

Citizens' Guide to the Fiscal 2012 Budget



Stephanie Rawlings-Blake, Mayor
City of Baltimore, Maryland





*Inside Cover: City Hall facing War Memorial Plaza.
Cover photos by Mark L. Dennis, Staff Photographer, Office of the Mayor*

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MESSAGE FROM THE MAYOR

Baltimore's Fiscal 2012 budget plan closes a \$60 million budget gap and fully funds the City's obligation to public schools, continues an aggressive plan to hire hundreds of new police officers, provides funding for neighborhood street repair and blight elimination, and maintains critical city services that our neighborhoods rely on—all without raising any taxes, including property taxes.

This is a smart budget plan, because we are investing our resources into clear priorities to achieve the results we want for Baltimore. Through sacrifice and smart budgeting, City Government will tighten its belt to get more value for every tax dollar by doing what families are doing everyday. Together, we are making tough choices about what we can afford and focusing our scarce resources on core priorities: better schools, safer streets, and stronger neighborhoods. By making tough decisions today, we are laying a strong fiscal foundation to ensure that Baltimore's best days are ahead.

The Citizens' Guide to the Fiscal 2012 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 continue to move Baltimore forward.

Stephanie Rawlings-Blake
Mayor

www.baltimorecity.gov

PRIORITY OUTCOMES FOR FISCAL 2012

The City's budget process aims to align resources with results that matter most to citizens. The Fiscal 2012 budget was built around the Mayor's six Priority Outcomes. They are:

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

OUTCOME BUDGETING

Fiscal 2012 is the second year of a new budget process. This process, 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 annual Baltimore Citizen Survey, visit our website:
www.baltimorecity.gov/outcomebudgeting

WHAT IS THE CITY BUDGET?

The City's total Fiscal 2012 recommended budget is \$2.7 billion. The budget is divided into two major categories: Operating and Capital.

What is the Operating Budget?

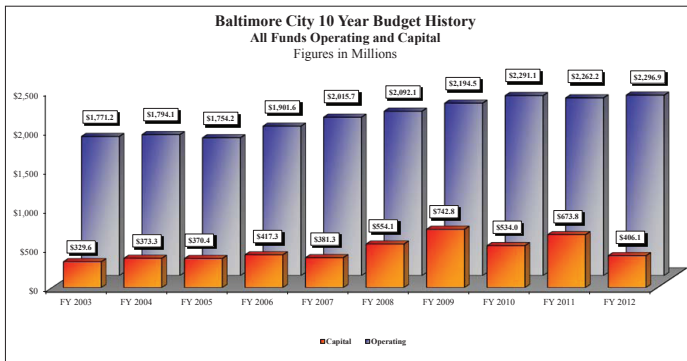
The operating budget is a proposed plan of revenue and expenditures for a given year. The operating budget funds the City's day-to-day expenses, including salaries and benefits of City employees, rent and utilities, materials and supplies, and equipment needed to provide public safety, recreation, health, sanitation, transportation and other services to City residents. The operating budget currently represents 85% of the total City budget. The Baltimore City Charter requires a balanced budget.

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 currently represents 15% 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 budgets. The operating budget grew an average of 3% per year from 2003-2012, and increased 1.5% from Fiscal 2011 to Fiscal 2012. The capital budget has increased an average of 2.3% from Fiscal 2003 to Fiscal 2012; it varies significantly from year to year, primarily due to one-time State and federal grants. For example, the City received a \$296 million State grant in Fiscal 2011 for wastewater treatment plant upgrades.



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 policy makers have the most management discretion in order to implement service changes and increase or lower tax burdens.

Motor Vehicle Fund

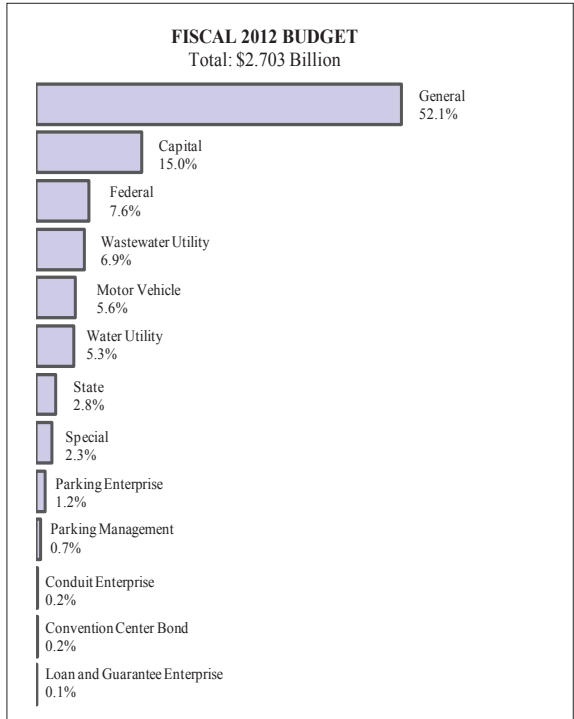
This fund primarily comprises State shared highway user revenues (HUR), including gas tax and vehicle title tax. HUR use is restricted to prescribed transportation programs set forth in State law.

