

# Operating Budget

## OVERVIEW

The FY23 Budget totals \$3.99 billion and represents an increase of \$222.5 million or 5.9% over FY22. This budget sets a foundation for our future, connects our communities, and delivers on the details of city services across our neighborhoods. Through sound fiscal management, this budget is a roadmap for investing critical resources to build a more connected city for everyone.

Property Tax continues to drive revenue growth in FY23, accounting for the majority of revenue growth over FY22. The City is expected to experience continued property tax growth in FY23, as well as a measured but substantial increase in Local Receipts, particularly Excise taxes. Net State Aid (state aid net of assessments) is budgeted to increase by \$10.7 million, welcome but not enough to alter the decades-long stagnation in State Aid. Non-Recurring Revenue includes \$40 million from the American Rescue Plan Act funds to replace revenue losses related to the pandemic.

On the expenditure side, the FY23 budget reflects an increase of \$222.5 million or 5.9% over FY22. Of this year's growth, 24% is dedicated to education, including Boston Public Schools (BPS) and Charter School Tuition Assessment. 20% of the FY22 growth is dedicated to the Fixed Costs of Pension and Debt Service. 24% of the growth is for strategically targeted investments to build internal capacity to support the transformational investments planned with both the capital plan and through the American Rescue Plan Act (ARPA) budget. Finally, the largest component of spending growth at 32% supports a collective bargaining reserve for unsettled union contracts in City

Departments, Boston Public Schools and the Boston Public Health Commission. The collective bargaining reserve is an investment in the City's workforce where high quality city services are delivered.

This Operating Budget section lays out the FY23 budget and discusses trends in each category of the budget summary table (Table 1) on the following pages. An overview of the City's revenues is followed by a detailed explanation of appropriations and personnel trends and a review of major externally funded services. An all-funds budget is also presented.

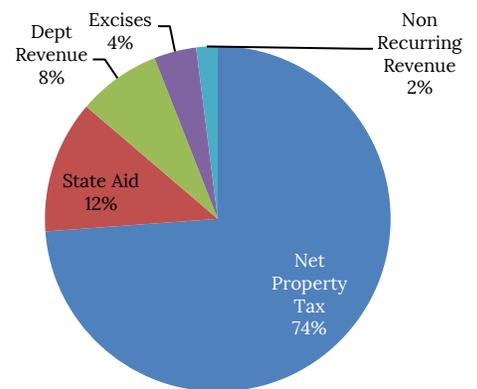


Figure 1 – FY23 Estimated Revenue

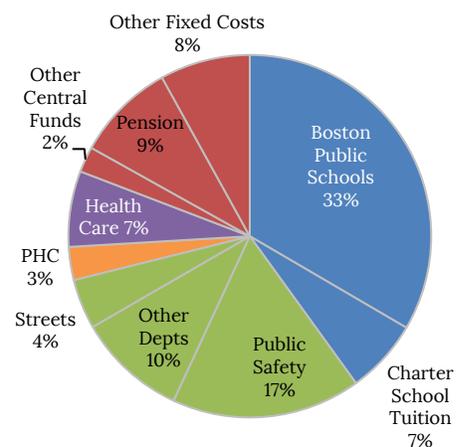


Figure 2 – FY23 Estimated Expenditures

## BUDGET SUMMARY

	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Budget
<b>REVENUES (1)</b>				
Property Tax	2,514.2	2,680.0	2,823.3	2,953.9
Property Tax Overlay	(47.3)	(3.7)	(33.2)	(10.0)
Excises	226.0	94.9	115.1	157.4
Fines	67.4	52.2	51.8	58.0
Interest On Investments	29.5	3.6	2.8	51.1
Payments in Lieu of Taxes	44.9	63.1	49.6	3.0
Urban Redev Chapter 121A	41.5	47.0	28.7	25.4
Department Revenue	66.6	67.5	56.8	67.0
Licenses & Permits	88.4	67.3	62.4	66.0
Penalties & Interest	10.1	10.3	9.0	9.0
Available Funds	0.0	20.0	31.0	31.0
State Aid	458.8	468.8	478.9	502.1
<b>Total Recurring Revenue</b>	<b>3,500.0</b>	<b>3,571.1</b>	<b>3,676.3</b>	<b>3,913.8</b>
Budgetary Fund Balance	0.0	40.0	40.0	40.0
American Rescue Plan	0.0	0.0	55.0	40.0
<b>Total Revenues</b>	<b>3,500.0</b>	<b>3,611.1</b>	<b>3,771.3</b>	<b>3,993.8</b>
<b>EXPENDITURES</b>				
City Appropriations (2)	1,412.3	1,390.2	1,438.4	1,486.1
Boston Public Health Commission (2)	93.4	106.5	110.9	117.9
Boston School Department (2)	1,178.6	1,260.5	1,294.7	1,334.8
Reserve for Collective Bargaining	2.2	14.0	4.7	75.4
Other Post-Employment Benefits	40.0	40.0	40.0	40.0
<b>Total Appropriations</b>	<b>2,726.4</b>	<b>2,811.1</b>	<b>2,888.6</b>	<b>3,054.2</b>
Pensions	280.6	292.1	323.7	353.9
Debt Service	178.0	172.3	203.7	219.0
Charter School Tuition	199.7	217.7	251.6	264.5
MBTA	90.7	93.3	94.1	93.6
Other State Assessments	5.5	5.3	5.5	5.6
Suffolk County Sheriff Dept	3.8	3.8	2.9	2.9
Reserve	0.0	0.0	1.1	0.1
<b>Total Fixed Costs</b>	<b>758.3</b>	<b>784.6</b>	<b>882.6</b>	<b>939.6</b>
<b>Total Expenditures</b>	<b>3,484.8</b>	<b>3,595.7</b>	<b>3,771.3</b>	<b>3,993.8</b>
<b>Surplus (Deficit)</b>	<b>15.3</b>	<b>15.3</b>	<b>0.0</b>	<b>0.0</b>

- (1) All revenues displayed are part of the City's general fund that support expenditures displayed in the bottom half of the table.  
(2) See General Fund Appropriations by Cabinet & Department table for breakdown by cabinet and functional unit. Numbers may not add.

**Table 1**

The City's projected revenues provide the basis for planning FY23 appropriations to maintain a balanced budget. Selected FY23 budgeted City revenues compare with FY22 projected revenues as follows: the net property tax levy increases \$153.8 million or 5.5%; excises increase \$42.3 million or 36.7%; miscellaneous department revenue increases by \$10.2 million or 18.0%; and state aid increases by \$23.2 million, or 4.8%.

On the expenditure side of the budget, total appropriations increase by \$166 million or 5.7% and fixed costs increase by \$57 million or 6.4%. Selected FY23 budgeted appropriations compare with FY22 projections as follows: City appropriations increase \$48 million or 3.3%; the Boston Public Health Commission (PHC) increases by \$7 million or 6.3%; and the School Department (BPS) increases \$40 million or 3.1%. In addition, a collective bargaining reserve has been set aside at \$75 million; when the outstanding collective bargaining agreements are negotiated, these reserves will be used to cover those increased costs in City departments, PHC and BPS. Most union contracts remain unsettled and as a result departmental personnel increases are limited in the FY23 budget. City Appropriations also consist of 11 central appropriations, including a large appropriation for Health Insurance totaling \$217.3 million, which is an increase of 2.4% over FY22.

FY23 budgeted fixed costs are growing by \$57 million over FY22. Charter School Tuition assessment is expected to increase by \$12.9 million or 5.1%. Pensions, a key driver, will increase by \$30.2 million or 9.3%. Debt Service is also growing with a \$15.3 million or 7.5% increase.

## **THE GENERAL FUND**

The City's entire \$3.99 billion budget is funded through the general fund. All revenues discussed below are deposited into the City's general fund and are

reflected on a fiscal year basis July 1 through June 30.

## **REVENUE**

The City's revenue budget can be divided into five categories: Property Tax, State Aid, Departmental, Excise and Non-Recurring revenue. Over the past two decades, the City's revenue structure has shifted significantly towards a growing reliance on property tax, while State Aid has decreased as a share of the budget. In addition, the COVID-19 pandemic and the resulting economic recession dealt a severe setback to Departmental and Excise revenue that will take time to reverse. A more detailed discussion of City revenues is provided in the *Revenue Estimates and Analysis* chapter of this volume.

### **Property Tax Levy**

The property tax levy has always been the City's largest and most dependable source of revenue. In FY22 the net property tax levy (levy less a reserve for abatements) totals \$2.79 billion, providing 74.0% of the City's revenue. In FY23, the net property tax levy is estimated to total \$2.94 billion and account for 73.7% of budgeted revenues.

In Massachusetts, Proposition 2 ½ constrains the amount of property tax revenue the City can raise each year from its existing tax base. In each year since FY85, the City has increased its levy by the 2.5% allowable under the limits set forth in Proposition 2 ½.

During these same years, the levy has also been positively impacted by taxable new value, or "new growth," that is excluded from the levy limit. Due in part to efforts to attract business development to Boston and grow its housing stock, Boston has experienced unprecedented new growth property tax revenue from FY17 through FY22. New growth is budgeted at \$60.0 million in FY23, down a little more than a

quarter from the new growth revenue realized in FY22; the effects of the pandemic on development in Boston are still being evaluated.

**State Aid**

The primary sources of aid from the State to municipalities are education aid and unrestricted general government aid. The Commonwealth also distributes aid for libraries and provides some other reimbursements to municipalities.

State aid has been reduced substantially over the course of the last two recessions. Since FY02, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$290.0 million or 67.7%. In FY23, net state aid is budgeted to increase by \$10.7 million, or 8.4%, compared to FY22, based on the status of the FY23 State Budget at the time the City’s budget was finalized. This growth is attributable to a more fully funded Charter school tuition reimbursement as part of the phased implementation of the 2019 Student Opportunity Act and a 2.7% increase to unrestricted general government aid.

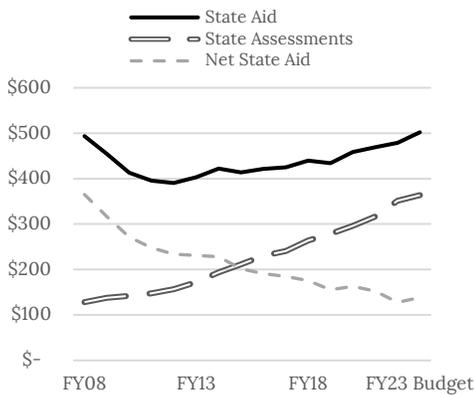


Figure 3 - State Aid, State Assessments and Net State Aid (in millions), FY08-FY23

**Local Receipts**

A combined 11.7% of the City’s budgeted revenue in FY23 is comprised of excise taxes, fines, payments-in-lieu-of-taxes,

Chapter 121A payments, investment income, departmental revenue, licenses and permits, penalties and interest, and available funds. To forecast these receipts, the City analyzes trends in historical collections and incorporates available economic data into its assumptions.

The FY22 revenue projection includes \$407.2 million in Local Receipt revenue, and the FY23 budget increases to \$467.8 million. This \$60.6 million increase is mostly driven by excise taxes and assumes continued, albeit gradual, economic recovery.

**American Rescue Plan Act**

In FY23 the City will allocate \$40 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) to replace a portion of revenue lost as a result of the COVID-19 pandemic. This is \$15 million less than was dedicated for the same purpose in FY22 and considerably less, as a share of total ARPA spending, than other major cities. However, Local Receipts are still well off FY19 levels, so federal funding serves to bridge the gap.

**Budgetary Fund Balance**

Fund Balance can be appropriated for use during the fiscal year. Budgetary fund balance, more commonly referred to as “free cash”, is described as the portion of available reserves, generated to a considerable degree by annual operating surpluses, which the City can responsibly appropriate for spending. The FY23 Budget uses \$40 million in budgetary fund balance to fund the appropriation for other post-employment benefits (OPEB).

See the *Financial Management* section of Volume I for more detail on this revenue source.

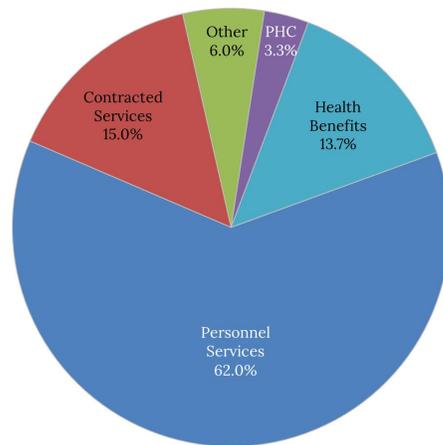
**EXPENDITURES**

Expenditures are broken down into two primary groups: (1) appropriations directly related to departmental services and (2)

fixed and mandated costs. FY23 appropriations are subdivided into three subgroups as follows:

- City Appropriations, which includes all operating department appropriations, centrally budgeted costs such as health insurance and Medicare, a risk retention reserve and a set-aside for tax title and annual audit expenses;
- Boston Public Health Commission (PHC), the City appropriation for the quasi-independent authority and successor to the Department of Health and Hospitals;
- School Department, the City appropriation for the Boston Public Schools (BPS).

Appropriations are also presented by expenditure category across the three subgroups listed above (Figure 3).



**Figure 4 - FY23 Appropriations by Category**

Personnel Services include salaries, overtime, unemployment compensation and workers' compensation, and collective bargaining reserves for estimated wage increases for union employees whose agreements are not settled.

The Health Benefits category includes the cost of health, dental and life insurance for City, BPS and PHC employees and retirees, employer Medicare payroll taxes, and the

appropriation for Other Post-Employment Benefits (OPEB).

The Contractual Services category includes expenditures for communications, repairs and service to buildings, equipment and vehicles, transportation, trash collection and disposal, as well as outside legal, advertising, and printing expenses.

