



CITY OF BOSTON • MASSACHUSETTS

MARTIN J. WALSH
MAYOR

June 15, 2020

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2021 (FY21) Recommended Budget for the City of Boston. I resubmit the \$3.61 billion FY21 Operating Budget and \$3.00 billion FY21-FY25 Capital Plan at a time of continued local, national and international economic turbulence, brought on by the coronavirus pandemic, a global public health crisis. While we remain focused on responding to the immediate needs of our residents and businesses affected by the coronavirus, as a result of the collective efforts of all Bostonians, we are thankful to see signs that the coronavirus is receding in our community. As we remain vigilant against the risk of another surge, we are rising to join the ongoing national and local movement to achieve racial equity, battling racism and the impact it has on the health and well-being of residents in the City of Boston. The budget is one part of our overall plan to end systemic racism and make Boston a more equitable city. To that end, in the resubmitted budget we are reallocating 20% or \$12 million of police overtime resources to further invest in equity and inclusion in our communities.

We know that the novel coronavirus public health crisis will have ongoing economic, social and most importantly human effects on our City, but I believe we will emerge stronger and more resilient than before. Smart fiscal planning and stewardship is vital to our ability to continue to function effectively through this crisis and strive towards an equitable recovery. This fiscally responsible budget will ensure we are prepared for economic uncertainties, while maintaining a well-resourced city government that is prepared to respond to the needs of Boston. The FY21 resubmitted budget further accounts for the economic fallout from this pandemic through an additional \$35 million reduction to the Operating Budget and we will continue to monitor the impacts as they unfold into next fiscal year.

The Recommended FY21 Operating Budget accounts for economic uncertainty and proposes a modest year-over-year increase of \$119 million or 3.4% over FY20. We are confident in this year's estimates based on our stable property tax base that has proven resilient, even in times of a faltering economy. In this year of especially limited new resources, we are prioritizing addressing our long-term liabilities and making targeted new investments in programs and services we know make the biggest impact on our residents, including public education, housing and public health.

Full funding of our long-term liabilities, like pensions and debt service, demonstrates the City's seriousness in ensuring the fiscal health of Boston. We have made tremendous progress on paying down the City's pension liabilities over the past seven years and now, more than ever, we need to fulfill our commitment. In addition, fully funding debt service is the key to ensuring a robust and impactful Capital Plan. This will allow the City to

continue to invest heavily in capital projects in every neighborhood in the City, including new schools, libraries, parks, roads and bridges.

In my State of the City address this year I laid out bold funding proposals for education and housing, the two areas most critical to ensuring Boston provides for all. This was true before coronavirus, and this will be true after this public health crisis has passed. And so, this budget keeps those promises. While the global economic climate was much different four months ago, these issues are too important for half measures.

A great deal has changed in public education over the past year. We hired our new superintendent, Dr. Brenda Cassellius, who visited every school in the district and developed a comprehensive strategic plan to make the Boston Public Schools (BPS) truly one great district for every student. We also advocated for, and the state passed, comprehensive state education finance reform through the Student Opportunity Act. This law will reverse decades of declining state aid and was appropriately signed right here in Boston at the English High School. These important events created the opportunity for me to announce a historic three-year \$100 million funding commitment to BPS, in new additive funding that is over and above standard cost increases.

The proposed FY21 budget fulfills the first year of that commitment, through an overall \$80 million increase for BPS, including an initial down payment of \$36 million in new additive funding. The first year of this additive funding will be directed for new services and support for students and teachers, especially in our highest needs schools. Combined with a \$17 million increase for our charter school students, our total public education increase for next year tops \$97 million.

The second funding announcement I made at the State of the City address was a 5-year, \$500 million transformational investment in accessible and affordable housing for all Bostonians. This investment starts with \$100 million in City funding over 5 years, and would be supplemented with new dedicated funding from the sale of the Lafayette Garage in downtown Boston and state passage of the real estate transfer tax. This budget makes a \$18 million investment in new City operating and capital resources for housing, consistent with my commitment of City resources, while we continue to pursue the two other revenue proposals.

