

# Fiscal Year 2021 Recommended Budget

*Budget Overview Presentation*

*4.13.2020*



City of Boston  
Mayor Martin J. Walsh



City of Boston  
Budget

# FY21 Budget Framework

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## **City's finances remain strong**

- AAA Bond Ratings for 6 years in a row and recognized as one of the US Cities most prepared for a recession by Moody's
- Underlying fiscal conditions remain strong, but caution is needed.

## **Revenue growth projected for FY21, but significantly less than expected**

- Property Tax and New Growth are expected to grow consistent with Prop 2.5
- State Aid is up based on the Governor's House 2 Budget
- Department Revenue expected to be level
- Excise Revenue is closely linked to economy

## **Limited Spending growth overall, but major investments are funded**

- Major new investments in Education and Housing
- Fully funded fixed costs like Pensions and Debt Service
- New Public Health funding to ensure continued robust response
- Targeted investments funded through identified cost savings

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# FY2021 Revenue



# FY2021 Revenue- \$3.647 Billion

■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise

72%

13%

10%

5%

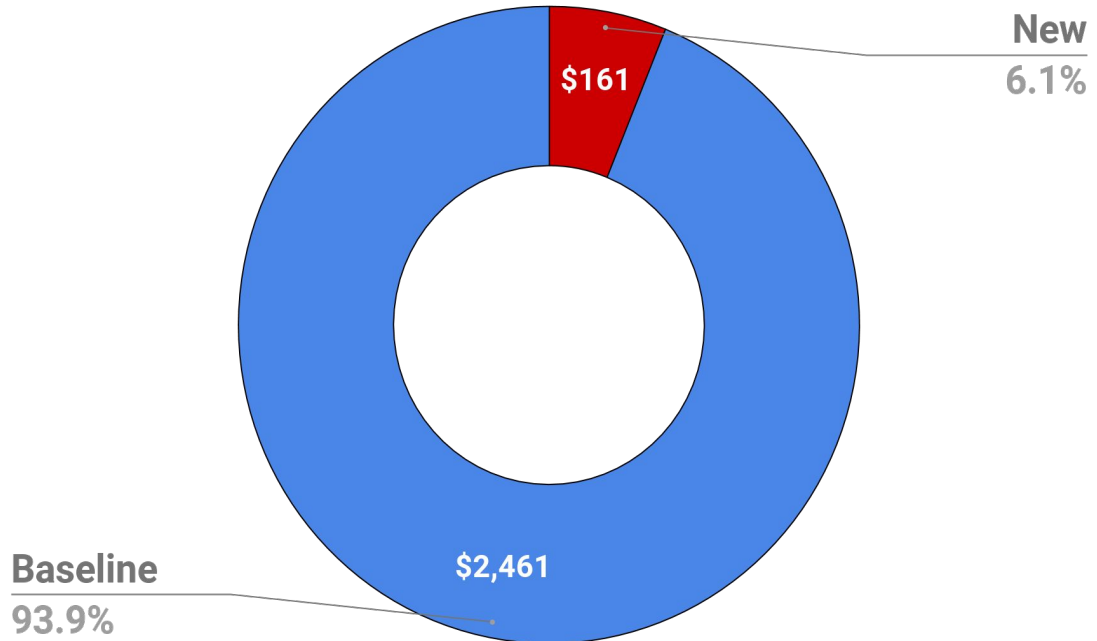
Type	FY20	FY21	FY20-FY21 Comparison	
			\$	%
Property Tax	\$2,461	\$2,622	\$161	7%
State Revenue	\$464	\$474	\$9.4	2%
Dept Revenue	\$363	\$364	\$0.5	0%
Excise Tax	\$205	\$188	-\$17	-8%
<b>Total</b>	<b>\$3,494</b>	<b>\$3,647</b>	<b>\$154</b>	<b>4.4%</b>

# Property Taxes- 72% or \$2.622 Billion

■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise

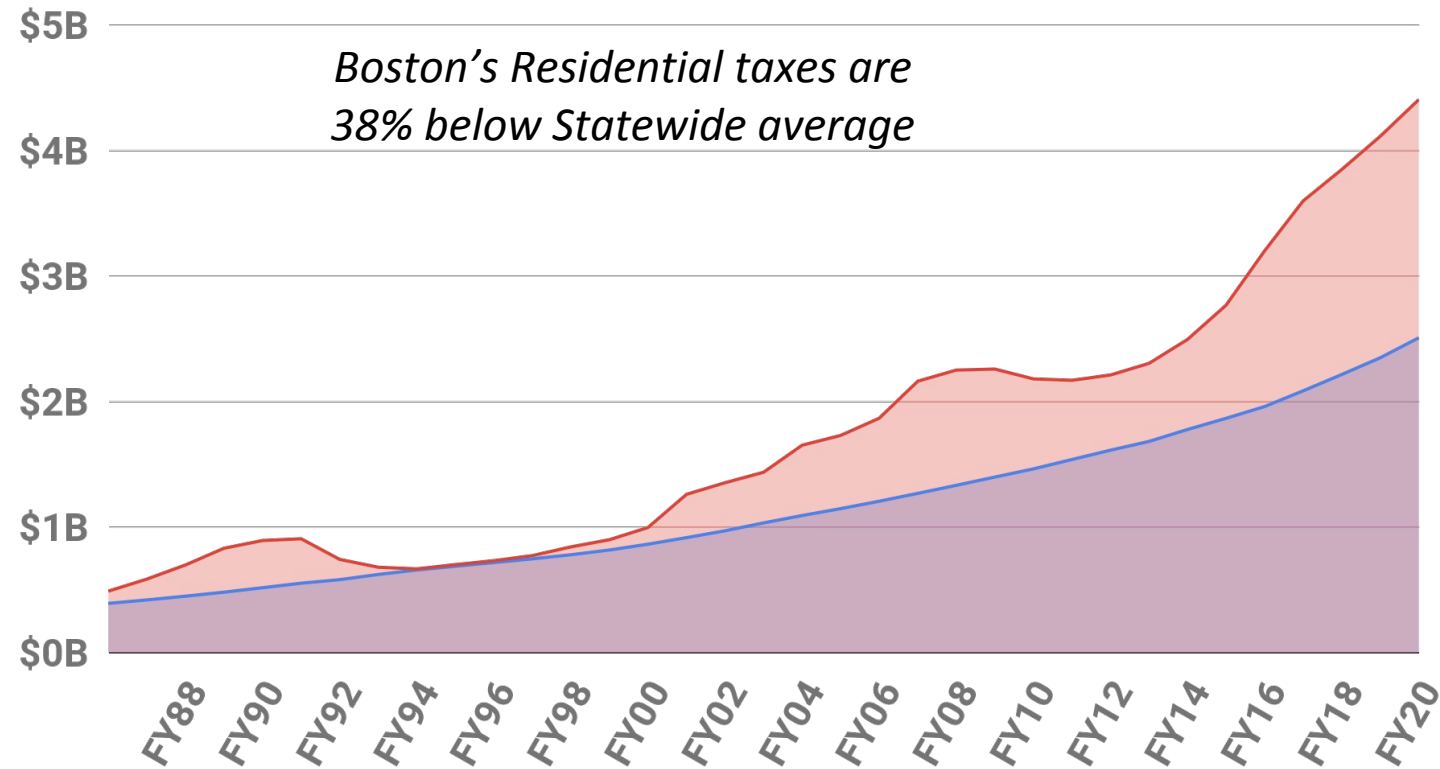


- Governed by Proposition 2.5
- Stable revenue base that grows consistently at 2.5% annually
- “New Growth” added to base to account for new construction
- City annually assesses changes in required overlay account



# Property Tax Base

■ Tax Levy ■ Levy Ceiling (2.5% of values)



*Boston's Residential taxes are 38% below Statewide average*

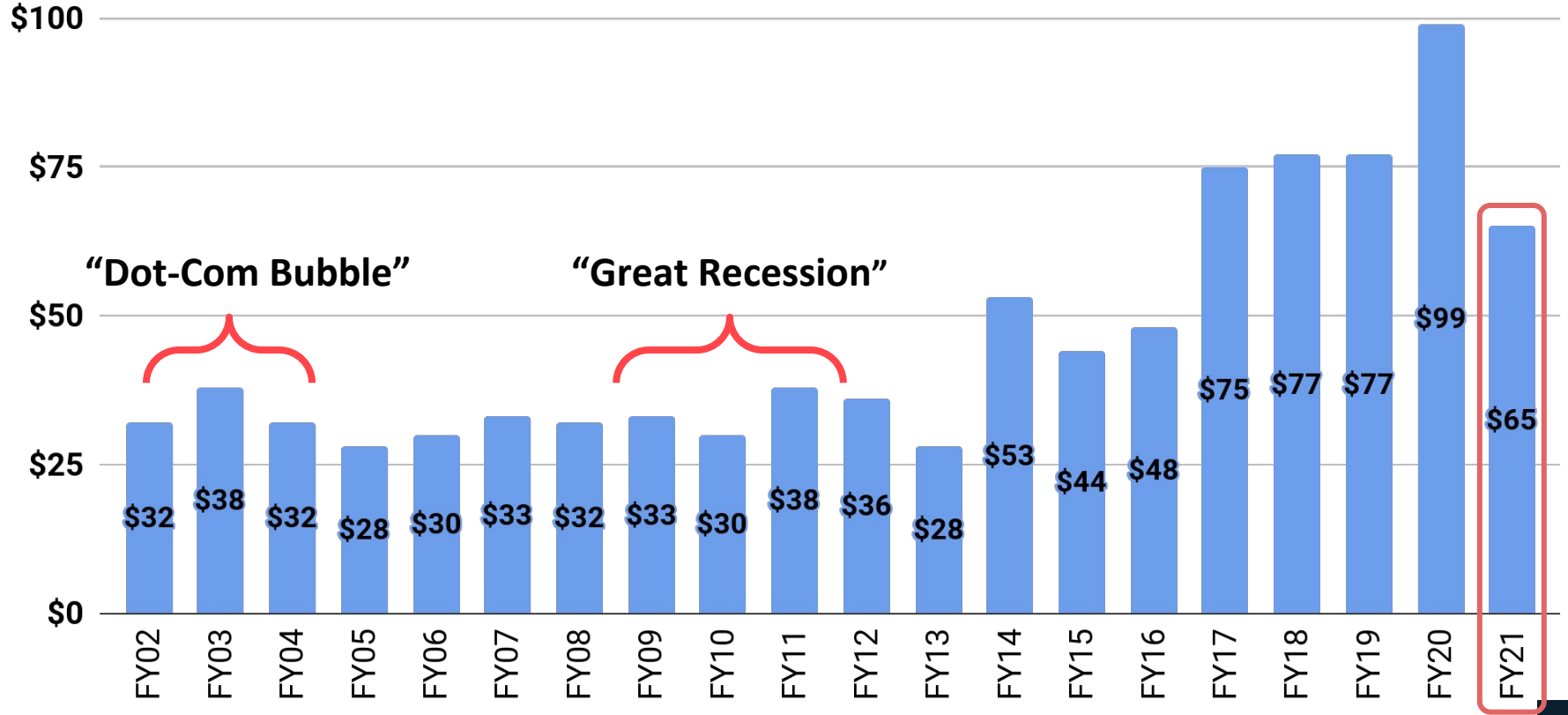
Boston has increased its property tax base by 2.5% annually since Prop 2.5

