



STEPHANIE RAWLINGS-BLAKE
Mayor

May 6, 2016

The Honorable President &
Members of the Baltimore City Council
City Hall
100 North Holliday Street
Suite 400
Baltimore, MD 21201

Re: City Council Bill #15-0479, Charter Amendment – Board of Estimates – Composition

Dear Mr. President and Members of the Council:

After careful consideration, please accept this letter as notification of my veto of City Council Bill #15-0479, Charter Amendment – Board of Estimates – Composition. This Bill would put before the voters an amendment to the City Charter to reconstitute the Board of Estimates (BOE) to comprise of the Mayor, Comptroller and City Council President, thereby removing the City Solicitor and Director of Public Works from the Board.

The Charter establishes a strong executive structure for fiscal governance that has served the City well for many decades. This structure gives the Mayor primary authority and accountability for fiscal matters and also contains several checks and balances to ensure transparency, provide oversight, and prevent waste, fraud and abuse. Without control of the BOE, the Mayor would find it difficult to establish and implement his or her plan and course for the City.

The City Council President chairs the BOE and sets the BOE's agenda. The President can hold BOE hearings on the preliminary budget and propose changes. The President also oversees the City Council's review of the BOE's proposed Ordinance of Estimates. The Ordinance cannot become law without the City Council's approval. Furthermore, the Comptroller has the independent authority to audit the financial transactions of every municipal agency and the expenditure of any City funds by any entity. The Comptroller can use information from these audits to question the preliminary budget and propose changes.

Inclusion of the City Solicitor and the Director of Public Works is advantageous to the BOE. The City Solicitor is able to provide legal guidance to the other BOE members while protests are being presented to the BOE. Many of the protests center on facts of law that the Solicitor is able to address. The Board has benefitted significantly from the formal involvement of the Solicitor and the Law Department in its important weekly activity. Board action has only been challenged three times (out of tens of thousands of actions taken) in the last nine years and the City has prevailed decisively each time. That is a major reason why the last Charter Commission recommended not reducing the size of the Board.

From a fiscal standpoint, the proposed BOE composition would give the City Council President, in concert with the Comptroller, extraordinary authority over the annual Ordinance of Estimates. The Council President, with support of the Comptroller, could outvote the Mayor to make changes to the Ordinance formulated by the professional staff of the Administration, then move the Ordinance through the City Council approval process, with only the Mayor's veto standing in the way.

Putting the power to both propose and approve the budget into the hands of the City Council President and putting the Mayor in the position of checking that power would turn the charter's strong executive governance structure on its head. It is worrisome that the fiscal soundness of the City's budgets would be decided by political alliances, power plays and egos among three independently elected officials – a dangerous scenario. Furthermore, neither the City Council President nor the Comptroller have the professional fiscal staff necessary to formulate (or reformulate) a budget, and these officials would not be responsible or accountable for executing the budgets that result from their decisions.

Reducing executive authority in the budget process would almost certainly raise red flags for our bond rating agencies. Baltimore's AA bond rating is remarkable, given the city's economic and demographic profile. The reason for the strong rating is unambiguous: Moody's and Standard and Poor's consistently laud the City's proactive fiscal planning and management. It should be noted that the agencies do consider the constitutionally and legislatively conferred powers and responsibilities of the local government entity when coming up with their rating. It is important for the City to continue to demonstrate an ability to control and predict its revenues as well as an ability to control and predict its expenditures. If such ability is diluted or becomes unpredictable, it will be reflected negatively in the City's rating evaluation. It is fair to say that Baltimore's bond rating is tenuous, and moves to diffuse fiscal authority and accountability would weaken the City's case for sustaining its recent bond rating upgrade.

Baltimore's fiscal governance structure is one reason that, despite decades of population loss and economic struggle, the city has not gone into default, receivership or bankruptcy like New York, Philadelphia, Pittsburgh, Washington, D.C., Cleveland, and Detroit.

Another practical consideration is that a three member BOE may find itself deadlocked or unable to act due to abstentions. In 2015, the three elected officials on the BOE abstained from voting on agenda items a total of 297 times, due mainly to conflicts of interest. On a three member board, abstentions would leave only two voting members, and in rare cases one or zero members. Two members who disagree on an item would cause a deadlock, with no clear means of resolution. Such deadlocks could delay or stop important contracts, negatively impacting City services. The proposed legislation does not provide any guidance for how to resolve such conflicts, or – if two of the three BOE members abstain due to conflicts of interest – whether a one-person vote would even be legal.

In addition to setting fiscal policy the Board of Estimates also has many administrative functions. These would include: setting salary and wage scales, benefits and work rules for City employees; approving collective bargaining agreements; and approving the disposition of City property, among other responsibilities. What the change would effectively mean would be that the City of Baltimore would be run by a committee of three mayors, our employees would have to answer to three bosses, and three different visions and courses could be charted. This would not make Government more efficient, rather it would have the exact opposite effect.

The Council in its position in support of the Charter Amendment frequently cited the Board of Public Works (BPW) as the model. However, there are critical differences between the BPW and BOE that need to be considered. First, the BPW is chaired by the chief executive (Governor). Second, the BPW does

not review the Governor's budget proposal to the General Assembly. Third, the BPW only approves contracts over \$200,000. Fourth, the BPW does not have authority over position classification and compensation. Finally, one of the members of the BPW (the State Treasurer) is elected by the General Assembly, rather than directly by the electorate.

This Charter Amendment, combined with City Council Bill #12-0113 Charter Amendment – Ordinance of Estimates (which I am also vetoing), are a continuation of efforts by some to weaken our strong mayor form of government. It is true that as an outgoing Mayor, these Bills would have no impact on my term in office. However, I believe in the power of this office and that these proposed changes create the wrong governance structure, not just for my successors but also for the citizens of the City of Baltimore.

Therefore, for all of the reasons mentioned above, I am vetoing this Bill.

Sincerely,

Stephanie Rawlings-Blake
Mayor
City of Baltimore

cc: Kaliope Parthemos, Chief of Staff, Office of the Mayor
Andrew Smullian, Deputy Mayor for Government Relations and Labor
Angela Gibson, Mayor's Legislative Liaison
Carolyn Blakeney, Chief of Staff, Office of the Council President
Kara Kunst, Legislative Director, Office of the Council President
Natawana Austin, Executive Secretary, Baltimore City Council