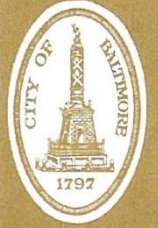


FROM	NAME & TITLE	Robert Cename, Budget Director	CITY OF BALTIMORE  <i>MEMO</i>	
	AGENCY NAME & ADDRESS	Department of Finance Bureau of the Budget and Management Research		
	SUBJECT	Preliminary Operating and Capital Budget Plan- Fiscal 2021		

DATE:

TO Honorable President and Members of the Board of Estimates

April 1, 2020

Dear Mr. President and Members:

Pursuant to Article VI, Section 4(a) of the Baltimore City Charter, transmitted herewith are the Fiscal 2021 Preliminary Operating and Capital Budget Plans, as prepared by the Department of Finance.

The extraordinary circumstances surrounding this budget, which is being released during an emergency spurred by a global pandemic, warrants some additional context and explanation.

The building of the City's budget is a nearly year-round process, with most of the work beginning months before the Preliminary Plan is presented to the BOE. For Fiscal 2021, the Bureau of the Budget and Management Research (BBMR), a division within the Department of Finance, began building baseline assumptions in the summer of 2019. We solicited and reviewed agency budget proposals in the fall, and spent the winter months working with the Mayor and his Senior Team to finalize the budget. By mid-March 2020, our team was putting the finishing touches on this Preliminary Budget Plan publication.

Beginning in late February and early March, we watched with growing concern as COVID-19 spread rapidly, threatening the United States and Maryland. By mid-March, as schools closed, businesses shuttered, and many daily activities slowed to a crawl, the severe financial implications of the pandemic became clearer. However, due to the swift escalation of the pandemic, there was not enough time to revise the Preliminary Budget Plan and reflect changes in economic assumptions.

We decided to release the Preliminary Budget in full at this point for three reasons. First, by law, the City Charter requires the Department of Finance to release its plan in early April in order to stay on track for eventual budget passage by the end of the fiscal year. Second, the Preliminary Budget Plan is the reference point for public comment and feedback at our special BOE Taxpayers Night in April. Third, in order to ensure full transparency, our wish is for the Preliminary Budget to serve as a marker of the City's fiscal plan before any pandemic-related revisions are made.

To be clear, we expect to make significant revisions to the Preliminary Budget Plan before the final Fiscal 2021 Ordinance is presented to the BOE on May 6th. So far, our instinct is that the fiscal impact could be devastating. For our current year, Fiscal 2020, BBMR has already reduced projected revenues by \$68 million due to rapidly declining receipts in income tax, transfer and recordation, hotel tax, convention center business, admissions tax, and parking revenues, among others. We expect similar revisions to be necessary for Fiscal 2021. This will require the City to reconsider new initiatives, tighten daily spending, and consider service reductions. These are not easy choices, but they will need to be made swiftly given this difficult fiscal situation.

We thank you for your consideration, and look forward to emerging from this crisis stronger than before.

Respectfully submitted,



Robert Cename  
Budget Director  
Department of Finance