

November 10, 2022

Mayor Andrew J. Ginther:

Contained herein is the 2023 Operating Budget totaling \$2.3 billion, of which \$1.14 billion is for general fund operating expenses.

Due to your continuing leadership and the support of City Council, and the City Auditor, I am pleased to report that the City of Columbus continues to rebound from the lingering effects of the COVID-19 pandemic and remains fiscally strong. The Mayor's 2023 Budget is balanced, and continues to provide for critical city services, while making important additional investments in our communities. These investments include neighborhood safety and violence prevention, infant mortality reduction, pre-kindergarten programming, after-school programming for middle school children, human services, recreation and parks programming and pay equity, energy efficiency/sustainability, as well as expansions to our neighborhood recycling program and bulk pickup centers to address illegal dumping. As of the end of 2022, the city will have \$90.6 million in the rainy day fund and \$49.7 million in the basic city services fund. The city established a goal of a \$90 million rainy day fund balance by the end of 2024. Due to your fiscal stewardship, the city has met this goal two years ahead of schedule and has established a new goal of \$114 million (10% of the 2023 general fund operating budget) by the end of 2027. These reserve funds provide the city with the financial agility and security to meet the needs of the community during a continued climate of fiscal uncertainty.

In 2022, the lasting effects of Covid-19 pandemic continued to impact our neighborhoods and communities. Under your guidance, Columbus was able to continue its efforts to mitigate these impacts through the investment of federal Covid-relief funds. The city has received \$187 million in American

Rescue Plan Act (ARPA) funds, as well as \$61.7 million in Emergency Rental Assistance Program (ERAP) dollars to invest in a range of programs, including: human services, youth and childcare programming, vaccine incentives, small business support, community improvements, rental and utility assistance, as well as economic support to residents.



The City of Columbus continues to recover from the myriad impacts of the coronavirus pandemic. The Columbus labor market has recovered to pre-pandemic levels, which is a testament to our large and diverse local economy, as well as the continued strength and resiliency of our residents. However, uncertainty remains regarding the full impact of remote work and its implications for income tax revenues. Supply chain constraints and an inflationary environment have placed upward pressure on the cost of labor, supplies, and services. Recent movements by the Federal Reserve to dampen inflation have resulted in a broad increase in interest rates, which influence debt costs and can slow economic growth. Additionally, geopolitical forces and the effects of climate change are global concerns that have local impacts. However, given the sound fiscal leadership of the city along with the strength of our local and regional economies, I remain optimistic about the near and long-term financial stability of the city.

The city's revenue growth is largely dependent upon income tax, which makes up approximately 79 percent of total general fund revenues. The income tax growth rate for 2022 is projected at 4 percent, which is robust and indicative of the health of our local economy and its ability to rebound from the pandemic related economic contractions of 2020 and 2021. The 2023 income tax revenue growth rate is expected to experience a 3 percent increase. While this is a strong revenue forecast, uncertainty remains around the full impact of remote work and



related income tax redistributions to other municipalities. The City Auditor's 2023 Official Revenue Estimate dated October 21, 2022 indicates four evolving factors: 1) direct and indirect impacts from the national economy; 2) remote work and its ongoing effect on the city's income tax revenues; 3) local employment trends; and 4) income tax refunds due to remote work in 2020. Potential income tax redistribution occurs when employers are required to withhold income tax from an employee's "principal place of employment" and for work-from-home employees that equates to their municipality of residence. While this requirement became effective in fiscal year 2022, not all employers have fully executed this due to the systems and administrative investments needed for full implementation. As such, Columbus will continue to monitor as well as adopt sound fiscal policies to offset negative revenue impacts.

Due to the negative economic impacts of the pandemic combined with the revenue impacts of remote work, the 2022 operating budget was balanced by utilizing \$50.9 million from the basic city services. However, due to a better than anticipated local economic recovery, fewer income tax redistributions, and strong fiscal management, the city will return \$40 million to the basic city services fund in 2022. This will restore a key reserve fund and in combination with the aforementioned rainy day fund will provide the city with financial flexibility to respond to potential economic challenges.

Your Opportunity Rising initiative has challenged and inspired the city to establish priorities, policies, and programs built around equity. This budget was informed by the foundational elements of Opportunity Rising; Economic Stability, Health & Wellbeing, and Safe & Resilient Communities. As such, the 2023 budget continues to reflect the priorities of your Equity Agenda and commitment to the people of Columbus for vibrant neighborhoods, public safety reform, affordable housing, early childhood education, decreased infant mortality, inclusive and equitable access to public health and economic prosperity, as well as the pursuit of sustainability efforts, and economic development.

Funding for a number of new initiatives has been included in this proposal. The city will establish an Office of Violence Prevention, to holistically address the root causes of violence in our communities. Funding is also set aside for Neighborhood Resiliency, to address our community's ability to react to natural disasters, power grid disruptions, and other events that threaten shelter and security. This budget also includes funding for after school programming for middle school aged children to provide safe and supportive environments for our youth. The Recreation and Parks Department will receive additional funding for pay equity programs and expansion of programming for youth and job readiness. The Public Service Department will enhance weekly recycling and expand bulk pickup service centers to reduce illegal dumping. The Development Department will receive funding to invest an additional \$5.0 million within its network of social service agencies.

In the Public Safety Department, funding was provided to the Right Response, REACT, and Comprehensive Neighborhood Safety Strategy programs. Additionally, both the Division of Police and the Division of Fire will have three recruit classes to ensure adequate staffing levels to meet the needs of the communities they serve.

I would like to thank the Department of Finance and Management budget team, as well as department directors and their staff in preparing this budget.

The Department of Finance and Management will continue its mission to provide financial leadership to ensure the future health of the city's finances.

Respectfully submitted,



Kathy A. Owens
Director
Department of Finance and Management





ANDREW J. GINTHER, MAYOR

CITY OF COLUMBUS PROPOSED 2023 BUDGET

Mayor Andrew J. Ginther

Presented to Columbus City Council
November 10, 2022

Ken Paul, *Chief of Staff*

Prepared by the Department of Finance and Management
Kathy A. Owens, *Director*

James Bond *Deputy Director*

Chris Long *Deputy Director*

Adam Robins *Financial Management Division Administrator*

Lynn Beatty *Budget Management Officer*

Kyle Sever Hart *Debt Coordinator*

Budget Analysts

Kristina Ahmetaj Patrick Flint

David Alexander David Fox

Azad Farzin Jessica Friedli

Diana Vicen

With Special Thanks to the Mayor's Staff and Cabinet:

Robin Davis *Deputy Chief of Staff*

Kate Pishotti *Deputy Chief of Staff*

Kristen Atha *Public Utilities*

Sam Orth *Technology*

Nichole Brandon *Human Resources*

Bernita Reese *Recreation and Parks*

Robert Clark *Public Safety*

Dr. Mysheika Roberts *Public Health*

Amy DeLong *Civil Service*

Matt Smydo *Office of Education*

Jennifer Gallagher *Public Service*

Maureen Stapleton *Office of CelebrateOne*

Jacqueline Hendricks *Inspector General*

Michael Stevens *Development*

Scott Messer *Building and
Zoning Services*

Carla Williams-Scott *Neighborhoods*

Office of Diversity and Inclusion

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January 01, 2022

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Columbus, Ohio for its annual budget for the fiscal year beginning January 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements.

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