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 the 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 Waste Water Utility funds.





WHY IS THE CITY BUDGET IMPORTANT?

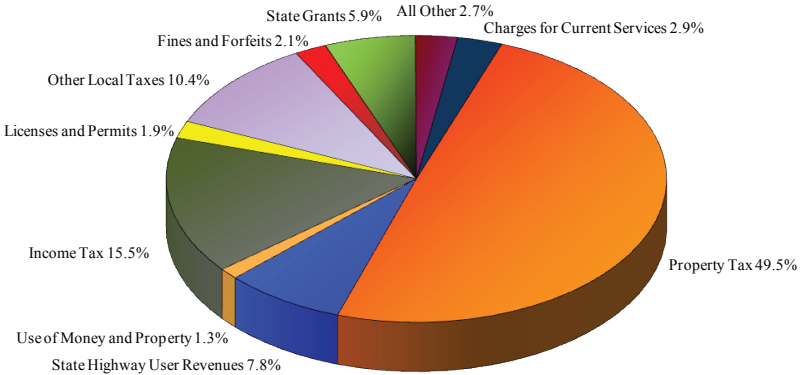
The City's budget is the plan for how the Mayor and City Council accomplish their policy and strategic priorities. The City is responsible for a vast array of services that directly impact the daily lives of Baltimore residents. These include:

- ▶ Maintaining 4,300 lane miles of City roadway including 305 bridges and culverts, 3,600 miles of sidewalks, 1,100 lane miles of alleys and 80,000 roadway, park and pedestrian lights
- ▶ Operating a water distribution system that supplies water to 1.8 million customers in the Baltimore Metropolitan Region and 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 730,000 police and 154,000 fire emergency calls annually
- ▶ Managing and maintaining 6,000 acres of parkland
- ▶ Monitoring 556 crime surveillance cameras
- ▶ Operating 23 libraries
- ▶ Inspecting 280,000 properties to ensure compliance to building, property maintenance and related codes
- ▶ Operating six Senior Centers that provide a multitude of services to 49,000 seniors
- ▶ Providing health services to over 84,000 students enrolled in approximately 200 City public and charter schools
- ▶ Operating six large park pools, 13 neighborhood walk to pools, seven wading pools and splash pads and three indoor pools
- ▶ Inspecting 13,000 food establishments
- ▶ Answering 1.2 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 combined General and Motor Vehicle funds. These are the funds with which the Mayor and City Council have the most management discretion, and their revenues come primarily from local taxes. A chart of the entire City operating budget can be found in the Summary of the Adopted Budget at: www.baltimorecity.gov/budget

General and Motor Vehicle Funds
Where the Money Comes From
Total: \$1.573 Billion



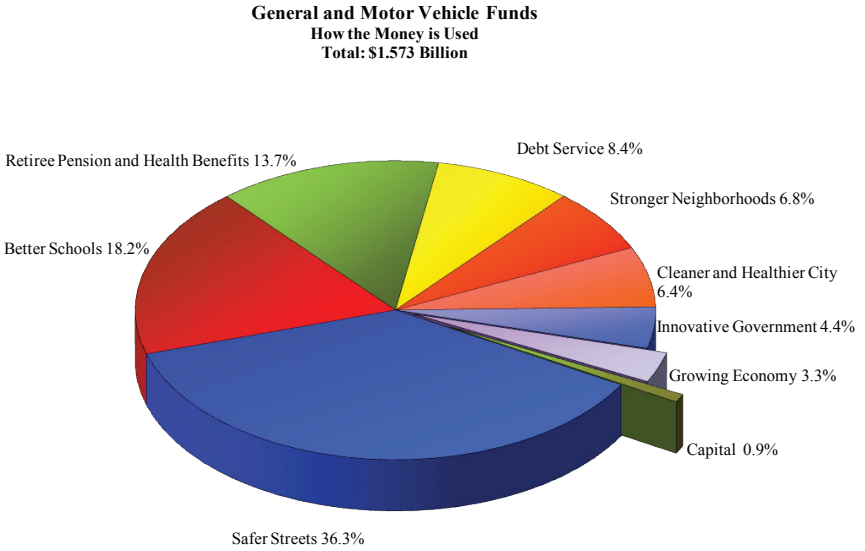
May not add due to rounding

The following table shows the

Revenue Name
Property Tax
Income Tax
Telephone Tax
Energy Taxes
Recordation Tax
Transfer Tax
Admissions and Amusement
Parking Tax

HOW IS THE MONEY USED?

