systemic improvements at the Baltimore City Public Schools.
- ▶ \$7 million for development projects, including West Side initiatives, industrial/commercial projects, and Brownfields Incentive Fund.
- ▶ \$89.3 million in local and federal highway construction.
- ▶ \$487.5 million for water and wastewater system improvements.

WHAT IS IN THE CITY'S CAPITAL PLAN?

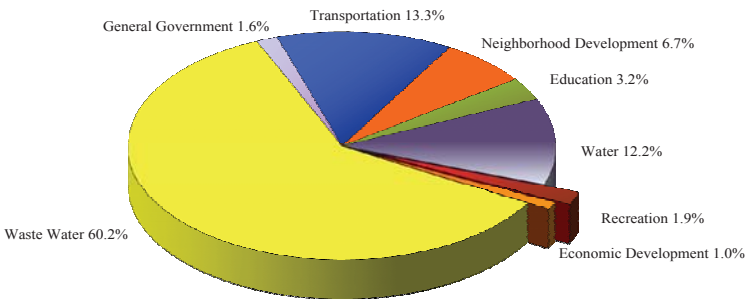
The charts below show the funding sources and spending plan for Fiscal 2011, which is the first year of the 2011-2016 Capital Improvement Plan. A large share of appropriations in the capital budget are derived from Federal and State Grants, General Obligation Bonds, revenue bond proceeds and County payments (i.e., neighboring counties' share of water and wastewater utility improvements). The City embraces a Pay-As-You-Go capital funding policy, which annually finances a portion of capital improvements from current revenues of the General Fund, Motor Vehicle Fund and Water and Wastewater Utility Funds.

Capital Budget
Where the Money Comes From
Total: \$673.8 Million



Other Sources include sale of City Real Property, Private Sources and County Grants.

Capital Budget
How the Money is Used
Total: \$673.8 Million

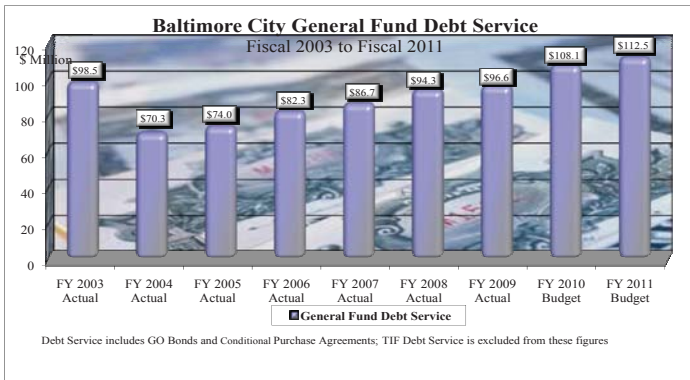


Education includes Enoch Pratt Library

HOW DOES THE CITY FUND CAPITAL PROJECTS?

The City uses several funding sources to meet its capital investment needs, including General Fund and Motor Vehicle Fund revenues, enterprise funds, and State and federal grants. The City also borrows money for capital projects that will benefit residents over the long term.

To borrow money, the City sells bonds, which it pays back over time. Bond repayments show up in the operating budget as **debt service**. As shown on the chart below, debt service totals \$112.5 million in the Fiscal 2011 budget.



The City’s **debt management policy** sets borrowing limits to ensure that the budget does not become overextended. The most common types of bonds used by the City are General Obligation (G.O.) Bonds and Revenue Bonds.

General Obligation Bonds are tax-supported bonds and require voter approval. G.O. Bonds guarantee investors who purchase them that the government will make payments on the bonds each year and raise taxes, if necessary, to ensure that the debt service payments are made on time and in full. The current limit on new G.O. Bonds is \$60 million a year.

Revenue Bonds are supported by revenue generated by the projects that the bonds are supporting. Typically revenue bonds are issued for enterprise operations, such as the City’s Water and Wastewater system.

The City’s **bond rating** reflects its fiscal health and management soundness. The City maintains a General Obligation (G.O.) bond rating of ‘Aa2’ from Moody’s Investors Service and ‘AA-’ from Standard & Poor’s. In May 2007, both of these ratings were upgraded from ‘A1’ and ‘A+’, respectively, after 40 years of being at the same rating, reducing the City’s borrowing costs.

