


FROM	Name & Title	Henry J. Raymond, Director HJR	<div style="font-size: 24px; font-weight: bold; margin-bottom: 10px;">City of Baltimore</div> <div style="font-size: 36px; font-weight: bold; margin-bottom: 10px;">MEMO</div> 
	Agency Name & Address	Department of Finance City Hall, Room 454	
	Subject	Fiscal 2020 Budgetary Freeze	

Date: March 20, 2020

Agency Heads and Fiscal Officers

I write you today to provide an update on the growing coronavirus pandemic and its effect on the City's fiscal outlook.

Since the first signs of the outbreak, our staff has been working diligently to try to understand the fiscal implications. Both the State and local governments have taken aggressive and necessary steps to protect the public's health, including closing schools, bars and restaurants, and other large gatherings. The effect is that much of the economic activity that drives City revenues will be slowed if not halted for a period of time as the City evaluates the health risks.

In February, before the coronavirus impact became clear, BBMR's Fiscal 2020 2nd Quarter forecast projected a General Fund surplus, based on data through the end of December. We now expect that the pandemic will cause sharp declines in a variety of City revenue sources including hotel tax, admissions tax, convention center receipts, parking-related revenues, traffic camera revenues, income tax, and many others. Using the assumption that economic activity will remain slow through the end of the fiscal, it is certain that, without further action, the General Fund will end in a deficit position. Additionally, our forecast does not include virus related emergency expenses, which are still being reported and are unknown at this time.

Longer-term, the outlook is even less clear. Even if the health risk passes, most economists believe that the economy will suffer for many months or even years with minimal growth and lower employment levels. As such, Finance is also considering write-downs of Fiscal 2021 revenues with further budget reductions possible. Finance will be meeting with the Senior Executive Team to make any additional decisions in time for the submission of the Fiscal 2021 Ordinance of Estimates to the Board on May 6th. Given the severity of the financial situation, **the City is implementing a hard hiring and spending freeze, effective immediately.** This freeze applies to all positions (full-time, contractual, and part-time) and all sources of funds.

On the hiring side, sworn public safety positions will be exempted, which includes police officers, paramedics, firefighters, EMT's, and Sheriff Deputies. Agencies may request an exemption for other positions by describing the critical service and performance impacts if the position remains unfilled. Priority will be given to positions that provide direct essential services, and for positions that generate revenue. Requests will be screened by Finance's BBMR, and escalated to the Senior Executive Team if necessary.

March 20, 2020

Freeze Memo

All hiring exemption requests will need to be made through an online form at:
https://baltimorecity.formstack.com/forms/hiring_exception

On the spending side, only essential spending to maintain critical front-line services will be allowed. No movement should be made on new Pay As You Go (PAYGO) Capital projects that have not yet begun. This policy will be maintained through the normal system of controls in which BBMR analysts approve all new spending requisitions.

Thank you for your service during this trying time, and please let us know if you have any questions.