Included in the "Other" category are supplies and materials such as gasoline, uniform allowances, office supplies, workers' compensation medical expenses, medical indemnification in the Fire and Police Departments, legal liabilities, and aid to veterans. Also included in the "Other" category are appropriations for equipment, vehicles, a risk retention reserve, the Housing Trust Fund, tax title, and funding for the City's outside audit.

### Health Benefits

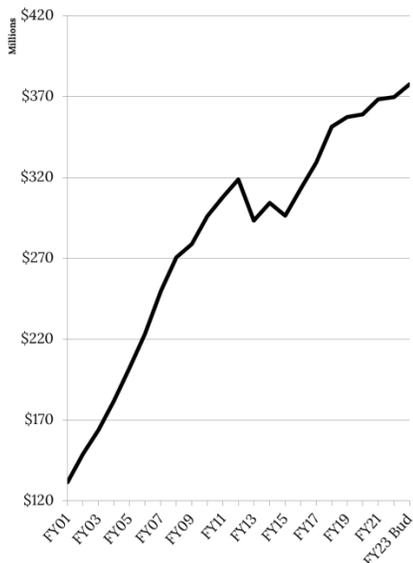
Health benefit costs comprise a significant portion of the City budget and are a critical benefit for City employees and retirees.

In 2020, the City of Boston conducted an RFP for its non-Medicare health insurance plans. On July 1, 2021, the City transitioned from two HMO plans to one standard HMO plan and one value HMO plan, with the standard HMO plan under a new provider. As a result of the RFP process, \$12 million in savings will be realized in FY22, due to lower administrative fees and anticipated medical claims and prescription drug savings.

The City continues to benefit from health care cost reforms achieved in the FY21-25 Public Employee Committee (PEC) agreement, which continues to provide over 30,000 active and retired employees with quality healthcare coverage while saving the City \$59.7 million over five years. Based on savings included in this agreement, the City will realize up to \$14.9 million in new avoided health care costs in FY23.

The FY23 budget includes \$420 million for all health benefits-related costs for the City’s employees and retirees, comprising 10.5% of total City expenditures – compared to 7.8% in 2001. \$42.25 million of these costs are for future OPEB liabilities, which are discussed in more detail in the following section. The remaining \$378 million of these costs are for current health, dental and life premiums, and employer Medicare payroll taxes.

As shown in Figure 5, these costs grew from \$132 million in FY01 to \$378 million in FY23, an increase of \$246 million or 187%. Over the same period, all other City costs increased 132%. Figure 5 shows three distinct periods of annual cost increases. Steep increases averaged 9% per year from FY01 – FY11. Between FY12 – FY15, costs decreased on an average of 1% per year due to multiple factors, including state health reform legislation, cooperative efforts by the City and its unions to reduce both the City’s share of costs and total costs, and lower nationwide health care cost trends. For FY16 through FY23, health care costs increased at an average of 3% per year, contained by PEC agreement savings.



**Figure 5 - Health Care Costs (\$ Mil)**  
**Health, Dental, Life Premiums and Medicare Tax**

### Medicare

Municipal health care reform legislation, passed by the State legislature in 2011, provided municipalities more freedom in health plan design. It also mandated that all Medicare-eligible municipal retirees enroll in Medicare Part B and a City sponsored Medicare supplement plan. As a direct result of the legislation, approximately 5,500 additional City retirees and their spouses enrolled in Medicare supplement plans. Benefits for these plans are comparable to non-Medicare plans but costs are lower due to Medicare reimbursements. As a result of this reform, 74% of retirees and spouses are now enrolled in Medicare plans, compared to just 37% prior to the legislation. City savings from this mandate, beginning in FY13, have totaled approximately \$20 million annually – a major contributor to the total cost decrease in FY13.

City retirees and their beneficiaries are eligible for Medicare through payment of Medicare payroll taxes during their working career. Medicare taxes are paid for all City employees who were hired after March 1986. The City’s share of 50% Medicare taxes, totaling \$24.6 million in the FY23 budget, has increased an average of 7% annually since FY01. This growth is due to increases in total payroll and also the increasing percentage of total employees hired after March 1986 who have retired.

#### Number of Health Plan Subscribers Feb 2022

Health Plan	Active	Retiree	Total
Indemnity	890	739	1,629
HMO	14,380	2,344	16,724
Medicare	-	11,655	11,655
<b>Total</b>	<b>15,270</b>	<b>14,738</b>	<b>30,008</b>

**Table 2**

#### City - Union Partnership

In FY12, assisted by 2011 Municipal Health Care Reform, the City adopted MGL Chapter 32B S.19 and began working

closely with its thirty-six unions, as represented through the Public Employee Committee (PEC), in making health care changes. Through the terms of the City and PEC's three agreements, City employees and retirees are now paying a higher share of total health care costs through increased premium share, as well as higher out-of-pocket costs for co-pays and deductibles.

**Health Care Costs (\$ Mil)**  
**Health, Life, Dental, Medicare Tax**

<b>Fiscal Year</b>	<b>Total Cost</b>	<b>\$ Change</b>	<b>% Change</b>
FY12	\$318.9	\$10.9	3.5%
FY13	\$293.3	-\$25.5	-8.0%
FY14	\$304.4	\$11.1	3.8%
FY15	\$296.5	-\$7.9	-2.6%
FY16	\$313.2	\$16.7	5.6%
FY17	\$329.2	\$16.0	5.1%
FY18	\$351.4	\$22.2	6.7%
FY19	\$357.3	\$5.9	1.7%
FY20	\$358.9	\$1.6	0.5%
FY21	\$368.5	\$9.5	2.7%
FY22*	\$369.7	\$1.2	0.3%
FY23*	\$377.6	\$7.9	2.1%

\*Budget estimates

**Table 3**

The City and the PEC's FY21-25 agreement is projected to reduce costs by approximately \$59.7 million over five years. With changes occurring over the course of five years, the City and the PEC have agreed to a number of cost-saving plan changes. These changes include a new value network plan (introduced in FY22) consisting of lower-cost, high-quality providers; small deductibles for PPO and standard HMO plans; and new co-payments for hospitalization and advanced imaging. The agreement also increases current co-payment charges and the share of the premiums paid by employees and retirees.

The City and PEC have also pursued changes to the management of health care

claims costs, which have reduced total costs - for both the City and the members:

*Self-insurance*

Funding of health care costs has progressively moved to self-insurance since FY13. In FY23, roughly 98% of enrollees are enrolled are in self-insured plans, for an estimated annual City savings of \$13.7 million, vs. insured premiums.

*More cost effective prescription drug management*

The City and the PEC continue to explore more cost effective management of the City's prescription benefits, which total roughly \$77 million per year for all plans, net of rebates. The City and PEC have worked to replace the City's existing Medicare prescription drug coverage with lower cost prescription drug plans (PDPs).

*Cost effective provider networks*

In FY22, the City and PEC made a significant step to encourage cost savings for both members and the City by introducing a value HMO plan, effective July 1, 2021. The AllWays Health Partners value network is focused on high quality, high performance, lower-cost providers, and enrollees will pay lower premiums and out-of-pocket costs. Savings realized from moving from the existing AllWays HMO plan to the AllWays value HMO plan are projected at \$2.5 million.

*Expanded wellness and disease management programs*

The City, through the PEC agreement, annually contributes \$150,000 toward wellness programs, managed through a subcommittee of the PEC. Recent wellness initiatives have included employee wellness fairs and the establishment of a citywide digital platform through which City employees, retirees, and their dependents can access information about fitness and nutrition programs, and participate in wellness challenges. Also, new disease

management initiatives are being explored and implemented through each respective carrier to assist members in managing chronic diseases such as diabetes.

### Other Post-Employment Benefits (OPEB)

Similar to pensions, employees earn post-employment health care and life insurance benefits (OPEB) over their years of active service, with those benefits being received during retirement. The City, including the Boston Public Health Commission (BPHC), had an unfunded liability for these benefits of \$2.13 billion, as of the most recent independent actuarial valuation on June 30, 2019. The size of this liability is largely influenced by changes to retiree health benefits, the City’s annual additional contribution to fund the liability, and the discount rate assumed.

While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. In FY08, the City followed new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability, and also began voluntary annual allocations to fund the liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City’s acceptance of M.G.L. Chapter 32B section 20. As of June 30, 2022, the Fund had a balance of \$860.0 million.

As in previous years, this budget dedicates \$40 million toward reducing the City’s long term other post-employment benefits (OPEB) liability. These fiscally responsible actions are critical to the Administration’s prudent financial management policies, which have contributed to Boston’s triple A bond rating.

The annual Actuarially Determined Contribution (ADC) for the City to significantly reduce the OPEB liability over

a 30 year period is projected at \$213.5 million in FY23, as shown in Table 4. Of this amount, \$197.4 million (92%) will be funded through a combination of pay-as-you-go benefit payments for current retirees (included in health care costs discussed in previous section), a \$40 million FY23 allocation by the City to the Trust, and an additional \$2.25 million deposit by the BPHC into the Trust.

#### FY22 Annual Actuarially Determined Contribution (ADC) for OPEB Liability

<b>Total ADC</b>	<b>\$213.5</b>	
Projected Benefit Payments by City	\$155.1	
Contribution to OPEB Trust	\$42.3	<b>%ADC</b>
<b>Total FY22 Payments</b>	<b>\$197.4</b>	<b>92%</b>
<b>Difference</b>	<b>(\$16.1)</b>	

\$ in millions

**Table 4**

The City is currently on a schedule that targets reducing its pension liability by 2027 and then plans on redirecting some portion of its annual pension contribution to further reduce the OPEB liability. However, this schedule is illustrative only of the currently expected funding schedule, and actual circumstances will likely vary from current assumptions.

### Energy Management

In FY23, department energy budgets total \$50.1 million with electricity costs making up 55% of the budget, natural gas costs making up 23% of the budget and gasoline/diesel comprising 11% of the budget. The remaining 11% of the budget funds water and sewer, steam, and heating oil.

The Chief of Environment, Energy and Open Space and Chief Financial Officer are charged with making decisions regarding the City’s procurement, use, and conservation of energy. In addition, the

Chief of Environment, Energy and Open Space monitors the City's progress in meeting the greenhouse gas reduction goals required by the City's Climate Action Plan. The Municipal Energy Unit housed within the Environment, Energy and Open Space Cabinet works with City departments and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's new construction and capital improvement projects.

Over the past nine years, the City has achieved operational savings through the conversion of street lights to newer fixtures using Light Emitting Diode ("LED") technology. The street light retrofits that the City has completed to date have permanently reduced the City's electricity consumption by 37.4 million kilowatt hours (kWh) per year. As a result, about \$6 million of electricity expenses were avoided in the FY22 operating budget.

In FY23, the City will continue implementing improvements that result in utility cost savings for City facilities, under the "Renew Boston Trust" initiative. This is not a trust in the traditional sense, but a program to bundle municipal utility cost savings projects. Efforts began with selection of an Energy Service Company ("ESCO") and their subsequent Investment Grade Audits ("IGA") of the City's facilities portfolio to identify projects with significant utility savings potential. The City selects projects based on the IGA analysis and the improvements are implemented through an Energy Management Service Agreement ("EMSA") by the ESCO. The EMSA provides long-term financial guarantees on the net savings for such projects. The second phase of construction work is nearing completion and a third phase of construction of energy saving improvements is expected to begin in FY23. The City finances this program with general obligation bonds with debt service costs

expected to be offset by the long-term energy savings guaranteed by the ESCO.

To improve the tracking and control of energy use, the City has re-procured services to support an Enterprise Energy Management System ("EEMS"). The current EEMS enables the City to monitor and report on the energy consumed by its 300+ buildings and other fixed assets, and its vehicle fleet, and is used by the City to meet its public reporting obligation under the Building Energy Reporting and Disclosure Ordinance. The EEMS has also facilitated the identification of energy efficiency projects and billing errors that have saved the City \$1.3 million in utility expenses.

The City's electricity requirements have been met by third-party commodity supply contractors since March 2005. To date, the amounts the City has paid to its third-party electricity suppliers have been less than the amounts it would have paid if it had continued to accept default electric service from its local distribution company, Eversource. Avoided costs since FY15 total approximately \$28 million.

## **Appropriations**

The combined appropriations for City Departments, the Public Health Commission (PHC) and the School Department (BPS), and non-departmental appropriations as shown in the FY23 Budget Summary have increased by 3.34% from FY22.

Boston Public Schools with a \$1.33 billion appropriation is increasing by \$40 million over FY22. Boston's total investment in education, including BPS and the City's Charter School Assessment, is growing by \$53 million (3.4%) over FY22.

City Services such as Police, Fire, Public Works, Housing, and other central funds are projected to increase by a total of \$48 million (33%). The City has created two new Cabinets, Planning and Public Health. The

FY23 budget includes transformative investments in economic opportunity, mobility and climate change. Many of these investments are paired with ARPA appropriations, for more information on those see the External Funds section. The appropriation for the Housing Cabinet is growing by \$8.9 million or 25.2% with the significant investments in housing and homelessness efforts to prevent displacement and expand housing opportunities for families of every income in neighborhoods across the city. The majority of union contracts have expired, so departmental wage growth is limited, while outstanding contracts are reserved for centrally. Funding for unsettled City, PHC and BPS union contracts are centralized in a \$75 million collective bargaining reserve.

The Public Health Commission (PHC) budget is growing by \$7 million (6.3%) in FY23. This increase includes key investments in a citywide mental health initiative, Public Health preparedness, alternative mental health responses and additional EMTs. Unlike other city departments, the PHC budget contains health insurance and pension.

The FY23 budget also continues and expands upon a number of savings initiatives.

- Boston will realize \$14.9 million in avoided health care costs in FY23, related to FY23 changes per the PEC agreement.
- Renew Boston Trust energy conservation savings will amount to \$973,000 in FY22.
- Continuing the practice of proactive review, the City eliminated long-term vacant positions from the budget in FY23 for \$230,000 in savings.