Property Values has increased dramatically, by an average of **8% annually** since 1986

Boston current levy ceiling is \$4.4 Billion, the FY21 Tax Levy is \$2.6 Billion - \$1.9 Billion or 40% below the ceiling



# Property Tax New Growth



# State Aid - 13% or \$474 Million

■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise

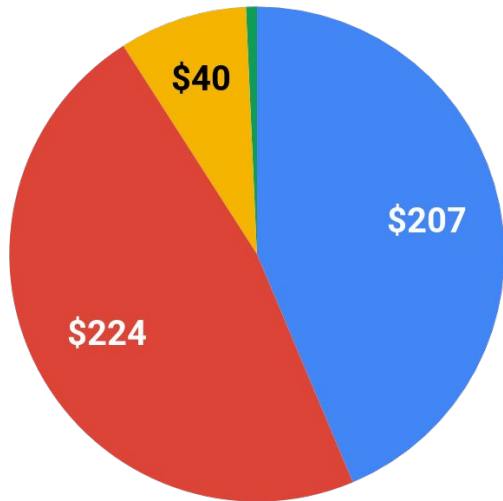
72%

13%

10%

5%

## FY2021 State Aid



● UGGA ● Chapter 70 ● Charter Reimbursement ● Other

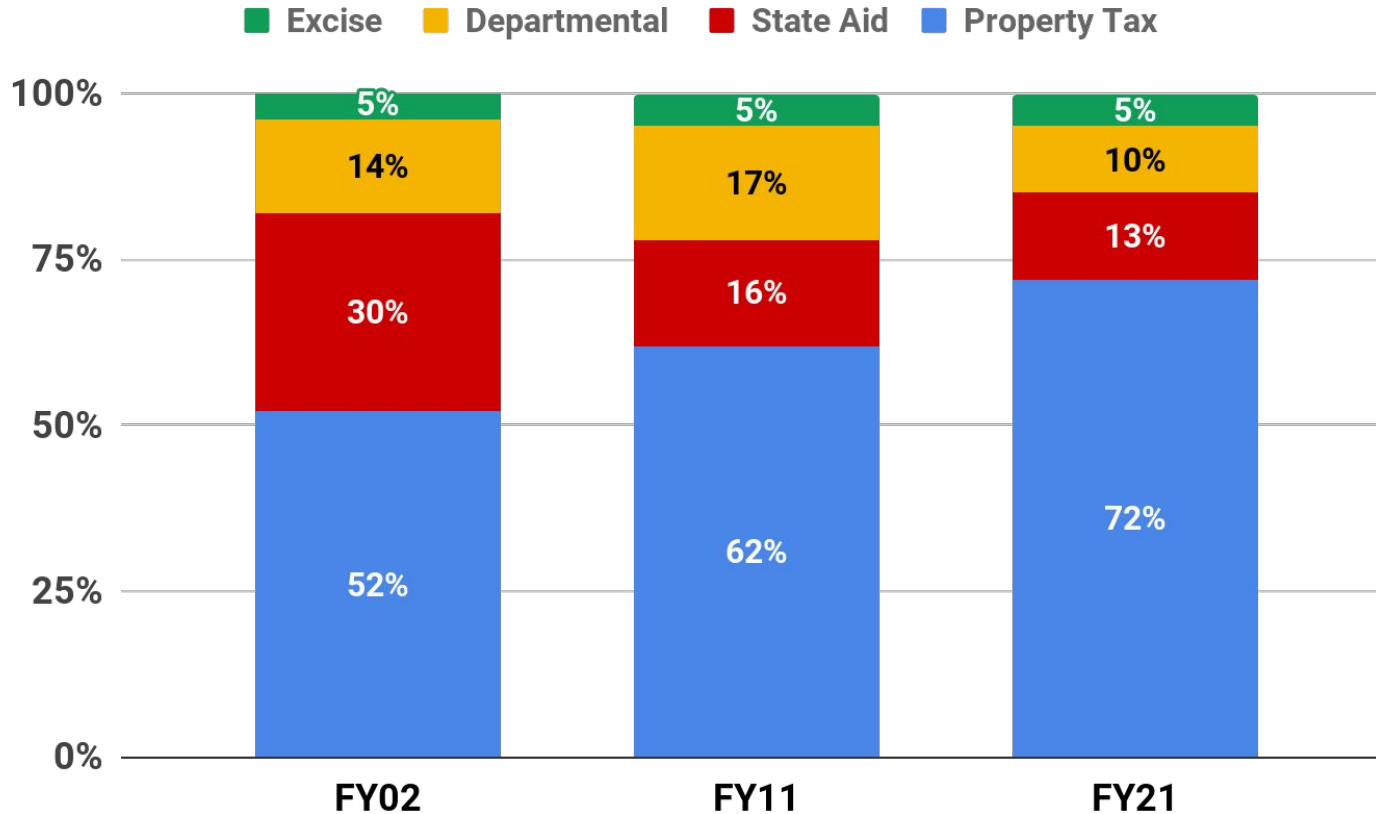
\$9 Million increase for FY21 under the Governor's Budget, but State now grappling with their own revenue issues

**Unrestricted General Government Aid (UGGA)**- Same increase for all Cities of 2.8%

**Education Aid** (Chapter 70 & Charter Reimbursement)- Up \$7 Million thanks to first year of *Student Opportunity Act*



# Changing Blend of Revenue Over Past Two Decades



**Property Tax**- Up 20% since FY02 to 72% of City Revenue

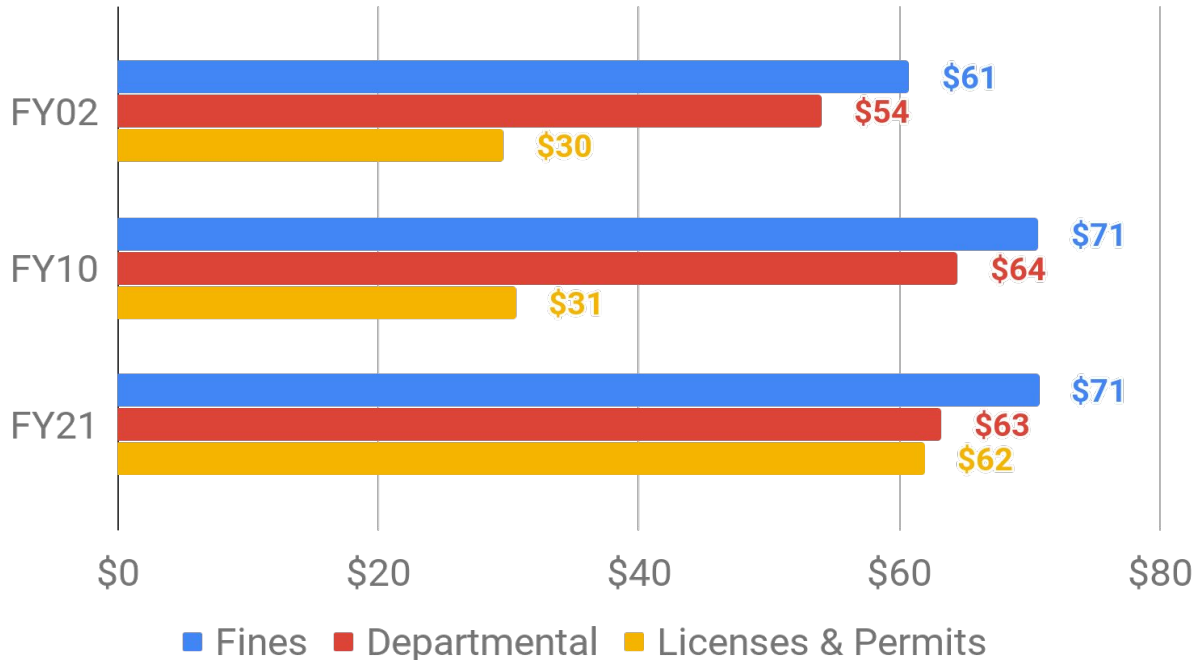
**State Aid**- Decreased from 30% to 13% in FY21

