

Fiscal 2027 Overview: Planning Commission Presentation

Bureau of the Budget & Management Research
December 3rd, 2025



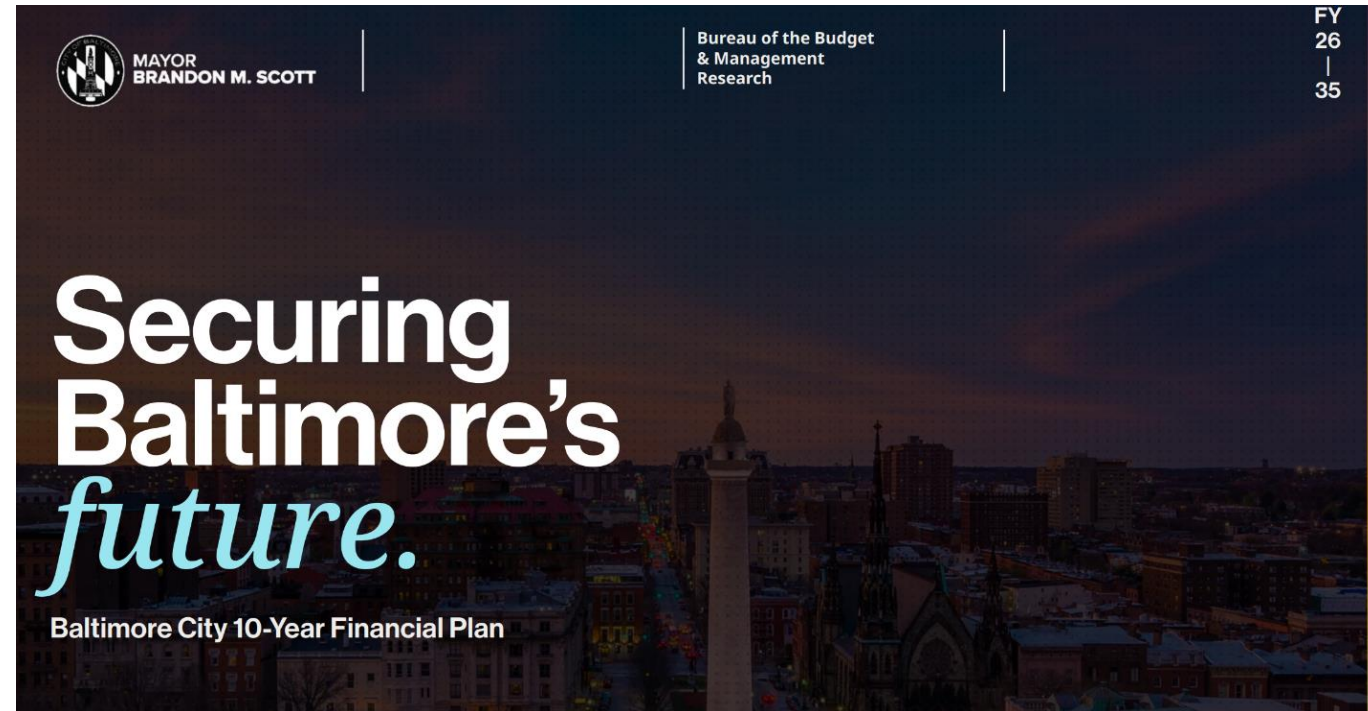
Fiscal 2027

10-Year Financial Plan & the Capital Budget

10-Year Plan: Securing Baltimore's Future

New Long-Term Financial Plan Released

- Mayor Scott released the City's second 10-Year Financial Plan, *Securing Baltimore's Future*, in December 2025
- Actions and investments aimed at balancing the annual budget while fostering long-term population growth and community vitality
- Structured around three cornerstones
 - Core Service Delivery
 - Infrastructure Investment
 - Tax Competitiveness