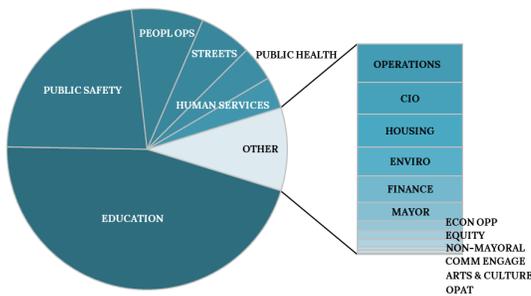
Continued tightening within City departments enables the City to afford targeted investments after reserving for costs associated with collective bargaining,

funding its pension obligations, and paying its debt service.

# General Fund Appropriations by Cabinet & Department

Cabinet	Department	FY 20	FY 21	FY22 Budget	FY23 Budget	23 vs 22
		Expenditure	Expenditure			
Mayor's Office	Mayor's Office	5,113,678	5,424,565	5,430,619	6,148,111	717,492
	Election Department	4,647,902	4,785,510	6,350,001	6,814,489	464,488
	Intergovernmental Relations	1,423,202	1,282,520	1,414,841	1,550,366	135,525
	Law Department	7,696,848	7,502,954	8,236,204	9,773,361	1,537,157
	<b>Total</b>	<b>18,881,629</b>	<b>18,995,549</b>	<b>21,431,664</b>	<b>24,286,327</b>	<b>2,854,663</b>
Equity & Inclusion	Office of Equity	0	0	4,346,334	1,370,674	-2,975,660
	Office of Diversity	0	0	354,667		-354,667
	Office of Resilience & Racial Equity	0	0	1,651,392	1,126,881	-524,511
	Office of Language & Communications Access	0	0	1,169,967	1,848,666	678,699
	Human Rights Commission	0	194,828	602,852	631,046	28,194
	Office for Immigrant Advancement	672,804	1,121,164	1,704,718	3,109,355	1,404,637
	Women's Advancement	339,765	466,354	869,497	475,785	-393,712
	Black Male Advancement	0	0	0	1,803,768	1,803,768
	Fair Housing & Equity	226,931	192,010	517,514	533,246	15,732
	LGBTQ+ Advancement	0	0	0	445,000	445,000
Commission For Persons W/Disabilities	483,253	484,881	623,936	688,083	64,147	
<b>Total</b>	<b>1,722,752</b>	<b>2,459,237</b>	<b>11,840,877</b>	<b>12,032,504</b>	<b>191,627</b>	
Office of Police Accountability & Transparency (OPAT)	Office of Police Accountability & Transparency	0	0	1,300,500	1,488,543	188,043
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,300,500</b>	<b>1,488,543</b>	<b>188,043</b>
Operations	Property Management Department	19,987,877	19,369,963	17,807,413	19,636,506	1,829,094
	Public Facilities Department	6,644,140	7,162,959	7,698,027	8,822,217	1,124,191
	Inspectional Services Department	18,521,495	19,899,371	22,547,927	22,886,076	338,149
<b>Total</b>	<b>45,153,512</b>	<b>46,432,293</b>	<b>48,053,366</b>	<b>51,344,800</b>	<b>3,291,433</b>	
Community Engagement	Neighborhood Services	3,692,528	4,020,542	4,129,022	4,658,837	529,815
<b>Total</b>	<b>3,692,528</b>	<b>4,020,542</b>	<b>4,129,022</b>	<b>4,658,837</b>	<b>529,815</b>	
Arts & Culture	Office of Arts & Culture	2,049,325	2,099,448	3,629,075	4,077,753	448,678
<b>Total</b>	<b>2,049,325</b>	<b>2,099,448</b>	<b>3,629,075</b>	<b>4,077,753</b>	<b>448,678</b>	
Economic Opportunity & Inclusion	Office of Economic Opportunity & Inclusion	3,463,425	3,853,923	2,944,575	5,973,308	3,028,733
	Consumer Affairs & Licensing	1,360,358	1,518,462	1,802,658	1,804,748	2,090
	Office of Tourism, Sports & Entertainment	1,365,309	894,768	2,503,329	1,581,953	-921,376
	Dept of Supplier & Workforce Diversity	0	0	0	3,478,519	3,478,519
<b>Total</b>	<b>6,189,092</b>	<b>6,267,152</b>	<b>7,250,562</b>	<b>12,838,528</b>	<b>5,587,966</b>	
Education	Boston Public Schools	1,178,562,371	1,260,465,246	1,294,719,861	1,334,845,508	40,125,647
<b>Total</b>	<b>1,178,562,371</b>	<b>1,260,465,246</b>	<b>1,294,719,861</b>	<b>1,334,845,508</b>	<b>40,125,647</b>	
Environment, Energy & Open Space	Environment Department	3,212,339	3,137,681	4,988,611	3,806,589	-1,182,022
	Parks & Recreation Department	28,753,617	28,106,886	28,735,982	31,246,106	2,510,124
	Office of Historic Preservation	0	0	0	1,296,332	1,296,332
	Office of Food Justice	0	0	0	1,358,360	1,358,360
<b>Total</b>	<b>31,965,955</b>	<b>31,244,566</b>	<b>33,724,593</b>	<b>37,707,387</b>	<b>3,982,795</b>	
Finance	Office of Finance	2,056,989	3,687,808	2,046,207	2,648,553	602,347
	Assessing Department	6,670,361	7,347,193	8,078,874	8,223,350	144,475
	Auditing Department	2,996,262	3,132,301	3,064,944	3,255,490	190,547
	Budget Management	2,827,300	2,833,402	3,538,791	3,355,257	-183,534
	Office of Participatory Budgeting	0	0	1,000,000	2,000,000	1,000,000
	Execution of Courts	7,083,289	5,790,678	5,000,000	5,000,000	0
	Pensions & Annuities	3,515,768	3,429,223	3,900,000	3,900,000	0
	Procurement	2,773,023	2,052,998	2,155,762	2,082,595	-73,167
	Treasury Department	20,087,308	5,310,310	4,921,229	5,109,508	188,279
<b>Total</b>	<b>48,010,300</b>	<b>33,583,913</b>	<b>33,705,807</b>	<b>35,574,753</b>	<b>1,868,946</b>	
People Operations	Office of People Operations				496,108	496,108
	Health Insurance	211,341,951	210,900,841	212,236,570	217,310,394	5073824
	Human Resources	5,109,259	6,855,304	6,217,428	7,632,684	1,415,256
	Medicare	10,618,969	10,542,664	12,635,794	12,635,794	0
	Office of Labor Relations	1,309,175	1,297,602	1,605,222	1,961,167	355,945
	Registry Division	1,078,121	1,084,374	1,152,550	1,181,182	28,632
	Unemployment Compensation	634,863	528,212	350,000	350,000	0
	Workers' Compensation Fund	1,767,315	1,839,774	2,000,000	2,000,000	0
<b>Total</b>	<b>231,859,653</b>	<b>233,048,772</b>	<b>236,197,563</b>	<b>243,567,329</b>	<b>7,369,766</b>	
Human Services	Office of Human Services	0	2,435,484	5,894,284	5,786,120	-108,164
	Boston Center for Youth & Families	28,545,466	26,904,860	29,713,140	29,794,893	81,753
	Age Strong	3,875,010	3,883,952	5,260,523	6,002,116	741,593
	Library Department	39,119,630	39,841,323	42,242,858	43,274,246	1,031,389
	Youth Engagement & Employment	7,198,033	7,159,622	4,620,844	4,696,769	75,926
	Boston VETS	2,900,756	2,607,979	12,475,452	17,714,930	5,239,478
<b>Total</b>	<b>81,638,895</b>	<b>82,833,219</b>	<b>100,207,101</b>	<b>107,269,074</b>	<b>7,061,974</b>	
Public Health	Public Health Commission	93,405,427	106,473,529	110,850,881	117,884,077	7,033,196
<b>Total</b>	<b>93,405,427</b>	<b>106,473,529</b>	<b>110,850,881</b>	<b>117,884,077</b>	<b>7,033,196</b>	
Housing	Mayor's Office of Housing	20,464,361	29,053,967	35,372,663	44,283,794	8,911,131
<b>Total</b>	<b>20,464,361</b>	<b>29,053,967</b>	<b>35,372,663</b>	<b>44,283,794</b>	<b>8,911,131</b>	
Information & Technology	Department of Innovation and Technology	43,067,317	41,223,732	40,245,350	41,944,647	1,699,297
<b>Total</b>	<b>43,067,317</b>	<b>41,223,732</b>	<b>40,245,350</b>	<b>41,944,647</b>	<b>1,699,297</b>	
Public Safety	Emergency Management	806,158	1,006,506	1,133,990	1,287,566	153,576
	Fire Department	277,013,026	268,959,926	275,808,105	276,902,588	1,094,483
	Police Department	425,553,210	422,917,499	400,451,303	395,094,796	-5,356,507
<b>Total</b>	<b>703,372,394</b>	<b>692,883,931</b>	<b>677,393,397</b>	<b>673,284,950</b>	<b>-4,108,444</b>	
Streets	Central Fleet Management	3,509,996	3,446,544	3,280,215	3,323,080	42,865
	Office of Streets	2,040,302	1,926,757	2,335,552	2,601,091	265,539
	Public Works Department	95,183,888	94,152,632	102,417,961	105,955,548	3,537,587
	Snow & Winter Management	22,578,057	18,702,453	21,708,166	23,530,814	1,822,648
	Transportation Department	38,875,937	37,336,336	41,830,931	42,094,528	263,597
<b>Total</b>	<b>162,188,179</b>	<b>155,564,722</b>	<b>171,572,825</b>	<b>177,505,060</b>	<b>5,932,235</b>	
Non-Mayoral Departments	City Clerk	1,311,942	1,364,820	1,432,883	1,779,332	346,449
	City Council	5,508,131	5,588,427	6,136,400	7,688,900	1,552,500
	Finance Commission	289,513	293,490	304,075	320,641	16,566
<b>Total</b>	<b>7,109,586</b>	<b>7,246,737</b>	<b>7,873,358</b>	<b>9,788,873</b>	<b>1,915,515</b>	
<b>Grand Total</b>	<b>2,679,333,279</b>	<b>2,753,896,557</b>	<b>2,839,498,466</b>	<b>2,934,382,745</b>	<b>94,884,279</b>	

Table 5



**Figure 6 - FY23 Appropriations by Cabinet**

The departmental appropriations are shown in the General Fund Appropriation by Cabinet table.

Departmental appropriations can also be viewed by cabinet, to better reflect the overall policy priorities and trends by service area.

In FY23 some programs have transferred between departments. Details of these changes are described below in each of the following cabinet sections.

**Mayor’s Office**

The FY23 budget for the Mayor’s Office Cabinet has grown 13.3% from FY22. The cabinet contains the Mayor’s Office, the Election Department, Intergovernmental Relations, and the Law Department. The Election Department’s budget will increase by 7.3% in FY23 due to additional expenses for implementation of no-excuse mail in voting and early voting. The Mayor’s Office Budget will increase by 13.2%, reflecting new senior level positions to advance transformative agenda items. The Law Department budget increased by 18.7% as the result of a comprehensive salary review for legal staff. Intergovernmental relations is increasing by 9.6% due to the addition of a federal relations position.

For additional budget services detail on the Mayor’s Office Cabinet see Volume II.

**Equity & Inclusion**

The new Equity & Inclusion Cabinet’s budget totals \$12 million. The Cabinet includes the Office of Equity, as well as several new and existing departments. The Office of Equity provides administrative and policy direction to the departments making up the cabinet. Headed by the Chief of Equity, the Office of Equity plans to add staff in FY23, including an equity officer to lead efforts to embed equity throughout the government, a research and policy specialist and a Director of Strategic Initiatives; as well as absorbing the functions of the Office of Diversity.

This cabinet also contains the newly created Offices of Black Male Advancement and LGBTQ+ Advancement; part of Mayor Wu’s goal of amplifying voices not previously heard by city government. The Mayor’s Office of Resilience and Racial Equity (MORRE) will decrease by 32%, as a result of racial equity training moving into a maintenance phase in FY23. FY22 saw a whole city push to train all employees, while FY23 contains funding for a smaller number of employees.

In FY23, the Commission for Persons with Disabilities moved from the Human Services Cabinet to the Equity Cabinet. Its budget will increase by 10.3%. FY23 will see the department adding an architectural access architect, to ensure that all right of way plans are accessible to all. This has come into prominence with the proliferation of outdoor dining under the temporary program; ensuring that sidewalks are still ADA/ABA compliant is a priority.

Language and Communication Access continues to grow in FY23, with an increase of 58% or \$678.7 thousand. The FY23 budget invests in seven new positions, including in-house translators and LCA specialists to better support departments.

There is also funding for in-house contracts to speed up the translation and interpretation procurement process.

The FY23 budget of the Mayor's Office for Immigrant Advancement (MOIA) is increasing by 82%. FY23 investments include an expansion of a successful pilot internship program for immigrant professionals trained in COVID-19 recovery sectors, and continuation of the Summer Fellowship program first piloted in summer 2020. The budget will also expand legal service capacity in the city and fund staffing to support immigrants impacted by the Temporary Protected Status Program changes.

Women's Advancement's budget will decrease by 45.2% as a result of the Childcare Entrepreneur Fund and one position moving to the Human Services to support the newly created Office of Early Childhood. The Office of Fair Housing moved to this cabinet in FY23, with a budget that is mostly level to FY22.

For additional budget detail on the Equity & Inclusion Cabinet see Volume II.

### **Office of Police Accountability & Transparency (OPAT)**

The Office of Police Accountability & Transparency (OPAT) Cabinet is growing by 14.4%, with investments in community and public safety mediation, paid internships and a review of Police Department BIPOC data. FY23 will be the second year that this office has existed and their budget also includes funding for the Civilian Review Board and the Internal Affairs Oversight Panel.

The Office will support lasting, generational change by rooting out impropriety and ensuring the type of enhanced oversight that leads to greater community trust. The purpose of OPAT is to provide a single point of entry for individuals with concerns or

complaints related to the Boston Police Department and its officers and sworn personnel.

