

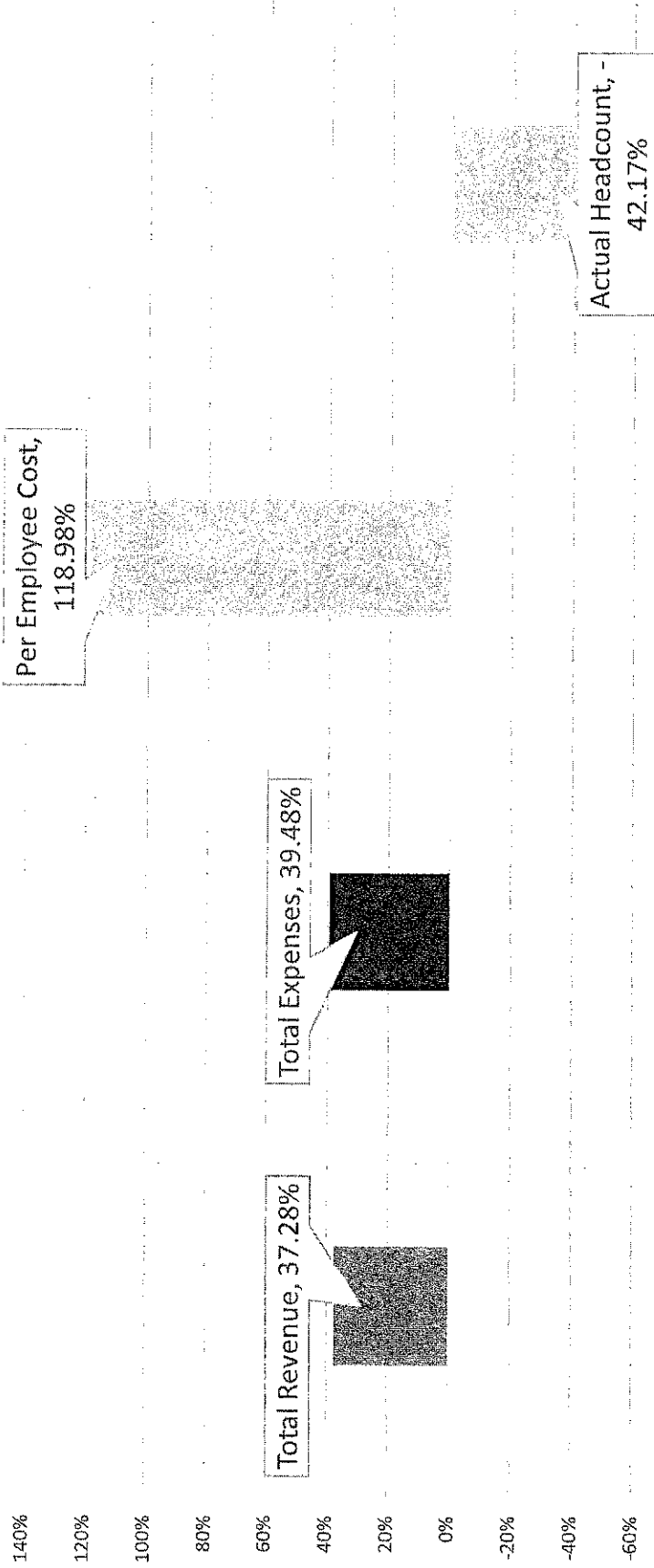
# Presentation Regarding Proposed Cut of Revenues from General Fund and Transfer to Individual Council Accounts

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**CITY OF CLEVELAND**  
Mayor Justin M. Bibb