10-Year Plan Cornerstones



**Core Service
Delivery**



**Infrastructure
Investment**

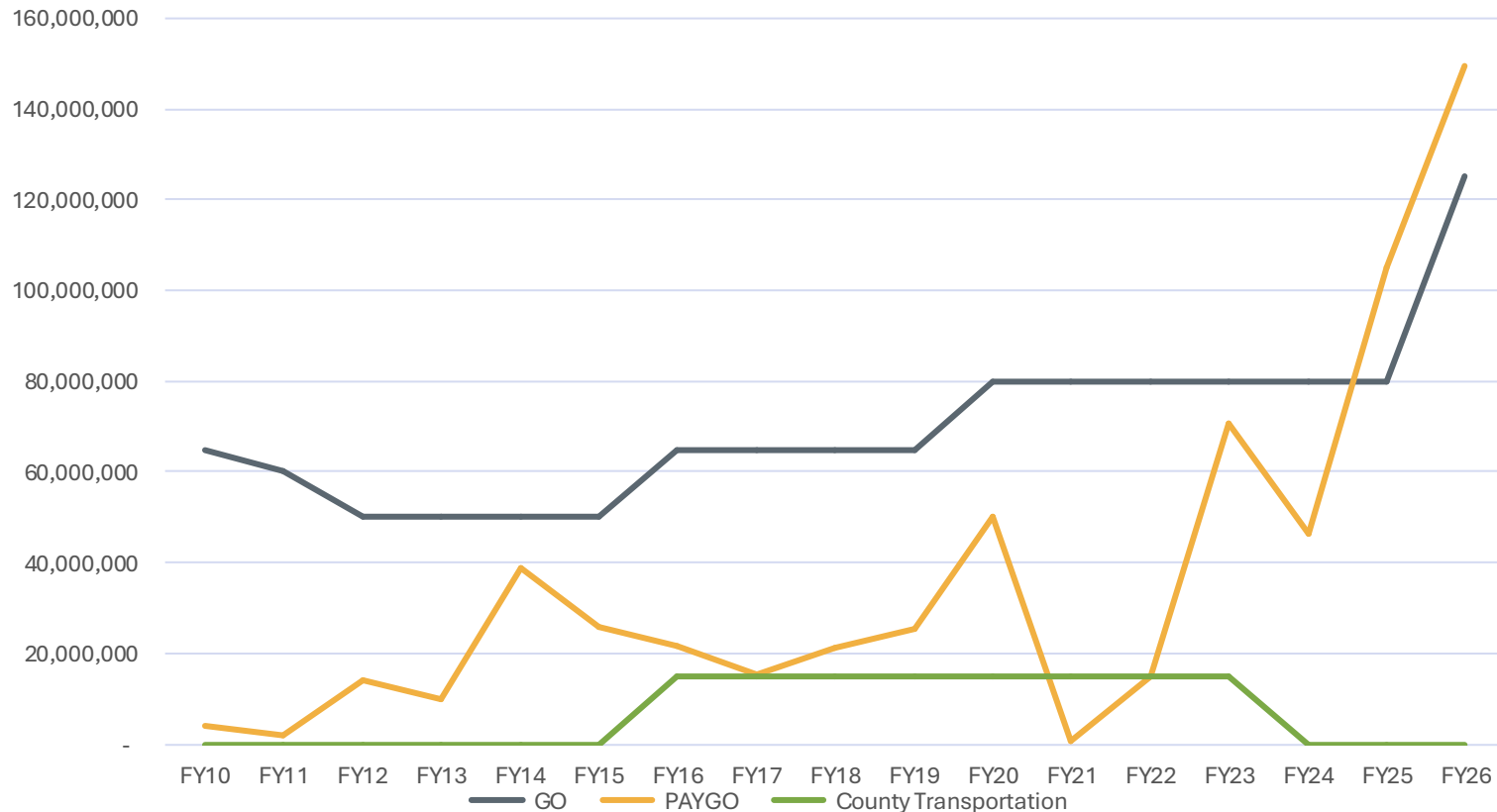


**Tax
Competitiveness**

To grow we need meaningful improvement in all three cornerstones in tandem.

Capital Spending Trends: General Fund Backed Sources

Locally Backed Capital Sources: Fiscal 2010-2026



- Historically Baltimore's capital spending has significantly trailed overall need.
- Fiscal 2026 is the 4th time GO Borrowing was increased since Fiscal 2011.
- Increased PAYGO contributions in Fiscal 2025 and 2026 have helped to contribute to an overall increase in the size of the most recent capital budgets.
- Growth in funding, coupled with policy changes in budget capital, is helping to expand the impact of the capital budget.

10-Year Plan Goals for Capital Funding

Strategy

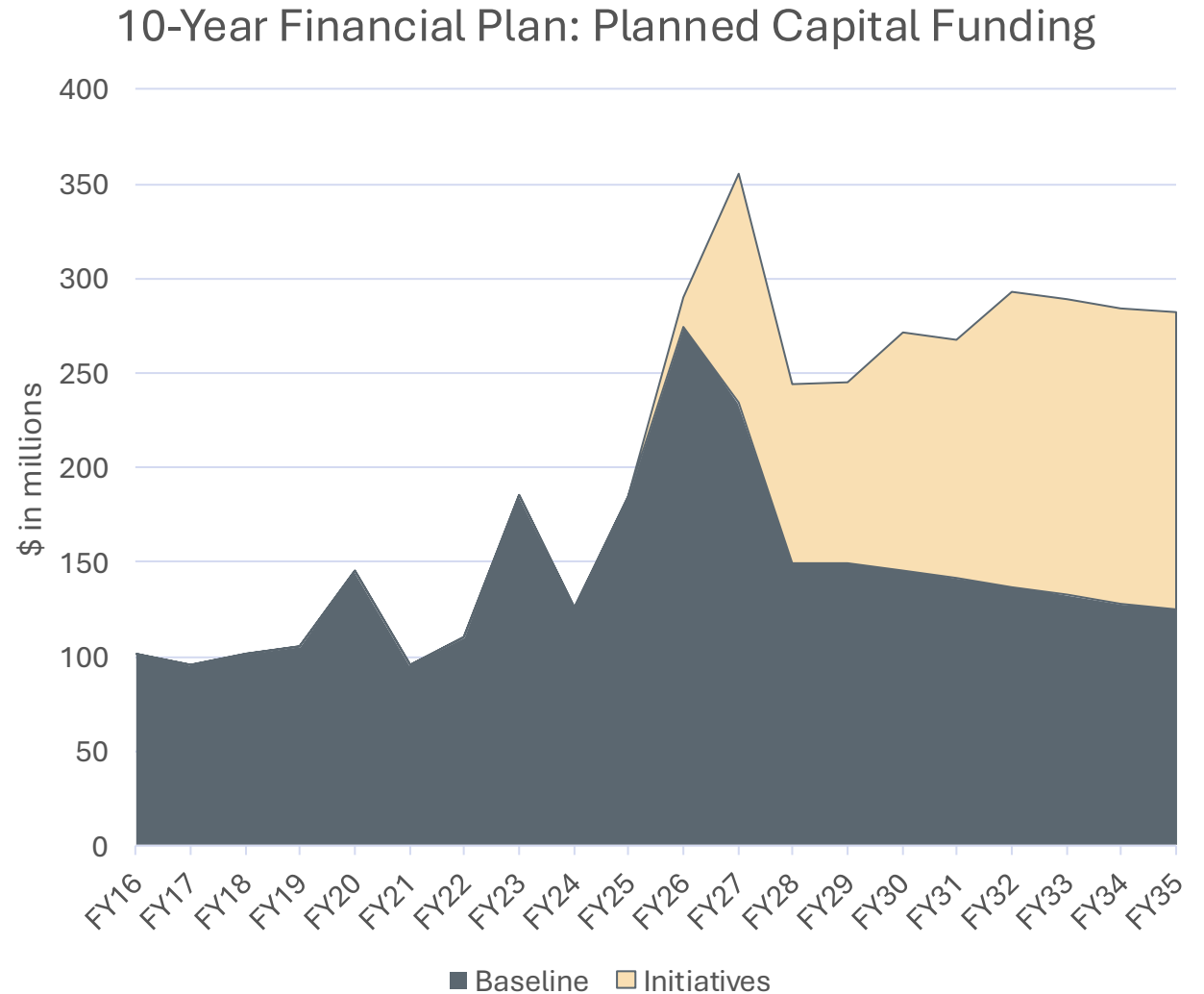
Modernizing the built environment will improve the quality-of-service delivery, reduce costs, and improve quality of life for residents and visitors.

