

Fiscal 2021 City Council Budget Hearing Baltimore City Department of Finance


June 08, 2020

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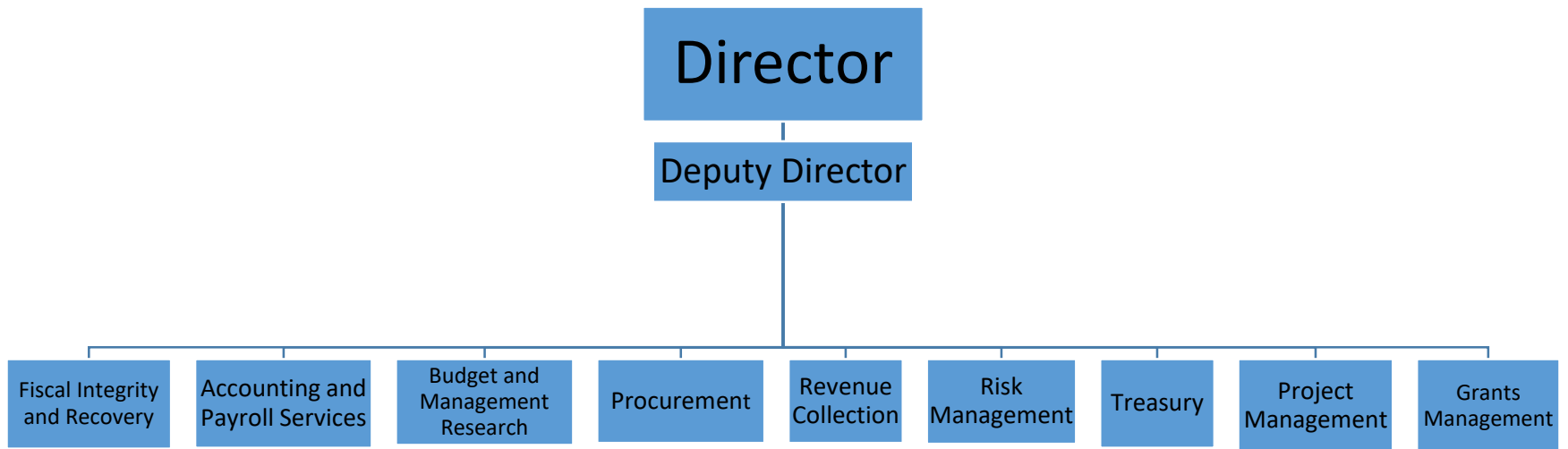
Director



Mission

- 
- Provide excellent customer service to our citizens
 - Provide a full range of financial services to City agencies
 - Collect and invest all monies due to the City
 - Manage City debt
 - Develop and execute sound fiscal policies and practices

Organizational Chart



Revenue Collection

Priority Outcome: Innovative Government

Service Number: 148

Fiscal 2021 Recommended: \$6,702,671

Service Description

This service collects all money that is due to the City through various taxes, fines, fees and penalties. Customers can pay most bills in person, online, using a smartphone, over the telephone, or by mail. The service operates a call center to address payment and billing questions during normal business hours.

Major Budget Items

- The recommended budget reorganizes staff and reclassifies 14 customer service positions to a higher level to attract and retain high-quality personnel. These employees have crucial roles in assisting residents and collecting revenue for the City.
- Three new positions, supported by the Water Utility Fund, are created in the budget to handle increased workload from Baltimore County water billing.
- This service includes large reimbursement transfers from other funds. The Parking Management Fund covers operating costs of the parking fine unit, and water bill processing is paid for by utility funds.
- The recommended budget defunds eight vacant General Fund positions to achieve City-wide savings. These positions were selected to minimize the impact on City services, but there will be an effect on agency operations.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Calls Requiring Assistance	239,326	239,456	274,862	300,000	330,000
Effectiveness	Collection % of Real Property Tax	97%	98%	98%	97%	95%

The Fiscal 2021 target for “collection % of real property tax” has been set lower than past performance due to anticipated negative impact from COVID-19.