# Overview of Changes 2001-2021



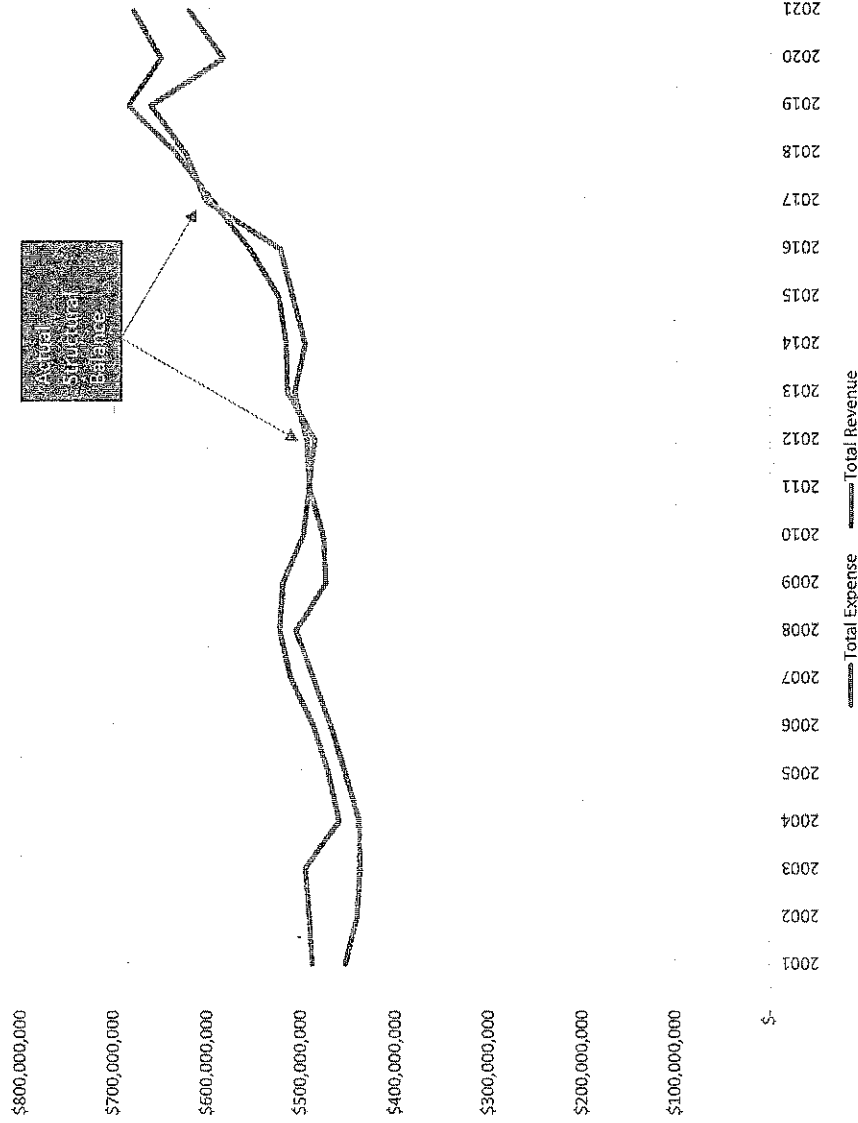
# Macroeconomic and Public Policy Challenges to City's Fiscal Health

## Macroeconomic

- Persistent population loss
  - 396,624 (2010) → 372,624 (2020)
- Jobs down
  - City: -25%
  - County: -16%
  - State: -0.6%
- Increases offset by inflation
- Recession risk