HOW IS THE BUDGET CREATED?

The three key players involved in the approval of the City's budget are the Mayor, Board of Estimates and City Council.

Mayor

The Mayor is the City's chief executive officer, elected by the citizens to a four-year term in office. The Mayor is responsible for:

- ▶ Effective operations of City agencies
- ▶ Appointing agency heads and other City officials
- ▶ Proposing the annual budget to the Board of Estimates

Board of Estimates

The Board of Estimates, the principal administrative body of the City, is composed of three elected officials and two appointed officials. The citizens elect the President of the City Council, the Comptroller and the Mayor, who appoints the remaining two Board members, the City Solicitor and the Director of Public Works. The Board is responsible for:

- ▶ Proposing the annual budget to City Council
- ▶ Proposing modifications to the Adopted Budget throughout the year
- ▶ Setting fiscal policy

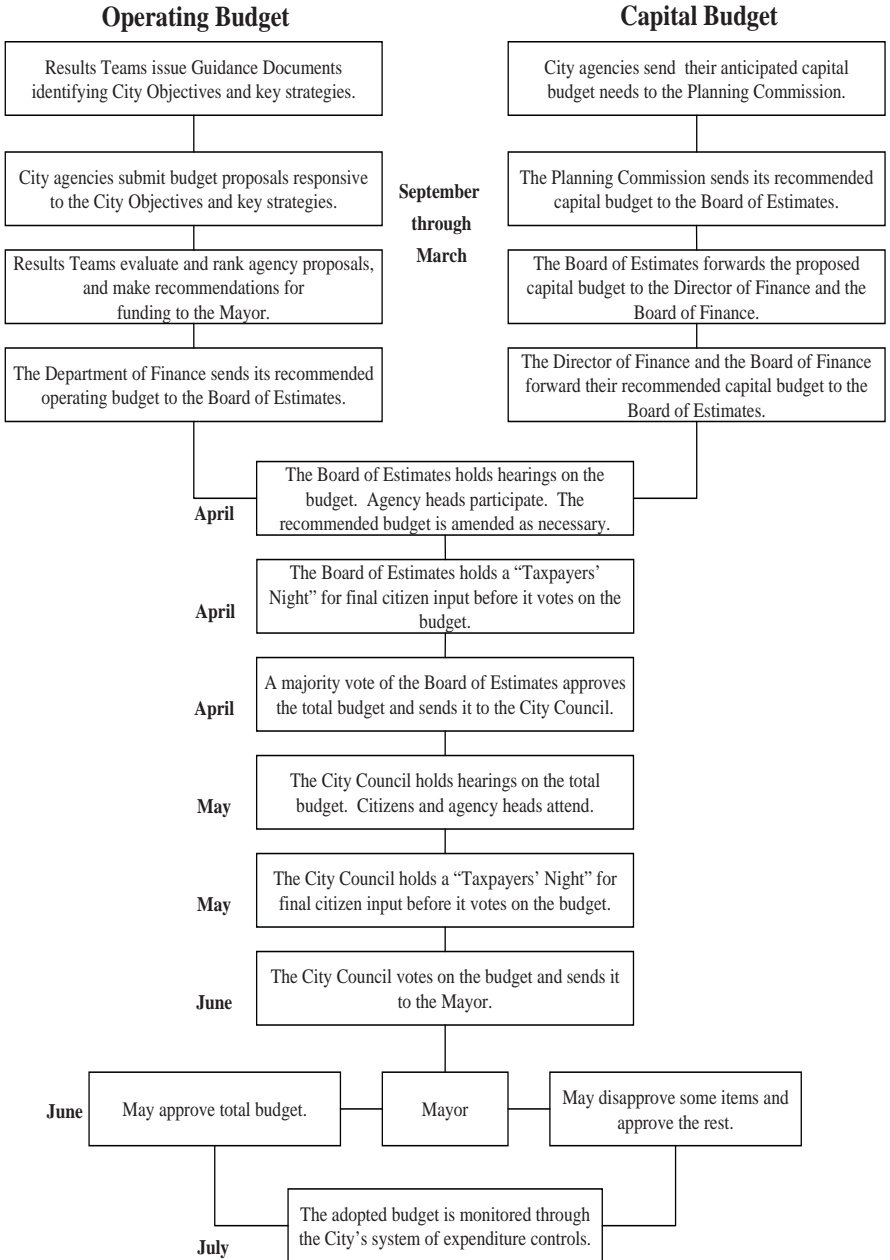
City Council

The City Council is the City's legislative body, made up of fourteen members elected from districts and a President elected at-large.