**Department Revenue**- Up and down over time, but down to 10% in FY21

**Excise Revenue**- More sources, but flat since FY02 at 5%

# Department Revenue 10% or \$364 Million

Property Tax State Aid Dept Revenue Excise



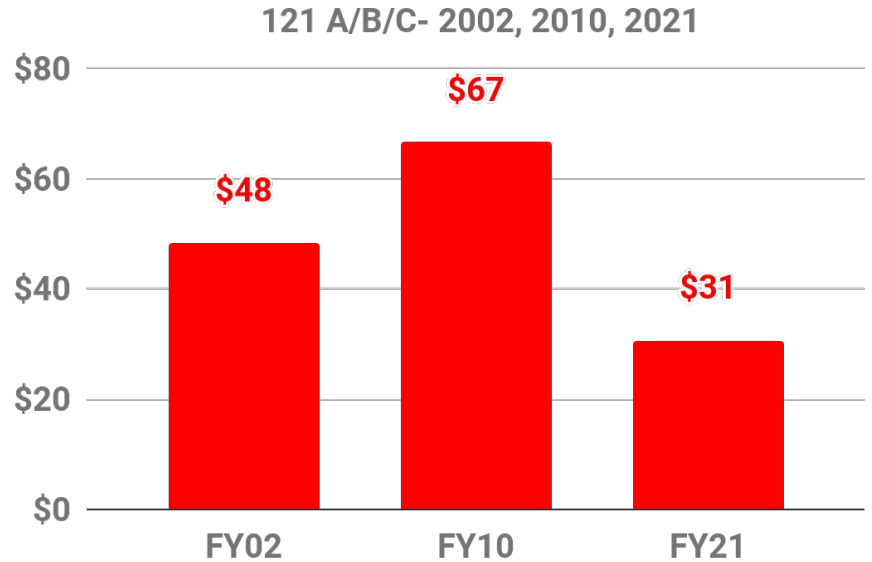
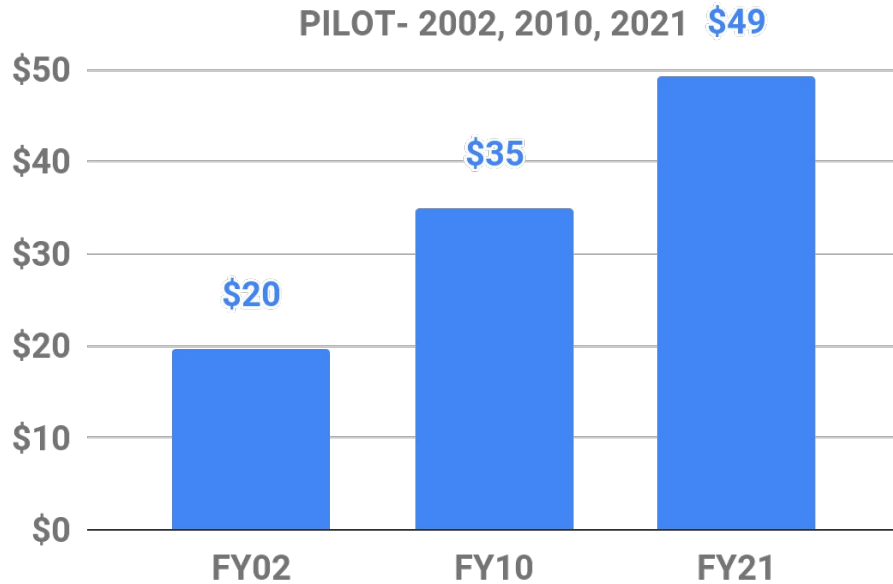
**Department revenue** very consistent over time.

**Fines and Departmental-** Up slightly since FY02, but level with FY10, very little volatility

**Licenses & Permits-** Up since FY02 and FY10, but assuming flat growth for FY21



# Pilot Payments and 121 Agreements



Pilot Payments up 145% over the past 20 Years and up **\$14 Million since 2010**

121 A/B/C Agreements **down 46% since FY2010**

# Excise Tax Revenue 5% or \$188 Million

■ Property Tax ■ State Aid ■ Dept Revenue ■ Excise

72%

13%

10%

5%



46%

**Room Occupancy**

6.5% levied on both hotels and short-term rental units



27%

**Motor Vehicles**

\$25 per \$1,000 of vehicle valuation



14%

**Meals**

0.75% local excise on meals



11%

**Aircraft Fuel**

5% of the average sales price, but no less than five cents per gallon

# Excise Tax Revenue and the Economy

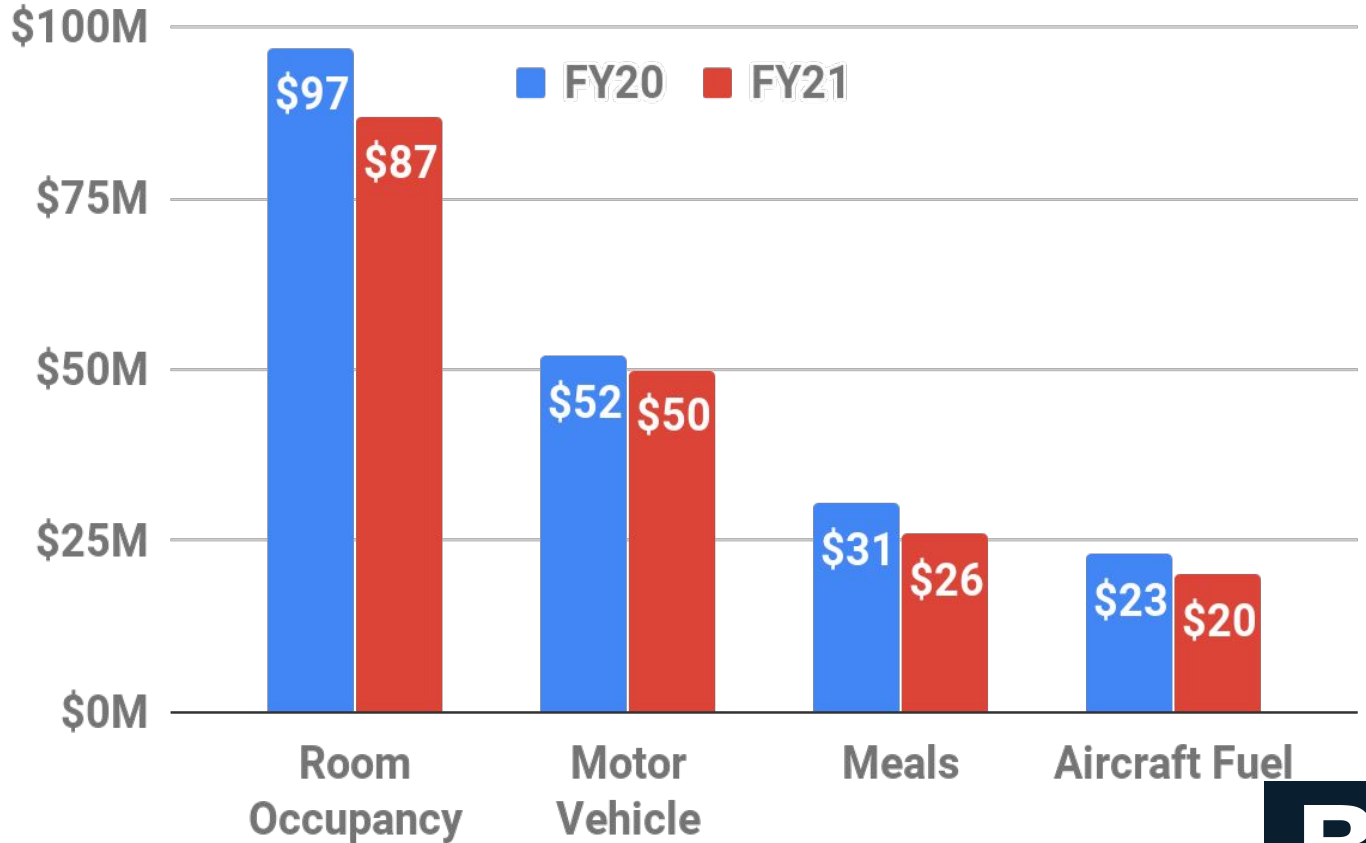
Excise taxes are closely linked to economy, and are expected to **decrease** by \$17M, or 8% overall in FY21.