Treasury and Debt Management

Priority Outcome: Innovative Government

Service Number: 150

Fiscal 2021 Recommended: \$1,254,755

Service Description

This service provides for the management of the City's cash, investments, debt, and banking services. Treasury Management provides important oversight and control of the City finances to ensure cash is available to pay expenditures through the issuance of debt and timely investment of City funds. This service also maintains the City's banking and trustee relationships so that the City's corporate cash, payroll and trust accounts are properly administered.

Major Budget Items

- The recommended funding will maintain the current level of service.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	% of Rate of Return on Short-Term (6-month) investments	0.68%	1.31%	2.17%	2.10%	1.00%
Effectiveness	Interest % on GO Bonds Issued	0.00%	2.72%	2.82%	4.25%	3.30%

The City has maintained low interest rates on its bond debt due to strong bond rating from national rating agencies such as Moody's (Aa2) and (S&P) (AA). Recent Federal Reserve Board action has caused us to lower our rate of return in FY21.

Administration - Finance

Priority Outcome: Innovative Government

Service Number: 698

Fiscal 2021 Recommended: \$1,813,523

Service Description

This service is responsible for the overall fiscal strategy and fiscal management of the City, which includes overseeing the City Budget process and holding the internal Bureaus - Budget and Management Research, Revenue Collections, Procurement, Accounting, Payroll Services, Treasury Management, and Risk Management accountable for their performance. The Office also coordinates all Human Resources activity within the department, manages the combined charity management contract, performs management analysis, and executes initiatives with other City agencies to improve the efficiency and effectiveness of government.

Major Budget Items

- The recommended budget defunds two vacant General Fund positions to achieve City-wide savings. These positions were selected to minimize the impact on City services, but there will be an effect on agency operations.
- The budget transfers one unclassified position to Service 770: Administration in the Department of Human Resources, to meet urgent staffing needs.
- To facilitate the transition to a new Enterprise Resource Planning (ERP) system for procurement services, the budget provides \$199,400 for contractual services. Most funding for the ERP is included in the Baltimore City Office of Information and Technology (BCIT).

Procurement

Priority Outcome: Innovative Government

Service Number: 699

Fiscal 2021 Recommended: \$3,300,236

Service Description

This service offers City agencies a professional procurement practice for the purchase of goods and services to be used in City operations and capital improvements. The use of a centralized purchasing system is mandated by the City Charter and includes the procurement of all goods and services required by City agencies, with the exception of public works and professional services. Each fiscal year, the service contracts for goods and services valued at approximately \$500 million.

Major Budget Items

- The recommended budget defunds four vacant General Fund positions to achieve City-wide savings. These positions were selected to minimize the impact on City services, but there will be an effect on agency operations.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Effectiveness	# of vendors registered in CitiBuy	20,752	21,756	22,362	22,000	22,500
Outcome	# of Bids per Formal Solicitation	5	3	3	5	5

Surplus Property Disposal

Priority Outcome: Innovative Government

Service Number: 700

Fiscal 2021 Recommended: \$151,133

Service Description

This service offers City agencies a professional service for the proper disposition of surplus property. The use of a centralized surplus property system is required by the City Charter. During the years Fiscal 2012 through Fiscal 2019, the service has generated total revenue of \$5.1 million.

Major Budget Items

- Personnel and other operating costs for this service are attained by revenue generated from sales of surplus City property. This service distributes proceeds from sales with the agency that owned the property.
- The recommended funding will maintain the current level of service.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Auctions Hosted	34	33	0	N/A	N/A
Outcome	\$ Generated Annually	\$681,764	\$956,949	\$584,505	\$700,000	\$850,000

The measure on “# of auctions hosted” is under review and will be replaced in the Fiscal 2022 budget. The City adopted on-line auction software in 2019, eliminating the need for in-person formal auctions.