In the first year of this new housing investment we are dedicating \$8 million in new operating funds to create affordable homeownership opportunities, preserve and generate affordable rental opportunities including Boston's first City-funded rental voucher program. The FY21-25 Capital Plan also includes \$5 million to seed a new housing infrastructure fund and \$5 million to support senior housing in the Boston Housing Authority. These investments will allow us to preserve and create hundreds of new units next year. With the sale of the Lafayette Garage and the passage of the real estate transfer tax, we will be able to significantly increase this initial investment to help create and preserve thousands of additional units over the next five years.

All across City government, we are working to keep our residents healthy and safe. In FY21, resources are embedded in all City departments to continue our continued and robust response to the coronavirus. Ensuring a well-funded Boston Public Health Commission (BPHC) is especially vital to maintain this response and the FY21 budget includes a \$13 million increase, and over \$106 million total for BPHC. This level of investment will ensure a fully funded BPHC, Emergency Medical Service and Office of Recovery Services for next year, as we continue to fight the effects of coronavirus and address the public health needs of Boston.

Outside of these targeted increases, an uncertain fiscal landscape has required the City to identify savings and reductions within existing departments to fund new investments and balance the City budget. These savings include a hiring pause until the end of the calendar year 2020, delaying our annual Bond Sale for several months and other reductions to non-personal expenses. All told, the City has identified and closed a \$65 million budget gap across all departments since our original FY21 projections. We have been able to reinvest some of those savings to offer targeted new or expanded programs. Instead of spending resources on unnecessary energy costs and vacant positions, we are making targeted investments in:

- Ending chronic, family and youth homelessness;
- Implementing and funding a targeted youth violence plan;
- Rolling out new zero waste and composting pilots and education;
- Investing in Boston's tree canopy and urban forest; and
- New supports for our most vulnerable residents.

This budget reflects a commitment to growing opportunity, increasing equity, and moving Boston forward despite the new realities we will face in a post pandemic world. We will continue to monitor the economic impact for Boston and will be ready to make adjustments as more information becomes available in the coming months.

I look forward to working with you during the budget process, and I respectfully request your favorable action on the FY21 Operating Budget and the FY21-FY25 Capital Plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martin J. Walsh', followed by a horizontal line extending to the right.

Martin J. Walsh
Mayor of Boston



CITY OF BOSTON • MASSACHUSETTS

MARTIN J. WALSH
MAYOR

April 6, 2020

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2021 (FY21) Recommended Budget for the City of Boston. I submit the \$3.65 billion FY21 Operating Budget and \$3.00 billion FY21-FY25 Capital Plan at a time of great local, national and international economic turbulence, brought on by the coronavirus pandemic, a global public health crisis. Today, our primary focus is responding to the immediate needs of our residents and businesses affected by the coronavirus. At the same time, fiscal planning and stewardship is vital to our ability to function effectively through this crisis and beyond it. This fiscally responsible budget will ensure we are prepared for economic uncertainties, while maintaining a well-resourced city government that is prepared to respond to the needs of Boston.

We know that this public health crisis will have ongoing economic, social and most importantly human effects on our City, but I believe we will emerge stronger and more resilient than before. The FY21 budget begins to account for the economic fallout from this pandemic and we will continue to monitor the impacts as they unfold over the coming months. The Operating Budget and Capital Plan represent the means by which we continue to respond to this unfolding crisis and invest in the many important priorities that will keep Boston moving forward.

Boston is exceptionally well prepared for this uncertainty. We have had 6 years in a row of triple A bond ratings and we were recently recognized as one of the best prepared cities in the country to withstand a recession. We have seen consistent revenue growth from a variety of sources for the past decade, driven by a strong local economy. The City has a track record of strong fiscal management and significant reserves that will allow us to effectively manage through turbulence in the broader economy.