The Council is responsible for:

- ▶ Studying, discussing and passing the City's budget
- ▶ Setting the property tax rate
- ▶ The Council may only reduce from the Board of Estimates' recommended spending levels; it cannot add to them
- ▶ Authorizing modifications to the Adopted Budget throughout the year

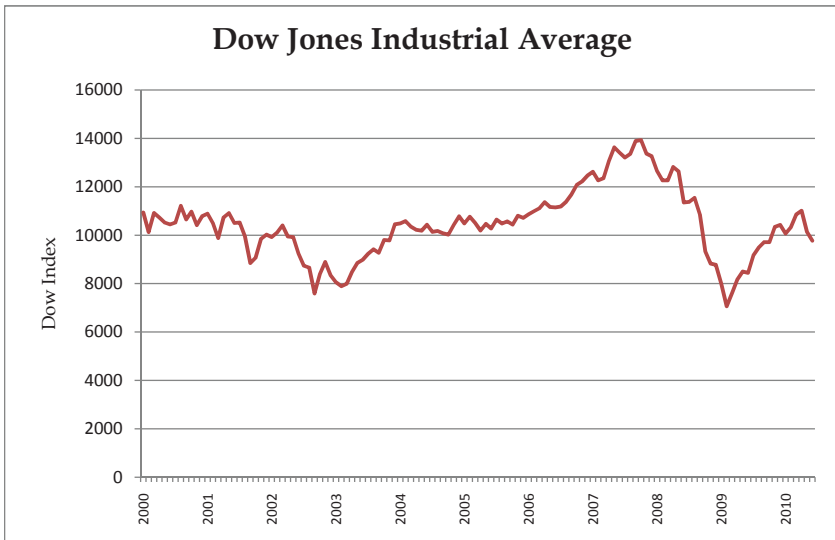
WHAT IS THE CITY'S BUDGET PROCESS?



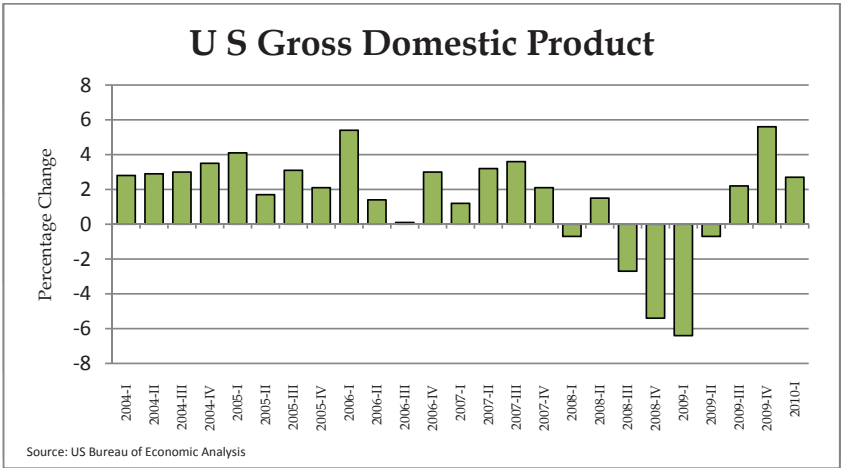
WHAT IS THE CITY'S FUTURE BUDGET OUTLOOK?

Fiscal 2010 will be known as the bottom of the worst recession since the Great Depression in the 1930's. The City will enter Fiscal 2011 with one of the weakest economies seen in decades. While economic recovery has begun, the recovery has been slow and weak.