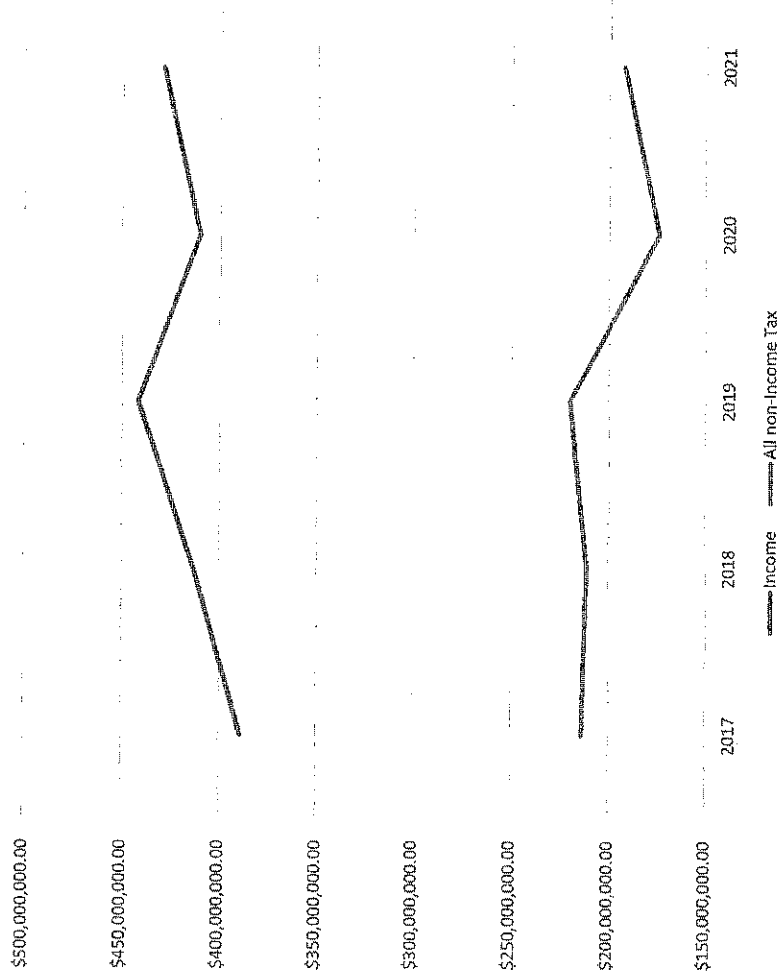
## Revenues vs. Expenses 2001-2021

- Over past 20 years recurring revenues have almost always lagged recurring expenses.
- This means City has had to regularly rely on one-time sources of revenue to balance budget
  - Federal stimulus
  - Selling properties
- Only twice in this period did revenues exceed expenses
- Avg. annual gap = \$25.2m



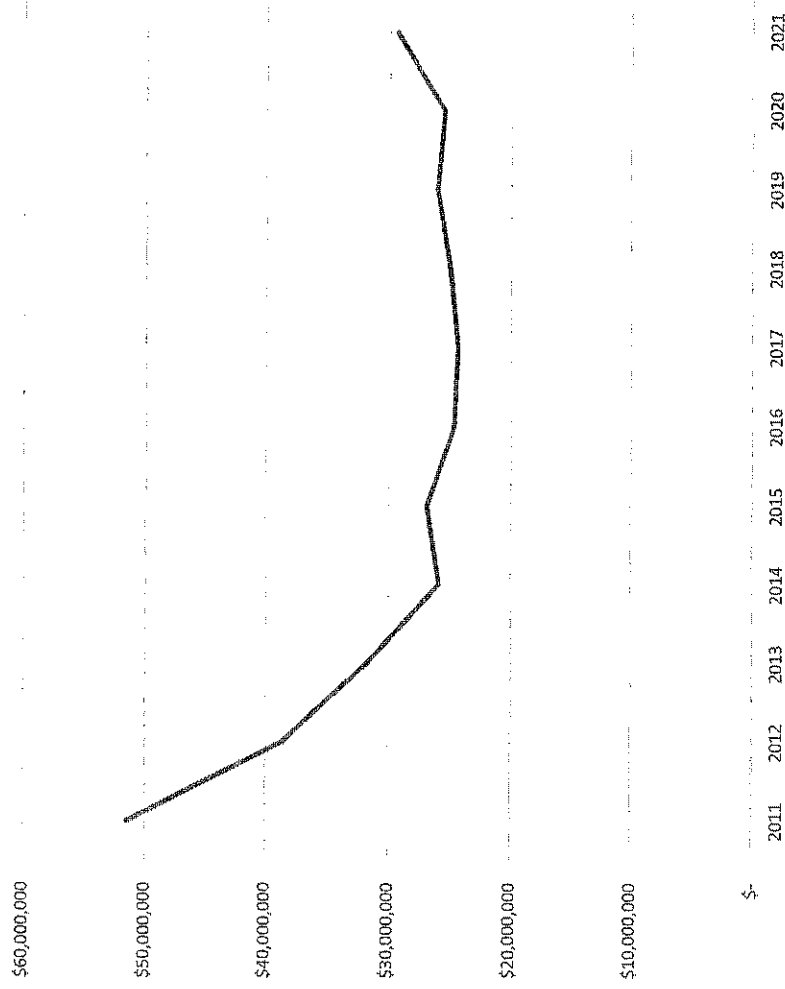
## Income Tax Gains Offset by Reductions in Other Revenue

- From 2017 through 2021, income tax revenue increased \$40m
- During same period, all other revenue decreased \$21.2m
- As a result, net revenue increase was \$18.9m (3.13%) (below inflation)
- Over the same period:
  - City's healthcare-related costs increased \$19.8m (24.29%) (above inflation)
  - City's personnel costs (excluding healthcare) increased \$32.4m (7.66%) (below inflation)
  - City's other expenses increased \$32.7m (18.99%) (above inflation)



## Déjà vu: State Cuts to General Fund

- Since the State reduced local government funding levels in 2011, the City has lost a total of \$258.25m (annual receipts 2012-2021 compared to 2011 receipts)
- Over the years, the State has eliminated:
  - the Commercial Activity Tax
  - the Tangible Personal Property Tax, and
  - the Estate Tax
- Local Government Funding was \$59.3m in 2001 compared to \$29.4m in 2021.
- These cuts have made casino revenue ever more important to the General Fund



