

Boston FY22 Budget A&F Overview Hearing

*Office of Budget Management
April 2021*



City of Boston
Mayor's Office



City of Boston
Budget

Budget Framework

The City's finances entered the pandemic in a strong position

- AAA Bond Ratings and recognized nationally as one of the best prepared city's for a recession
- Strong local economy, anchored by a stable revenue source in property taxes
- Management based fiscal responsibility and commitment to running an effective and efficient city government
- Fiscal Year 2022 Budget builds on that track record and makes critical investments in Boston's future.

Budget Revenue Framework

The City projects revenue to grow for FY22 Budget, but less than recent historic years

- Economy in varying states of rebound, but Boston's overall revenue base is growing modestly for FY22
- Property Tax baseline growth of 2.5% but less New Growth expected than recent years
- State Aid is up modestly because of Student Opportunity Act
- Local Revenue is projected to rebound slightly, but still well below pre pandemic levels
- New Federal Funding available for use over the next five fiscal years

Budget Spending Framework

The \$3.75 Billion FY22 budget contains no layoffs or service cuts, fully funds liabilities and makes investments to create a more resilient City Government and set the stage for an equitable recovery in Boston

- Savings and new Revenue identified avoiding layoffs, furloughs or other service reductions but labor contracts are unsettled
- Fixed costs growing significantly (10%) in order to fully fund Pensions, OPEB and Debt Service
- Over \$1.5 Billion, an increase of \$66 Million for Public Education, including funding for BPS and Charter Schools
- \$40 Million of new investments to create a more resilient City Government and set the stage for Boston's ***recovery, reopening and renewal.***

FY22 Revenue



FY22 Revenue - \$3.754 billion

■ Property Tax
 ■ State Revenue
 ■ Dept Revenue
 ■ Excise Tax
 ■ Non Recurring Revenue



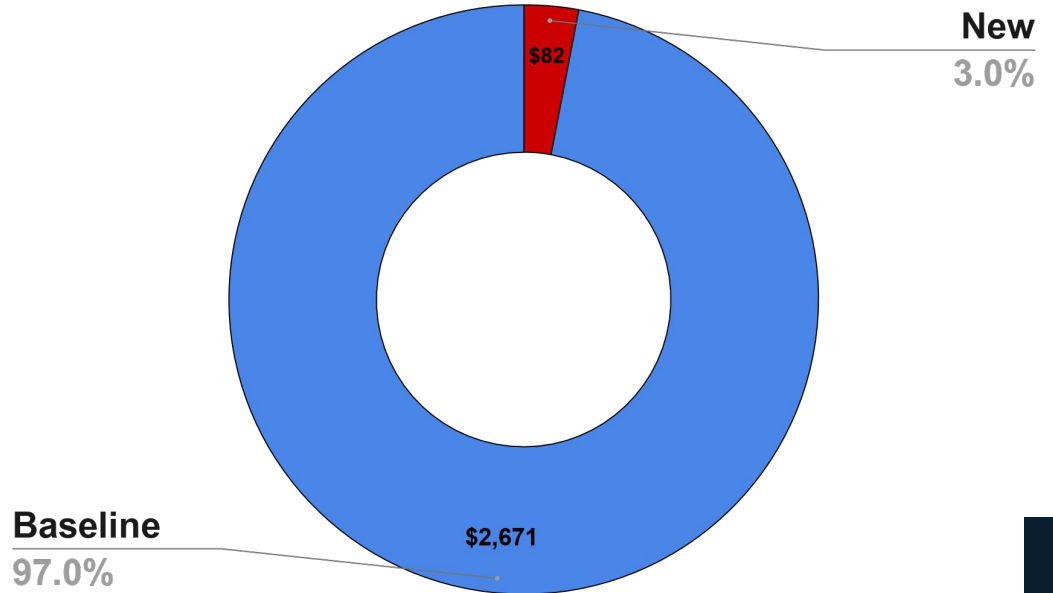
Type	FY21	FY22	FY 21 vs FY22		% of Budget
			\$	%	
Property Tax	\$2,671	\$2,753	\$82	3.1%	73%
State Revenue	\$468	\$476	\$8	1.8%	13%
Departmental Revenue	\$311	\$304	-\$7	-2.3%	8%
Excise Tax	\$123	\$131	\$9	7.0%	4%
Non-Recurring Revenue	\$40	\$90	\$50	125.0%	2%
Total	\$3,612	\$3,754	\$142	3.9%	100%

Property Taxes - 73% or \$2.753 billion

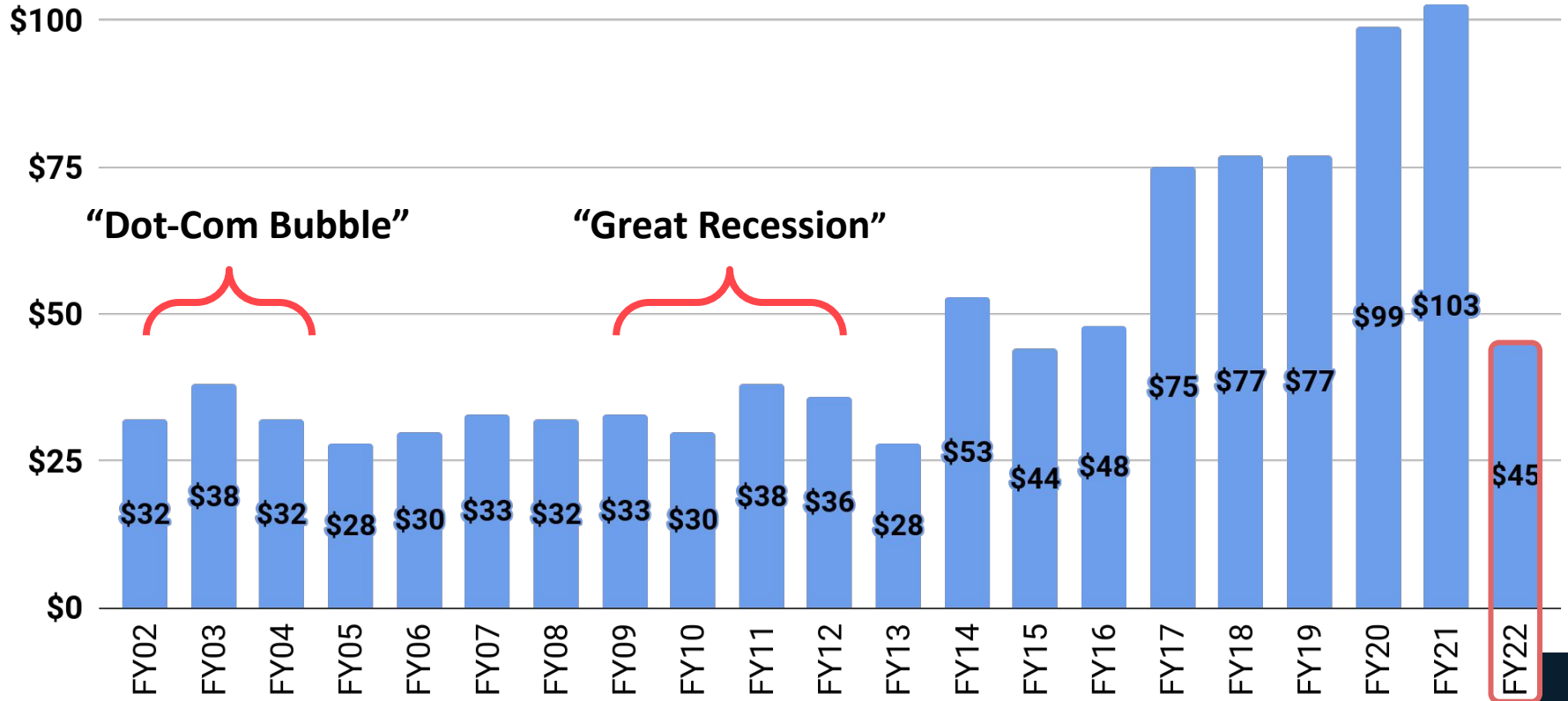
■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise ■ Non Recurring Revenue