### **Operations**

In FY23 the budget for the Operations Cabinet is increasing by 6.85%, with the addition of 26 positions, as well as, investments in critical repair to maintain city property in Property Management.

The Public Facilities' FY23 budget will increase by 14.6%, or \$1.1 million, due to the addition of 8 positions directly related to supporting efforts on the City's capital plan, as well as 2 clerks dedicated to supporting Renew Boston Trust projects.

The Property Management Department's budget will increase by 10.3%, or \$1.8 million, due to the addition of security and custodial positions. With the planned reopening of City Hall Plaza and the North Entrance of City Hall, additional staff will be needed to support these capital investments.

The Inspectional Services Department's (ISD) budget will increase by 1.5% or \$338 thousand. Increases in positions in the Building Division as well as administrative support will help the department better serve residents. There is also a new floodplain administrator position to ensure the City is meeting all FEMA and other requirements. These additions are offset by a slight reduction in 3rd party overtime to match the FY22 projections.

For additional budget detail on the Operations Cabinet see Volume II

### **Community Engagement**

The FY23 budget for the Community Engagement Cabinet will increase by 12.8%, or \$529 thousand. The Community Engagement Cabinet contains the Office of Neighborhood Services, which is home to

the City's neighborhood liaisons, Boston 311, and the Office of Civic Organizing. The FY23 budget will support five additional call takers to maintain a high level of responsiveness for 311 calls as well as a workforce development investment to ensure the department is able to promote a high standard of civic engagement. The My Brother's Keeper program was transferred to the new Office of Black Male Advancement.

For additional budget detail on the Community Engagement Cabinet see Volume II.

### **Arts & Culture**

In FY23, funding for the Arts and Culture Cabinet will increase by 12.4%, or \$448 thousand. The FY23 budget maintains a \$1 million FY22 investment in an art training program. It also adds three positions for community engagement, developer review and a position for City Hall Plaza Operations. It also adds a position and grant funding for community arts programming and supports. In FY23, the Library Department moved from the Arts and Culture cabinet to the Human Services cabinet.

For additional budget detail on the Arts & Culture Cabinet see Volume II.

### **Economic Opportunity and Inclusion**

The Economic Opportunity and Inclusion Cabinet includes the Office of Economic Opportunity and Inclusion, the Department of Supplier and Workforce Diversity, Consumer Affairs & Licensing, and the Office of Tourism. Overall, the Cabinet will see an increase of 77% or \$5.6 million, in FY23.

The Office of Economic Opportunity and Inclusion's (OEI) FY23 budget will increase by 102.9%, or \$3 million, from its FY22 appropriation; driven by the transformative investments in business support. A \$1.5 million investment in Main Streets will

provide direct support to existing Main Streets and add additional districts to the program. There will also be a newly created \$1 million Legacy Business Fund to support long term community business anchors. Almost another \$1 million in grant funded positions will be moved to the operating budget, to free up grant funds for small business supports. The department continues to support Small, Minority- and Women-owned Business Enterprises (MWBE). Additionally, the department continues to manage the Boston Cannabis Equity Fund, which supports the development of equity applicants for the emerging cannabis industry.

The Office of Tourism will decrease by 36.8% from its FY22 appropriation, as a result of a one-time hospitality investment being shifted to ARPA funding. The Consumer Affairs and Licensing Board will remain level funded.

In FY23, the Department of Supplier Diversity and Workforce Development will move from the Equity and Inclusion Cabinet. The \$3.5 million budget aims to ensure that minority-owned and/or women-owned business enterprises (MWBE) are certified as such, and supported through the procurement process. The Department also reviews developer and contractor compliance with the Boston Residents Jobs Policy (BRJP). The team continues to grow their data monitoring and reporting capacity regarding diversity in city procurement. For additional budget detail on the Economic Opportunity and Inclusion Cabinet see Volume II.

### **Education**

At \$1.33 billion, the FY23 operating budget is the largest in the history of the Boston Public Schools (BPS), increasing by \$40 million, or 3.1%, over the FY22 appropriation. In FY23, \$52 million in

funding for new initiatives will be included in the BPS budget.

Funding directed to schools will increase to \$853 million. Combined with another \$334 million in school services budgeted centrally - such as transportation, special education, and facilities - total spending in schools will reach nearly \$1.19 billion, representing 89% of the BPS budget.

Investments in BPS are guided by three principles: Return, Recover, and Reimagine. Operating investments focus on a safe return to schools to continue the work disrupted by COVID-19 and the equitable academic and emotional recovery of students from the pandemic.

The FY23 budget includes transformative investments for new social workers, school psychologists, and guidance counselors. These investments will enable school support teams to better coordinate recovery across teams, build learning plans, address special education IEPs, and analyze English learner data to ensure students are meeting their academic goals to return and recover successfully. In addition, the budget will expand access to libraries across the district, with new school librarians and inclusive library collections and materials.

The district will also provide access to MassCore at the secondary level with more access to physical education, art, music, and academic enrichment. This will help the district create a high-quality, rigorous, ethnically and culturally responsive curriculum. This work also aims to reimagine what is possible within the district, by standardizing graduation requirements across high schools and setting the bar high to college and career readiness through accelerated learning and equitable opportunities for all.

Additionally, to mitigate the impact of declining enrollment due to COVID-19, a

\$26.7 million investment provides resources to schools beyond Weighted Student Funding, and on top of existing soft landings and Foundation for Quality supports. These supports go directly to schools and ensure that schools are able to maintain level services and support their students, regardless of enrollment declines.

In addition to operating investments, BPS is allocating federal Elementary and Secondary School Emergency Relief (ESSER) funding to support Return, Recover, and Reimagine efforts, including investing in high quality facilities, equitable literacy, and supports for bilingual students and students with disabilities. For more information, see the Education section in Volume I.

For additional budget detail on the Education Cabinet, see Volume II.

### **Environment, Energy & Open Space**

The Environment, Energy and Open Space Cabinet, which includes the Environment Department, the Parks and Recreation Department, and, newly created in FY23, the Offices of Historic Preservation and Food Justice, will increase by 11.8%, or almost \$4 million, in FY23. The cabinet is making targeted investments to ensure access to high-quality open spaces for all Bostonians, implement the City's Climate Action Plan, implement BERDO 2.0 and advance Boston's Green New Deal.

In FY23, the Environment Department's budget will decrease by \$1.1 million. This is driven by the separation of the Office of Historic Preservation from the Environment Department to its own department. The Environment Department will begin BERDO 2.0 reporting and compliance; including a \$500 thousand Equitable Emission Fund, to jumpstart the city's ability to support businesses in their energy efficiency efforts. This fund will eventually be refilled from owners making

Alternative Non-Compliance payments into the fund. There is additional funding for BERDO staff and resources to fully implement the ordinance requirements. The Environment Department will also add two new positions in resiliency and renewable energy, plus a piloted training program to focus on high climate impact city employees and ensure they are educated about the Green New Deal.

The Parks and Recreation Department budget will increase by 8.7%, funding investments that will protect the city's tree canopy and ensure access and employee training. In support of climate justice goals, the department will create a new Division of Urban Forestry. Staff support for this division includes six tree canopy positions, two arborists, a Tree Canopy Director and a finance position to manage contracts. There is also additional funding to maintain non-standard tree pits. Modern street design may include a number of tree pit features (irrigation, pervious pavement) that require additional care for the tree to survive. The department will also purchase five sidewalk snow removal vehicles and add on an additional four weeks of lights at city courts, to expand access of all types to city resources.

The Office of Food Justice has moved from the Office of Human Services into its own department in FY23. Its FY23 budget is \$1.36 million and includes staff, funding for Boston Eats, a program that feeds children over the summer as well as funding for a program that matches EBT payments at Farmers Markets, to essentially double the amount available.

The Office of Historic Preservation has moved from its former home in the Environment Department. Including the City's Archaeology Department, this office will ensure the preservation of historic buildings and sites around the city. The budget of \$1.3 million will support 9 existing positions and add 2 more for a Commemoration Commission.

For additional budget detail on the Environment, Energy & Open Space Cabinet see Volume II.

## **Finance**

In FY23, the Administration and Finance Cabinet will split into the Finance and People Operations Cabinet. The Finance Cabinet will contain the Auditing, Assessing, Budget, Participatory Budgeting, Procurement, and Treasury Departments, as well as other central appropriations. The FY23 Finance Cabinet Budget includes select strategic investments in equitable procurement as well as public safety staffing analysis. The cabinet has a 5.5% increase, or \$1.9 million, in FY23. This increase is primarily driven by a 100% increase, or \$1 million, in Participatory Budgeting.

The Finance cabinet has broadly expanded the resources in FY23 to continue to implement the Citywide Equitable Procurement Initiative, which works to ensure the full participation of all enterprises in City spending, focusing on small and local minority-, woman-, and veteran-owned businesses.

In FY23, the cabinet will continue a citywide review of collections to better optimize the City's non-tax revenues. The City will also continue to work to maximize federal health insurance reimbursements and revenue recovery efforts.

In June 2021, the Mayor approved a proposed amendment to the City of Boston Charter that intended to strike a more equal balance of budgetary powers between the Mayor and the City Council and also included a provision concerning the implementation of Participatory Budgeting. The charter amendment was included on the municipal ballot in November 2021, and approved. The amendment requires the city to pass an ordinance creating the Office of Participatory Budgeting by the start of the FY24 Fiscal Year. The FY23 budget includes

\$2 million to fund staff and begin programming efforts prior to the required start date. The Participatory Budgeting appropriation will support the City's efforts to incorporate participatory budgeting practices, with the goals of being more democratic, inclusive, and transparent. The appropriation will fund efforts to include all residents, with a focus on those residents historically disconnected from the budgeting process.

For additional budget detail on the Finance Cabinet see Volume II.

### **People Operations**

The People Operations FY23 Cabinet includes the Human Resources, Labor Relations and Registry Departments. Formed to create an organization that is healthy, responsive, and human-centered, the cabinet's FY23 budget includes strategic investments green transportation initiative and an investment in health Insurance benefits.

This cabinet, which consists of approximately 150 employees, supports the work of the 17,000 employees in the city of Boston, as well as maintains the records for all Births, Deaths, and Marriages for the City of Boston. Its budget will increase by 3% or \$7.4 million, driven by investments in Health Insurance.

For additional budget detail on the People Operations Cabinet see Volume II.

### **Human Services**

The FY23 appropriation for the Human Services Cabinet will increase by \$7 million or 6.3%. The majority of that increase is for expanded summer youth jobs. The cabinet works to promote the health and well-being of the City's residents, particularly its most vulnerable.

The Office of Human Services which includes the Office of Public Safety (which includes the Office of Returning Citizens),

will be incubating the Office Early Childhood in FY23. The department's budget will decrease by 1.8%; driven by the shift of the Alternative Public Safety Response funding to BPHC and the shift of Office of Food Justice to being its own department. The department's budget includes \$1.5 million for the Youth Development Fund (an increase of \$250 thousand in FY23), a grant program which is a key part of a targeted violence prevention strategy with the goal of zero homicides in the City of Boston. Also included is a \$2 million investment in the Returning Citizens (part of the Office of Public Safety) to fund case management staff and support dedicated to people returning from incarceration. Additionally, the office of Early Childhood will include three staff and an increase to the successful Child Care Entrepreneur Fund, which supports small businesses providing essential child care services.

Boston Centers for Youth and Families' (BCYF) FY23 budget will increase by .3% overall from FY22. The FY23 budget includes an investment in youth mobility. The department's budget also continues to provide grants to local nonprofits supporting after-school youth activities, sports, and academic study programs. Additionally, BCYF runs both winter and summer Camp Joy programs with structured enriching activities for children and young adults with special needs.

The Age Strong Commission's budget will increase by 14.1% in FY23. Investments in Age Strong for FY23 include a new corps of Age Strong Ambassadors, to use peers to connect more seniors with existing resources, as well as \$600 thousand for mental health needs in the community. The latter investment will be in partnership with BPHC's comprehensive, citywide mental health efforts; see the Public Health Cabinet, below.

The Boston Public Library (BPL) budget will see a 2.4% increase, or \$1 million, in FY23.

BPL also moved from the Arts and Culture Cabinet to the Human Service Cabinet. BPL's budget includes an investment in support for the smaller branches, with the addition of 6 new positions at (list branches here). This will prevent lunch hour closures, when, due to lack of staff, the library has to close so the librarians can take lunch. BPL will also add resources for cyber security, to support the central office's efforts to modernize electronic security.

In addition to the FY23 general fund budget, BPL has support from external funding sources. These crucial resources, including the Commonwealth of Massachusetts and Affiliates of the Public Library, support a variety of initiatives.

The FY23 budget for the Boston Office of Veterans Engagement, Transition, and Services (Boston VETS) will show a 1.6% increase, despite a reduction in the need for services under state Chapter 115 due to fewer qualifying Boston veterans. The Boston VETS FY23 budget will include \$71 thousand for the addition of a transition and integration specialist.

The budget for Youth Engagement and Employment (YEE) will increase by 42%, or \$5.2 million, in FY23. Funding will continue to support a successful partnership with community-based organizations, and FY23 investments will provide an estimated 6,000 summer jobs. The department will also work year-round to support youth through the Mayor's Youth Council and provide for 1,500 school-year jobs. Additionally, YEE will increase staff capacity and enhance outreach efforts to engage all youth in employment and educational opportunities.

For additional budget detail on the Health & Human Services Cabinet see Volume III.

### **Public Health**

The Boston Public Health Commission (BPHC) serves as the City's health department and provides emergency

medical services (EMS); infectious disease surveillance; substance abuse prevention and treatment programs; community health programming; shelter, food, and advocacy for homeless individuals; and home and school-based health services for children and families. In FY23, BPHC's appropriation will increase by 6.3%, or almost \$7 million. Unlike most City departments, BPHC's appropriation includes health insurance, pension and other post-employment benefits (OPEB).