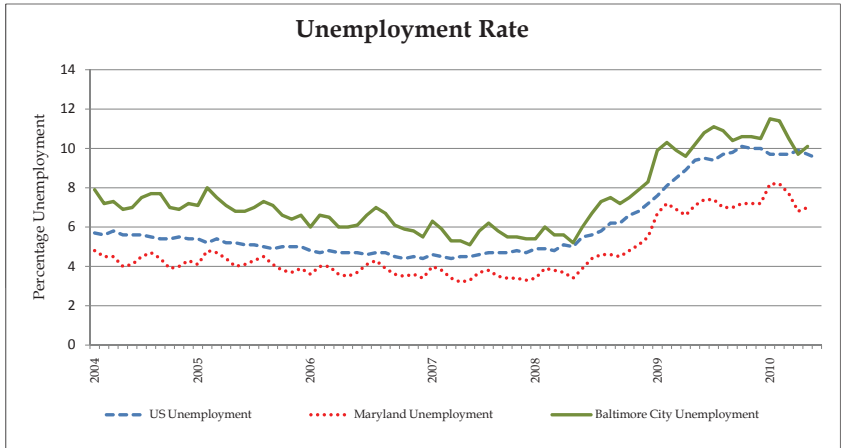
A few glimmers of hope have appeared as some of the credit markets eased a bit and the Dow Jones Industrial Average, a leading indicator of economic growth, regained some of the ground lost in the previous year.



Another sign of an improving economy is a rising Gross Domestic Product (GDP), the value of all goods and services produced within the United States GDP. Having sustained negative growth since the second quarter of 2008, the nation's productivity losses began to lessen in the second quarter of 2009 and returned to positive growth in the third quarter of 2009. The GDP grew by an impressive 5.6% in the fourth quarter of 2009 but fell to 2.7% in the first quarter of 2010. GDP growth is expected to slow to less than 2.0% in future quarters, which suggests that full recovery will be measured in years rather than months.



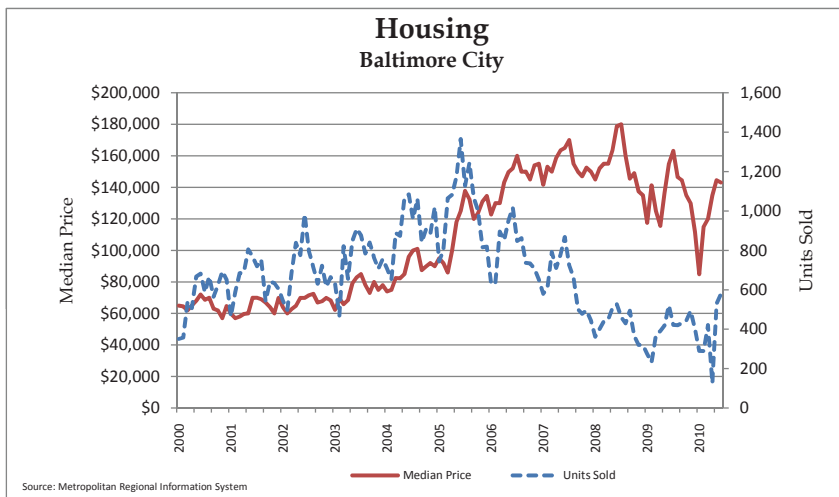
A key barrier to recovery is stubbornly high unemployment levels. The national unemployment rate reached a high of 10.1% last summer; the City rate has averaged 10.5% since January of 2009, peaking at 11.5% during this winter's inclement weather. Maryland has had lower unemployment than both the nation and the City primarily due to federal jobs and contracts. This benefits the City because approximately 30% of City residents work outside the City in Maryland.



While the Baltimore Metropolitan Area has recently seen an increase in annual home sales for the first time since 2005, the City has lagged behind the region. The \$8,000 federal tax credit for first time homebuyers has contributed to the sales uptick, but it ended in June

of 2010. Economists expect that the increased sales generated by the tax credit will result in lower summer sales and falling housing prices. Over the two year span from January 2008 to January 2010, the City's median housing price declined by 42%.

The City entered the real estate crash late, and while many parts of the country are seeing signs of a housing recovery, the City's prices are expected to continue to decline through the end of 2010. Currently, 22% of all sales in the City are foreclosures, which is twice the rate of other counties in Maryland. Coupled with defaults from individuals who have lost their jobs, the near term outlook for the real estate market is worrisome.