The following chart shows how General Fund revenues are allocated to support the Mayor’s Priority Outcomes and fixed costs in the Fiscal 2012 budget:



main taxes that you pay as a City resident

Description
\$2.268 per \$100 of Assessed Property Value
3.20% of Taxable Income.
\$4 per land and wireless line and \$0.4 for each Centrex line.
Per Unit Consumed - Rate Varies by Type of Energy
\$5 per \$500 of the Consideration Value Subject to Recordation
1.5% of the Consideration Value Subject to Transfer
10% on the Gross Amount Paid for Various Admissions such as Sport Events
20% of the Gross Amount Paid for Occupying a Parking Space

HOW WAS THE BUDGET SHORTFALL CLOSED?

The City faced a \$60 million budget shortfall for Fiscal 2012, representing four 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 \$60 million shortfall included:

- ▶ \$75 million in estimated cost increases to maintain current services. The key cost drivers are employee and retiree health care (+ \$21 million), pension contributions (+ \$9 million) and employee cost-of-living adjustments (+ \$9 million).
- ▶ Only \$15 million in net recurring revenue growth compared to the Fiscal 2011 budget.

The Fiscal 2012 budget plan adopted by the Mayor and City Council funds core services that demonstrate results for citizens, makes tough but targeted spending cuts to lower value and lower priority services, takes steps to address the City's long-term structural deficit, and contains no tax increases. More specifically, the plan:

- ▶ continues employee furloughs at a reduced level and freezes pay for executives and senior managers;
- ▶ tightens health benefit management to save \$5 million in Fiscal 2012 and \$10 million in future years;
- ▶ cuts administrative costs by 10% across agencies, including the Mayor's office;
- ▶ generates savings through more efficient operations, such as contracting out median mowing; and
- ▶ funds more targeted delivery of animal services, graffiti removal, youth and adult sports, community recreation centers, and the 311 call center. The City will seek to leverage increased community support and public-private partnerships for these and other services.

WHAT DO WE GET FOR OUR MONEY?

Fiscal 2012 is the fourth year of fiscal challenges for Baltimore City as a result of the Great Recession. Combined revenues for the City's General and Motor Vehicle Funds will be the same in Fiscal 2012 as they were in Fiscal 2008, despite \$50 million of revenue enhancements approved in 2010. During the same period, fixed expenses – primarily pension and health care costs – have grown by \$130 million (21%).

Balancing the Fiscal 2012 budget, while protecting priorities, required another round of difficult choices. This budget reflects Outcome Budgeting recommendations to promote efficiency, target service delivery, and allocate funding toward priority services with proven results and away from lower value activities.



Below are select priority-funded services for Fiscal 2012, by Priority Outcome.

Better Schools

- ▶ Fully funds the City's commitment to the Baltimore City Public Schools (BCPS).
- ▶ Provides funding to keep all school-based health centers open, in order to promote wellness and increase student attendance.
- ▶ Funds current services operations of the central and all neighborhood branches of Enoch Pratt Free Library to support lifelong learning and assist job seekers.



Safer Streets

- ▶ Fully funds a hiring plan to fill police vacancies.
- ▶ Maintains funding for the Fire Department's Suppression service, continuing three rotating closures (down from four in Fiscal 2010) and maintaining current services in all other functions.
- ▶ Funds the Operation Safe Kids and Operation Safe Streets youth violence prevention programs, which have proven to reduce shootings in targeted neighborhoods.

Stronger Neighborhoods

- ▶ Increases General Funds for the Blight Elimination service to support the new Vacants to Value initiative.
- ▶ Restores pay-as-you-go capital funding for neighborhood street repair and resurfacing, which was zeroed out in the last two fiscal years.
- ▶ Funds City swimming pools at Fiscal 2011 levels with increased security. At this funding level, a combination of park, walk-to and indoor pools will be open from May 28 through Labor Day.



A Growing Economy

- ▶ Increases funding for the Emerging Technology Center (ETC), enabling the ETC to support 27 new companies that can help expand key economic sectors.
- ▶ Maintains funding for the City's career centers to help citizens find employment in the slowly recovering economy.
- ▶ Provides summer job opportunities for approximately 5,000 young people, same as in Fiscal 2011.

Innovative Government

- ▶ Increases funding for the Office of Inspector General to further reduce fraud, waste and abuse.
- ▶ Establishes a new **Innovation Fund** to invest in ideas with potential to improve results for citizens and save money.
- ▶ Brings Recordation Tax collection in-house, saving the City half a million dollars in fees paid to the Circuit Court.