**Room Occupancy-** \$10 Million or 10% reduction

**Motor Vehicle-** \$2 Million or 4% reduction

**Meals-** \$5 Million or 15% reduction

**Aircraft Fuel-** \$3 Million or 13% reduction



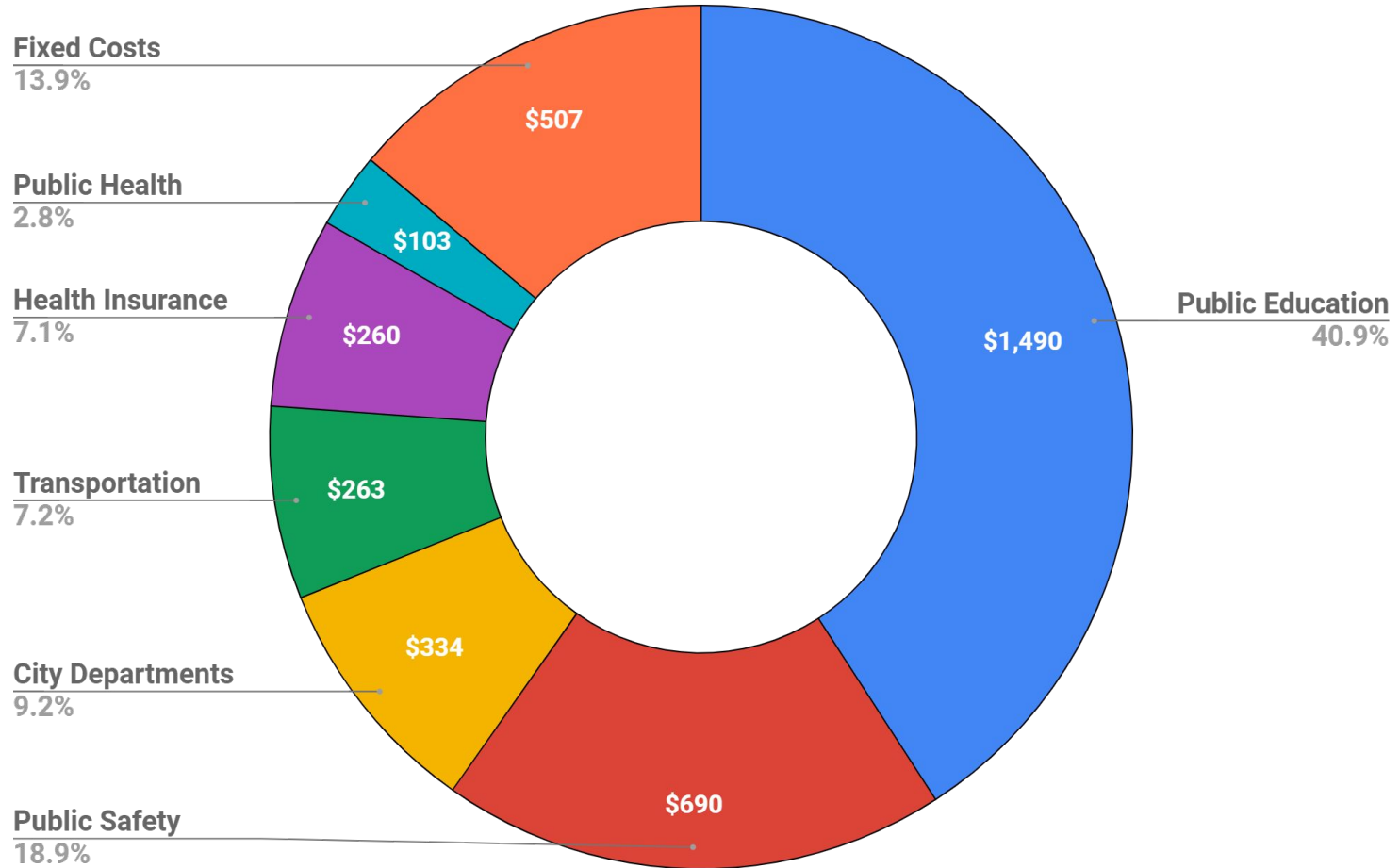
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# FY2021 Spending

# Overall FY21 Budget Summary

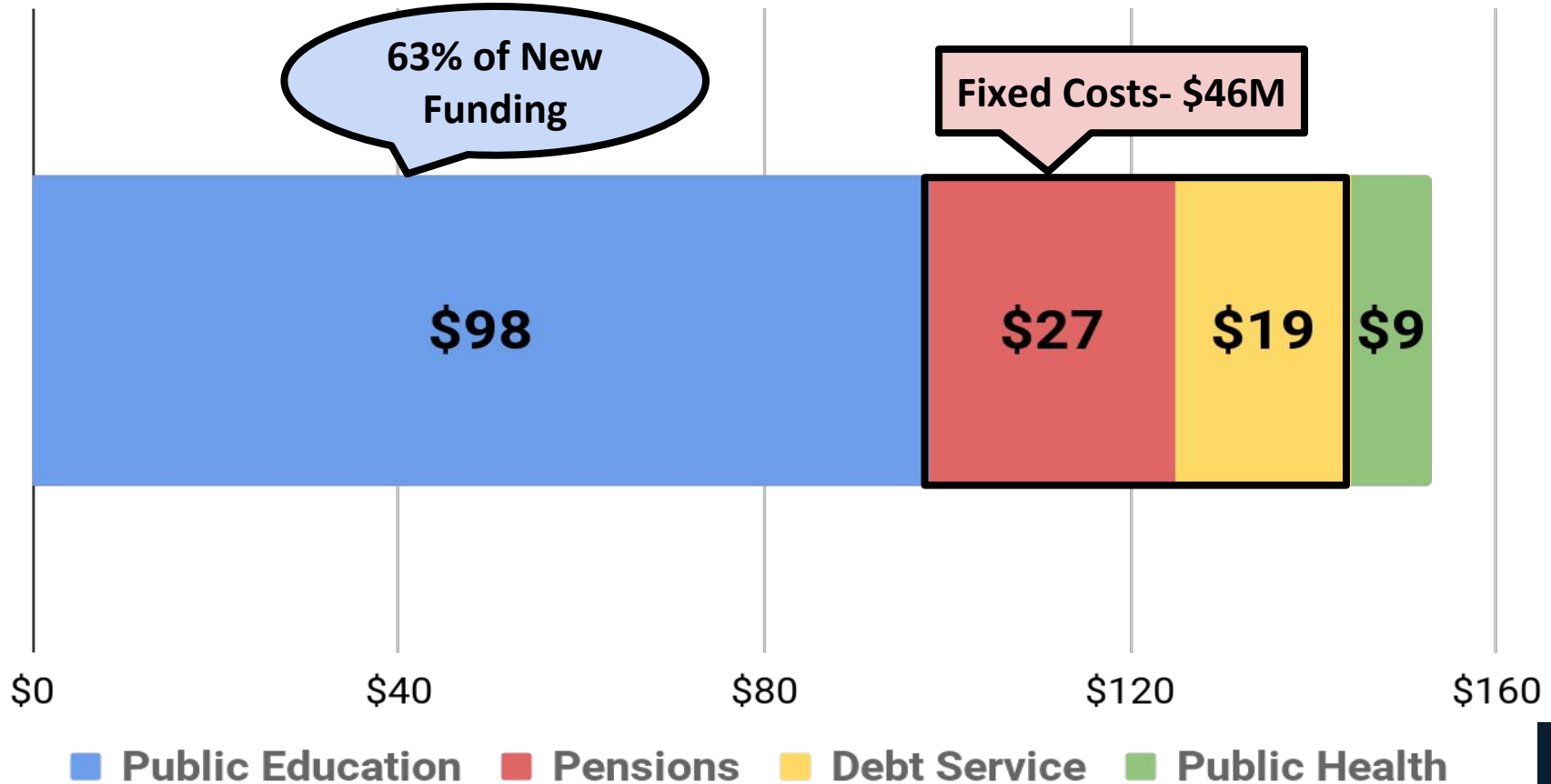
Expenditure	FY20	FY21	Change (\$)	Change (%)
City Departments	\$1,545,748,562	\$1,547,202,540	\$1,453,978	0.1%
Public Health Commission	\$93,405,428	\$102,473,529	\$9,068,101	9.7%
Public Education	\$1,393,137,680	\$1,490,591,413	\$97,453,733	7.0%
Fixed Costs	\$461,251,262	\$507,213,345	\$45,962,083	10.0%
<b>Total</b>	<b>\$3,493,542,932</b>	<b>\$3,647,480,827</b>	<b>\$153,937,895</b>	<b>4.4%</b>