BPHC is strengthening its public health preparedness team by adding twelve positions to better prepare Boston for the aftermath of the next public health crisis, be it epidemic, natural disaster or man-made crisis. The city is also investing in a Chief of Mental and Behavioral Health position, as well as three additional positions to fully map out the mental and behavioral health landscape of the city. This will support other mental health initiatives across the city. An initiative will shift over from the Office of Human Services: the Mental Health Response pilot to ensure all mental health emergencies are responded to with the right level of support.

As a partner to the Mental Health Response pilot, EMS will add 4 EMTs dedicated to co-responding with a BEST clinician to provide direct mental health care to residents in need. EMS will also add twenty new EMTs to cover for staffing shortages caused by longer call times. As a result of the COVID-19 pandemic, additional safety measures need to be taken to protect first responders; as a result, calls can take longer. These new EMTs will ensure that response times remain on target.

For additional budget detail on the Health & Human Services Cabinet see Volume III.

### **Housing**

The FY23 budget for the Housing Cabinet will increase by 25.2%; or \$8.9 million. The

Wu administration commits at least \$380.4 million in funding across the Operating, Capital and ARPA budgets between FY23 and FY25 to increase affordable housing availability, improve housing conditions in existing units, and bolster supportive services for individuals facing housing instability and homelessness, amongst other goals.

In FY23, the City will expand the City-funded rental voucher program with \$2.5 million in additional funding; bring total funding for the program to \$7.5 million. This program will subsidize the rents of those with the most need through providing hundreds of vouchers over five years. The goal is for tenants to pay no more than 30% of their income to rent.

The Mayor's Office of Housing conducts various programs to move the needle on chronic, family, and youth homelessness. A \$1.2 million investment will offer housing and case management services for an additional 50 individuals experiencing homelessness. A \$644 thousand investment will expand housing stability services such as legal assistance, given that renters in eviction proceedings do not have access to a free public defender. A \$1.85 million investment in BHA vouchers and a BHA homeownership pilot will also be funded.[JB1]

Following a tradition of supporting the community programs, the Office of housing will receive \$500 thousand for the Strand Theater. It will receive a new roof, new interior paint, house lights, and other maintenance work to ensure the historic building's attractiveness and safety.

GrowBoston, which aims to convert open space to food-producing green space and offer communities technical assistance, will see its first operating investment of \$800 thousand. The initiative started part way through FY22, but did not yet have programming funds.

Furthermore, the FY23 budget projects that the Mayor's Office of Housing will have \$145 million in external funds available from federal and state grants, as well as revenue from certain developer fees.

For additional budget detail on the Housing & Neighborhood Development Cabinet see Volume III.

### **Information & Technology**

The Department of Innovation and Technology (DoIT) will see a 4.2% increase over its FY22 appropriation. The COVID-19 pandemic has underscored how critical access to the internet is for enabling households to engage with the economic, social, and civic life of their communities. Building on investments in FY22 for digital equity, the FY23 budget will focus on the user experience of all residents who wish to engage with the city electronically. An investment in three positions will ensure the city's website is as easy and intuitive to navigate.

The FY23 Budget also responds to the changing nature of work by adding an asset manager and support to the service desk. A pilot period for hybrid work options will be available to certain employees and DoIT will ensure that the technical hurdles will be overcome. To support employees, the department will also receive \$100 thousand in additional training and professional development for staff. The nature of IT work is fast moving and DoIT needs to be on the forefront of technology.

For additional budget detail on the Information & Technology Cabinet, see Volume III.

### **Public Safety**

Overall, the Public Safety Cabinet, which includes the Police Department, the Fire Department, and the Office of Emergency Management, will decrease by .61% or \$4.1 million from FY22. The FY23 budget supports cadets in both Police and Fire; an

increase of 30 police cadets to promote increased diversity, and the start of the fire cadet program.

The Police Department will decrease by 1.3%, due to a higher than anticipated level of attrition. While replacement classes are keeping up with attrition, officers retiring earn more than newly sworn in replacements. The department will continue its efforts to reduce overtime hours and in FY23 will move ahead with efforts to return to duty officers that are on injured leave. This budget continues to include funding for BEST clinicians who will be available to help police officers better serve their community. In FY23, the department will expand its Public Records team through one corporation counsel position (funded in the law department) as well as records assistant in the Police Department.

Building on the continued success of recruiting a diverse police cadet class in FY19 through FY22, the FY23 budget increases the number of cadets from 60 to 90. This addition to the cadets will continue to provide a stable pipeline of diverse young people for future police officer classes. This budget also funds promotional opportunities by putting on a Detectives Exam in FY23 and starting the process for the much larger Civil Service exam (for Sergeants, Lieutenants and Captains) to be held in FY24.

The Fire Department budget will increase by .4% in FY23, which is primarily due a newly required lease payment for the Special Operations team. That team had been hosted on land owned by an educational organization that can no longer support the department. There is also a \$500 thousand investment to update the telephone system at Fire Headquarters. The FY23 operating budget continues previous investments in facilities improvements, health and wellness training, and the start of the fire cadet program to bring on cadets in the spring of 2023.

The Office of Emergency Management budget represents an increase of 13.5%. This increase is due to an enhancement of the Emergency Notification System, to allow for reverse 911 calls to warn residents about life threatening situations. For additional budget detail on the Public Safety Cabinet see Volume III.

### **Streets**

The FY23 Streets Cabinet budget, which includes the Public Works Department and the Boston Transportation Department, increased by 3.5% over the FY22 appropriation. This budget reflects innovative new investments that expand high-quality basic city services to keep our streets clean, safe, and accessible for all users.

The Public Works Department (PWD) FY23 budget will increase by 3.5%, or \$3.5 million, over FY22, partially driven by projected increases in the waste removal contracts. Building on FY23 investments in Zero Waste, the city will start a composting pilot for curbside food waste, as well as targeted pilots in the Boston Housing Authority and Chinatown. The department will receive three additional positions to support the Zero Waste goals, plus additional Hokey positions to keep city streets clean. The FY23 budget will invest \$136 thousand in critical concrete building maintenance and additional staffing resources. Supporting the City's goal of having all pedestrian ramps ADA compliant by 2030, the department will receive a Chief Highway Inspector to focus on ramps. In an investment shared with BTM, PWD will add two engineers to support innovative projects coming out of the Transportation Departments Active Transportation and Transit Teams.

The Boston Transportation Department's (BTM) FY23 budget will increase by .6% over FY22, with a focus on the Future of Transportation; improving mobility no matter how you get around the city. FY23

investments are offset by one-time FY22 pandemic related programs ending. This budget includes \$628 thousand in ten new positions, for the projects in new mobility, transit and active transportation. This budget intends to revolutionize how streets are designed and how people move about the City. To that end, there is an additional \$362 thousand in basic mobility tools; including a street asset management system to be able to track installation, maintenance and location of every sign pole, traffic signal and bike lane. Finally, the city will take over management of the Lafayette Garage from a private contractor. Maintenance expenses are anticipated at \$1 million; while revenue from the garage will far outpace that amount.

The Office of Streets is the central administrative arm of the cabinet. Its budget will increase by 11.3%; with three new positions to support recruiting for specialized positions, a senior procurement coordinator to support contract diversity and an administrative position to support Future of Transportation contractual needs. Central Fleet Maintenance is increasing by 1.3%, with a \$50 thousand investment in Fleet Electrification Planning For additional budget detail on the Streets Cabinet see Volume III.

### **Non-Mayoral**

The Non-Mayoral Cabinet includes the City Clerk, the Finance Commission and the City Council. This Cabinet's budget increases by 24.3%; driven by an increase in the City Council budget of \$1.5 million or 25.3%. This includes investments in staff as well as language access and technology.

For additional budget detail on the Non-Mayoral Cabinet see Volume III.

### **Reserve for Collective Bargaining**

The FY23 collective bargaining reserve, a \$75 million reserve for City departments, Boston Public Schools, and the Public

Health Commission, contains funding for unsettled union contracts. Most union contracts have expired and the City has reserved a limited amount for successor agreements. Salary increases in these agreements will have a direct impact on dollars available in FY23 and in the upcoming years.

### **FIXED COSTS**

Fixed costs make up a growing portion of the City's Budget. The City is required to budget for fixed costs and its growth, largely driven by the Charter School Tuition Assessment, which is directly deducted from Boston's state aid, and the City's Pension schedule, which requires a 9.3% increase in FY23 to ensure funding consistent with the current pension schedule.

### **Pensions**

Boston's Pension budget is based on the current pension schedule approved by Boston's Retirement Board. The City's Pension schedule requires a \$30.2 million or 9.3% increase in FY23.

The City of Boston participates in a contributory defined benefit retirement system that is administered by the Boston Retirement System (BRS). BRS is one of 104 public pension systems governed by Massachusetts General Law Chapter 32. Boston's current pension schedule is based on an actuarial asset valuation as of January 1, 2020. The current pension schedule assumes a long term rate of return of 7.05%. The City's pension liability is currently 75.6% funded and is on track to reduce the unfunded liability to zero by 2027, thirteen years prior to the legally required funding date of 2040. The current Cost of Living Adjustment (COLA) base (the amount the annual COLA increase is applied to) is \$15,000. In the spring of 2022 BRS approved a 3% COLA increase effective July 1, 2022. In the fall, BRS will update its Pension valuation, as of January 1, 2022, and

approve a new pension schedule that will be used for the FY24 budget.

### **Debt Service**

The Debt Service budget supports borrowing to finance the City's capital plan. In FY23 Debt Service is budgeted at \$219.0 million, which is a \$15.3 million or 7.5% increase over the previous year.

The City benefits from its strong financial policies and practices and has triple A credit ratings from Moody's and Standard and Poor's. Strong credit ratings are an assessment of the City's long-term financial stability and lower the cost of borrowing.

For further detail see the *Capital Planning* and *Financial Management* chapters of this volume.

### **State Assessments**

Accompanying the local aid distributions on the State's Cherry Sheet are charges to the City from the Commonwealth. These include items such as charter school tuition and MBTA service. The City expects to be assessed \$363.7 million by the Commonwealth in FY23.

For further detail see the *Revenue Estimates & Analysis* chapter of this volume.

### **Suffolk County**

The Suffolk County budget is a fixed cost mandated by state legislation, budgeted at

\$2.9 million in FY23. State legislation converted all existing and future Suffolk County Sheriff employees to state employees effective January 1, 2010. The State charges the City for Suffolk County through an assessment based on the residual unfunded pension liability for former Sheriff employees who retired prior to January 1, 2010. Once the unfunded pension liability is fully extinguished, the budget for Suffolk County will no longer be necessary.

### **Reserve**

The Reserve budget is a fixed cost stipulated by state law and requires the City of Boston to maintain a reserve of 2.5% of the prior year appropriations, not including the School department, on its balance sheet. The reserve's balance as of June 30, 2021 is \$38.6 million; with this balance Boston met its reserve requirements. The reserve can be used to provide for extraordinary and unforeseen expenditures and the Mayor may make drafts or transfers against this fund with City Council approval after June first of each fiscal year. Since the establishment of this reserve, the City has yet to make any drafts or transfers from the reserve.