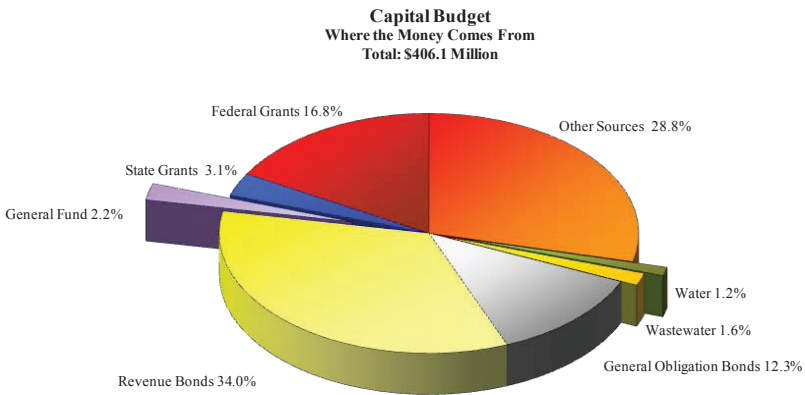
A Cleaner and Healthier City

- ▶ Fully funds the 1 + 1 trash and recycling collection program and implements a charge for bulk trash pickup starting January 1, 2012.
- ▶ Expands the use of cameras to combat illegal dumping.
- ▶ Funds a full-time Food Policy Director to implement the City's Food Policy Task Force plan, which calls for increasing access to healthy foods and fighting childhood obesity.

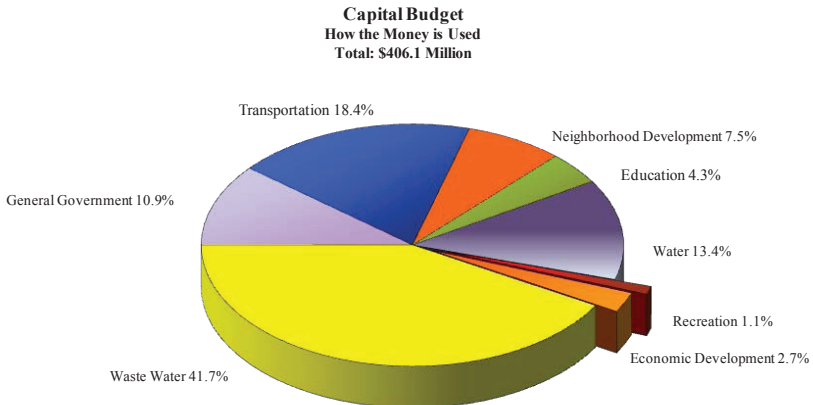


WHAT IS IN THE CITY'S CAPITAL PLAN?

The charts below show the funding sources and spending plan for Fiscal 2012, which is the first year of the 2012-17 Capital Improvement Plan. A large share of appropriations in the capital budget is derived from federal and State Grants, General and Motor Vehicle Fund revenues, 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 Waste Water Utility Funds



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

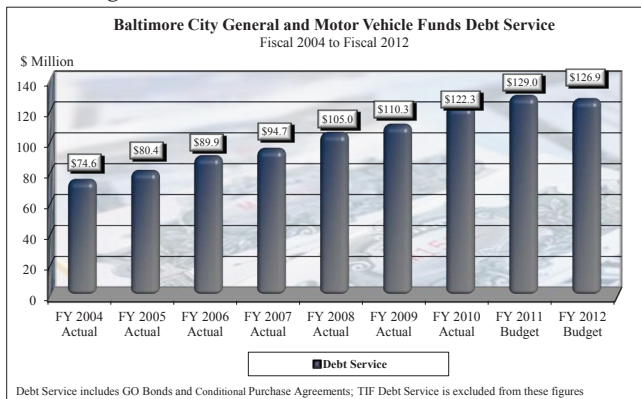


Education includes Enoch Pratt Library

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 \$126.9 million for the Fiscal 2012 budget.



The City's **debt management policy** sets borrowing limits to ensure that the budget does not become overextended. The current limit on new tax supported borrowing is \$60.0 million a year. The most common types of bonds used by the City are General Obligation (G.O.) Bonds and Revenue Bonds.

General Obligation (G.O.) 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 the debt service payments are made on time and in full.

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 and saving the City money.