# FY21 Operating Budget- \$3.647 Billion

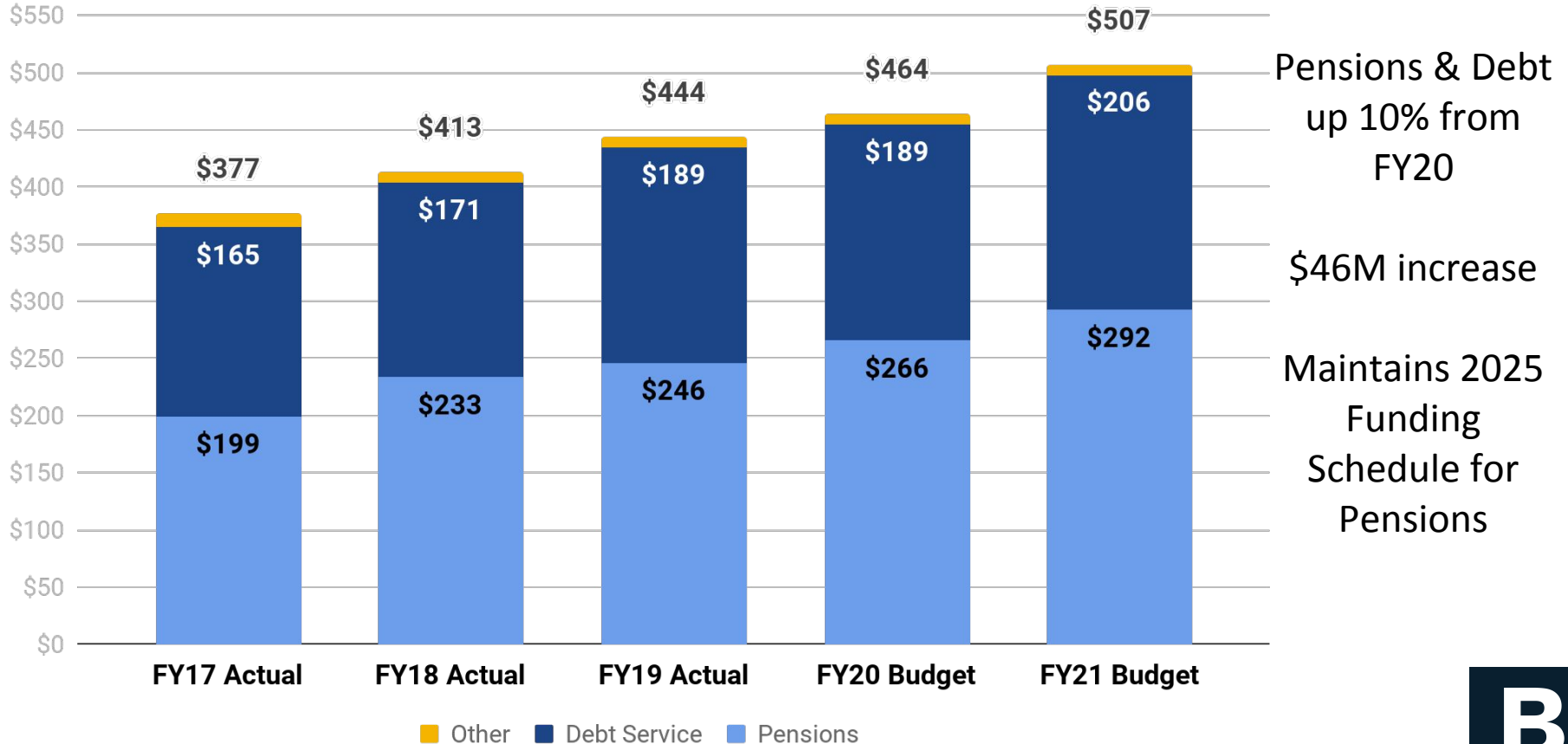




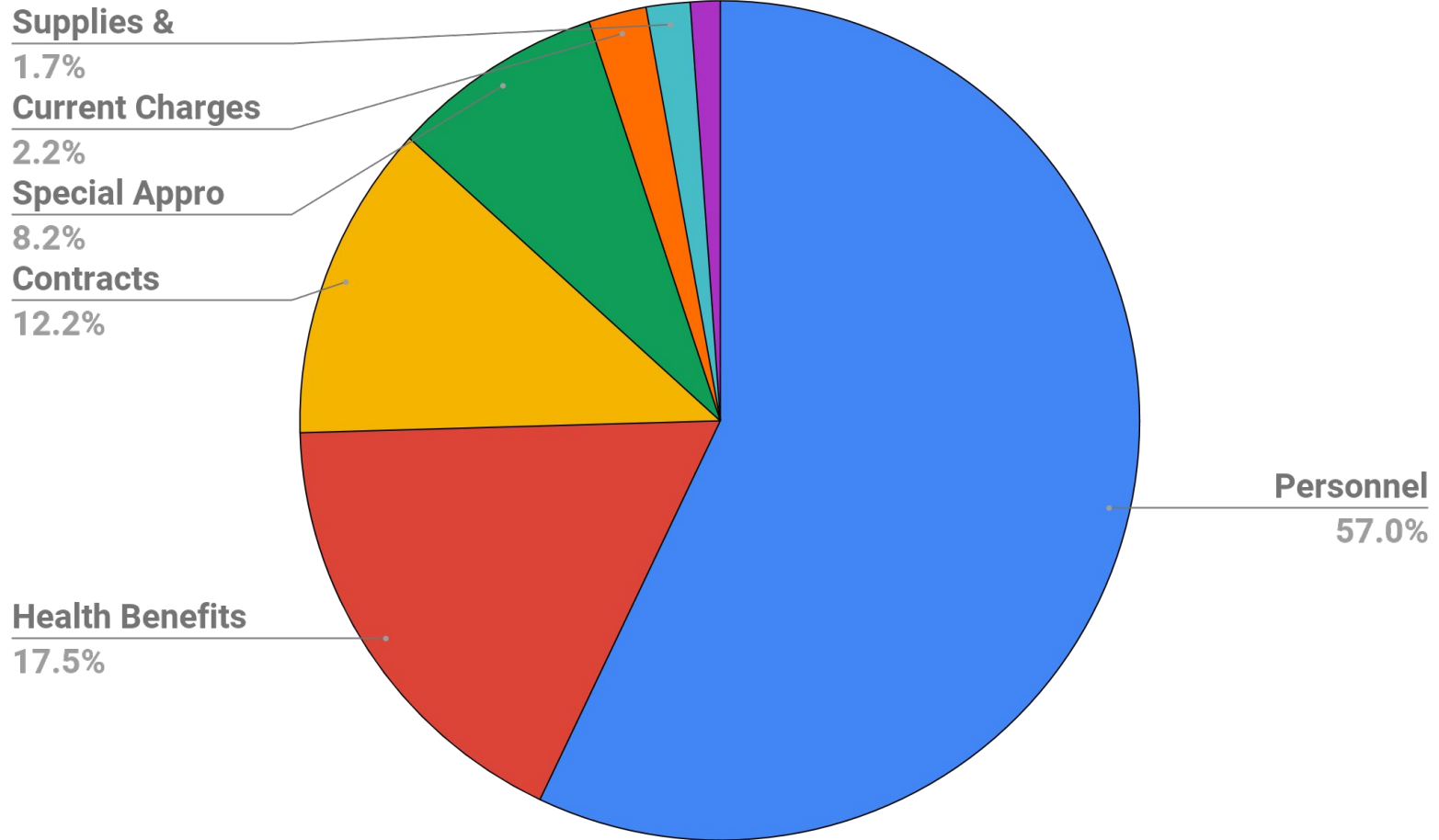
# \$154 Million in new funding



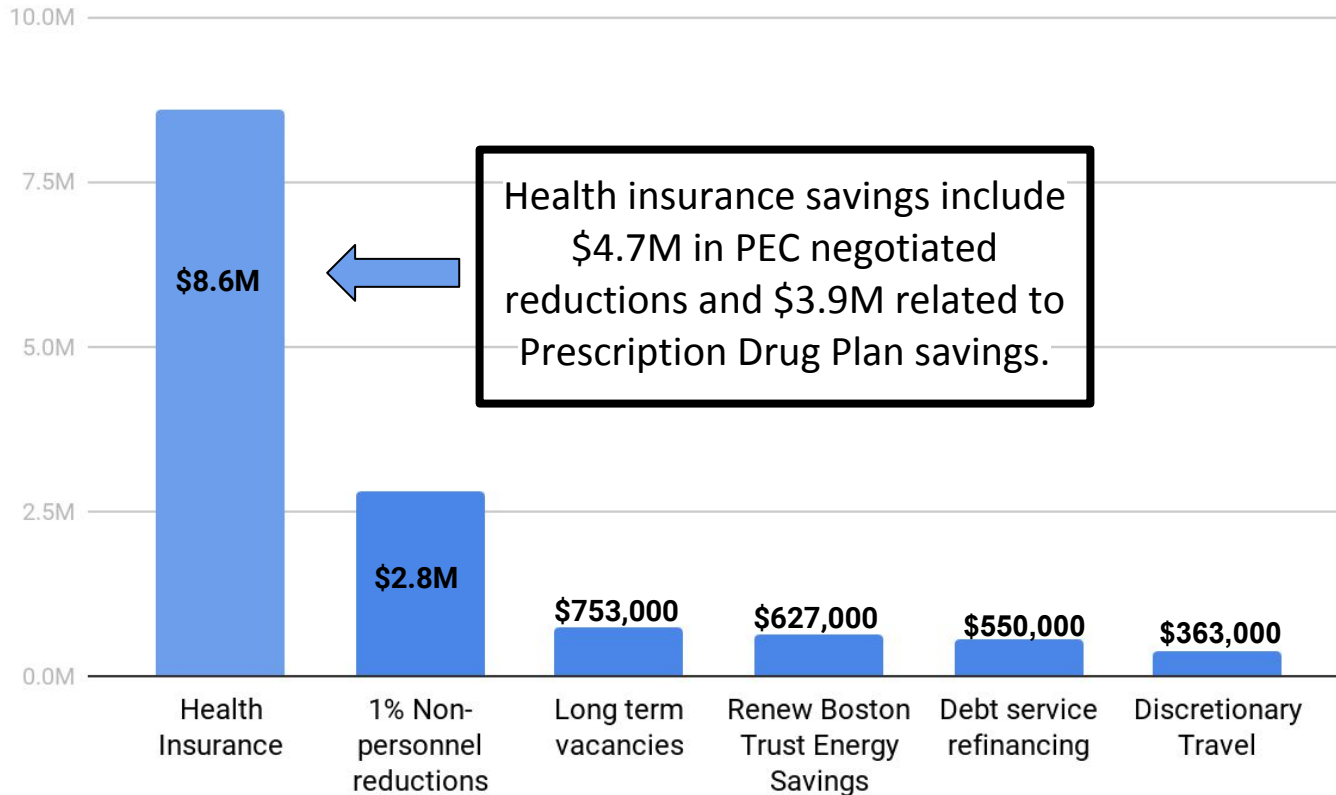
# Fixed Costs- \$507 Million or 14%



# City Departments - \$1.547 Billion



# Achieving Savings Now to Invest



Identified **\$13.7M in operating budget savings** to make targeted investments

Reduced health insurance, long term vacant positions and non-personnel savings

Also achieved savings through Renew Boston Trust and Debt Service Refinancing

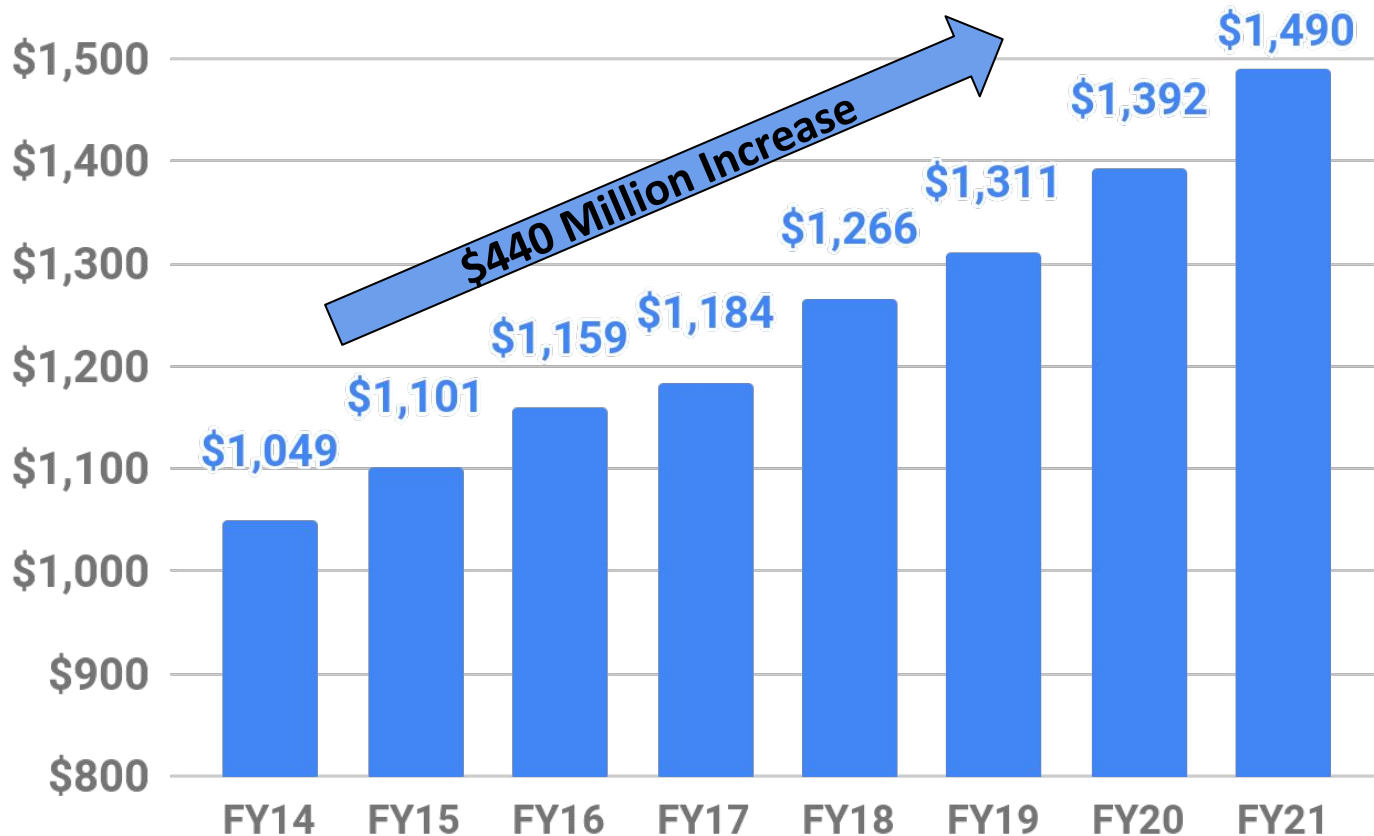
# Boston Public Health Commission

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- Fund a Robust Public Health Commission- \$103 Million Total, **\$9 Million or 9.7% increase.**
- Since FY14, City has increased annual investment in BPHC by **over 50%**
- Targeted FY21 Investments
  - Violence prevention capacity building (**\$354,000**)
  - Enhanced Health of Boston population-level data (**\$216,000**)
  - Essential equipment replacements for Emergency Medical Services (**\$1,500,000**)
  - **\$250,000** to study the implementation of respite housing shelter for those experiencing homelessness and substance use



# Public Education- BPS and Charter Schools



**\$1.490 Billion** for Education in FY21, **\$97M increase or 7%**

Since FY14 **\$440M increase** in Education funding

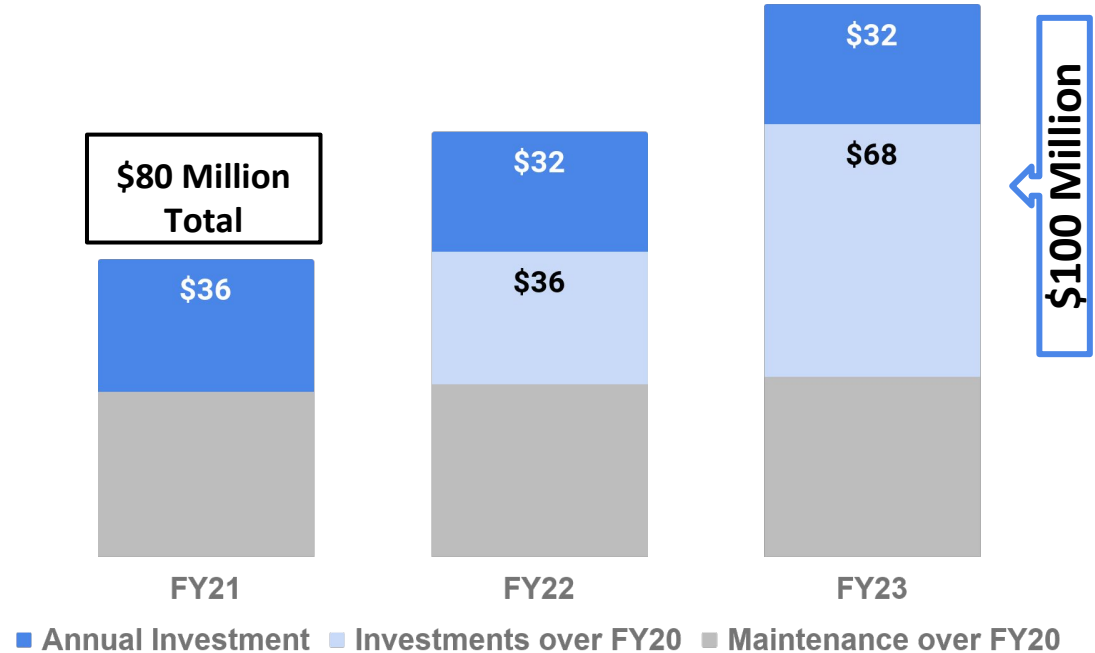
- \$320M increase for Boston Public Schools
- \$121M increase in Charter Tuition

FY21 over **\$22,000** per pupil spending, up from \$16,000 in FY14

# \$100 Million Investment in New Classroom Funding

- 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

## 3-Year \$100 Million Commitment



# FY2021 BPS Budget

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FY21 City investment of **\$1.26 Billion** in BPS, an **\$80 Million** or **7% increase over FY20**

- **\$44 Million** for baseline cost increases, including student services, CB contract, transportation and operations.