**Personnel Summary**

		1/1/20	1/1/21	1/1/22	1/1/23	Projected
		FTE	FTE	FTE	Projected	Inc/(Dec)
<b>Office of the Mayor</b>	Mayor's Office	51.0	51.0	45.7	52.7	7.0
	Election Department	28.0	28.0	30.0	30.0	-
	Intergovernmental Relations	10.0	9.0	6.0	10.0	4.0
	Law Department	57.0	57.0	50.0	60.0	10.0
	<b>Total</b>	<b>146.0</b>	<b>145.0</b>	<b>131.7</b>	<b>152.7</b>	<b>21.0</b>
<b>Equity &amp; Inclusion</b>	Office of Equity	-	-	22.0	12.0	(10.0)
	Office of Diversity	-	-	3.0	-	(3.0)
	Office of Resiliency & Racial Equity	-	-	3.0	3.0	-
	Language & Communications Access	-	-	3.0	10.0	7.0
	Human Rights Commission	-	2.0	5.0	4.0	(1.0)
	Office of Immigrant Advancement	5.0	8.0	10.0	11.0	1.0
	Women's Advancement	4.0	4.0	3.0	4.0	1.0
	Black Male Advancement	-	-	-	6.0	6.0
	Fair Housing & Equity	7.0	7.0	8.0	8.0	-
	LGBTQ+ Advancement	-	-	-	3.0	3.0
	Commission for Persons with Disabilities	7.0	7.0	6.0	8.0	2.0
<b>Total</b>	<b>23.0</b>	<b>28.0</b>	<b>63.0</b>	<b>69.0</b>	<b>6.0</b>	
<b>Office of Police Accountability &amp; Transparency (OPAT)</b>	OPAT	-	-	5.0	23.4	18.4
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>5.0</b>	<b>23.4</b>	<b>18.4</b>
<b>Operations</b>	Inspectional Services	208.0	211.0	216.0	220.0	4.0
	Property Management	126.5	121.5	129.0	134.0	5.0
	Public Facilities Department	60.0	63.0	69.0	74.0	5.0
	<b>Total</b>	<b>394.5</b>	<b>395.5</b>	<b>414.0</b>	<b>428.0</b>	<b>14.0</b>
<b>Community Engagement</b>	Neighborhood Services	48.0	56.0	55.0	62.0	7.0
	<b>Total</b>	<b>48.0</b>	<b>56.0</b>	<b>55.0</b>	<b>62.0</b>	<b>7.0</b>
<b>Arts &amp; Culture</b>	Office of Arts & Culture	15.0	13.0	15.0	18.0	3.0
	<b>Total</b>	<b>15.0</b>	<b>13.0</b>	<b>15.0</b>	<b>18.0</b>	<b>3.0</b>
<b>Economic Opportunity &amp; Inclusion</b>	Office of Economic Opportunity & Inclusion	25.0	24.4	10.5	23.0	12.5
	Consumer Affairs & Licensing	15.0	18.2	21.2	21.2	-
	Office of Tourism	11.0	10.0	9.0	10.0	1.0
	Supplier and Workforce Diversity	-	-	-	20.0	20.0
	<b>Total</b>	<b>51.0</b>	<b>52.6</b>	<b>40.7</b>	<b>74.2</b>	<b>33.5</b>
<b>Education</b>	School Department	9,302.9	9,527.8	9,559.1	9,672.9	113.8
	<b>Total</b>	<b>9,302.9</b>	<b>9,527.8</b>	<b>9,559.1</b>	<b>9,672.9</b>	<b>113.8</b>
<b>Environment, Energy &amp; Open Space</b>	Environment	27.0	29.0	28.0	22.0	(6.0)
	Parks and Recreation	227.0	230.0	226.0	236.0	10.0
	Office of Historic Preservation	-	-	-	11.0	11.0
	Office of Food Justice	-	-	-	6.0	6.0
	<b>Total</b>	<b>254.0</b>	<b>259.0</b>	<b>254.0</b>	<b>275.0</b>	<b>21.0</b>
<b>Finance</b>	Office of Finance	6.0	5.0	4.0	6.0	2.0
	Assessing Department	70.0	78.0	73.0	73.0	-
	Auditing Department	32.0	29.0	28.0	28.0	-
	Budget Management	22.7	23.7	19.7	23.7	4.0
	Office of Participatory Budgeting	-	-	-	2.0	2.0
	Procurement	21.0	19.0	21.0	21.0	-
	Treasury Department	49.0	49.0	44.0	49.0	5.0
	<b>Total</b>	<b>200.7</b>	<b>203.7</b>	<b>189.7</b>	<b>202.7</b>	<b>13.0</b>
<b>People Operations</b>	Office of People Operations	-	-	-	3.0	3.0
	Human Resources	46.0	46.0	53.0	53.0	-
	Labor Relations	9.0	9.0	8.0	9.0	1.0
	Registry Division	18.0	18.0	18.0	18.0	-
	<b>Total</b>	<b>73.0</b>	<b>73.0</b>	<b>79.0</b>	<b>83.0</b>	<b>4.0</b>
<b>Human Services</b>	Human Services	-	11.0	11.0	13.0	2.0
	Boston Center for Youth & Families	359.5	351.7	321.5	331.5	10.0
	Age Strong Commission	48.4	47.8	41.1	46.6	5.5
	Library Department	381.9	381.6	369.6	381.1	11.5
	Boston VETS	14.0	12.0	12.0	13.0	1.0
	Youth Engagement & Employment	9.0	9.0	7.0	9.0	2.0
	<b>Total</b>	<b>812.8</b>	<b>813.1</b>	<b>762.2</b>	<b>794.2</b>	<b>32.0</b>
<b>Public Health</b>	Public Health Commission	846.9	871.7	857.4	901.4	44.0
	<b>Total</b>	<b>846.9</b>	<b>871.7</b>	<b>857.4</b>	<b>901.4</b>	<b>44.0</b>
<b>Housing</b>	Mayor's Office of Housing	39.7	42.4	40.1	55.1	15.0
	<b>Total</b>	<b>39.7</b>	<b>42.4</b>	<b>40.1</b>	<b>55.1</b>	<b>15.0</b>
<b>Information &amp; Technology</b>	Dept of Innovation & Technology	127.0	123.0	120.0	124.0	4.0
	<b>Total</b>	<b>127.0</b>	<b>123.0</b>	<b>120.0</b>	<b>124.0</b>	<b>4.0</b>
<b>Public Safety</b>	Emergency Management	3.8	4.1	5.2	5.2	-
	Fire Department	1,618.5	1,616.5	1,604.5	1,615.0	10.5
	Police Department	2,895.7	2,839.7	2,759.4	2,820.0	60.6
	<b>Total</b>	<b>4,518.0</b>	<b>4,460.3</b>	<b>4,369.1</b>	<b>4,440.2</b>	<b>71.1</b>
<b>Streets</b>	Office of Streets	24.0	20.0	16.0	19.0	3.0
	Central Fleet Management	42.0	43.0	40.0	43.0	3.0
	Public Works Department	316.0	305.8	291.0	303.0	12.0
	Transportation	365.5	359.0	334.0	359.0	25.0
	<b>Total</b>	<b>747.5</b>	<b>727.8</b>	<b>681.0</b>	<b>724.0</b>	<b>43.0</b>
<b>Non-Mayoral</b>	City Clerk	14.0	15.0	15.0	15.0	-
	City Council	75.6	83.2	60.9	74.6	13.7
	Finance Commission	4.0	3.0	3.0	4.0	1.0
	<b>Total</b>	<b>93.6</b>	<b>101.2</b>	<b>78.9</b>	<b>93.6</b>	<b>14.7</b>
<b>Grand Total</b>		<b>17,693.6</b>	<b>17,893.1</b>	<b>17,714.9</b>	<b>18,193.4</b>	<b>478.5</b>

**Table 6**

## Personnel Changes

The Personnel Summary table shows a four-year comparison of city-funded and filled full-time equivalent (FTE) positions. This includes both permanent and emergency employees. The projected FTE numbers used for FY23 are estimates based on the personnel funding levels contained in the FY23 budgets.

### FY21 - FY22 FTE Changes

The total net decrease in FTEs from January 1, 2021 to January 1, 2022 was 178.2. While the priority of Education grew by 30, most other large departments saw decreases. The City's Position Review Committee continued to review all proposed job postings for vacant positions. While the controlled hiring instituted during the pandemic has been eased, the city continues to scrutinize all requests to post open positions. Many departments have seen unprecedented attrition and retirements. Additionally 14 long-term vacant positions were eliminated in the FY22 budget.

The School Department increased by 31.3 FTEs. Overall, teachers are down 13.1 positions from Jan 1, 2021, driven by vacancies. Although General Education teachers decreased by 54.0, Special Education and Bilingual teachers are up 42.9 and 16.3 respectively because of increased special education and English language learner needs. Aides increased by 24.9 FTEs, driven by Special Education aides. Bus monitors are down -38.7 FTEs due to vacancies, but Program Support and Technical Support positions grew by 99.8 FTEs due to FY22 investments in additional social workers and family liaisons.

Public Safety FTEs decreased by 57.7 from Jan 1, 2020 to Jan 1, 2021. The Police Department declined by 80.3 FTEs; driven by a delay in the class from December to

April. The Fire Department had a minimal decline of 12 FTEs due to normal attrition.

The Streets Cabinet decreased by 46.8 FTEs. Due to the controlled hiring policy in FY21, Public Works is down 18.8 positions since Jan 1, 2021; despite efforts, PWD has had difficulties hiring. BTD also decreased 25 FTEs, driven by vacancies in the Parking Enforcement Officers. A key management vacancy has delayed the hiring of a new class. Finally, the Office of Streets is down 4, driven by several key vacancies that the department is actively hiring for.

The Equity and Inclusion Cabinet has increased by 35 from Jan 2021 to Jan 2022. The Jan 2021 FTEs included only three of the departments in the cabinet, while there were seven as of January 2022. The Human Rights Commission was reactivated in FY21 with services to promote education and enforcement of human rights; it has an increase of 3 FTEs as the department filled position. The Office of Immigrant Advancement increased by 2 over Jan 2021 due to programmatic expansion. Women's Advancement reduced by 1 due to vacancy.

The Offices of Equity, Diversity, Resiliency and Racial Equity and Language Access all transferred from other departments in FY22.

The Office of Police Accountability and Transparency (OPAT) was created in FY22 to oversee police reform. It has five positions as the department hires investigators, intake workers and administrative staff.

The Operations Cabinet as a whole increased by 18 FTEs. Property Management had an increase of 7.5 FTEs, driven by filling custodial and security positions. ISD increased by 5 with the hiring of building inspectors; Public Facilities increased by 6 as investment positions were filled.

The Community Engagement Cabinet decreased by 1 due to attrition. The Arts & Culture Cabinet decreased by 10 FTEs. While the Office of Arts and Culture increased by 2 FTEs due to filling vacancies, the Boston Public Library decreased by 12 FTEs due to hiring delays resulting from branch closures during the COVID-19 pandemic.

The Economic Opportunity and Inclusion Cabinet decreased by 11.9. Driven by the shift of the Equity and Inclusion unit into the Office of Equity, the Office of Economic Opportunity and Inclusion decreased by 13.9. Consumer Affairs and Licensing increased by 3 due to filling vacancies. The Environment, Energy and Open Space Cabinet decreased by 5 from January 2020 to January 2021. The Parks Department decreased by 4, the Environment Department by 1.

The Human Services Cabinet shows a net decrease of 53 FTEs. This is driven by a Boston Centers for Youth and Families decrease of 30.2 positions. The department has multiple vacancies, driven by lifeguards and front line staff. The Public Health Commission's decrease of 24.8 is spread over multiple bureaus. EMTs are up 17 reflecting the start time of the new class. Additional departments in the cabinet remained the same or had minor changes.

The Administration and Finance Commission has decreased 8 positions from Jan 2021 to Jan 2022. Increased in Procurement and Human Resources are offset by normal attrition in other departments.

The Non-Mayoral cabinet is down by 22.3, driven entirely by City Council transitions.

Other cabinets had minor changes that are reflective of regular attrition and hiring patterns.

### **FY23 Projected FTE Changes**

The City projects a net increase in FTE levels of 478.5 from January 1, 2022 to

January 1, 2023. The vast majority of the growth is targeted in the priority areas of education, public safety, mobility, and equity.

The City will continue to review the need for hiring into all vacant positions in FY23. Only critical positions will be approved to post and hire. Departments eliminated 14 long-term vacant positions in the current budget process.

The School Department represents the greatest portion of the projected growth, with an expected increase of 113.8 filled FTEs from January 2022 to January 2023. The district's hiring plan will result in additional school psychologists to meet the national standard ratio of 1 psychologist for every 500 students districtwide, as well as an increase in guidance counselors and librarians. Teaching and aide positions will increase following the continued trend of additional Special Education and Bilingual teachers and ABA Specialists.

The Public Safety Cabinet is expected to show an additional 71.1 FTEs in January 2023. Historically, the number of Public Safety employees on the payroll as of January 1 of any year has fluctuated with the timing of retirements and new classes. The Fire Department's projected increase of 10.5 is due partly to an increase of 5 added to the spring 2022 class in an effort to promote diversity. The goal of the department is to have enough firefighters in the suppression force to cover the minimum staffing levels and to reduce overtime. The Fire Department will also add an additional Delta car to focus on opioid response. Due to class timing, the Police Department will increase by 60.6; a planned fall 2021 class was delayed until spring 2022. BPD will add 30 additional cadets, in order to grow the diverse pipeline of young people who are qualified to join the police class.

The Equity & Inclusion Cabinet is projected to have 69 FTEs, showing a projected

increase of 6. The Office of Equity is decreasing by 10. A shift of 20 FTEs in the Equity and Inclusion unit to the newly created Supplier and Workforce Diversity Office is offset by the addition of positions for research and policy, a director of strategic initiatives, two Economic Mobility Lab staff and the three positions from the Office of Diversity. Language and Communications Access is adding 7 FTEs, including translators and language access specialists. Black Male Advancement and LGBTQ+ Advancement are newly created Offices in FY23. Immigrant Advancement and Women's Advancement are each projected to be up by 1. Also in FY23, the Offices of Fair Housing and Commission for Persons with Disabilities moved from Human Services into this cabinet. The latter will remain stable, while Commission for Persons with Disabilities will increase by 2 by adding an architect positions and replacing vacancies.

The new Office of Police Accountability & Transparency is expected to have 23.4 FTEs as of Jan 1, 2023, as they fill their remaining positions, including Board Members.

The Operations Cabinet is anticipated to increase by 14 FTEs as the departments hire investment positions; ISD will hire a floodplain administrator as well as 3 administrative capacity positions. Public Facilities is projected to be up by 5, as the department hires new project managers to support the expansion of the capital plan. Property Management will increase by 5 as security and staffing positions for the newly opened City Hall Plans are filled.

The Community Engagement Cabinet will increase by 7 as new 311 Call Takers are added. The Arts and Culture Cabinet will grow by 3 FTEs. A director for City Hall Plaza will ensure the space is activated with local artists at the forefront and additional positions in community engagement and developer review will add needed capacity.

The Environment, Energy and Open Space Cabinet will grow by 21 FTEs. The Environment Department is decreasing by 6, primarily due to the removal of 9 Historic Preservation positions to the new Office of Historic Preservation. Offsetting that reduction are additions in Green New Deal Staff to promote resiliency in city operations and a renewable energy expert to support existing municipal energy staff. There will also be 2 new BERDO staff to support private landowners in their effort to comply with the city ordinance. The newly created Office of Food Justice will have 6 FTEs, including 5 transferred over from the Human Services Department. This Office will support year round food access to all Bostonians. The Office of Historic Preservation has 9 FTEs shifted from the Environment Department, including the Archaeology team, as well as 2 new positions for a Commemoration Commission. Parks and Recreation will add a Tree Canopy Director, 2 arborists, 6 additional Urban Forestry positions to focus directly on tree care and a contract position to support FY23 investments in the city's tree canopy.

The Finance Cabinet projects an increase of 13 FTEs including additional procurement staff to support the new Office of Contacted Services in the A&F department. Budget Management will increase by 4, replacing recent vacancies and the new Office of Participatory Budgeting will have two positions as a starting point. Treasury will be up 5 FTEs, as they also fill recent vacancies.

The new People Operations Cabinet will include 83 FTEs. Consisting of the Office of People Operations, Human Resources, Labor Relations and Registry, this cabinet will increase by 4 positions over FY22. The increase is driven by positions to support human centric initiatives in the Office of People Operations.

The Human Services Cabinet will increase by 32 FTEs primarily due to BCYF and BPL.