Priorities

- Increase funding from City and State
- Direct funds to critical assets and deliver project projective effectively and timely

Goal

- Invest \$250M annually in GO Bond issuance
- Invest an additional \$1.3B over the 10 years



Key Capital Initiatives

Fiscal 2027 Investments

- Second year of increased GO Bonds (\$125M)
 - Debt service payment for FY26 issuance (\$3.6M)
 - Increase by \$15M in FY28 and FY29, to \$140M
- One-time funding directed to increased PAYGO
 - \$60M anticipated from FEMA reimbursements
 - These funds will come through in FY26 and FY27
- Funds directed to vacants strategy
 - First round of non-contiguous TIF issued in FY26
 - Revenue from new vacants tax rate

Upcoming Investments

- HUR Restoration
 - FY27 allocation is 12.2%, drops to 9.8% in FY28
 - Priority for 2026 and 2027 General Assembly
- Convention Center Modernization
 - State Task Force building recommendations on redevelopment; identifying regional revenue source
- City Assets
 - Assessing City's footprint and spacing needs to rightsize building portfolio
 - Surplus properties for private or community development

Fiscal 2027

Fiscal 2027 Outlook

Fiscal 2027 Outlook

Revenue

+\$52.2M
+2.0%

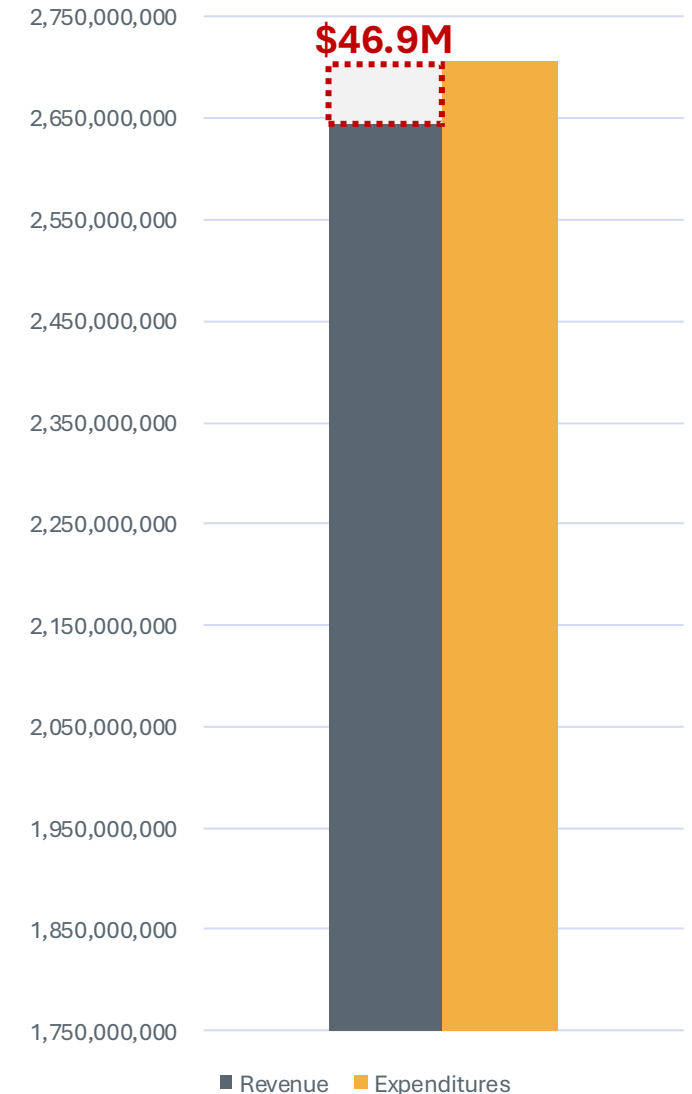
Expenditures

+\$98.7M
+3.8%

Projected Gap=\$46.9 Million

Fund Balance

- The CLS projection removes the use of one-time fund balance included in the Fiscal 2026 budget (\$54.0 Million)
- Growth Assumptions **excluding** fund balance
 - Revenue Growth: +\$106.2m/+4.2%
 - Expenditure Growth: +\$140.2m/+5.7%
- Revenue growth is consistent with Fiscal 2026; expenditure growth has slowed.
 - Fiscal 2026 CLS Revenue Growth=+4%
 - Fiscal 2026 CLS Expenditure Growth=+8.9%
- Major Factors:
 - Leveling off property & income tax revenue
 - Annualizing wage increases from most Union contracts, including salary study implementation
 - PAYGO is down based on removing one-time FEMA allocation included in Fiscal 2026.