- Governed by Proposition 2.5
- Stable revenue base that grows consistently at 2.5% annually
- “New Growth” added to base to account for new construction
- City annually assesses changes in required overlay account



Property Tax New Growth



State Aid - 13% or \$476 million

■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise ■ Non Recurring Revenue

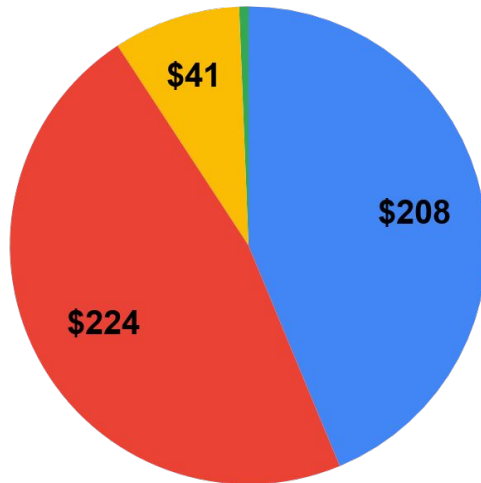
73%

13%

8%

4% 2%

FY2022 State Aid



● UGGA ● Chapter 70 ● Charter Reimbursement ● Other

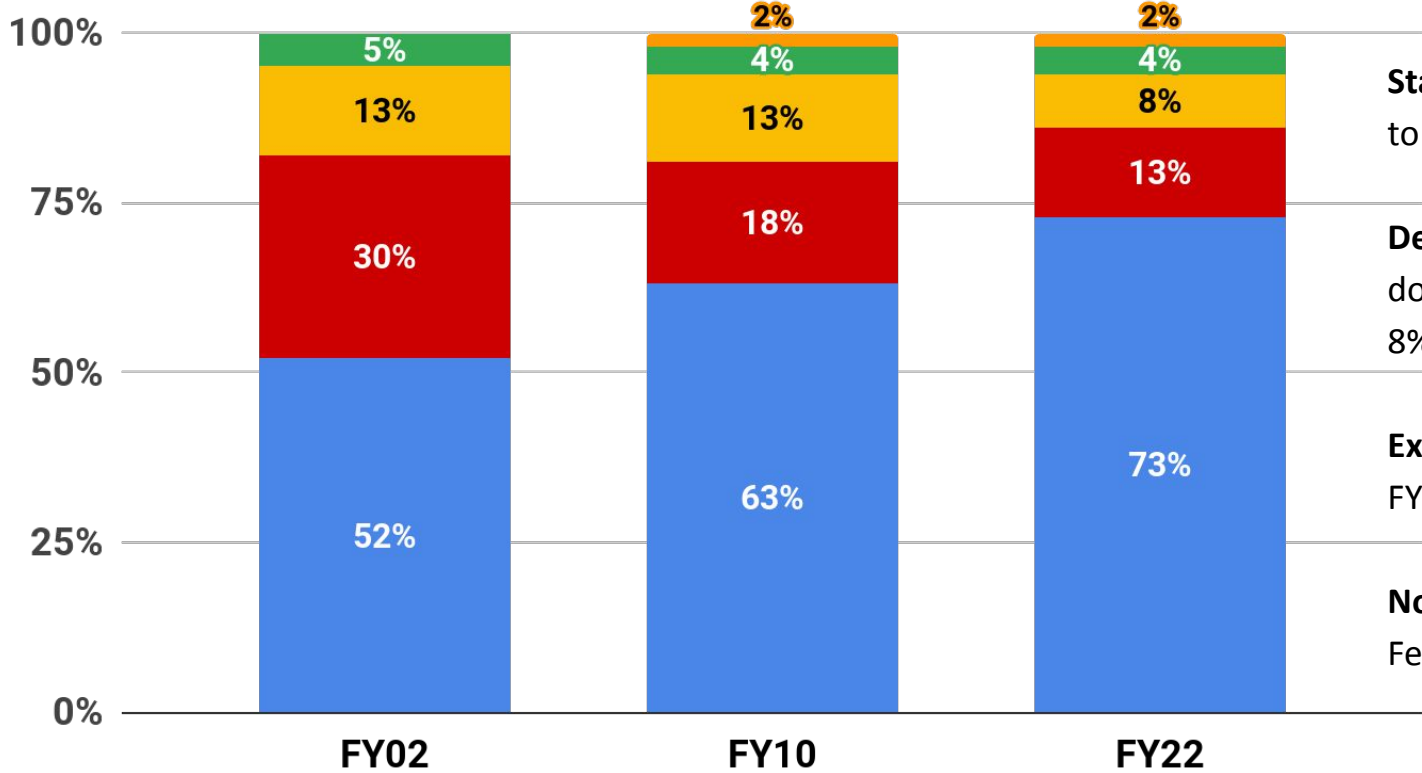
\$8.2 million increase for FY22 under the Governor's Budget, but Net State Aid is down

Unrestricted General Government Aid (UGGA), 3.5% increase, same for all Cities, based on state consensus revenue growth

Education Aid (Chapter 70 & Charter Reimbursement)- Up \$14 million thanks to first year of *Student Opportunity Act*

Changing Blend of Revenue Over Past Two Decades

Non Recurring Excise Departmental State Aid Property Tax



Property Tax- Up 21% since FY02 to 73% of City Revenue

State Aid- Decreased from 30% to 13% in FY22, but stabilizing

Department Revenue- Up and down over time, but down to 8% in FY22

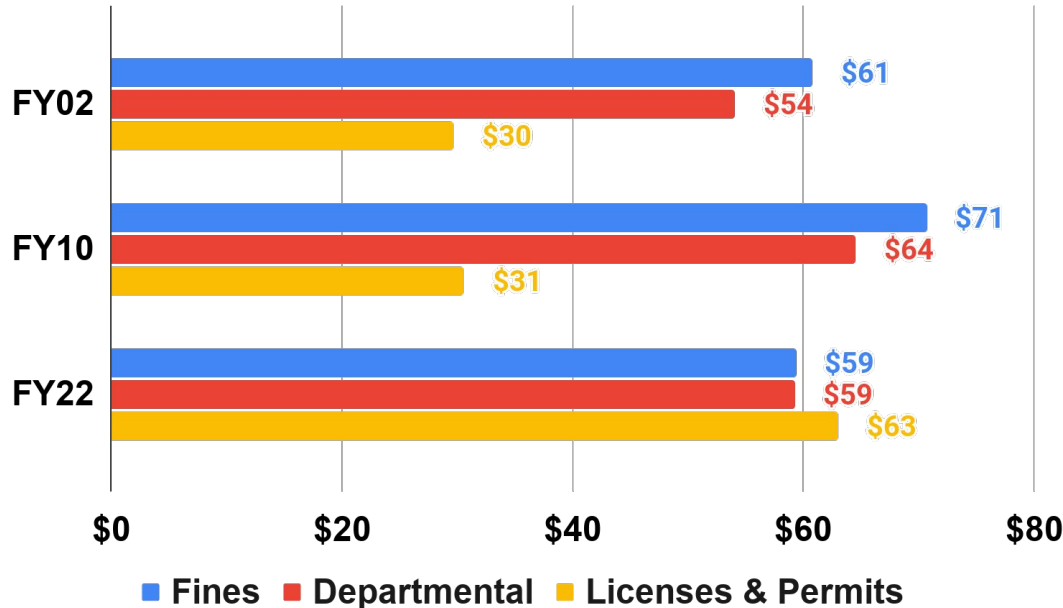
Excise Revenue- Down to 4% of FY22 budget due to COVID