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 official and two appointed officials. The citizens elect the President of the City Council, the Comptroller and the Mayor. The Mayor 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

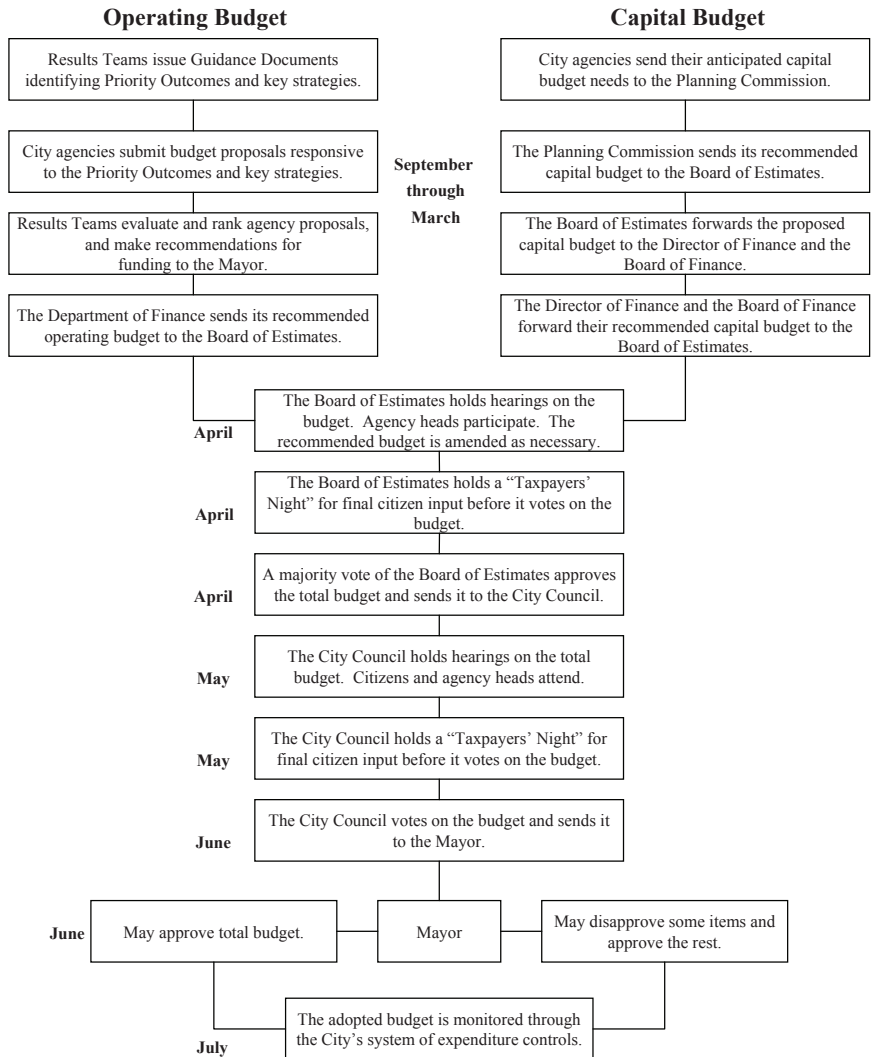
The City Council is the City's legislative body, made up of fourteen members elected from districts and a President elected at-large.

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

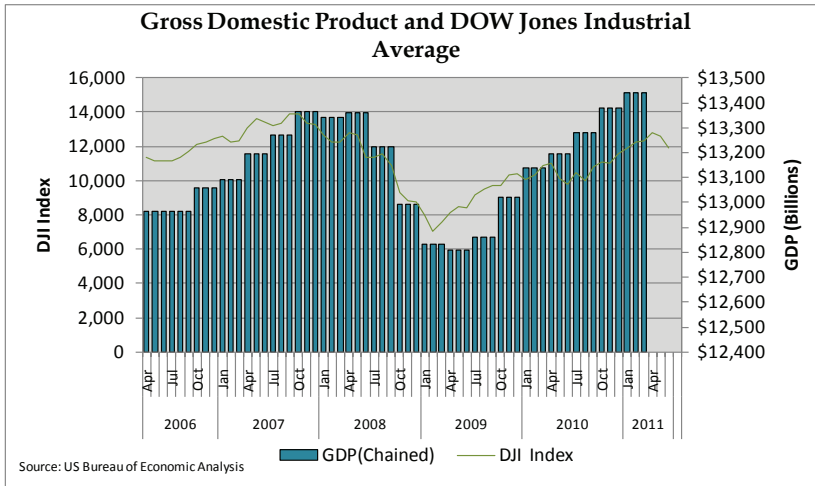
WHAT IS THE CITY'S BUDGET PROCESS?

The City of Baltimore's Budget Process



WHAT IS THE CITY'S FUTURE BUDGET OUTLOOK?