The Recommended FY21 Operating Budget accounts for economic uncertainty and proposes a modest year-over-year increase of \$154 million or 4.4% over FY20. We are confident in this year's estimates based on our stable property tax base that has proven resilient, even in times of a faltering economy. In this year of especially limited new resources, we are prioritizing addressing our long-term liabilities and making targeted new investments in programs and services we know make the biggest impact on our residents, including public education, housing and public health.

As global markets react to economic disruption and cities across the country are facing budget cuts and layoffs, it is vital that we maintain the City's fiscal strength and standing. Past decisions that bolstered our fiscal health are why we are so well positioned to withstand today's uncertain future. It is our role now to make similarly

wise decisions to positively impact the future of Boston. Full funding of our long-term liabilities, like pensions and debt service, demonstrates the City's seriousness in ensuring the fiscal health of Boston. We have made tremendous progress on paying down the City's pension liabilities over the past seven years and now, more than ever, we need to fulfill our commitment. In addition, fully funding debt service is the key to ensuring a robust and impactful Capital Plan. This will allow the City to continue to invest heavily in capital projects in every neighborhood in the City, including new schools, libraries, parks, roads and bridges.

In my State of the City address this year I laid out bold funding proposals for education and housing, the two areas most critical to ensuring Boston provides for all. This was true before coronavirus, and this will be true after this public health crisis has passed. And so, this budget keeps those promises. While the global economic climate was much different four months ago, these issues are too important for half measures.

A great deal has changed in public education over the past year. We hired our new superintendent, Dr. Brenda Cassellius, who visited every school in the district and developed a comprehensive strategic plan to make the Boston Public Schools (BPS) truly one great district for every student. We also advocated for, and the state passed, comprehensive state education finance reform through the Student Opportunity Act. This law will reverse decades of declining state aid and was appropriately signed right here in Boston at the English High School. These important events created the opportunity for me to announce a historic three-year \$100 million funding commitment to BPS, in new additive funding that is over and above standard cost increases.

The proposed FY21 budget fulfills the first year of that commitment, through an overall \$80 million increase for BPS, including an initial down payment of \$36 million in new additive funding. The first year of this additive funding will be directed for new services and support for students and teachers, especially in our highest needs schools. Combined with a \$17 million increase for our charter school students, our total public education increase for next year tops \$97 million and represents over 63% of all new City funding.

The second funding announcement I made at the State of the City address was a 5-year, \$500 million transformational investment in accessible and affordable housing for all Bostonians. This investment starts with \$100 million in City funding, and would be supplemented with new dedicated funding from the sale of the Lafayette Garage in downtown Boston and state passage of the real estate transfer tax. This budget makes a \$16 million investment in new City operating and capital resources for housing, consistent with my commitment of City resources, while we continue to pursue the two other revenue proposals.

In the first year of this new housing investment we are dedicating \$6 million in new operating funds to create affordable homeownership opportunities, preserve and generate affordable rental opportunities including Boston's first City-funded rental voucher program. The FY21-25 Capital Plan also includes \$5 million to seed a new housing infrastructure fund and \$5 million to support senior housing in the Boston Housing Authority. These investments will allow us to preserve and create hundreds of new units next year. With the sale of the Lafayette Garage and the passage of the real estate transfer tax, we will be able to significantly increase this initial investment to help create and preserve thousands of additional units over the next five years.

All across City government, we are responding to the needs of our residents as we take on the coronavirus. In FY21, resources are embedded in all City departments to continue our robust response. Ensuring a well-funded Boston Public Health Commission (BPHC) is especially vital to maintain this response and the FY21 budget includes a \$9 million increase, and over \$100 million total for BPHC. This level of investment will ensure a fully funded BPHC, Emergency Medical Service and Office of Recovery Services for next year, as we continue to fight the effects of coronavirus and address the public health needs of Boston.

Outside of these targeted increases, an uncertain fiscal landscape has required the City to identify savings within existing departments to fund new investments. To that end, the City has identified \$13 million in budget savings across all departments. We have reinvested those savings to offer targeted new or expanded programs. Instead

of spending resources on unnecessary energy costs, health insurance and vacant positions, we are making targeted investments in:

- Ending chronic, family and youth homelessness;
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