Non-Recurring- Includes new Fed Funding



Department Revenue - 8% or \$304 Million

Property Tax State Aid Dept Revenue Excise Non Recurring Revenue



Department revenue consistent over time, follows the broader economy

Took a hit in certain fines/licenses during COVID-19 that was accounted for in FY21

Overall projecting some continued decreases of \$7 million for a total \$304 million for FY22



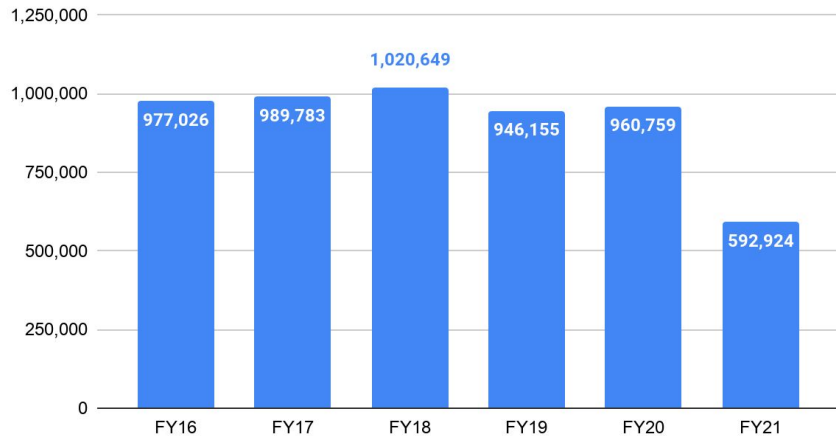
Parking Fines and Meter Fees

Year to date, compared to FY20:

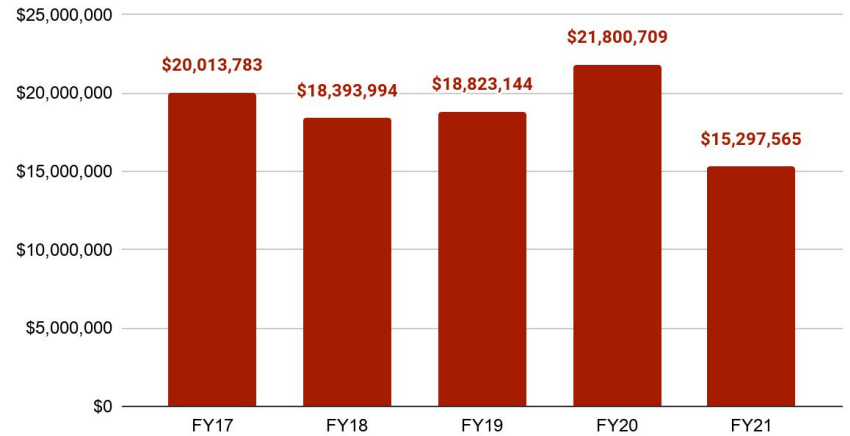
- Parking tickets issuance is 38% down
- Parking tickets revenue is 37% down

→ Parking meter revenue is 30% down

Parking Fines Issuance through March



Parking Meter Fees Revenue through March



Excise Tax Revenue - 4% or \$131 million

■ Property Tax ■ State Revenue ■ Dept Revenue ■ Excise Tax ■ Non Recurring Revenue

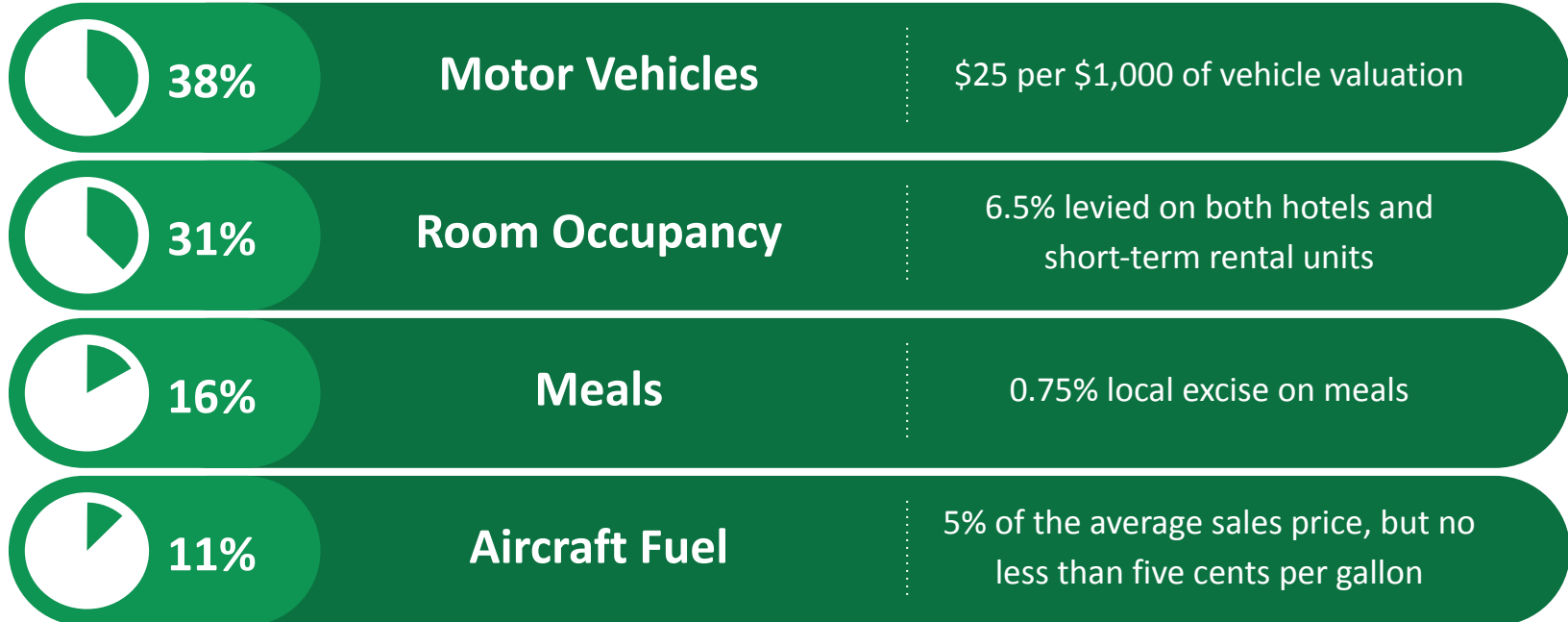
73%

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Excise Tax Revenue and the Economy