Printing Services

Priority Outcome: Innovative Government

Service Number: 701

Fiscal 2021 Recommended: \$3,672,135

Service Description

This service is an Internal Service fund operation supplying document services to the City of Baltimore government. The services offered to City agencies and the Baltimore City Public School System are professional graphic design, printing, copying, document scanning, data center printing, and forms distribution. This service will continue to control costs and ensure self-sufficiency by reducing the amount of its equipment to the minimum essential to continue efficient operations, and updating obsolete equipment to reduce maintenance costs.

Major Budget Items

- Personnel and other operating costs for this service are covered by revenue generated from fees charged for printing services.
- The recommended budget creates three positions to represent current staffing levels.
- The recommended funding will maintain the current level of service.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Efficiency	% Cost Recovery	104%	163%	102%	100%	100%
Efficiency	Average # of days for print job turnaround	6	5	4	10	10

This service is planning the implementation of new job management software and a digital storefront, which will decrease the time required for agencies to submit printing requests and improve pricing estimates.

Accounts Payable

Priority Outcome: Innovative Government

Service Number: 702

Fiscal 2021 Recommended: \$892,289

Service Description

This service is responsible for paying an average of 10,400 vendor invoices each month and providing support to agencies and vendors in all matters relating to payments. Payments are processed using CoreIntegrator and the CityDynamics accounts payable module using state-of-the-art best practices. This service will continue the practice of centrally scanning all vendor invoices to ensure that agencies are held accountable for timely payment.

Major Budget Items

- The recommended budget defunds three vacant General Fund positions to achieve City-wide savings. These positions were selected to minimize the impact on City services, but there will be an effect on agency operations.
- The budget includes transfer credits from utility funds to support a portion of this service, which handles payments for utility fund expenses.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Invoices Paid	113,885	124,527	101,254	120,000	140,000
Effectiveness	% of Invoices Paid in 30 days	69%	48%	52%	70%	70%

Payroll

Priority Outcome: Innovative Government

Service Number: 703

Fiscal 2021 Recommended: \$3,612,749

Service Description

This service is responsible for paying 1,200 weekly employees, 16,000 biweekly employees, and seasonal employees including approximately 9,000 Youthworks employees. The Payroll Service is also responsible for ensuring that proper internal controls exist over the payroll process, all special pay or bonus type checks, coordinating quarterly payroll tax reporting, managing garnishment processing, reconciling payroll bank accounts, all payroll related special projects including sick and safe, check escheatment to the State of Maryland, and coordinating year-end processing of W-2's.

Major Budget Items

- The budget includes transfer credits from utility funds to support a portion of this service, which handles payroll for utility-related personnel.
- The recommended funding will maintain the current level of service.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Efficiency	# of Off-Cycle	1,720	2,270	1,914	1,900	1,900
Output	# of Payroll Checks/Advices Issued	387,579	752,403	357,122	390,000	370,000

The issuance of an off-cycle check is a proxy measure for the quality of coordination between this service and its agency partners, as well as the City's ability to settle collective bargaining negotiations in advance of the last agreement expiring. This service reduced the "# of off-cycle checks" in Fiscal 2019 by 16% from the prior year, by processing leave payouts as part of the regular payroll cycle instead of in separate checks.

Accounting

Priority Outcome: Innovative Government

Service Number: 704

Fiscal 2021 Recommended: \$2,212,411

Service Description

This service provides accounting and reporting services for the City of Baltimore, including preparation of the Comprehensive Annual Financial Report (CAFR). The service is responsible for ensuring that proper internal controls are in place for processing financial transactions and that these transactions and reports are recorded and prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Government Accounting Standards Board (GASB). Financial transactions are recorded and reports are prepared and generated using the City's financial system.

Major Budget Items

- The budget includes transfer credits from utility funds, capital funds, and the Risk Management internal service fund to support accounting functions in this service that help to manage these funds.
- The recommended funding will maintain the current service level .