Revenue Increase Assumptions

Property Tax

- Assessment Increase Assumptions:
+9.2% Residential/-0.2% Commercial
- Assumed collection rate=97.5%
- First year of Vacants tax.

+5.5%

Transfer & Recordation

- Projection reflects limited, to no growth in real estate activity.

+0.9%

Income Tax

- Assumes 3.8% increase in per capita income.
- No changes in projected size of City income tax base as share of overall statewide base.

+6.0%

Highway User Revenue

- Fiscal 2027 is the 4th year of the increased HUR allocation.
- Fiscal 2027 HUR allocation=12.2%.

-1.0%

Interest Earnings

- Assumes decline in interest rates from 4.1% returns to 3.1%.
- Reflects full decline of ARPA cash-full award must be spent by end of FY27 2nd Q.

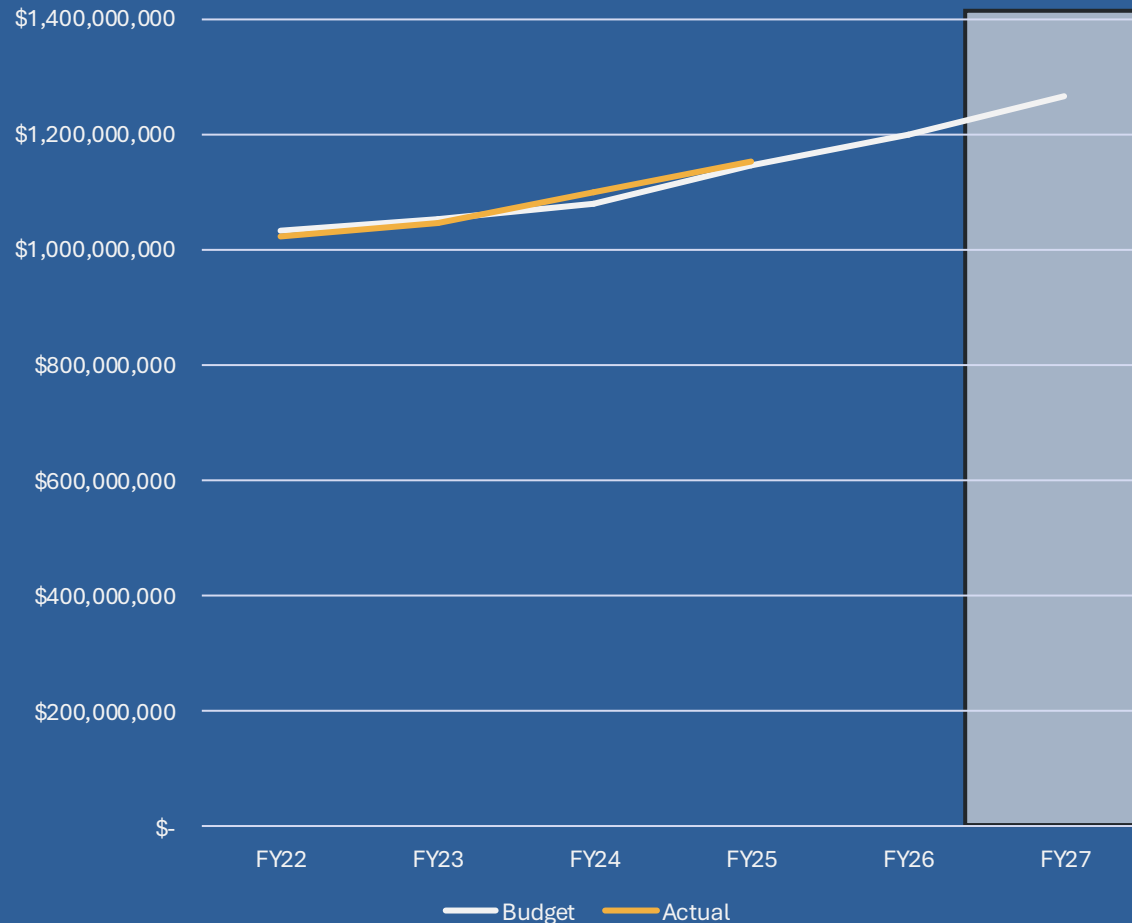
-34.2%

All Other Adjustments

- Notable adjustments:
 - Full-Year Implementation of Phase 1 of the Fee adjustments: +26.0%
 - Cost of Tax Credits: +2.3%
- FY27 CLS projections assume no use of fund balance

-0.4%

Property Tax



Key Stats

Share of Gen Fund	47.8%
\$ Change from Fiscal 2026	+\$66.6 Million
% Change from Fiscal 2026	+5.5%
Rate	Owner-Occupied: \$2.048 All Other: \$2.248