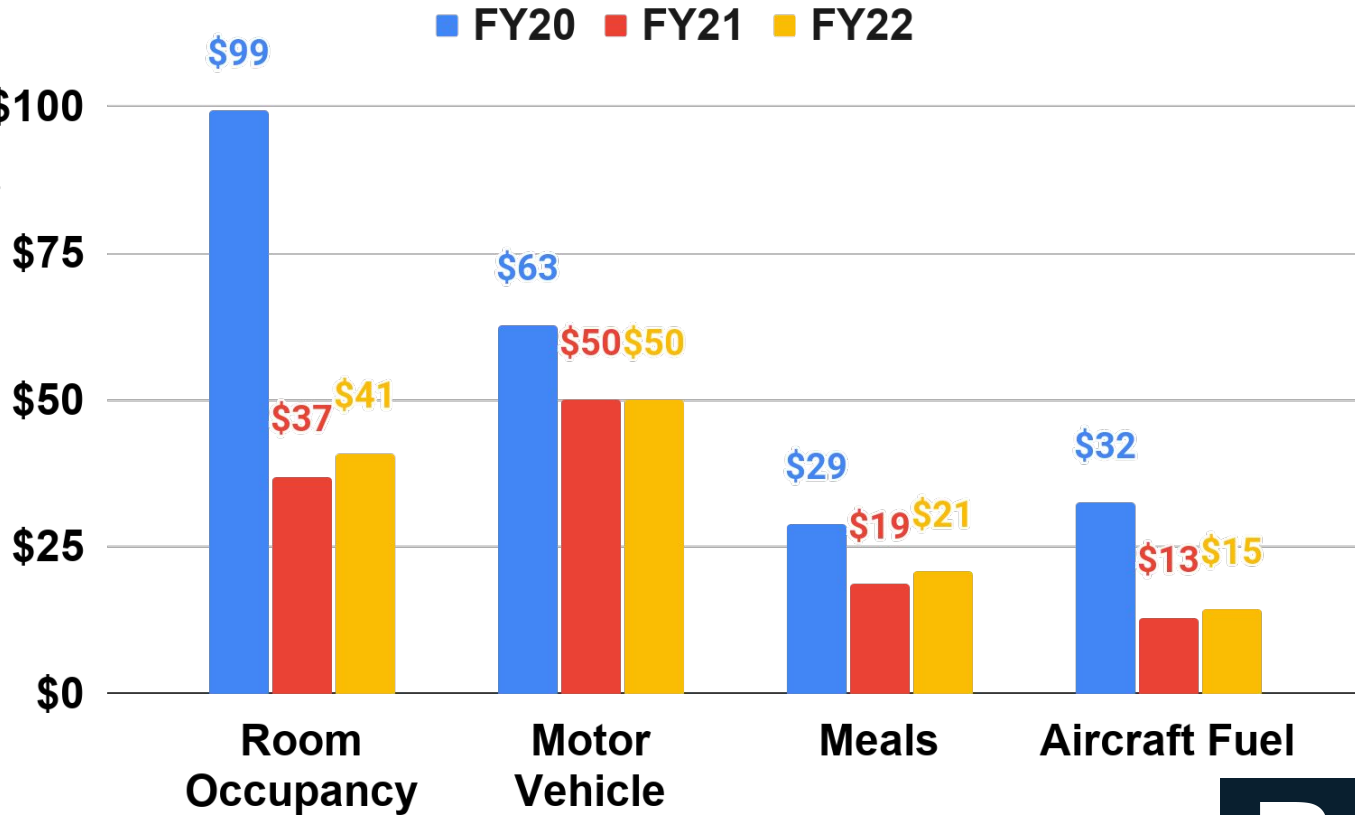
Excise taxes are closely linked to economy, and are expected to **increase** by \$9 million, or 7% overall in FY22.

Room Occupancy- \$4 million or 11% increase to \$41 million

Motor Vehicle- remains flat at \$50 million

Meals- \$2 million or 12% increase to \$21 million

Aircraft Fuel- \$1.5 million or 12% increase to \$15 million



Non-Recurring Revenue - 2% or \$90 million

■ Property Tax ■ State Revenue ■ Dept Revenue ■ Excise Tax ■ Non Recurring Revenue



- \$90 million in Non-recurring revenue expected, a small but important part of FY22 Budget.
- Continued commitment to spend \$40 million of Free Cash to pay down Other Post Employment Benefits (OPEB).
- Utilize \$50 million of American Rescue Plan (ARP) funding to sustainably replace lost revenue as part of a fiscal recovery plan over 5 fiscal years.

American Rescue Plan

- \$1.9 Trillion American Rescue Plan Act, signed into law March 11, 2021
- Includes substantial new funding to individuals, business, governments to aid in fighting and recovering from COVID-19
- Each pot of funds has different targets, timelines and eligible uses, some of the major ones
 - \$410 Billion Economic Impact Payments (\$1,400 checks)
 - ***\$350 Billion State and local government Aid***
 - \$289 Billion expanded Unemployment Insurance
 - \$268 Billion Transportation and Infrastructure
 - \$129 Billion K-12 Education Aid
 - \$122 Billion Testing, tracing and vaccines
 - \$50 Billion for Small Businesses
- The City of Boston is slated to receive, in total between all sources in excess of \$700 Million, the majority through State and Local government Aid, K-12 Education, Housing and other supports

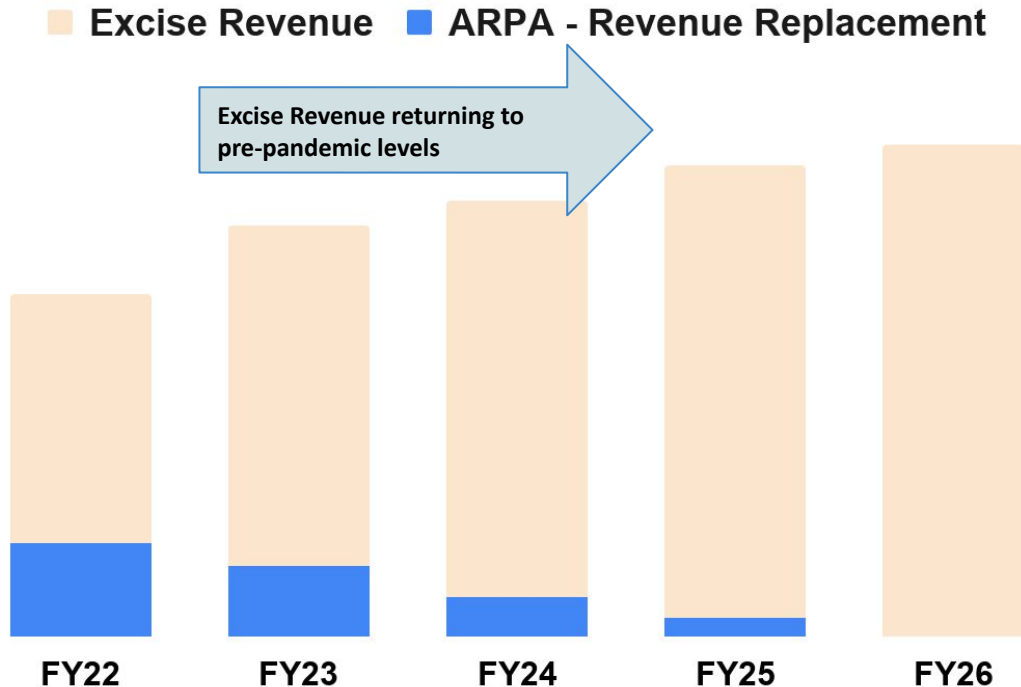
State and Local Government Aid

- Boston estimated to receive ***\$435 Million directly***, and additional funding as Suffolk County does not operate as a government entity
- Funding comes in two tranches, the first half of funding (***\$215 Million***) should arrive in May 2021, the second half should arrive in May 2022
- Less restrictive than previous Federal Funding, but limited to:
 - ***Revenue replacement for the provision of government services to the extent the reduction in revenue due the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency,***
 - ***Assistance to small businesses, households, and hard-hit industries, and economic recovery,***
 - ***Investments in water, sewer and broadband infrastructure.***