The City's picture is further exacerbated by poor State fiscal performance. As State revenues fell short, the State has reduced funding to the City. For example, the City's share of State Highway User Revenue has been reduced by more than \$100 million (45%) since 2007. The State has predicted a slight upturn in the Maryland economy; however, it is not expected that lost State aid will soon be restored to the City. This is because the State will lose federal stimulus funding that has helped balance its budget and slot machine revenues will likely fall short of expectations in the near-term.

PENSION COSTS

During the Fiscal 2011 budget deliberations, the City confronted the rapidly escalating costs of the Fire and Police Employee Retirement System (FPERS). The employer contribution for the plan grew from \$48.3 million in FY 2005 to \$81.9 million in FY 2010. In FY 2011, the budget allocates \$107 million for the annual contribution to FPERS; without reform, the cost would have been \$172 million.

The system’s cost has grown due to poor investment returns, a declining ratio of active members to retirees, and a variable benefit provision that rewarded pensioners when investment returns were strong but made the City responsible for investment losses.

As shown in the chart below, legislation passed by the City Council will save the City more than \$800 million over the next 10 years by:

- ▶ Replacing the variable benefit with a cost of living adjustment;
- ▶ modifying age and years of service requirement to 25 years of completed service or age 55 with 15 years of completed service;
- ▶ increasing employee contributions from 6% to 10% over a four year period; and
- ▶ extending the time period used for calculating average final compensation from 18 months to 3 years.



LOOKING FORWARD, MAYOR RAWLINGS-BLAKE'S PRIORITY OUTCOMES FOR THE CITY ARE:

- *Better Schools*
- *Safer Streets*
- *Stronger Neighborhoods*
- *Growing Economy*
- *Innovative Government*
- *Cleaner and Healthier City*

The following initiatives are examples of the Mayor's long-term efforts to make Baltimore a better, safer and stronger City.

- ▶ **Investing in Education Innovation** – Mayor Rawlings-Blake is committed to investing in innovative programs that support the Baltimore City Public Schools' efforts to improve academic achievement. Accordingly, she has instituted new educational grants to programs like Teach for America and Experience Corps, which are proven to promote student achievement.



- ▶ **Better Youth Program Coordination** - Mayor Rawlings-Blake is also focused on improved coordination of youth programs to empower Baltimore youth to learn more. The Mayor's "Youth BMore" initiative will ensure all City, State and nonprofit youth-focused agencies are working in concert to maximize learning and earning outcomes for Baltimore City youth.
- ▶ **Enhanced Focus on Gun Violence** – Mayor Rawlings-Blake will implement new ways to target gun violence by focusing enforcement efforts on criminals most likely to carry illegal guns and commit acts of violence.
- ▶ **Accelerated Recruitment of New Police Officers** - Mayor Rawlings-Blake launched a strategic plan to hire 100 new police officers by the end of 2010 and a record 350 police officers in 2011. The new plan will keep pace with attrition rates and fill funded positions in the



Baltimore Police Department budget. The police officer hiring plan calls for additional measures to enhance and expedite the Police Department's hiring process.

- ▶ **Eliminating Vacant Housing and Blight** - Mayor Rawlings-Blake will launch "Vacants to Value", a new approach to rehabbing vacant homes in Baltimore City that does not rely on taxpayer subsidies to create value. Vacants to Value can be broadly applied and produce outcomes that best address the scale of the vacant housing problem facing Baltimore today. To get results quickly a new enforcement regime will be implemented with citations in amounts up to \$900 for vacant buildings.

- ▶ **Technology as a Force Multiplier** – Mayor Rawlings-Blake will invest in new innovative, proven technologies to improve public safety. Police Officers will have access to state-of-the-art technology to help fight crime. Additional smart crime cameras and gunshot recognition technologies will be deployed in areas with historically high rates of crime and violence.