Summary of Forecast

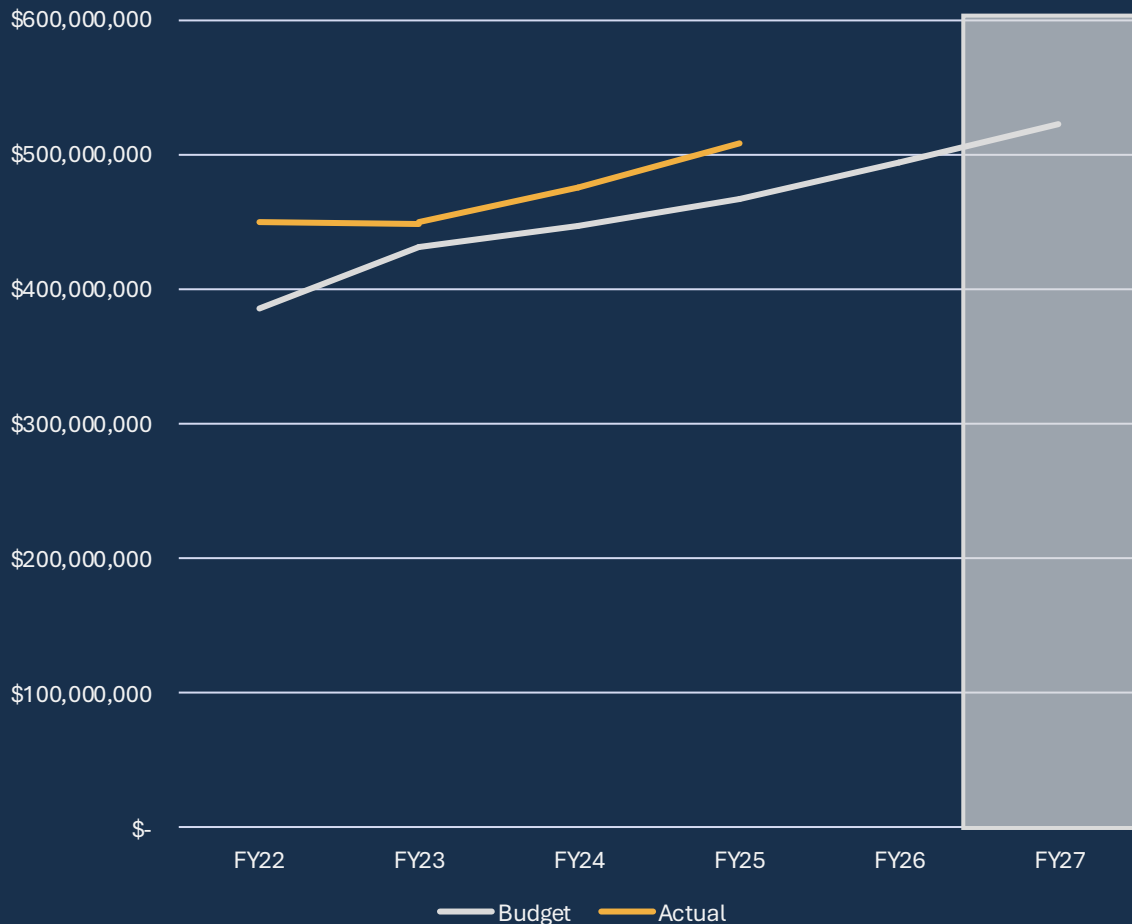
Real Property

- Fiscal 2027 will capture reassessments of Group 2 (center portion of City).
- Projected Assessment Growth:
 - Residential=+9.2%
 - Commercial=-0.9%
- Projection phases in assessment increases from Group 1 & 3
 - Group 1: +6.7%
 - Group 3: +6.4%

Personal Property

- Projection assumes Personal Property Tax will grow by 0.5%.

Income Tax



Key Stats

Share of Gen Fund	19.7%
\$ Change from Fiscal 2026	+\$26.6 Million
% Change from Fiscal 2026	+5.39%
Rate	3.2%

Summary of Forecast

Regular Returns

- Assumes overall 3.8% growth in Statewide cash available for disbursement in Fiscal 2027.
- Projection based on YTD State income tax disbursements.