Plan for Boston Funding

- Most Federal Funding can be spent over 5 fiscal years FY21 through FY25 (December 2024)
- Plan for funding must be based in GFOA guiding principles in order to be sustainable and avoid cliffs (like ARRA)
- Allocating initial **\$215 Million** between Now (FY21) and June 2022 (FY22)
 - **\$100 Million** for Government Services/Revenue Replacement
 - Make targeted investments in ***Reopening, Recovery, and Renewal***
 - Replenish reserves used to offset revenue declines during the pandemic and ensure flexibility, stability and fiscal resiliency
 - **\$115 Million** for targeted investments in economic recovery for small businesses, households and Infrastructure
 - Based on feedback from the new ***Equitable Recovery Resources Coordinating Committee***

American Rescue Plan Act to support Government Services



- Over the next year, the City will use ARPA funds to cover lost local revenue and make targeted investments
- The exact amount will fluctuate depending on how quickly the local economy recovers and revenue returns to pre-COVID levels
- No ARPA funds will be used after FY25



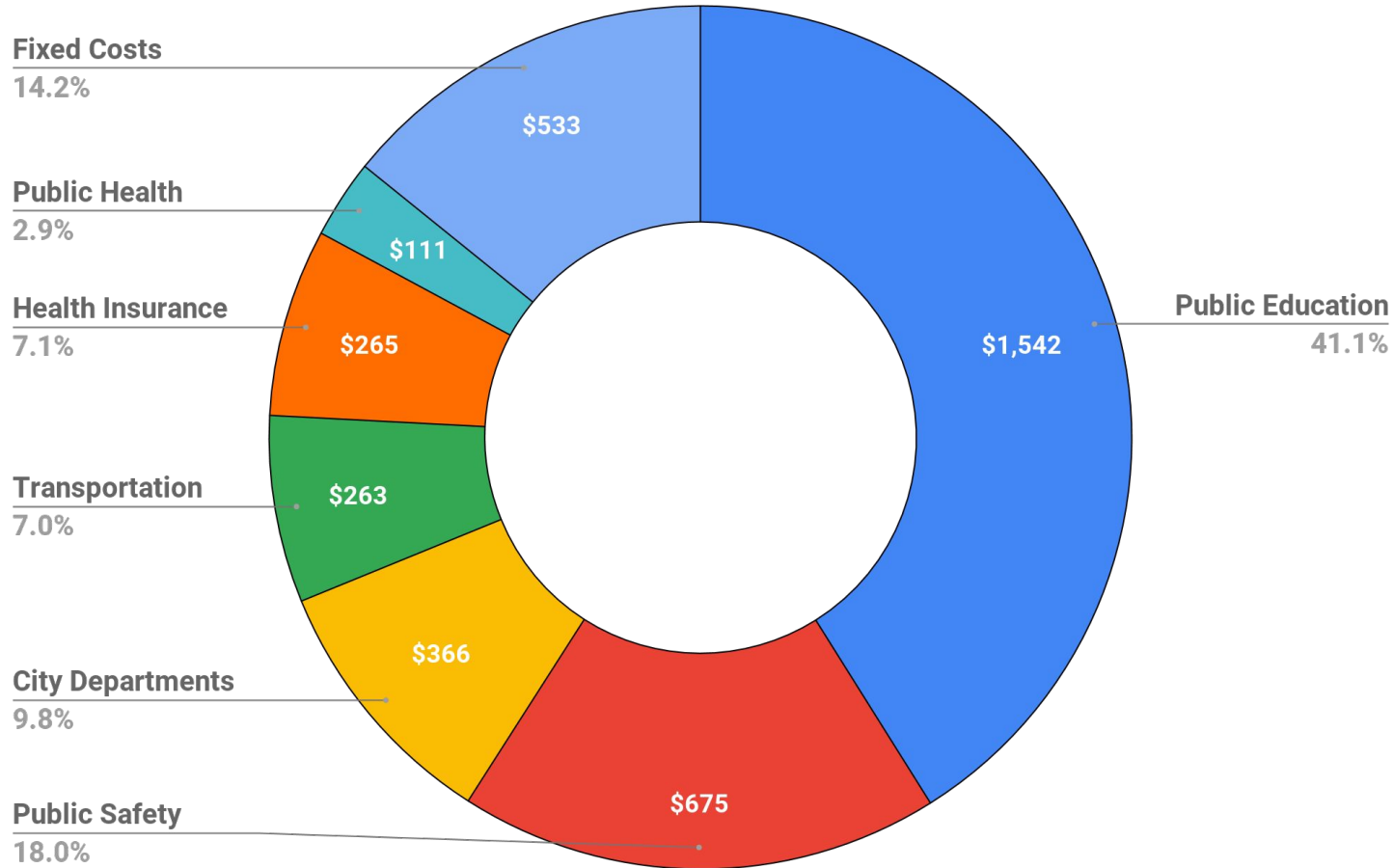
FY22 Spending



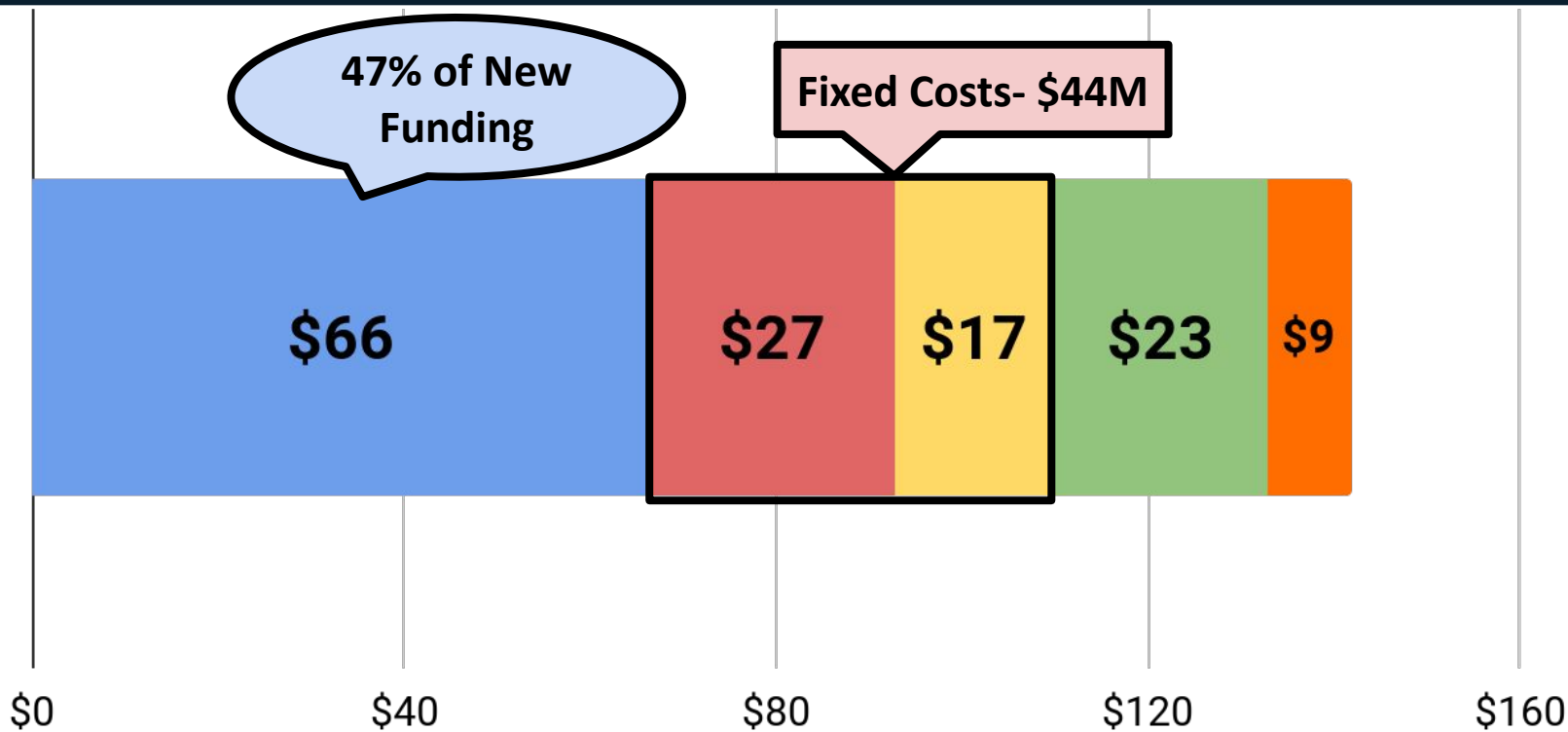
Overall FY22 Budget Summary

Expenditure	FY21	FY22	Change (\$)	Change (%)
City Departments and Services	\$1,500,385,249	\$1,529,338,963	\$28,953,714	1.9%
Public Health Commission	\$106,473,529	\$110,698,090	\$4,224,561	4.0%
Public Education	\$1,475,370,918	\$1,541,601,781	\$66,230,863	4.5%
Fixed Costs	\$530,203,970	\$572,623,638	\$42,419,668	8.0%
Total	\$3,612,433,666	\$3,754,262,472	\$141,828,806	3.9%