The City will enter Fiscal 2012 with one of the weakest economies seen in decades. On the positive side, with the exception of housing, most economic indicators are no longer falling and have either leveled off or are increasing at a very slow pace. While the recovery has started, full recovery from the recession is not expected until sometime in 2015.



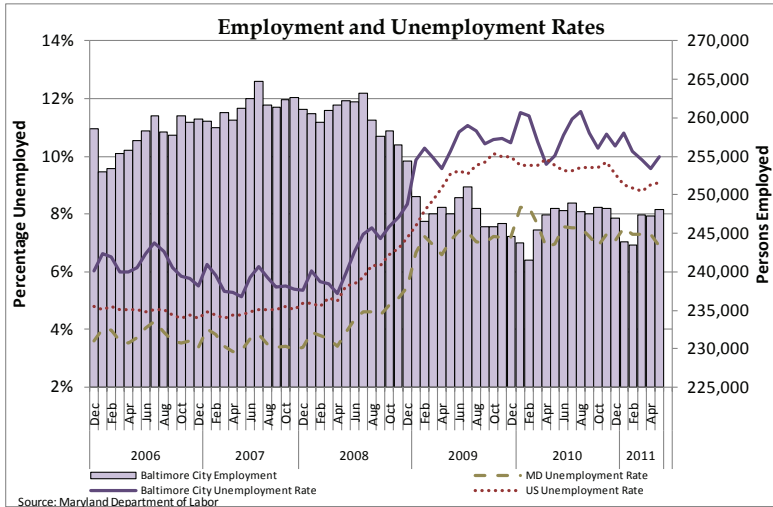
The nation's productivity has been increasing since the third quarter of 2009. In the fourth quarter of 2010, the GDP surpassed pre-recession levels, which peaked in the second quarter of 2008. GDP growth is expected to remain below 3% into Fiscal 2012. The stock market has traditionally acted as a leading indicator of the economy. The continued growth of the market has all but dispelled concerns of a double-dip recession, instead suggesting that the economy will continue to grow in the near term.

Contributions to GDP Growth - Goods and Services Heat Map													
	2008				2009				2010				2011
	I	II	III	IV	I	II	III	IV	I	II	III	IV	2011
Goods													
Durable goods	Official NBER Recession												
Motor vehicles and parts	-0.53	-0.57	-0.60	-0.85	0.26	-0.10	0.83	-0.56	-0.06	0.15	0.12	0.98	0.24
Furnishings and durable household equipment	-0.18	0.09	-0.20	-0.33	-0.15	-0.12	0.12	0.16	0.23	0.15	0.11	0.16	0.06
Recreational goods and vehicles	-0.13	0.28	-0.09	-0.39	0.19	-0.05	0.36	0.34	0.28	0.20	0.26	0.27	0.28
Other durable goods	-0.09	-0.02	-0.06	-0.22	0.06	0.05	0.05	-0.01	0.18	-0.02	0.07	0.04	0.08
Nondurable goods													
Food and beverages purchased for off- premises consumption	-0.07	-0.01	-0.26	-0.50	0.01	0.20	0.22	0.28	0.20	-0.16	0.17	0.26	0.09
Clothing and footwear	-0.05	0.23	-0.27	-0.28	-0.07	-0.10	0.01	0.13	0.26	0.14	-0.03	0.27	0.07
Gasoline and other energy goods	-0.22	-0.13	-0.41	0.30	0.14	-0.01	-0.04	-0.05	0.02	0.07	0	-0.15	-0.17
Other nondurable goods	-0.15	0.22	0.03	-0.29	-0.02	-0.20	0.08	0.14	0.18	0.25	0.25	0.28	0.18
Services													
Household consumption expenditures (for services)	0.74	-0.04	-0.79	0.08	-0.29	-0.46	-0.37	0.12	0.01	0.69	0.72	0.82	0.77
Housing and utilities	0.31	0.04	-0.20	0.60	0.01	0.06	0.24	0.23	-0.06	0.14	0.44	-0.04	-0.2
Health care	0.58	0.29	-0.02	0.23	0.40	0.38	-0.01	0.21	-0.04	0.35	0.14	0.52	0.27
Transportation services	-0.11	-0.15	-0.18	-0.31	-0.23	-0.10	-0.07	-0.02	0.07	0.08	0.08	0.01	-0.06
Recreation services	-0.01	-0.03	-0.12	-0.09	0.02	-0.08	-0.12	-0.03	0.00	-0.11	0.11	-0.05	0.02
Food services and accommodations	-0.24	0.06	-0.15	-0.30	-0.10	-0.16	-0.06	0.02	0.29	0.11	0.12	0.12	0.36
Financial services and insurance	0.02	-0.08	0.03	-0.26	-0.30	-0.23	-0.21	-0.21	-0.16	0.07	-0.27	0.16	0.33
Other services	0.18	-0.16	-0.14	0.22	0.00	-0.34	-0.14	-0.08	-0.08	-0.05	0.11	0.11	0.15

Source: US Bureau of Economic Analysis

The sectors in which growth takes place will impact the Baltimore City's economy. The GDP heat map presented above shows that coming out of the recession, most of the growth was attributable to durable and nondurable goods. Because the City lacks a large manufacturing base, this growth had minimal impact on the City's economy. In quarters two and three of 2010, the growth expanded to the service sector, resulting in more economic growth in the City.