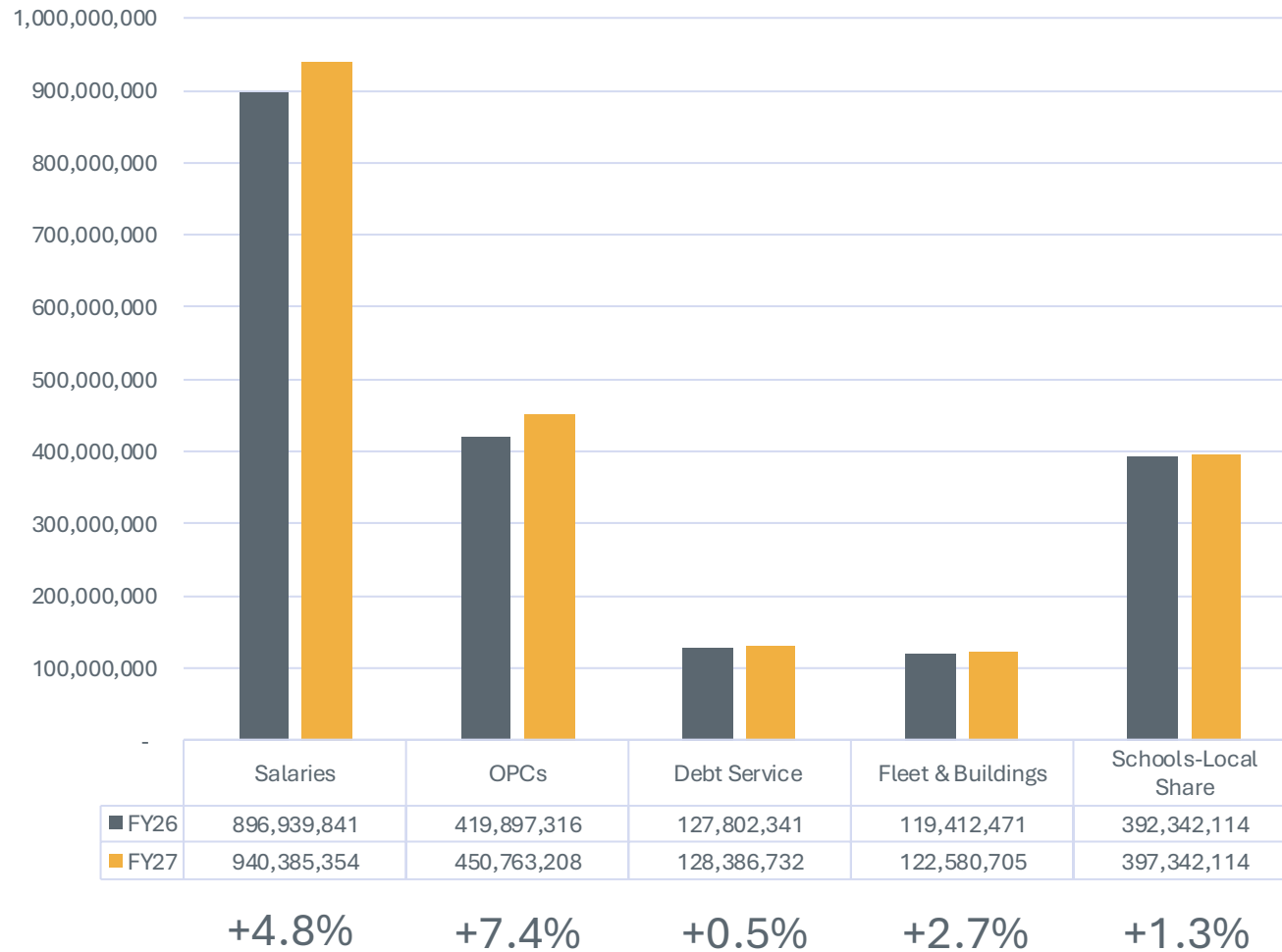
Fiduciary Returns

- Assumes City's share will decline from 18.1% to 17.2%, based on 5-year trends.

Unallocated Disbursement

- Final disbursement made by the State in June of each year.
- Projection=\$16.7 Million; consistent with 5-year average (not including unusually high year in FY25).