# General Fund Capital Needs

- 2023 Capital Budget
  - Total Request: \$115m
    - Roads
    - Rec Centers
    - Fire houses and police stations
    - Snow plows, garbage trucks, ambulances, fire trucks
    - Cannot afford this; maintenance deferred; problems grow

## Impact of Proposed General Fund Cuts

- In 2022 this proposed cut to General Fund would have amounted to \$4.63 million (actual revenue)
- Using preliminary 2023 budget figures, cut would amount to \$5.14 million
- Cut to the general fund would have to be offset with reduced expenses
- Would have to be done through staffing or programmatic cuts
- These cuts would be Council's; not the State's or the Administration's
- Cutting General Fund and adding more to individual Council accounts will inhibit City's ability to balance budget and make it more difficult to sustain service levels for residents

| Combination #1   | Approx. Cost |
|--|--------------|
| Landmarks, Budget, OEO, Purchasing, and Aging  | \$ 5,026,351 |
| Combination #2   |              |
| Air Quality, Construction Permitting, and CRB  | \$ 5,133,997 |
| Combination #3   |              |
| Animal Control and Civil Service   | \$ 5,196,103 |
| Combination #4   |              |
| Housing Court  | \$ 5,359,759 |
| Combination #5   |              |
| Mayor's Office and Economic Development  | \$ 5,054,767 |
| Combination #6   |              |
| All of City Council staff <u>except</u> Elected Officials, Building Standards, and Board of Zoning Appeals | \$ 5,128,143 |



# Council & Casino Funds

- 39% of Council's casino revenue unspent
- Proposal would more than triple annual allocation
- But unclear funding is an issue to residents
- Unspent money provides no benefit to residents
- Inflation
- Major needs in City
- Precarious General Fund
- Spending governed by state law and Council-enacted rules

| Councilperson               | Ward | Allocation              | Expended                | Unspent                |
|-----------------------------|------|-------------------------|-------------------------|------------------------|
| Joseph T. Jones             | 1    | \$ 1,109,457.61         | \$ 809,701.12           | \$ 299,756.49          |
| Kevin L. Bishop             | 2    | \$ 1,019,281.63         | \$ 570,702.56           | \$ 448,579.07          |
| Kerry McCormack             | 3    | \$ 704,066.75           | \$ 426,385.48           | \$ 277,681.27          |
| Deborah A. Gray             | 4    | \$ 936,087.62           | \$ 529,719.64           | \$ 406,367.98          |
| Richard A. Starr            | 5    | \$ 946,773.97           | \$ 533,304.86           | \$ 413,469.11          |
| Blaine A. Griffin           | 6    | \$ 1,133,581.63         | \$ 553,686.97           | \$ 579,894.66          |
| Stephanie D. Howse          | 7    | \$ 1,154,094.17         | \$ 788,658.71           | \$ 365,435.46          |
| Michael D. Polensek         | 8    | \$ 908,896.54           | \$ 499,722.96           | \$ 409,173.58          |
| Kevin Conwell               | 9    | \$ 931,781.59           | \$ 692,906.36           | \$ 238,875.23          |
| Anthony T. Hairston         | 10   | \$ 810,352.98           | \$ 658,525.60           | \$ 151,827.38          |
| Danny Kelly                 | 11   | \$ 1,267,573.31         | \$ 764,639.76           | \$ 502,933.55          |
| Rebecca Maurer              | 12   | \$ 975,281.59           | \$ 369,666.37           | \$ 605,615.22          |
| Kris Harsh                  | 13   | \$ 1,165,160.83         | \$ 658,936.56           | \$ 506,224.27          |
| Jasmin Santana              | 14   | \$ 751,213.82           | \$ 468,633.85           | \$ 282,579.97          |
| Jenny Spencer               | 15   | \$ 940,281.60           | \$ 634,020.89           | \$ 306,260.71          |
| Brian Kazy                  | 16   | \$ 724,252.11           | \$ 377,588.21           | \$ 346,663.90          |
| Charles Slife               | 17   | \$ 1,446,472.33         | \$ 1,007,691.53         | \$ 438,780.80          |
| City Council                | CW   | \$ 47,916.00            | \$ 47,916.00            | \$ -                   |
| <b>Total of All Funding</b> |      | <b>\$ 16,972,526.08</b> | <b>\$ 10,392,407.43</b> | <b>\$ 6,580,118.65</b> |