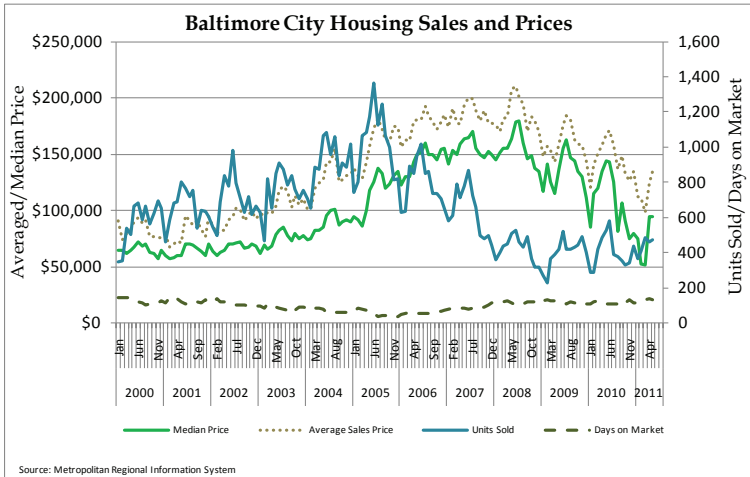
A continued barrier to full economic recovery is the low level of employment. In October of 2009, the national unemployment rate peaked at 10.1%, but has since fallen to 8.8% in March of 2011. The city unemployment rate peaked in August of 2010 at 11.5%, but has since fallen to 10.3% in February of 2011. While the State of Maryland has consistently lower levels of unemployment than the national rates, the City's rate is persistently higher.



Unemployment is a measure of the pain the economy inflicts, however employment presents a better picture of the City's fiscal health. In July of 2007, employed residents in the City peaked at 264,767 persons, followed by the bottom in February of 2010 at 241,531 persons. For the last nine months, employment has remained relatively stable, with the February 2011 employment level at 243,542 persons.

In December of 2010, there were 328,534 jobs in the City of Baltimore. At this level the City contributes over 81,000 jobs and related income tax to surrounding communities above those held by City residents. Until the City of Baltimore's employment level for City residents begins to rise, income tax revenues will continue to be suppressed.

Both the average and median prices for homes continue to fall in Baltimore City. The \$8,000 federal tax credit for first time homebuyers did little except pull demand forward into the month of June 2010, resulting in what are normally high July sales to fall excessively.



Housing sales have bottomed out at levels not seen since the late 1990s. Over the three year span from January 2008 to January 2011, the City’s median housing prices have declined by 48.3%. The City lagged into the real estate crash, and while many parts of the country are seeing signs of a housing recovery, the City’s housing prices continued to fall through spring of 2011.

One potential problem area is the entry of previously foreclosed properties on the market, resulting in a further housing surplus. This could prolong the housing price decline. Because property in the City of Baltimore is assessed on a triennial cycle, every year the housing market remains suppressed will impact City revenues for the next three years. This will result in reduced property tax revenue beyond Fiscal 2015.

Poor State fiscal performance further complicates the City’s finances. The State’s projected \$1.6 billion budget shortfall for Fiscal 2012 was closed with minimal impact to the City. However, the budget continues the reductions to local government aid that were made in Fiscal 2010 and 2011.

The positive aspect is that virtually all economic indicators are no longer falling. However, at the same time most indicators show very little or no growth. With such slow growth, the economy will remain near the Fiscal 2011 level throughout the City’s three year planning horizon.