FY22 Operating Budget- \$3.75 Billion



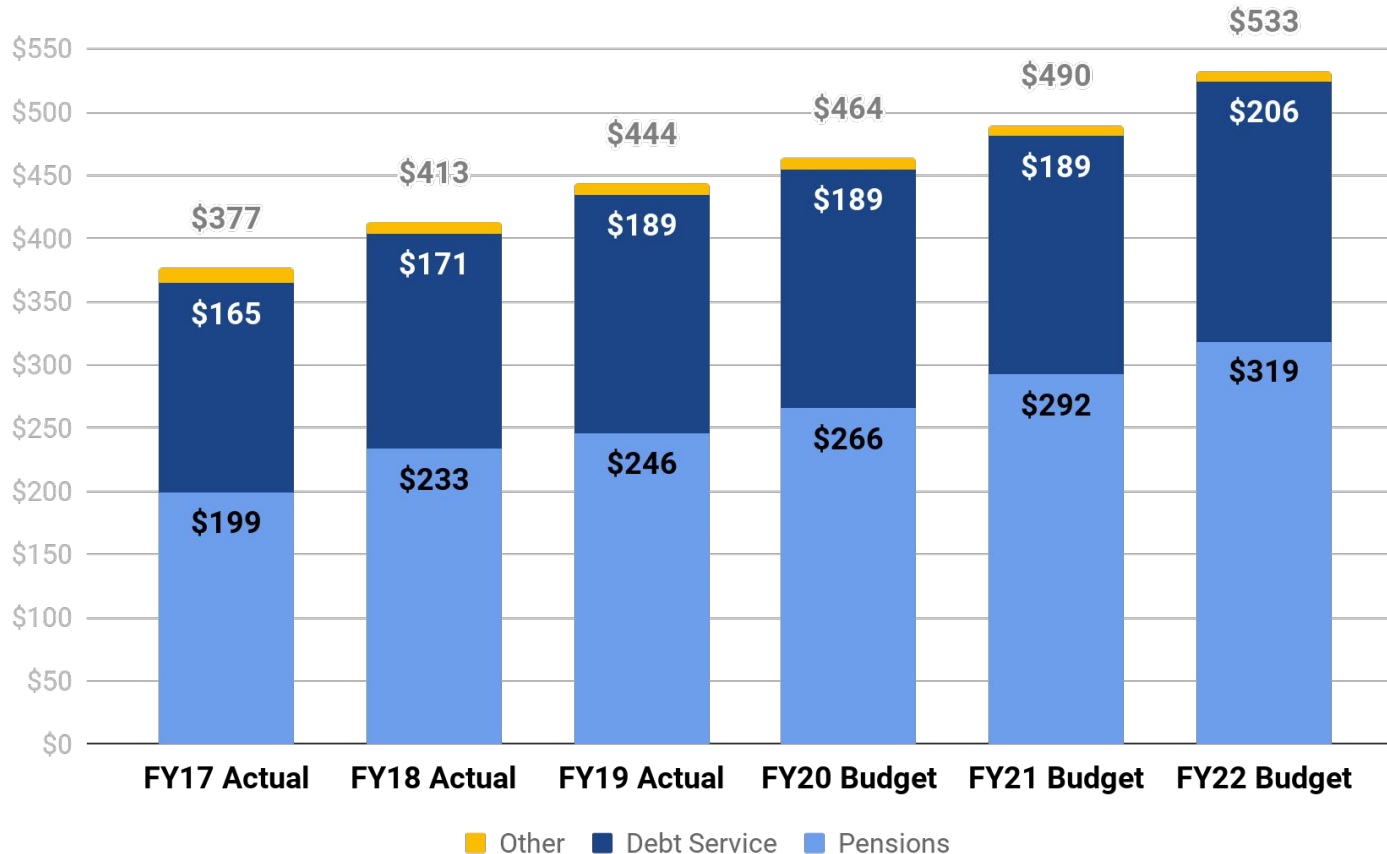
\$142 Million in new funding



- Public Education
- Pensions
- Debt Service
- Departmental Growth
- CB Reserve



Fixed Costs- \$533 Million or 14%



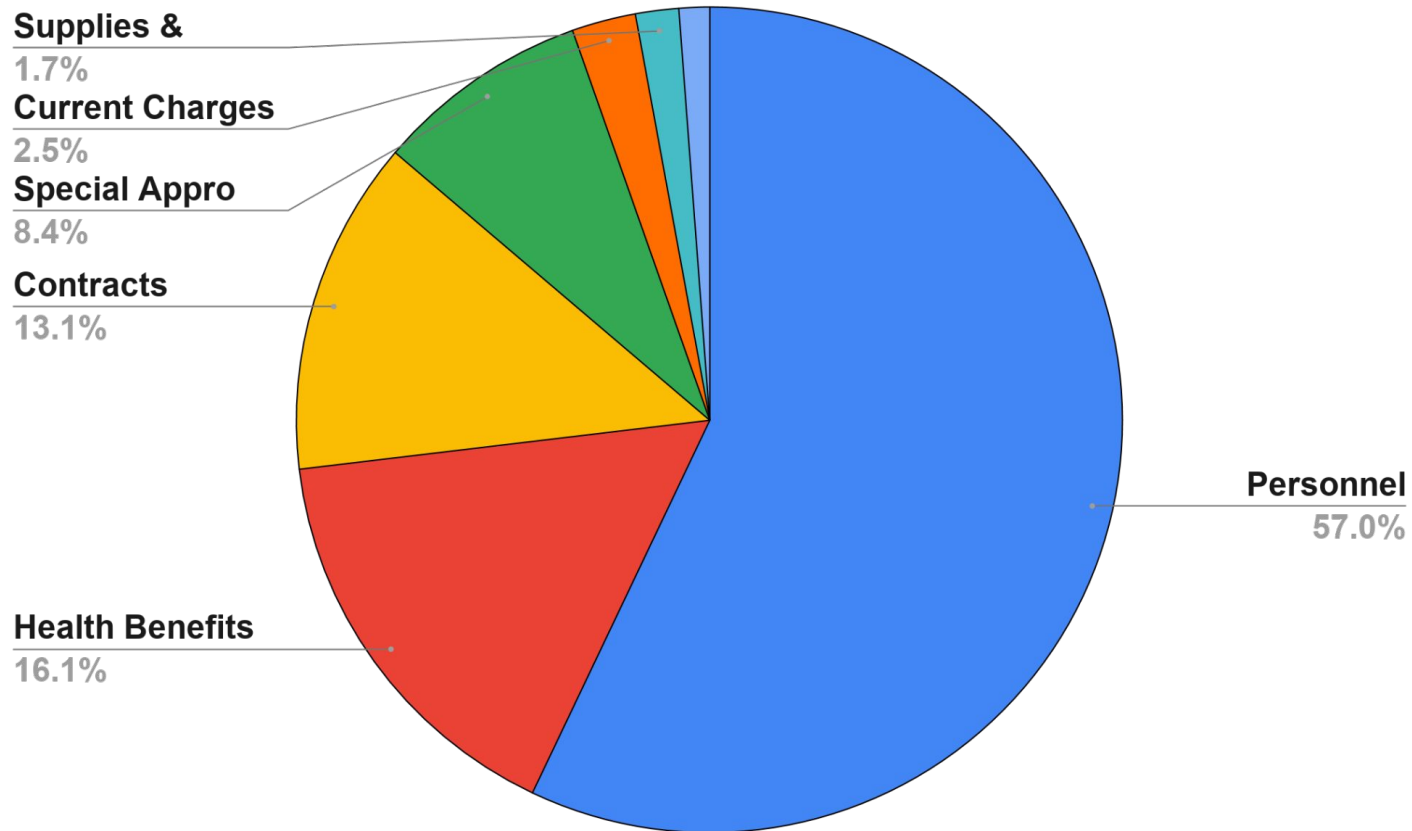
Pensions & Debt up 9% from FY21

\$44M increase

Maintains Funding Schedule for Pensions and FY22-26 Capital Plan Borrowing



City Departments - \$1.569 Billion

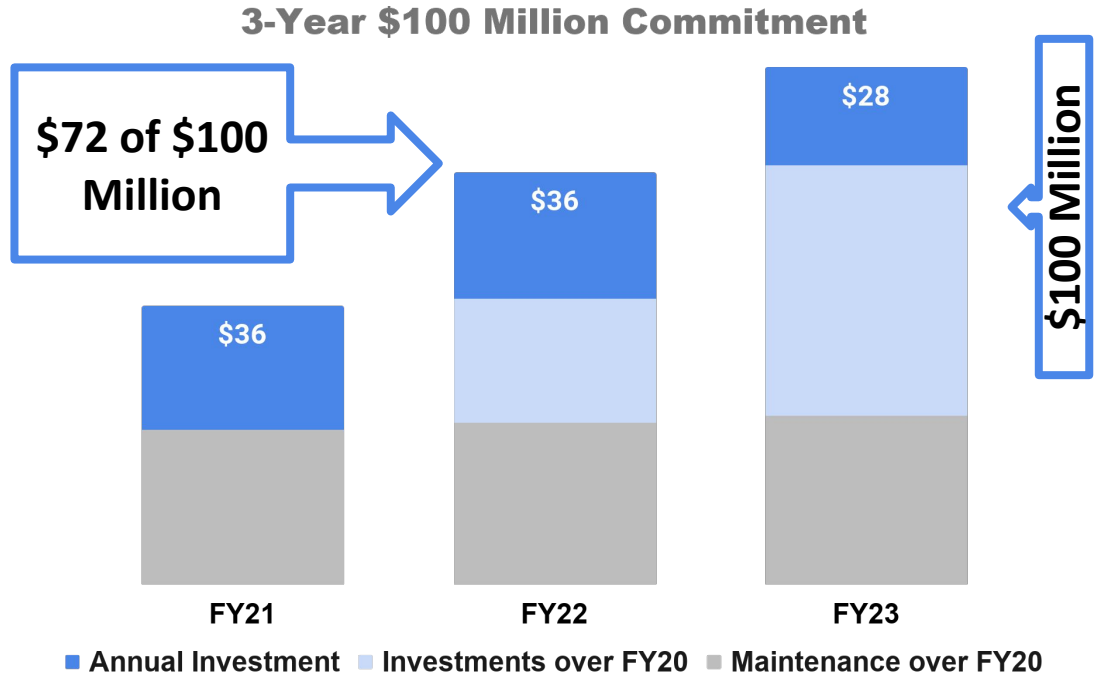


New Budget Methodologies and Processes for FY22

- In partnership with **Equity and Inclusion Cabinet**, introduced an equity framework to the budget process that formalizes an equity analysis through data for budget decisions.
- In conjunction with **A&F Cabinet and the Economic Development Cabinet**, implemented the budget components of the December 2019 Mayor's Executive order on Equitable Procurement. This included the collection of Equitable Procurement Plans from every City department and discussed opportunities for restructuring upcoming procurements to diversify supplier options.
- OBM is piloting an Engagement program with **MONUM** program called Moving Through the Budget, which engages residents through dance and movement with an 8 week virtual residency to connect lived experiences to the city's budget; and plans a sustained media and outreach campaign around the FY22 budget release to foster conversation and feedback from the community.

\$100 Million Investment in New Classroom Funding

- Second of three-year commitment to BPS to provide new resources above and beyond standard cost increases
- Allows for significant new resources, long range planning and execution of new Strategic Plan
- Opportunity for BPS to find efficiencies and re-invest those savings in the classroom



Safety, Justice and Healing

Office of Police Accountability and Transparency

- \$1,000,000 for 10 staffers including Executive Director and Civilian Review Board, Internal Affairs Oversight Panel (IAOP), plus technology support to create dashboards and address technical needs.