- **\$36 Million** in new investments directly in classrooms
  - **\$9 Million**- A strong foundation for student success and support to connect families to resources.
  - **\$12 Million**- Increase teacher's skill through coaching and developing high-quality curriculum.
  - **\$15 Million**- High-quality learning materials, resources and improved learning environments.





# Transformative Investment in Housing- \$16 Million

	Operating	Capital
<b><i>Create Affordable Homeownership Opportunities</i></b>	<b><i>\$2,400,000</i></b>	
Increase Downpayment Assistance for First-Time Homebuyers	\$1,400,000	
ONE Plus Boston Mortgage Program	\$1,000,000	
<b><i>Preserve and Generate Affordable Rental Opportunities</i></b>	<b><i>\$3,233,069</i></b>	<b><i>\$5,000,000</i></b>
BHA Elderly/Disabled Housing Upgrades		\$5,000,000
City-Funded Voucher Program	\$2,500,000	
Housing Preservation	\$348,069	
Increase Tenancy Preservation Flexible Financial Assistance	\$250,000	
Continue and Expand Housing Court Navigator	\$135,000	
<b><i>Advance Structural Change</i></b>	<b><i>\$150,000</i></b>	<b><i>\$5,000,000</i></b>
Infrastructure Fund to Support Housing Development		\$5,000,000
MWBE Developer Fund	\$150,000	
<b>TOTAL</b>	<b>\$5,783,069</b>	<b>\$10,000,000</b>

# Targeted Investments in FY2021

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- **\$1.9 million** to provide rapid rehousing for Youth & Young Adults and expanding efforts to end chronic & family homelessness
- **\$1.0 million** for a citywide campaign targeting violence prevention
- **\$630,000** to expand Zero Waste including robust compost pilot, education and supports
- **\$1.3 million** for new staff, maintenance and annual Street Tree plantings, Trees/Urban Forestry
- **\$900,000** in new funding for our most vulnerable residents including;
  - Human Rights Commission
  - Boston Saves
  - Immigrant Defense Fund
  - Language & Food Access
  - Childcare Entrepreneurs and,
  - Financial Security for Seniors