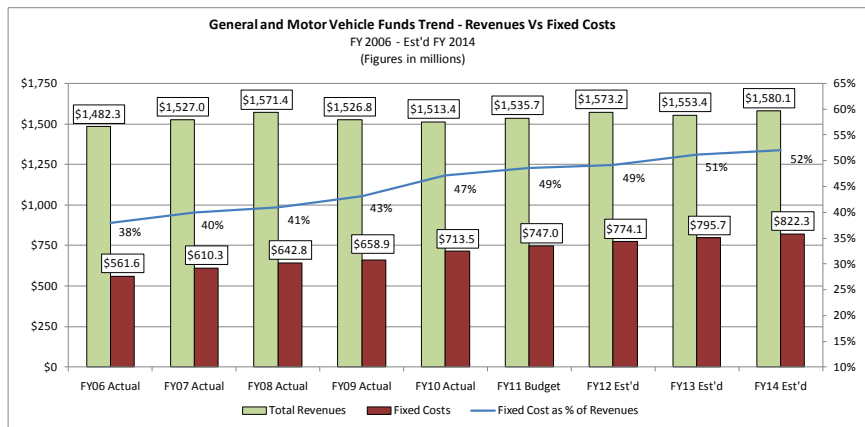
THE “NEW NORMAL”

Although the Great Recession technically ended two years ago, its effect on the City’s fiscal condition will be with us for much of the remainder of the decade.

For Fiscal 2012, the combined revenues of the General and Motor Vehicle funds are barely back to their Fiscal 2008 levels, despite \$50 million in new revenue enacted with the Fiscal 2011 budget, phase-in of the last vestiges of housing bubble property assessment increases, and the use of reserves to fund one-time capital improvement projects.

While revenues have stood still for four years, the City’s fixed costs have continued to grow – by \$130 million since Fiscal 2008. As shown in the chart below, fixed costs – which include pension contributions, health care for retirees, debt service, and mandatory payments to the school system – are consuming an increasing share of revenue and crowding out funding for services to citizens.

The Finance Department projects that revenue will fall in Fiscal 2013 and that the City faces significant budget shortfalls several years into the future. The housing bubble was a temporary reprieve from the painful choices required to tackle the City’s structural budget deficit. Mayor Rawlings-Blake has called for a Ten Year Financial Plan that will serve as a roadmap to achieving balanced budgets and reducing the property tax rate while continuing Baltimore’s track record of fiscal responsibility.



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 transform our schools and improve academic achievement. She continued Baltimore's investment in the Teach for America program to attract the best and brightest new teachers, and restored funding for advanced school-based health centers to keep students healthy and in the classroom.



▶ **Better Youth Program Coordination** - Mayor Rawlings-Blake is focused on improved coordination of youth programs to empower Baltimore's youth. The Mayor's Youth cabinet and "Youth BMore" initiative will ensure all City, State and nonprofit youth-focused agencies are working in concert to maximize learning for Baltimore City youth.

▶ **Enhanced Focus on Gun Violence** – Mayor Rawlings-Blake successfully fought for stronger, common sense, state laws for enhanced penalties on illegal guns and repeat violent offenders. Mayor Rawlings-Blake will continue to seek new ways to target gun violence by focusing enforcement efforts on the criminals most likely to carry illegal guns and commit acts of violence.



▶ **Accelerated Recruitment of New Police Officers** - Mayor

Rawlings-Blake secured funding for every single police officer and implemented a strategic plan to hire over 300 new police officers in 2011. The new plan will keep pace with attrition rates and fill funded positions in the Baltimore Police Department budget. The Mayor and Police Commissioner Bealefeld implemented a program to attract Baltimore City residents to join the Department.

- ▶ **Eliminating Vacant Housing and Blight** - Mayor Rawlings-Blake launched the “Vacants to Value” initiative to reduce the number of vacant properties in the City. This initiative will create new incentives for individuals and families to invest in strong neighborhoods, and encourage vacant property owners to revitalize or sell the properties they own. Owners of vacant properties will have to sell or remodel or face stiff code violations.
- ▶ **Technology as a Force Multiplier** – Mayor Rawlings-Blake provided police officers and crime fighters with the tools to fight crime by investing 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** – Mayor Rawlings-Blake uses the nationally-recognized Outcome Budgeting strategy to shift tax dollars to priority programs such as public safety, public schools and other essential services while eliminating ineffective programs and reducing government bureaucracy and red tape. The Mayor is also working with financial experts and stakeholders to create a first-of-its-kind 10-year financial plan for Baltimore City Government. The plan will be a road map for maintaining effective city services and reducing the property tax rate for homeowners in a responsible, sustainable way.

HOW CAN I GET 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. Ask for the councilperson's suggestion on whom to contact next or if the councilperson's office would assist you with the next step discussed below.
- ▶ 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 preparations for the next fiscal year, which begins July 1, starts 12 months ahead of time. Start early and be persistent if you think your idea will support your community and the City!
- ▶ 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

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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.

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.

PRIORITY OUTCOMES: Goals established by the Mayor for improving the quality of life for Baltimore's citizens. The current Priority Outcomes are:

Better Schools, Safer Streets, Stronger Neighborhoods, A Growing Economy, Innovative Government and A Cleaner and Healthier City.

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.



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