Alternative Policing- Health and Human Services

- \$1.75 Million investment in Health and Human Services to coordinate with Police, and other City and External stakeholders, engage community, develop a pilot plan for implementation in Boston

Police Department- Reducing Overtime and Investing in Taskforce Recommendations

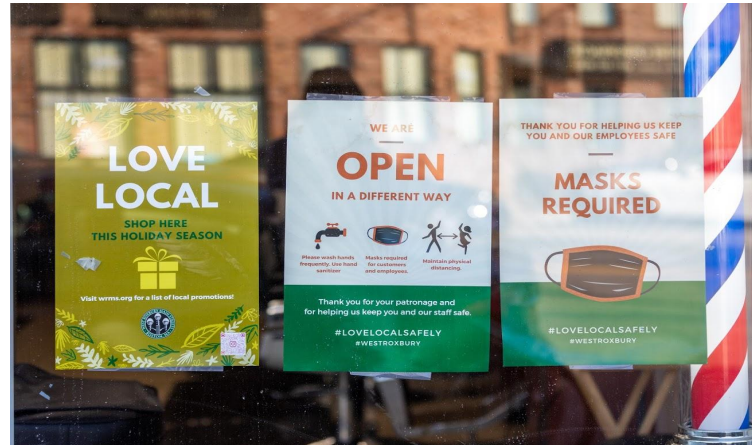
- \$21 Million Reduction in Overtime compared to FY21 Spending level of \$65 Million, \$43.9 Million budget or 675,000 Hours for FY22
 - Grow Size of Sworn force by 30 Officers to 2,288 total includes two 125 members classes in FY22, \$2.1 Million
 - Increase Cadet Recruits by 50%, from 40 to 60, \$580,000
 - Increase Medical Triage Unit and Clinicians to get officers back to work, \$500,000
- Training/ Counseling
 - \$1 Million investment for racial equity training, part of Task Force Recommendations
 - \$2 Million maintained for additional BEST Clinicians

FY22 Recovery, Reopening and Renewal Investments

Recovery

\$13.8 Million in new investments to chart a course to recover from COVID-19, reopen our businesses, and renew our commitment to a stronger, more equitable Boston for all. This includes new funding for:

- \$5 Million to increase youth jobs, Age Strong, substance use and mental health supports.
- \$4 Million in job training and economic development supports for hard-hit industries like arts, tourism and local small businesses.
- \$2 Million to support digital equity, childcare entrepreneurs and subsidizing public transit options



FY22 Recovery, Reopening and Renewal Investments

Reopen

\$9.2 Million in new investments to reopen our city and address immediate needs and offer expanded services to lay the foundation for a more equitable, vibrant Boston. This includes new funding for

- \$2 Million to expand services for post COVID-19 programming and services at departments including Arts, Parks, Youth, Age Strong, Disabilities Commission and Veterans.
- \$1.5 Million to ensure we can reopen civic spaces, including polling locations safely.
- \$1 Million to ensure continued robust technology supports and city service delivery.



FY22 Recovery, Reopening and Renewal Investments

Renew

\$15.8 Million in new investments centered on post COVID-19 renewal and healing as individuals, in neighborhoods, as well as in the local business community. This includes new funding for:

- \$5 Million for housing and homelessness efforts to prevent displacement and expand housing opportunities for families of every income in all neighborhoods.
- \$5 Million to support the healing of racial divides through new funding for the Equity and Inclusion cabinet, the Office of Police Accountability and Transparency, and alternative policing.
- \$2 Million in new investment across departments to move Boston forward on climate, technology and equity post COVID-19.



Online Capital Maps Feature

CAPITAL PROJECTS

CITY of BOSTON

[VIEW THE MAP](#) [GET THE DATA](#) [ABOUT](#)

Show projects near...



FILTER PROJECTS

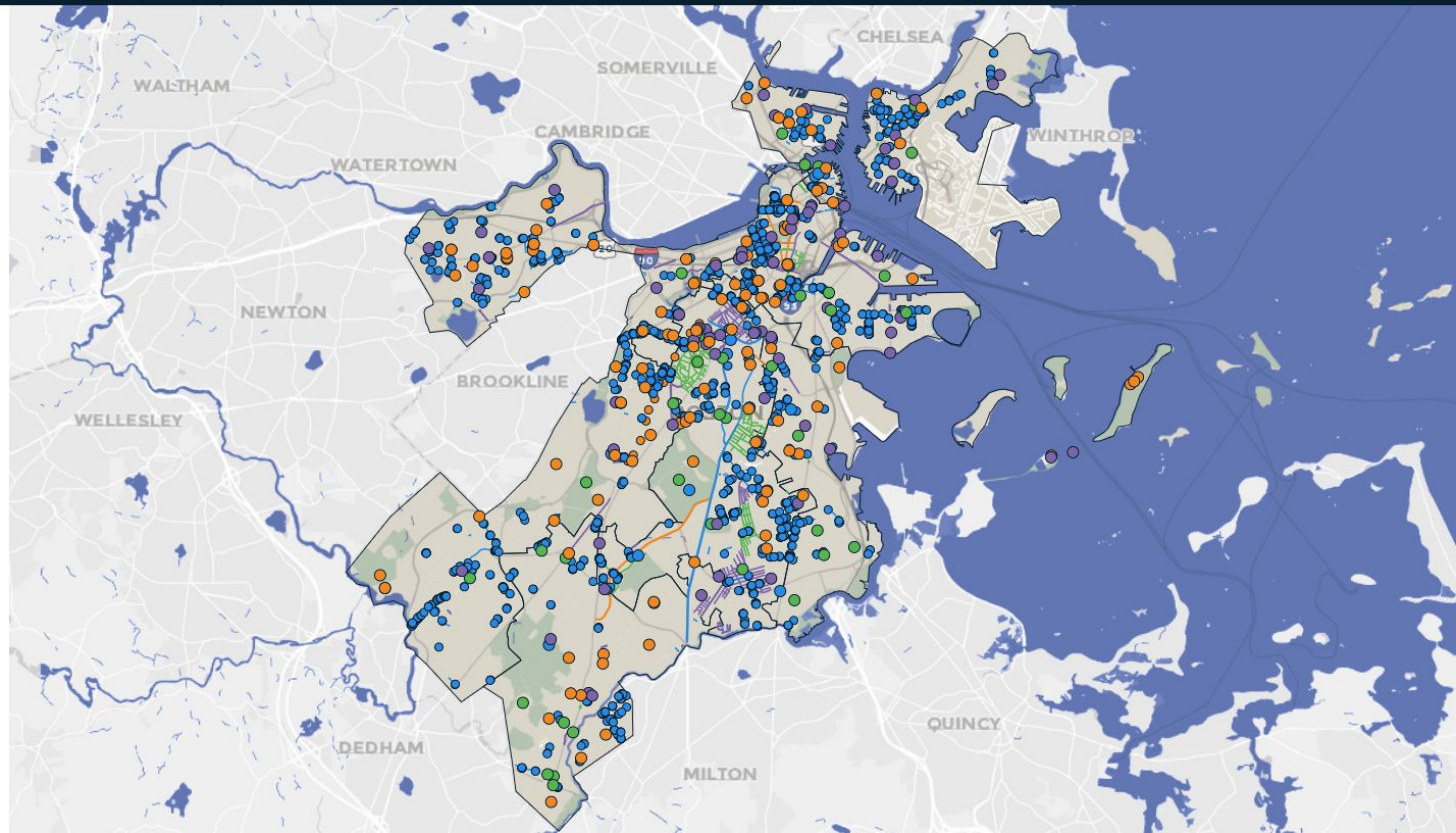
BY CABINET:

All



CAPITAL PROJECTS

-  Annual Programs/Other
-  Projects being planned
-  Projects being designed
-  Projects in construction
-  City council districts



[HOME](#)

Last updated: 12/16/19

FISCAL YEAR 2022

*The Fiscal Year 2022 Recommended Budget is
balanced and responsible, robust and forward-looking*

Still have questions? Contact:

BUDGET



617-635-3870



BUDGET@BOSTON.GOV