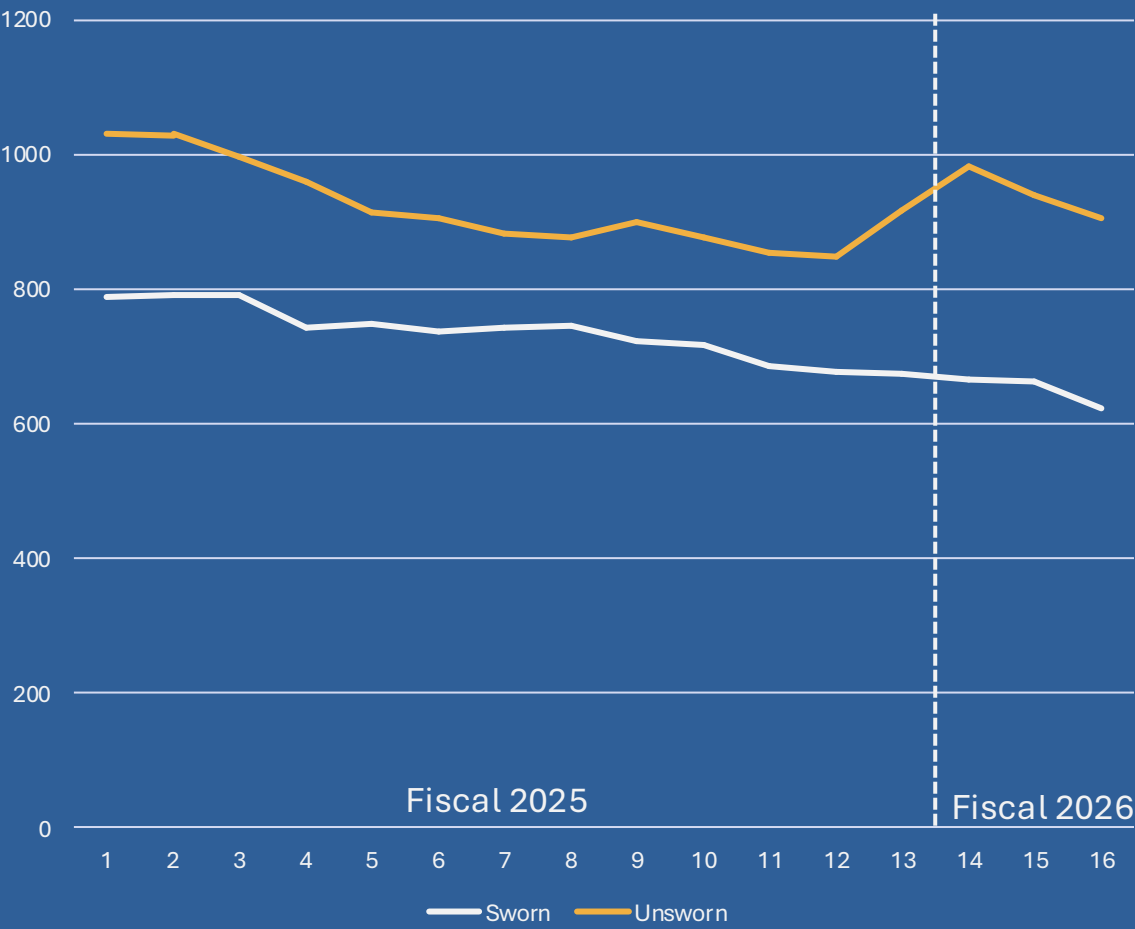
Expenditure Growth



Expenditure Increase: Major Drivers

- Personnel costs account for 54% of the total General Fund budget.
 - In the FY27 CLS projection these costs are up by 5.6% - 65% of the overall operating expenditure increase.
- Projected Schools funding assumes the City remains in the same Educational Index Tier. The assumed growth is consistent with FY25 and FY26 increases.

Vacant Positions



Key Stats

Fiscal 2026 Funded Positions	14,358
Fiscal 2027 CLS Positions	14,395
Current Vacancy Rate (GF)	15.4%
Current Vacancy Rate (All Funds)	17.6%

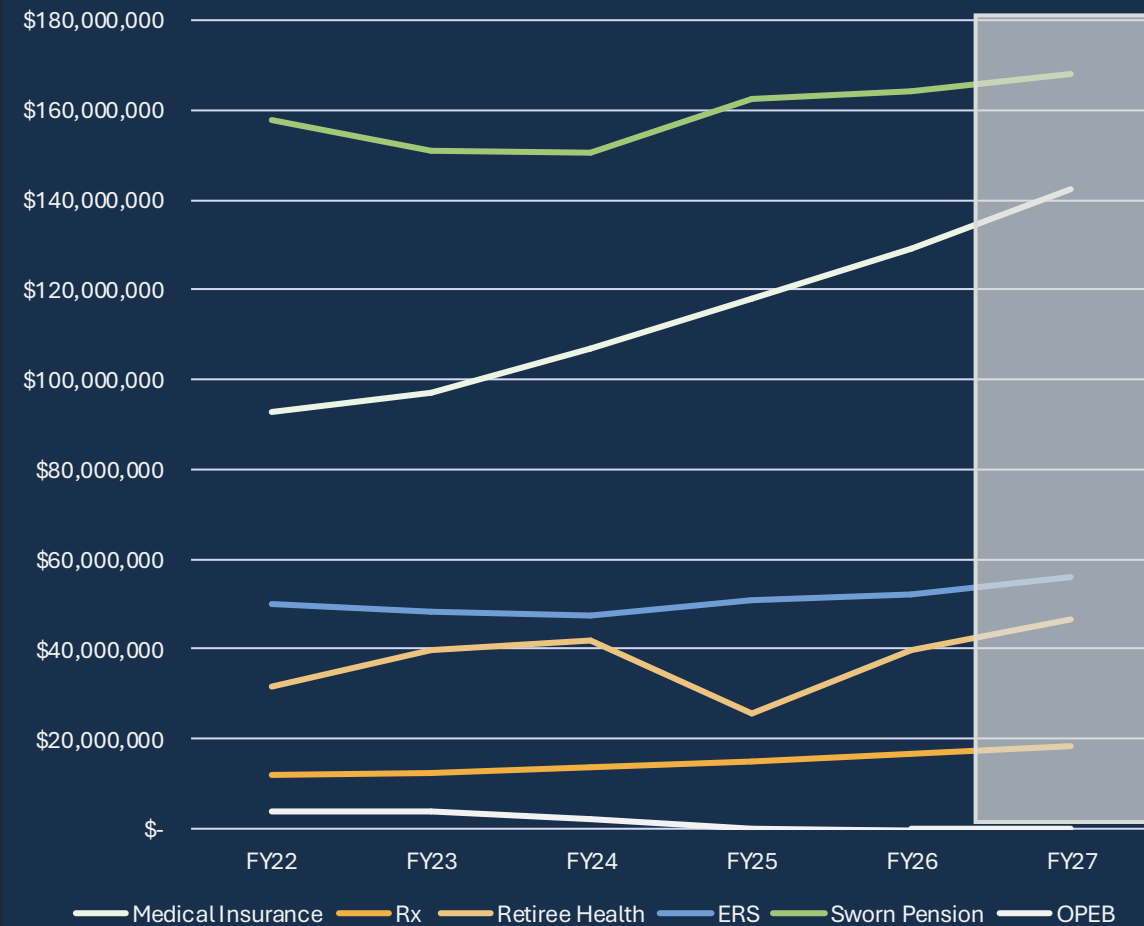
Summary

- Sworn vacancies continue to steadily decline. As of October 1st, there were 624 sworn vacancies-a 16% decline from October 2024.
- Civilian vacancies increased in July following authorization of new positions in the Fiscal 2026 budget.
 - October Civilian Vacancies=905

Long-Term Vacancies

- Value of vacancies >3 years= \$13m (all agencies); \$4.9m (excluding Public Safety agencies)
- Top agencies impacted:
 - Health – 36 (primarily within School Health)
 - Transportation - 29
 - Recreation & Parks - 10

Benefit Costs



Key Stats

Fiscal 2027 OPCs	\$450.7 Million
\$ Change from Fiscal 2026	+\$30.8 Million
% Change from Fiscal 2026	+7.4%