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# FY21-25 Capital Plan

# FY21-25 Capital Plan

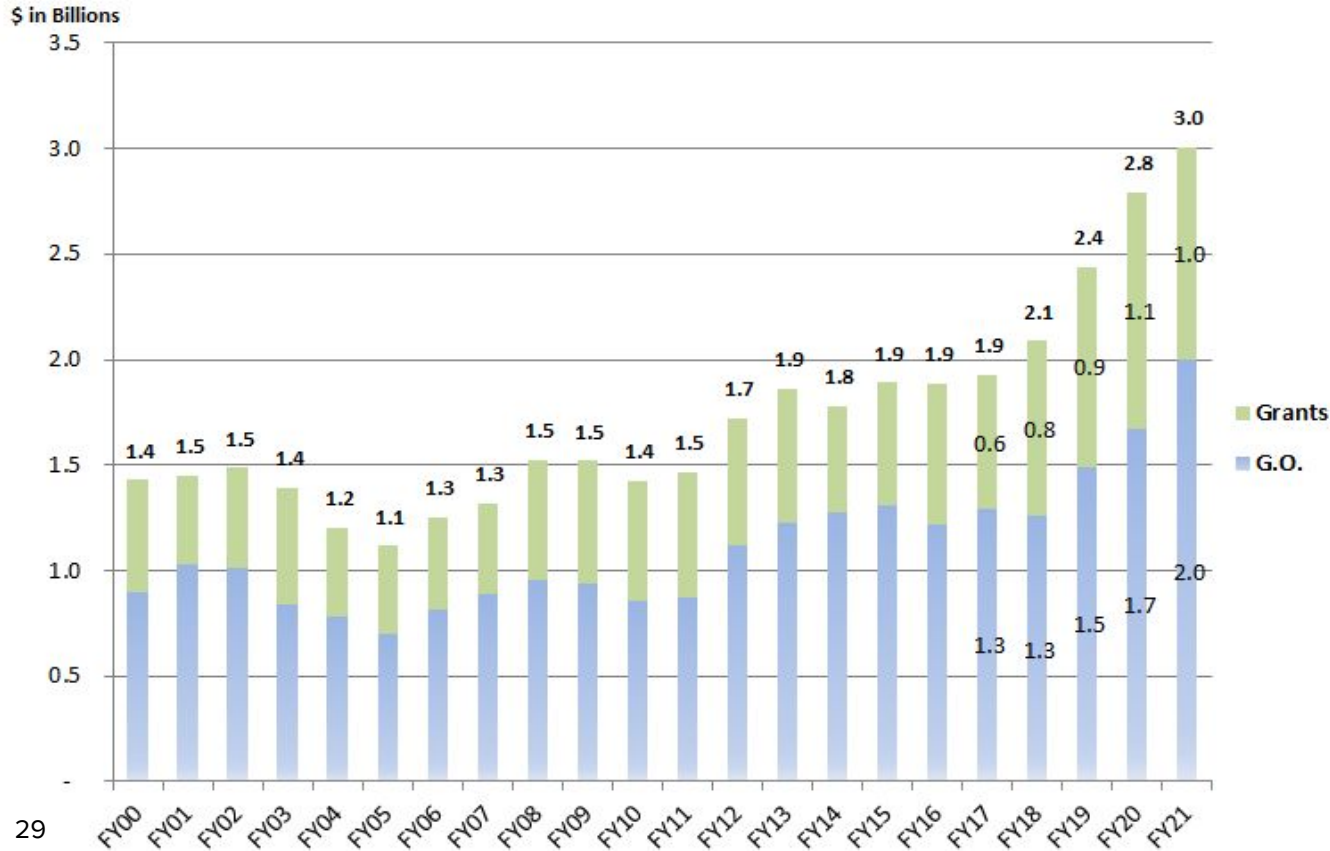
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- City maintains a large inventory of capital assets, like roads, bridges, schools, parks and municipal buildings
- The City uses a combination of General Obligation Bonds and Federal and State Grants
- FY21-25 Capital Plan reflects strategic master plans and will invest in all parts of civic life in neighborhoods across the City

**IMAGINE** BOSTON  
2030



# History of the Capital Plan

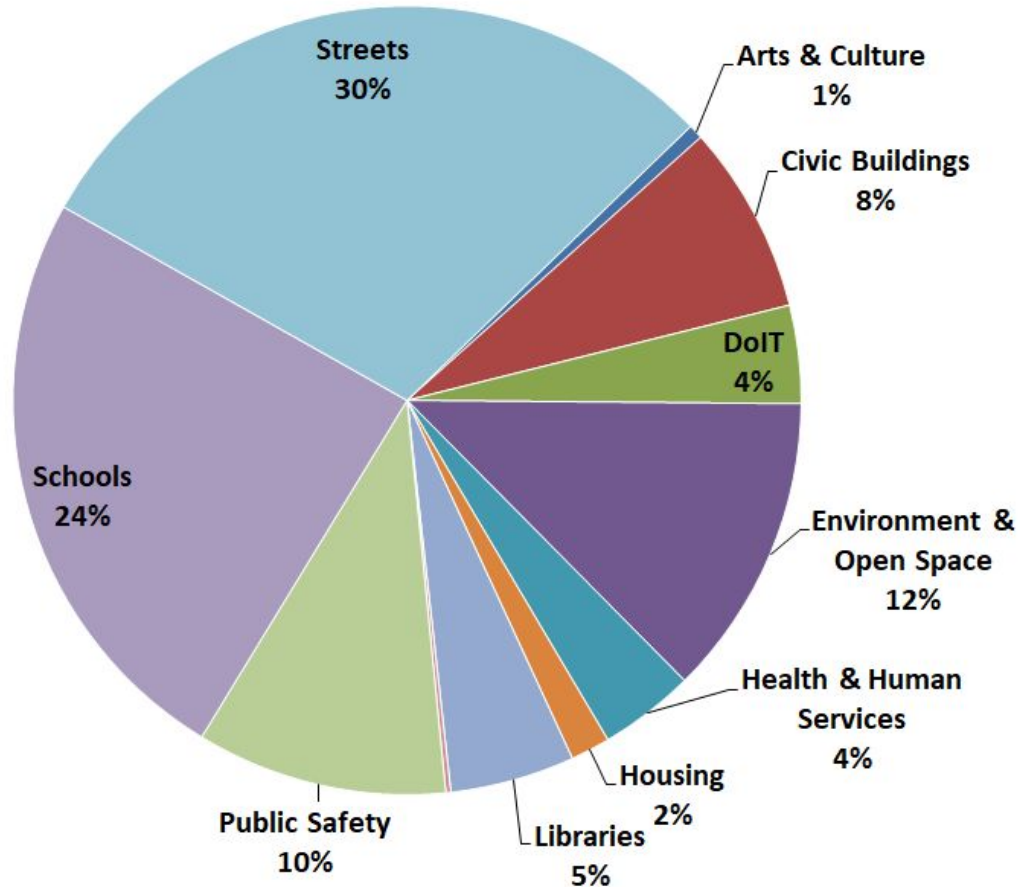


The City has increased the size of the Capital Plan by over **\$1 Billion since FY14**, or about 70%, or 10% per year

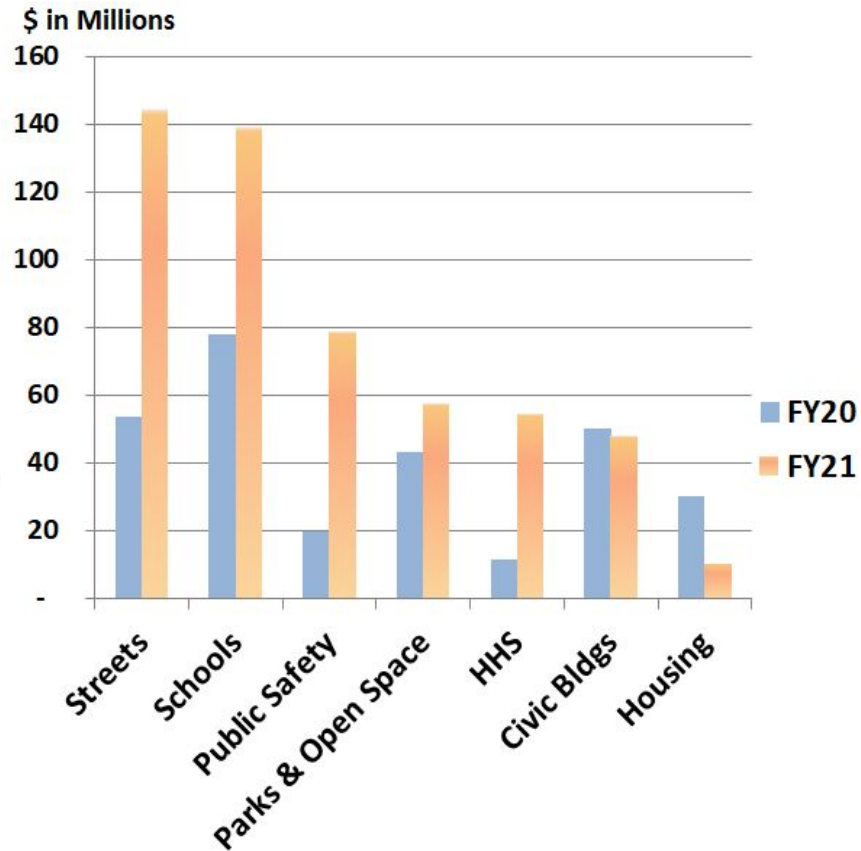
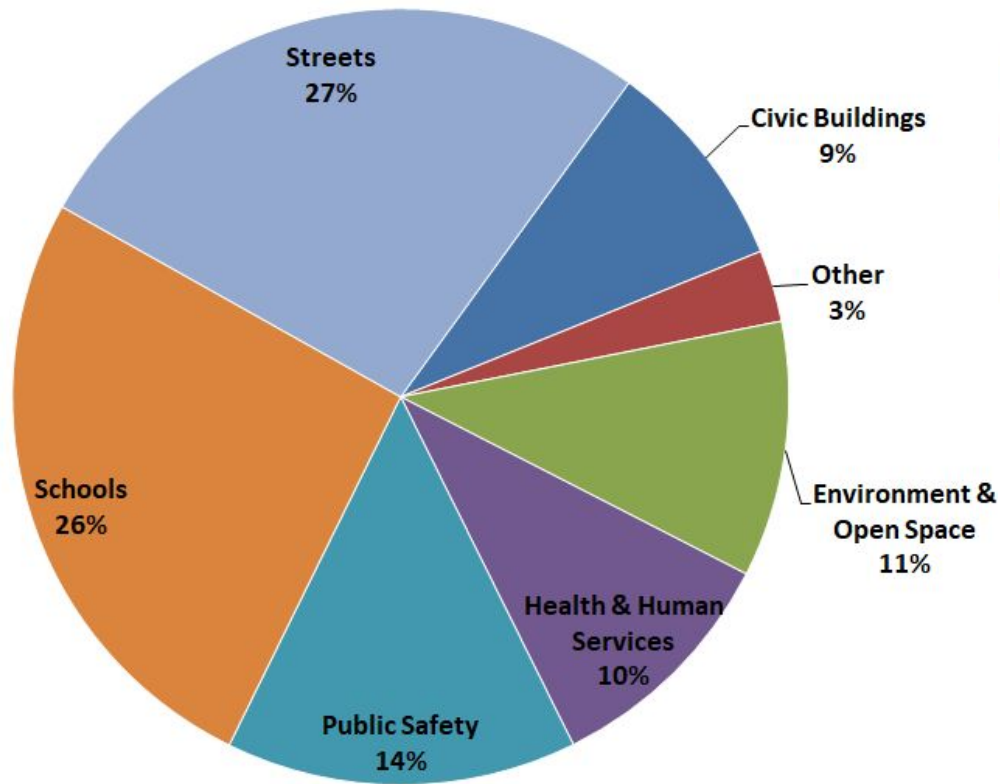
The increase reflects major new investment programs in BPS, Libraries, Parks, and transportation projects throughout the City