- ▶ **B'more for Healthy Babies** - This initiative is built on the realization that reducing infant deaths will happen only if people throughout the community play a part – whether it's the leaders of the key city agencies, physicians, nurses and social workers; community groups and teachers; or fathers, grandmothers, caregivers and pregnant women themselves. For the first time, Baltimore has created a strategic initiative that brings together the right agencies and people to improve an often-fragmented health care system and reach families that are hardest to serve. Collaboration and cooperation among institutions is vital to our goal of reducing infant mortality and improving the health of Baltimore families.
- ▶ **Budgeting for Outcomes** –The City will improve upon its efforts to budget for outcomes. Whereas traditional budgets start with last year's spending and are organized by agency, outcome-based budgets start with the results that matter to citizens and fund programs based on their value in achieving those results.

HOW CAN I GET MORE INVOLVED IN THE BUDGET PROCESS?

- ▶ Learn about City agencies and their budgets. This information is available at Enoch Pratt Free Library or online at the City of Baltimore's main website: www.baltimorecity.gov/budget
- ▶ Meet with your councilperson to discuss your concerns or suggestions.
- ▶ Send your ideas to the appropriate City Agency Head with the suggestion to meet with his/her office at a later date to explore the feasibility of your suggestions. You cannot start too soon.
- ▶ Attend Taxpayers' Nights, sponsored by the Board of Estimates in late March/early April and the City Council in late April/early May.
- ▶ Attend City Council budget hearings. Dates can be found on the City Council website, and anyone can sign up to testify.
- ▶ Keep in mind that budget preparation for the next fiscal year, which begins July 1, starts 12 months ahead of time.
- ▶ Use these resources when needed:

City of Baltimore website: www.baltimorecity.gov

City Budget information: www.baltimorecity.gov/budget

City Council website: www.baltimorecitycouncil.com

City Hall Operator for agency telephone numbers: 410.396.3100

CITY COUNCIL MEMBERS

Council President

Bernard “Jack” Young

410-396-4804

CouncilPresident@baltimorecity.gov

District 1

James B. Kraft

410-396-4821

James.Kraft@baltimorecity.gov

District 2

Nicholas D’Adamo, Jr.

410-396-4808

Nicholas.D’Adamo@baltimorecity.gov

District 3

Robert Curran

410-396-4812

Robert.Curran@baltimorecity.gov

District 4

Bill Henry

410-396-4830

Bill.Henry@baltimorecity.gov

District 5

Rochelle “Rikki” Spector

410-396-4819

Rochelle.Spector@baltimorecity.gov

District 6

Sharon Green Middleton

410-396-4832

Sharon.Middleton@baltimorecity.gov

District 7

Belinda Conaway

410-396-4810

Belinda.Conaway@baltimorecity.gov

District 8

Helen Holton

410-396-4818

Helen.Holton@baltimorecity.gov

District 9

Agnes Welch

410-396-4815

410-545-3857 fax

Agnes.Welch@baltimorecity.gov

District 10

Edward Reisinger

Council Vice-President

410-396-4822

Edward.Reisinger@baltimorecity.gov

District 11

William H. Cole IV

410-396-4816

William.Cole@baltimorecity.gov

District 12

Carl Stokes

410-396-4811

Carl.S.tokes@baltimorecity.gov

District 13

Warren Branch

410-396-4829

Warren.Branch@baltimorecity.gov

District 14

Mary Pat Clarke

410-396-4814

MaryPat.Clarke@baltimorecity.gov

GLOSSARY

AGENCY: An organization authorized by the Mayor and City Council to operate in the best interest of the public. Each agency is responsible by City Charter for submitting a budget request outlining projected costs of operation for the upcoming fiscal year to the Director of Finance and/or Planning Commission, as applicable.

APPROPRIATION: The legislative authority to spend and obligate a specified amount from a designated fund account for a specific purpose.

ASSESSABLE BASE: The value of all taxable property within the boundaries of the City of Baltimore.

ASSESSED VALUATION: A valuation set upon real estate and other taxable property by the State Department of Assessments and Taxation and utilized by the City of Baltimore as a basis for levying taxes. By State law, all taxable real property must be assessed annually at 100.0% of market value.

BUDGET: A proposed plan of revenue and expenditure for a given year.

CAPITAL FUND: A set of budget accounts established to plan for specific capital projects financed by revenues received from other City funds, revenue and general obligation bond borrowing, state, federal, county, private and other miscellaneous sources.

CAPITAL BUDGET: The appropriations for capital projects, which comprise the first year of the Capital Improvement Program.