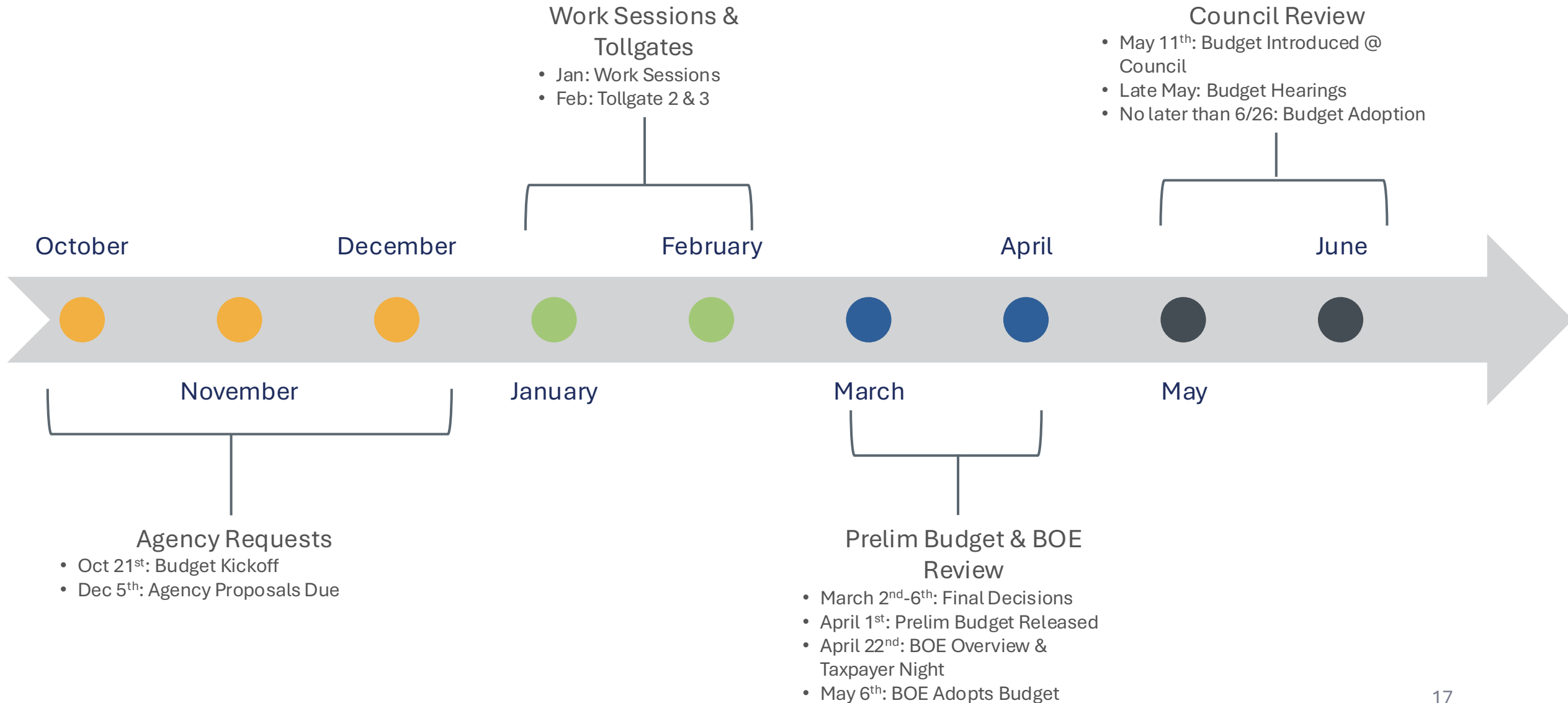
Summary

- The largest benefit costs have increased by \$83 million (24%) over the past 5 years.
- The fastest growing cost is Medical Insurance; costs have grown by 54% in 5 years:
 - FY22 Budget=\$92.8 Million
 - FY27 CLS=\$142.6 Million
- As medical costs have increased, the City has absorbed the burden of the increase; premiums and cost sharing for employees has remained flat.
- Pension costs have increased by \$16.3 million (8%).
 - Final FY27 pension costs will be higher than current estimates based on actuarial impact of increased wages from recent contracts.

CLS-Notable Agency Adjustments

Agency-Item	Amount	Notes
Board of Elections: Lease for new location	\$1.75M	<ul style="list-style-type: none">Lease cost for new warehouse & office
HCD: Vacants TIF Financial Advisors	\$320k	<ul style="list-style-type: none">Funding to keep Municap on retainer to manage the Vacants TIF
BCIT: Software Costs	\$1.6M	<ul style="list-style-type: none">Annual subscription costs for newly implemented software funded through the capital budget.
MOHS: Shelter Operating Costs	\$3.9M	<ul style="list-style-type: none">Increased contract costs for shelters & operating costs for Fairfield location.
Police: Body-worn camera contract	\$5.9M	<ul style="list-style-type: none">Current contract for body-worn camera expiring & in process of being rebid. Increase based on preliminary estimates.
Rec & Parks: Gardenville & Cumings Rec Center	\$1.4M	<ul style="list-style-type: none">Operating costs for Rec Centers anticipated to come online in Fiscal 2027
Transportation: Increased Snow Costs	\$2.7M	<ul style="list-style-type: none">Increased inflationary increases for snow removal contractors & salt

Building the City's Budget



Learn More

Budget Updates: Bbmr.baltimorecity.gov

10-Year Financial Plan: <https://bmore10yearplan.com/>