As Boston Centers for Youth and Family fully restarts their programming, we anticipate their staffing levels to return to normal with an addition of 10 FTEs. Boston Public Library recently moved to this cabinet and will be adding 6.5 FTEs as part of an investment to bolster staffing at smaller branches. This will prevent branches from having to close when librarians take their lunch breaks. Overall, BPL is projected to increase 11.5 FTEs as they continue to return to pre-pandemic staffing levels. The Office Human Services will increase by 2, but that belies a bigger shift. 5 Food Justice positions were shifted to the new department, while the Office Returning Citizens (which lives inside human services) is increasing by 5. Human Services also gained 3 Early Childhood positions to support the new Office of Early Childhood. Youth Engagement & Employment will be up by 2, including a new FTE dedicated to outreach and engagement.

The Boston Public Health Commission was moved into its own cabinet in FY23. FTEs will grow by 44; driven by priority investments. 24 EMTs will be added; 4 of which will be dedicated to co-responding to mental health calls with a BEST clinician to ensure that mental health crises are appropriately responded to. The other 20 EMTs will be distributed across the city to maintain response times. BPHC will also add 12 FTEs in the area of public health preparedness, so that BPHC is prepared for the public health aftermath of human and climate made disasters. Finally, the department will add 4 FTEs to directly focus on citywide mental health initiatives.

The Mayor's Office of Housing in the Housing Cabinet will increase by 15; including 6 FTEs moved off of the CDBG grant to allow for more direct program spending. An additional 2 FTEs will be added to support housing stability efforts along with adding 3 to the supporting housing team. The Department of Innovation and Technology in the Information & Technology Cabinet anticipates adding 4 FTEs, with renewed efforts on hardware asset management and a focus on the website user experience.

The Streets Cabinet is projected to increase by 43 FTEs. This is driven by the Transportation Department, with an increase of 25; this includes 10 Parking Enforcement Officers as the department has not put on a class since the fall of 2021 due to management vacancies. There will be an additional 10 FTEs for the Future of Transportation initiatives; this is staff for the Transit team, the Active Transportation team and the New Mobility group. Similar to Public Works, the department is working to fill vacancies. Public Works is projected to be up 12 positions. 5 will focus on Zero Waste efforts, including citywide compost pilot and targeted efforts in Chinatown and the Boston Housing Authority. An additional 5 hokeys will be added to do daily street cleaning. 2 engineers will support the Future of Transportation work from the implementation side, and a Chief Engineer will be added to focus on ramp compliance with accessibility mandates. The Office of Streets will add 3 positions for recruiting, procurement and contract administration.

<b>External Funds</b>	<b>FY21 Expenditure</b>	<b>FY22 Estimated</b>	<b>FY23 Estimated</b>
Boston Public Schools	126,055,421	349,245,351	460,638,073
Budget Management	72,792,094	170,605,880	175,355,000
Mayor's Office of Housing	91,070,126	152,155,682	145,131,616
Public Health Commission	85,217,538	55,979,020	57,559,249
Treasury Department	23,123,023	29,491,975	40,285,280
Emergency Management	13,630,282	12,427,492	11,708,160
Fire Department	864,844	3,157,203	10,269,211
Age Strong	6,834,589	13,624,740	9,875,754
Other	38,085,279	88,243,262	39,898,273
<b>Total</b>	<b>457,673,197</b>	<b>835,285,605</b>	<b>950,720,615</b>

**Table 7**

## **External Funds**

The City's \$3.99 billion operating budget is supplemented by approximately \$951 million in external funds. These funds consist mainly of federal, state, and private funding earmarked for specific purposes. Education, housing, economic development, public health and public safety are some of the largest areas for which these funds are targeted.

Thirty-three departments and agencies expect to receive federal, state or other forms of external funding in FY23. Roughly 96% of the City's external funds are found in eight of those thirty-two departments. These eight departments are Boston Public Schools, Office of Housing, Public Health Commission, Treasury Department, Emergency Management, Age Strong Commission, Police Department and the Library Department. Descriptions and amounts of grants by department can be found in Volumes II and III.

Federal grants have historically provided funding for the key City priorities of education, community development, and services for seniors. Boston Public Schools, the Mayor's Office Housing, and the Age Strong Commission have been the

traditional recipients of recurring entitlement grants provided by the federal government.

In response to the catastrophic impact of the COVID-19 pandemic, the federal government has passed three unprecedented relief packages. These packages include:

### **CARES-Coronavirus Relief Fund (CRF)**

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a \$2.2 trillion economic stimulus bill signed into law on March 27, 2020. CARES provided additional funding to Boston using existing federal funding formula grants to city departments including the Office of Housing and the Age Strong Commission plus to Boston Public Schools through the Elementary and Secondary School Emergency Relief (ESSER) program. Finally, the most significant CARES program provided directly to Boston is the Coronavirus Relief Fund (CRF), specifically targeted for local government. Boston was awarded \$120.8 million from CARES-CRF. The three caveats for CARES-CRF funds are:

- Necessary expenditures incurred due to the public health emergency of COVID-19,
- Budgets costs not accounted for in most recent adopted budget, and
- Costs incurred March 1 thru December 31, 2021.

### **FEMA**

In addition to CARES CRF funding created as an immediate response to the COVID-19 emergency, the City anticipates reimbursement from the Federal Emergency Management Agency (FEMA) provide through the Commonwealth of Massachusetts for approximately \$16 million in COVID-19 emergency response spending.

### **Coronavirus Relief Bill**

The second stimulus bill, the Consolidated Appropriations Act of 2021, provided an additional \$900 billion in stimulus relief, extended the availability of CARES-CRF funding by one year and was signed into law on December 27, 2020. This second stimulus package provided a second round of Elementary and Secondary School Emergency Relief (ESSER II) funding to Boston Public Schools, and a brand new Emergency Rent Relief program awarded to the Mayor's Office of Housing.

### **American Rescue Plan Act (ARPA) of 2021**

The American Rescue Plan Act (ARPA) of 2021 is a \$1.9 trillion stimulus bill providing hundreds of millions in federal funding to the City, the Boston Public Schools and other local organizations. The City of Boston will have access to the ARPA State and Local Fiscal Recovery Funds (SLFRF) and Boston Public Schools will be provided resources through an unprecedented third round of Elementary and Secondary School Emergency Relief (ESSER III) over the next four fiscal years.

Eligible uses of ARPA SLFRF funding include:

- Revenue replacement to strengthen support for vital public services and help retain jobs;
- Urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Assistance to small businesses, households, and hard-hit industries to support economic recovery;
- Addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations; and
- Investments in water, sewer and broadband infrastructure.

Boston's guiding principles for the use of ARPA funds include:

- Targeting once-in-a-generation opportunities for transformative investments.
- Jumpstarting solutions to long-term challenges and making some big bets on Boston, while recognizing that we have to tackle the ongoing COVID-19 pandemic at the same time.
- Focusing on cross-departmental ideas that address equity, climate justice, jobs, and health.
- Leveraging additional public and private resources and prioritize financial sustainability beyond ARPA.
- Incorporating public feedback from the Budget Listening Tour in winter 2022 and the Let's Go Better Campaign in Fall 2021.

In total, the City has received \$558.7 million in SLFRF funding; the City received \$212.1 million from the U.S. Treasury in May 2021 and a second payment of \$212.1 million in May 2022. In addition, the City received

\$134.5 million from the Commonwealth of Massachusetts. Under SLFRF, funds must be used for costs incurred on or after March 3, 2021 and funds must be expended by the end of 2026.

In partnership with the Boston City Council, the City has already appropriated \$551.7 million to continue the response to the COVID-19 pandemic and to help drive an equitable recovery for all Boston residents. \$7 million has been set aside in reserve for future use.

- \$362.2 million appropriated for Transformative Investments (July 2022)
- \$81.5 million appropriated for Emergency Relief Package (July 2021)
- \$55 million appropriated for FY22 Revenue Replacement (July 2021)
- \$40 million Revenue Replacement appropriated for FY23 (June 2022)
- \$8 million Fare Free Bus Expansion appropriated (Nov. 2021)
- \$5 million appropriated for Small Business Fund 2.0 Expansion (Jan. 2022)

The CARES-CRF, FEMA and ARPA budgets are reflected in the Office of Budget Management.

### **FY23 All Funds Budget**

The all funds table consolidates the projected FY23 expenditures from the General Fund, Special Revenue Funds

### **Community Preservation Act**

By adopting the Community Preservation Act (CPA) in November 2016, the City has created a Community Preservation Fund. This fund is not part of the City's general fund and is displayed as a special revenue external fund in this budget document. This fund is capitalized primarily by a one percent property tax-based surcharge on residential and business property tax bills that began in July 2019. The City uses this revenue to fund initiatives consistent with CPA guidelines: affordable housing, historic preservation, open space and public recreation.

Boston has collected a \$19.7 million in FY19 and \$22.1 million in FY20, which was matched with \$3.6 million and \$4.8 million from the state through the CPA Trust Fund, respectively. The city expects to collect \$26.3 million in revenue in FY21 and \$29.5 million in FY22.

Since 2018, the first year of allocations, Boston's 9-member Community Preservation Committee, comprised of Boston residents, recommended 198 projects totaling \$92.8 million in all three CPA categories.

(primarily external grants) and the Capital Fund by department. More detail on the expenditures made from each of these funds is shown in Volumes II and III of the City of Boston's FY22 budget document.

**All Funds Budgets - FY23**

Cabinet	Department	General Fund Budget	External Funds Budget	Capital Budget	Total All Funds Budget
Mayor's Office	Mayor's Office	6,148,111	235,645	50,000	6,433,756
	Election Department	6,814,489			6,814,489
	Intergovernmental Relations	1,550,366			1,550,366
	Law Department	9,773,361	300,000		10,073,361
	<b>Total</b>	<b>24,286,327</b>	<b>535,645</b>	<b>50,000</b>	<b>24,871,972</b>
Equity & Inclusion	Office of Equity	1,370,674	250,137		1,620,811
	Office of Diversity				0
	Office of Resilience & Racial Equity	1,126,881			1,126,881
	Office of Language & Communications Access	1,848,666			1,848,666
	Human Rights Commission	631,046			631,046
	Office for Immigrant Advancement	3,109,355	330,276		3,439,631
	Women's Advancement	475,785			475,785
	Black Male Advancement	1,803,768			1,803,768
	Fair Housing & Equity	533,246	783,034		1,316,280
	LGBTQ+ Advancement	445,000			445,000
	Commission For Persons W/Disabilities	688,083	25,000		713,083
	<b>Total</b>	<b>12,032,504</b>	<b>1,388,448</b>	<b>0</b>	<b>13,420,952</b>
	Office of Police Accountability & Transparency (OPAT)	Office of Police Accountability & Transparency	1,488,543		
<b>Total</b>		<b>1,488,543</b>			<b>1,488,543</b>
Operations	Property Management Department	19,636,506		36,510,000	56,146,506
	Public Facilities Department	8,822,217			8,822,217
	Inspectional Services Department	22,886,076	144,350		23,030,426
	<b>Total</b>	<b>51,344,800</b>	<b>144,350</b>	<b>36,510,000</b>	<b>87,999,149</b>
Community Engagement	Neighborhood Services	4,658,837	30,000		4,688,837
<b>Total</b>	<b>4,658,837</b>	<b>30,000</b>	<b>0</b>	<b>4,688,837</b>	
Arts & Culture	Office of Arts & Culture	4,077,753	751,000	975,000	5,803,753
<b>Total</b>	<b>4,077,753</b>	<b>751,000</b>	<b>975,000</b>	<b>5,803,753</b>	
Economic Opportunity & Inclusion	Office of Economic Opportunity & Inclusion	5,973,308	3,319,623		9,292,931
	Consumer Affairs & Licensing	1,804,748	70,807		1,875,555
	Office of Tourism, Sports & Entertainment	1,581,953	150,000		1,731,953
	Dept of Supplier & Workforce Diversity	3,478,519			3,478,519
	<b>Total</b>	<b>12,838,528</b>	<b>3,540,430</b>	<b>0</b>	<b>16,378,958</b>
Education	Boston Public Schools	1,334,845,508	460,638,073	145,070,922	1,940,554,503
<b>Total</b>	<b>1,334,845,508</b>	<b>460,638,073</b>	<b>145,070,922</b>	<b>1,940,554,503</b>	
Environment, Energy & Open Space	Environment Department	3,806,589	1,808,892	19,750,000	25,365,481
	Parks & Recreation Department	31,246,106	3,811,978	53,940,000	88,998,084
	Office of Historic Preservation	1,296,332	308,400		1,604,732
	Office of Food Justice	1,358,360	334,809		1,693,169
	<b>Total</b>	<b>37,707,387</b>	<b>6,264,079</b>	<b>73,690,000</b>	<b>117,661,466</b>
Finance	Office of Finance	2,648,553			2,648,553
	Assessing Department	8,223,350			8,223,350
	Auditing Department	3,255,490	239,445		3,494,935
	Budget Management	3,355,257	175,355,000		178,710,257
	Office of Participatory Budgeting	2,000,000			2,000,000
	Execution of Courts	5,000,000			5,000,000
	Pensions & Annuities	3,900,000			3,900,000
	Procurement	2,082,595			2,082,595
	Treasury Department	5,109,508	40,285,280		45,394,788
	<b>Total</b>	<b>35,574,753</b>	<b>215,879,724</b>	<b>0</b>	<b>251,454,477</b>
	People Operations	Office of People Operations	496,108		
Health Insurance		217,310,394			217,310,394
Human Resources		7,632,684			7,632,684
Medicare		12,635,794			12,635,794
Office of Labor Relations		1,961,167			1,961,167
Registry Division		1,181,182			1,181,182
Unemployment Compensation		350,000			350,000
Workers' Compensation Fund		2,000,000			2,000,000
<b>Total</b>	<b>243,567,329</b>	<b>0</b>	<b>0</b>	<b>243,567,329</b>	
Human Services	Office of Human Services	5,786,120			5,786,120
	Boston Center for Youth & Families	29,794,893	1,097,926	22,951,695	53,844,514
	Age Strong	6,002,116	9,875,754		15,877,870
	Library Department	43,274,246	8,631,459	11,490,000	63,395,705
	Youth Engagement & Employment	4,696,769	1,172,794		5,869,563
	Boston VETS	17,714,930			17,714,930
	<b>Total</b>	<b>107,269,074</b>	<b>20,777,833</b>	<b>34,441,695</b>	<b>162,488,702</b>
Public Health	Public Health Commission	117,884,077	57,559,249	29,206,000	204,649,326
<b>Total</b>	<b>117,884,077</b>	<b>57,559,249</b>	<b>29,206,000</b>	<b>204,649,326</b>	
Housing	Mayor's Office of Housing	44,283,794	145,131,617	37,597,000	227,012,411
<b>Total</b>	<b>44,283,794</b>	<b>145,131,617</b>	<b>37,597,000</b>	<b>227,012,411</b>	
Information & Technology	Department of Innovation and Technology	41,944,647	6,997,141	25,581,200	74,522,988
<b>Total</b>	<b>41,944,647</b>	<b>6,997,141</b>	<b>25,581,200</b>	<b>74,522,988</b>	
Public Safety	Emergency Management	1,287,566	11,708,160		12,995,726
	Fire Department	276,902,588	10,269,210	22,300,000	309,471,798
	Police Department	395,094,796	8,176,401	8,675,000	411,946,197
	<b>Total</b>	<b>673,284,950</b>	<b>30,153,771</b>	<b>30,975,000</b>	<b>734,413,721</b>
Streets	Central Fleet Management	3,323,080			3,323,080
	Office of Streets	2,601,091			2,601,091
	Public Works Department	105,955,548	90,000	99,406,007	205,451,555
	Snow & Winter Management	23,530,814			23,530,814
	Transportation Department	42,094,528	800,000	45,741,703	88,636,231
	<b>Total</b>	<b>177,505,060</b>	<b>890,000</b>	<b>145,147,710</b>	<b>323,542,771</b>
Non-Mayoral Departments	City Clerk	1,779,332	39,155		1,818,487
	City Council	7,688,900			7,688,900
	Finance Commission	320,641			320,641
	<b>Total</b>	<b>9,788,873</b>	<b>39,155</b>	<b>0</b>	<b>9,828,028</b>
<b>Grand Total</b>	<b>2,934,382,744</b>	<b>950,720,615</b>	<b>599,244,527</b>	<b>4,444,347,886</b>	