CAPITAL PROJECT: An improvement to City property, which by policy of the Board of Estimates must meet defined criteria.

CITISTAT: An innovative, accountability tool for measuring performance and monitoring the effective use of public resources by major City agencies. Monthly budgetary performance reviews for all major agencies are conducted by the Mayor's CitiStat management team with agency heads being held accountable for expenditure variances and revenue management.

CITY OBJECTIVE: Goals established by the mayor for improving the quality of life for Baltimore citizens.

CONDUIT ENTERPRISE FUND: Established to budget for revenue charged private and public entities renting space in the City owned and operated underground conduit system and for operating and capital expenses and reserves for the system.

CONVENTION CENTER BOND FUND: Established in Fiscal 1995 to budget and account for hotel tax revenues to be dedicated to support the payment of principal and interest associated with City indebtedness to finance one-third of the \$150.0 million cost of the joint City-State expansion of the Baltimore Convention Center.

DEBT SERVICE: Principal and interest payments on debt (bonds) incurred by the City.

DEDICATED FUNDS: Includes revenue, which by law, contract or regulation may be used only to support appropriations for specific purposes.

FISCAL YEAR: The time frame to which the annual budget applies. For the City of Baltimore, this period is from July 1 through June 30.

FUND: A sum of money segregated for specific activities. Use of this money requires adherence to special regulations established for each type of fund. The funds identified within Baltimore City's budget are the Capital Fund, Conduit Enterprise Fund, Convention Center Bond Fund, General Fund, Internal Service Fund, Loan and

Guarantee Enterprise Fund, Motor Vehicle Fund, Parking Enterprise Fund, Parking Management Fund, Special Fund, Water Utility Fund, and Waste Water Utility Fund.

GENERAL FUND: A central fund into which most of the City's tax and unrestricted revenues are budgeted to support basic City operations and pay-as-you-go (PAYGO) capital projects.

GRANT: A contribution made from either the private sector to the City or by one governmental unit to another unit. The contribution is usually made to support a specified program, function or project.

INTERNAL SERVICE FUND: Established to budget for the financing of goods and/or services provided by certain City agencies to other City agencies or programs on a cost reimbursement basis.

LOAN AND GUARANTEE ENTERPRISE FUND: Established to budget for the self-supporting program of loans and guarantees administered by the Department of Finance pursuant to policies and procedures approved by the Board of Estimates.

MOTOR VEHICLE FUND: Established to budget for highway user revenues distributed to Baltimore City by the State of Maryland. Funds must be used for the construction, reconstruction, or maintenance of the streets and highways in Baltimore City.

OPERATING BUDGET: A plan, approved by the Mayor and City Council, for appropriating funds to agencies for operating costs during the fiscal year.

ORDINANCE OF ESTIMATES: A bill enacted by the City Council, and approved by the Mayor, which gives legal effect to the appropriations included in the annual budget.

OUTCOME BUDGETING: A budget process that aligns resources with results that matter to the citizens. It's a budgeting tool that integrates strategic planning, long range financial planning and performance measurement. This is the new way of budgeting in Fiscal 2011. It replaces the traditional budget process.

PARKING ENTERPRISE FUND: Established to budget for operating and debt service expenses for City financed garages substantially supported by revenues derived from operation of these garages.

PARKING MANAGEMENT FUND: Established to budget for the administration of the City's parking garages and lots, parking enforcement activities and operation of the parking garages and lots financed with General Obligation Bonds.

PAY-AS-YOU-GO (PAYGO): Capital projects funded from current year revenues.

REVENUE: Income generated by taxes, fines, penalties, notes, bonds, investment income, property rental, user charges, federal grants, state grants, private grants, county grants and miscellaneous services.

SPECIAL FUND: Established to budget for revenues derived from certain state, federal and private governmental grants, and other revenue sources that are restricted to expenditures for specific purposes.

WASTE WATER UTILITY FUND: Established to budget for the operating and capital expenses of the City's sewage facilities.

WATER UTILITY FUND: Established to budget for the operating and capital expenses of the City's water supply system.



Department of Finance
Bureau of the Budget and Management Research
469 City Hall, 100 N. Holliday Street
Baltimore, Maryland 21202