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of transactions/journal entries	2.6M	3.4M	3.2M	2.6M	3.4M
Efficiency	Avg # days to month-end close	5	5	5	5	5

Risk Management for Employee Injuries

Priority Outcome: Innovative Government

Service Number: 707

Fiscal 2021 Recommended: \$5,436,993

Service Description

This service administers the City's risk management and insurance program for City assets and liabilities. Insurance policies are procured by the service to provide the broadest coverage at the lowest cost. When damages exceed insured deductibles, claims are filed by to expedite recovery from the insurance company. This service seeks to prevent employee injuries by promoting accident prevention, providing safety training, and ensuring regulatory compliance.

Major Budget Items

- The recommended budget transfers \$3.4 million for contracts and one position to Service 872: Workers' Compensation Practice to the Law Department. The position is responsible for handling contracts related to workers' compensation claims adjustment. This move consolidates more workers' compensation activities into Law, which has its own in-house practice for workers' compensation litigation.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Random Drug/Alcohol Test Completed	2,363	3,510	3,369	3,500	3,500
Effectiveness	Claim \$ per employee	2,713	\$1,817	\$2,680	\$2,715	\$2,706

Operating Budget Management

Pillars Outcome: Innovative Government

Service Number: 708

Fiscal 2021 Recommended: \$1,887,254

Service Description

This service provides for the management of the City's \$3.0 billion annual operating budget. Revenues and expenditures are monitored throughout the year, and state and local legislation is analyzed to determine the impact on the City budget. Outreach efforts ensure residents have a clear understanding of the City budget. The service also provides professional research and analysis on management, performance, and financing of City services.

Major Budget Items

- The recommended budget defunds one vacant General Fund position to achieve City-wide savings. This position was selected to minimize the impact on City services, but there will be an effect on agency operations.
- The budget includes a transfer credit from utility funds to support activities in this service that assist with oversight of these resources.
- This service oversees the City's contract for long-term financial planning.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Effectiveness	Avg. # of days to approve requisition	2	1	1	2	2
Effectiveness	Revenue Forecast Accuracy (variance from budget)	2.0%	4.7%	3.2%	2.0%	2.0%

The "annual \$ saved from BBMR recommendations" was \$5.8 million in Fiscal 2019, which includes savings from contract negotiations with Police unions that utilized BBMR analysis.

Fiscal Integrity and Recovery

Priority Outcome: Innovative Government

Service Number: 710

Fiscal 2021 Recommended: \$1,197,953

Service Description

This service was initially established in Fiscal 2011 to ensure property tax credits are not fraudulent, that new construction is assessed in an expedient manner, that State assessors have all relevant City information available to them when they assess commercial properties, and that personal property taxes are billed in a timely manner. Since that time, the Fiscal Integrity Office (formerly Billing Integrity) has expanded its work to include assessment appeals, PILOT management and tax credit management. The goal is to find revenue sources that are inefficient or where fraud is likely and to put into place processes to prevent fraud and eliminate waste.

Major Budget Items

- The recommended budget defunds one vacant General Fund position to achieve City-wide savings. This position was selected to minimize the impact on City services, but there will be an effect on agency operations.
- The budget includes \$40,000 of additional funding to support tax credit system upgrades required for new credits or formula changes enacted by legislation. Pending system modifications include new tax credits for low-income municipal workers and for entities within a Regional Institution Strategic Enterprise (RISE) Zone.

Type	Performance Measure	FY 17 Actual	FY 18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Appraisals Completed	692	687	509	470	470
Output	# of Tax Credits Granted in the Tax Credit System	3,732	3,883	4,402	4,050	4,150

Finance Project Management

Priority Outcome: Innovative Government

Service Number: 711

Fiscal 2021 Recommended: \$1,373,154

Service Description

This service is responsible for coordinating, designing, and implementing all systems changes within the Department of Finance. This includes the management of the Integrated Tax System project, the implementation of a new recordation tax system, and the design of a personal property tax system.

Major Budget Items

- The recommended budget increases operating funding by \$1.4 million. In prior years, this service was supported with capital funds, but future expenses are recurring operating costs required to maintain systems.

Type	Performance Measure	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Target	FY21 Target
Output	# of Functional Designs Documents completed	2	2	2	3	2
Output	# of Systems transferred off mainframe	2	1	1	3	3