The plan has also grown through increased access to Federal Grants, and State MSBA funding

# Recommended FY21-25 Capital Plan \$3.00 Billion

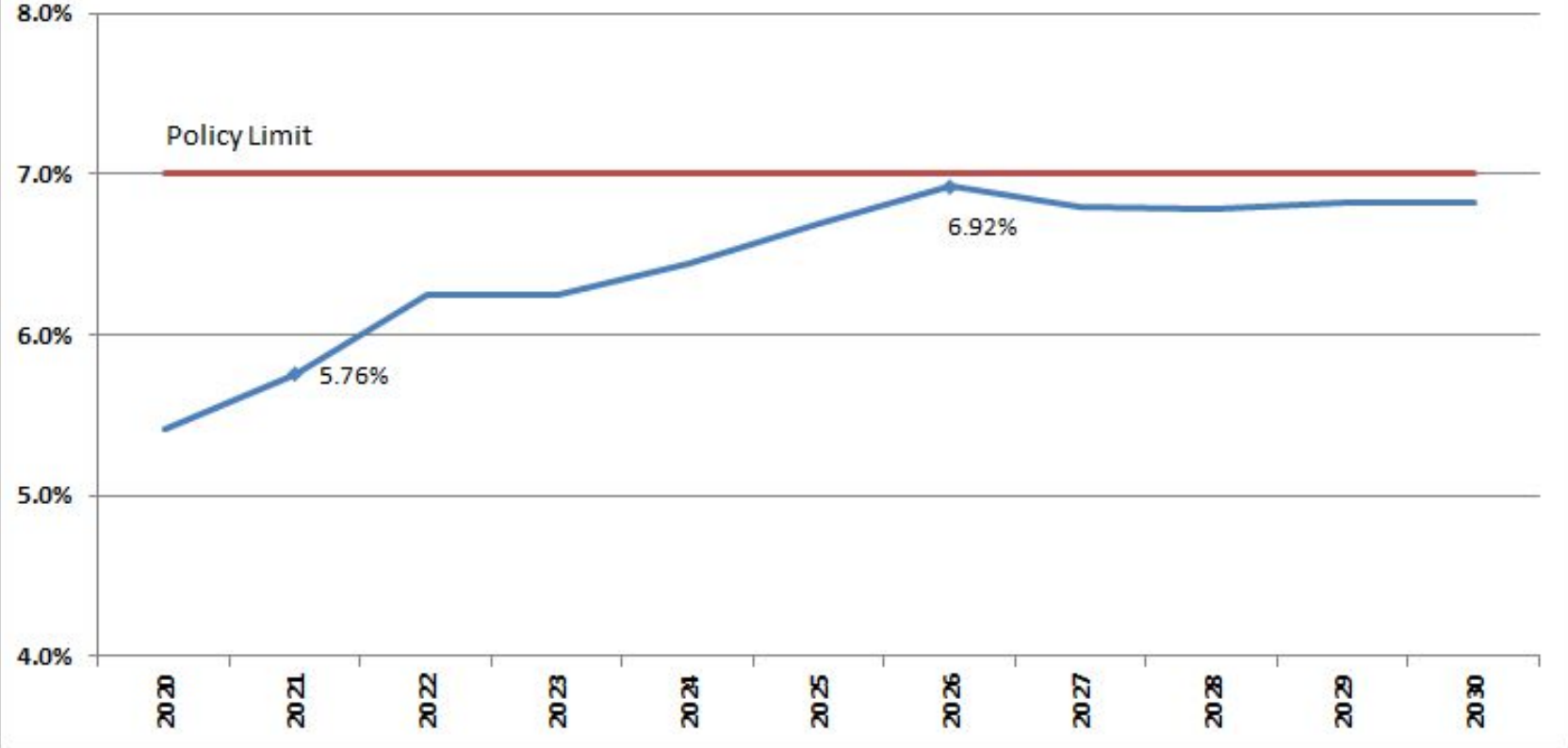


# New G.O Funding: \$538 Million



# Debt Affordability

## Net Debt Service FY20-FY30





# Online Capital Maps Feature

**CAPITAL PROJECTS** Fiscal Years 2020-2024

CITY of **BOSTON** | Mayor Martin J. Walsh

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

Show projects near...



## FILTER PROJECTS

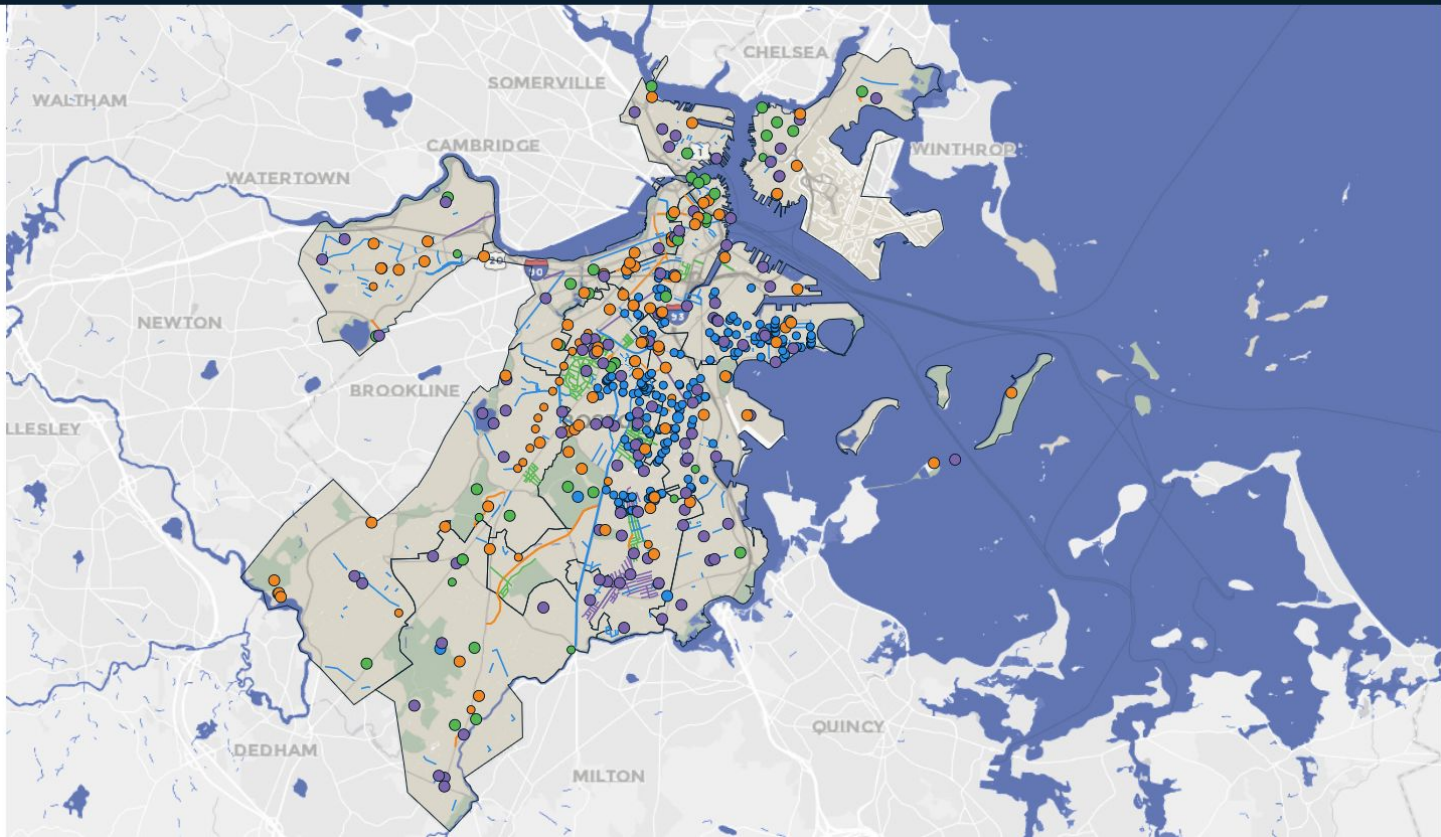
BY CABINET:

All



## CAPITAL PROJECTS

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



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Last updated: 12/16/19

## FISCAL YEAR 2021

*The Fiscal Year 2021 Recommended Budget is balanced  
and responsible, robust and forward-looking*

Still have questions? Contact:

### BUDGET



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