**Table 8**

## Performance Management

Boston's performance management efforts, driven by the Citywide Data Analytics Team in the Department of Innovation and Technology, strive to ensure that the City delivers the most effective and efficient services possible. The Data Analytics team has focused on setting up visual displays of data, creating multiple dashboards in an attempt to create transparency around City government data and promote better use of existing data. Many of these live at Analyze Boston: <https://data.boston.gov/>

In FY23, the Data Analytics team will again be reviewing and renewing departmental measures. Their new framework is based on Mayor Wu's principles of *Getting City Hall out of City Hall*, *Getting the Big Things Done by Doing the Small Things Right*, and *Expanding the Possible*. This is a shift from previous efforts in 2018 and 2020 to review and automate all metrics.

## CityScore

Launched in 2016, CityScore is a nationally recognized tool designed to inform the

Mayor, City managers, and the public about the performance of City government by aggregating key performance metrics.

CityScore's 22 metrics are monitored daily to get an understanding of the quality of life in Boston and the performance of City government. Since its inception, CityScore has prompted key process improvements, increased data-driven decision-making at all levels of city government, and informed the budget process.

## Focus on Priorities

The Mayor's FY23 budget priorities highlight the goals of *Getting City Hall out of City Hall*, *Getting the Big Things Done by Doing the Small Things Right*, and *Expanding the Possible*. Equity has lived at the heart of every budget decision, with the vision of addressing the city's greatest challenges by investing in our greatest strengths: Our People, Our Neighborhoods, and Our Services. The performance measures listed below reflect the City's top priorities and the partnerships necessary to achieve these ambitious goals.

## Priority FY23 Performance Goals

Performance Measure	Responsible Department	FY22 Projected	FY23 Target
<b>Education</b>			
New Pre-K seats available	Schools	99	50
Participants in the Early Literacy Program	Boston Public Library	46,043	48,000
<b>Housing</b>			
# of homeless Veterans placed in permanent housing	Office of Housing	158	200
# of low income housing units permitted (deed restricted and IDP)	Office of Housing	666	548
# of middle income housing units permitted (deed restricted and market)	Office of Housing	1,697	1,419
# of potential evictions averted	Office of Housing	623	850
<b>Mobility</b>			
Average annual PCI rating of Boston's roads	Public Works	61	64
% of street light outages addressed on time	Public Works	63%	75%
# of Accessible Pedestrian Signals Installed	Transportation	31	26
% of pothole repair requests completed on time	Public Works	67%	85%
<b>Prosperity &amp; Equity</b>			
# of jobs created through Small Business assistance programs	Economic Opportunity and Inclusion	76	90
# of employees in companies newly signing Boston's 100% Talent Compact	Women's Advancement	300	3,200
<b>Arts, Culture, and Creativity</b>			
% of first time Boston Cultural Council organizational grant awardees	Arts & Culture	18%	19%
Library card daily usage	Boston Public Library	3,855,268	3,400,000
Average number of eBook holds	Boston Public Library	116,177	130,000
<b>Health &amp; Safety</b>			
EMS median response time for Priority 1 calls	Public Health Commission	6.8 Min	6.0 Min
# of individuals placed in recovery services	Public Health Commission	1,697	2,800
Companies trained in Back to Basics	Fire Department	228	228

**Table 9**

# MULTI-YEAR BUDGET PLAN

## Introduction

While the City must maintain an annual budget process by statute, a two-year projection provides a useful context for current decision making and future planning purposes.

With City costs rising faster than its revenue, the City is projecting budget shortfalls in FY24 and FY25. In projecting the City’s operating budget for FY24 and FY25, education cost growth, increasing annual pension schedule obligations, uncertain costs related to outstanding collective bargaining agreements and continued health insurance cost escalation continue to drive high rates of expenditure growth. The property tax levy is assumed to grow from its base by the allowable 2.5% and by new growth in the levy. In terms of state aid, continued pressure from rising state Charter Schools costs and relatively stagnant education aid, will likely lead to the resumption of the negative growth trend in net state aid.

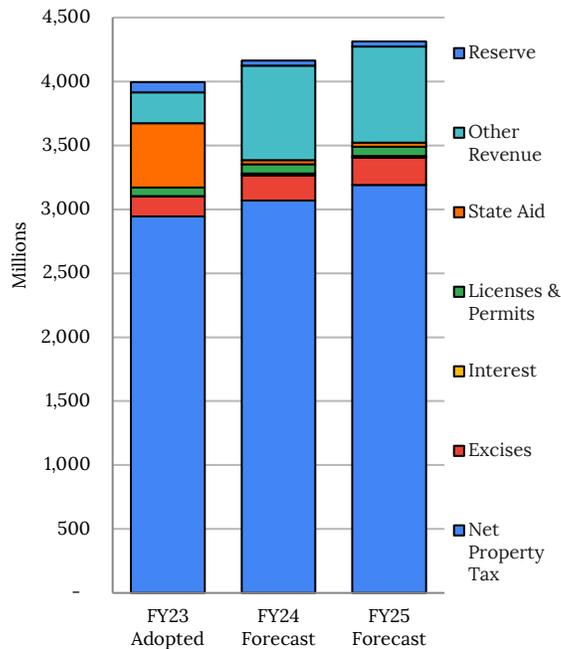
The next round of negotiations for FY21 and beyond has begun with six unions settling during the course of FY22 and the hope to settle the remaining unions during FY23. The projected FY24 and FY25 collective bargaining reserves are intended to acknowledge some costs in this area but do not indicate an established wage pattern for successor contracts.

Another area of concern is the unfunded liability related to other post-employment benefits. The City currently provides post-employment health care and life insurance benefits to eligible retirees in accordance with state law and pays its share of the cost on a pay-as-you-go basis in the current year’s operating budget. This method of financing understates the full obligation to provide these benefits after retirement. The City, including the Boston Public Health Commission (BPHC), has an unfunded

liability for these benefits of \$2.13 billion, as of the most recent independent actuarial valuation on June 30, 2019. The FY21 budget authorizes another payment of \$40 million to the City’s OPEB Liability Trust Fund; the FY24 and FY25 projections also include \$40 million payments.

## Revenue Trends

The following chart displays the breakdown of revenue projected for FY24-FY25.



**Figure 1 – Multi-Year Revenue Forecast  
FY23 Budget, FY24 & FY25 Projected**

Major revenue trends include:

**Property Tax Levy:** The levy will grow by the allowable 2.5% increase, and new growth is projected to decline slightly in FY24 and again in FY25 due to uncertainty regarding the course of development in the wake of the pandemic. The net property tax assumes an overlay reserve set at \$10.0 million, level with FY23. A net total increase in the levy of over \$245 million is projected over the two years.

*State Aid:* Gross state aid is assumed to increase in both FY24 and FY25, by 2.8% in FY24 and an additional 1.6% in FY25. The City is projecting that Unrestricted General Government Aid will grow by 2.0% in both FY24 and FY25. Chapter 70 education is also expected to grow slightly, by roughly 2.3% in FY24 and 1.6% in FY25. The Student Opportunity Act pushed charter school reimbursement higher in FY23 and it is expected to remain at roughly that level in FY24 and FY25. However, funding challenges will continue in FY24 and FY25, as these reimbursement increases will be accompanied by a significant increase in the Charter School Tuition Assessment, decreasing total resources available for appropriations.

*Excises:* Excises are expected to continue to rebound strongly in FY24 and FY25 as travel and hospitality-oriented businesses recover, yielding growth of more than 36% over the two years.

*Fines:* Fines are expected to increase steadily given improvements made in enforcement.

*Interest on Investments:* Interest income is expected to rise sharply by \$9 million in FY24 compared to the FY23 Adopted budget based on ongoing Federal Reserve interest rate increases and then decline slightly in FY25 due to market uncertainty.

*Payments in Lieu of Taxes (PILOT):* PILOT revenue is projected to grow modestly in FY24 and FY25 by 0.8% annually. PILOT revenue grew during a five year ramp up of payments over FY12-FY17 and has been steady since that time. We expect the program to continue with support from the non-profit community.

*Miscellaneous Department Revenue:* In FY24 and FY25, the City projects increases in departmental revenue reflecting City departments operating near full capacity, slowed only by decreases to federal health insurance reimbursement and other areas.

*Licenses and Permits:* Building permits are projected to increase in FY24 and FY25 based on the health of the development pipeline and its resilience amid COVID-19.

*Budgetary Fund Balance:* For FY24 and FY25 the use of Budgetary Fund Balance for OPEB expenses is projected to be level at \$40 million.

*Federal Relief:* The City projects that it will discontinue use of American Rescue Plan Act funds for revenue replacement in FY24, reducing Non-Recurring revenue by \$40 million relative to FY23.

These estimates are based on conservative revenue assumptions and are reflective of persistent uncertainty in the post-pandemic economy.

## **Expenditure Trends**

The expenditure chart displays the allocation of expenditures projected for FY24-FY25.

As the City examines projected expenditures for FY24 and FY25, expenditures are anticipated to grow at a faster rate than the City's revenue growth, leading to projected shortfalls for FY24 and FY25. Fixed costs alone are projected to grow significantly due to increases in charter school costs under the existing cap and upward adjustments in the City's pension schedule. In addition, the City continues to project considerable appropriations growth due to rising employee-related costs.

*Appropriations:* Inflationary and other increases have been estimated in FY24 and FY25 for expenditures such as health insurance and other personnel cost growth. At the School Department, estimated inflationary increases for health insurance and other personnel cost growth have been projected for FY24 and FY25.

Due primarily to the factors referred to above, appropriations are estimated to increase by a total of \$116.2 million or 3.8%

in FY24 and cumulatively increase by \$218.5 million or 7.2% in FY25.

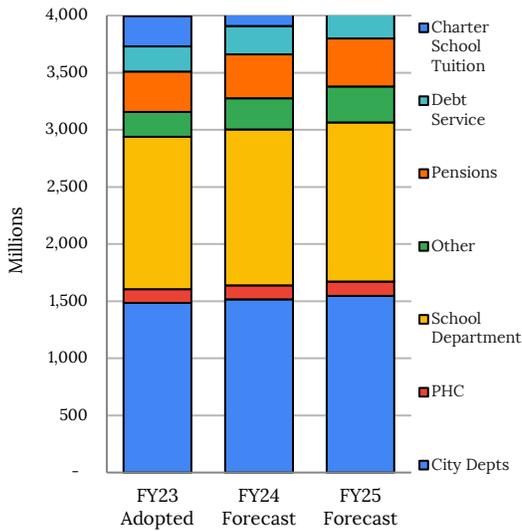


Figure 2 - Expenditures

**FY23 Budget, FY24 & FY25 Projected**

**Fixed Costs:** In FY24 fixed costs are expected to increase by 8.8% and cumulatively increase by 15.8% in FY25. These increases can be attributed to several factors including: the continued expansion of charter schools, even under the existing cap and the resulting increase in the tuition assessment, scheduled pension cost increases, and increased borrowing.

Under these revenue and expenditure assumptions, the FY24 and FY25 budgets are currently projected to have shortfalls of approximately \$28 million and \$48 million. For the most part, the projections are based on current operations and the roll out of approved initiatives in FY24 and FY25. As the FY24 budget process goes forward and projections are further refined, the City will be looking at ways to operate more efficiently within the confines of projected revenues.

Employee hiring must continue to be managed, as the bulk of the projected increase in appropriations is employee-related. New collective bargaining agreements will need to be affordable,

given cost and revenue pressures outlined in this forecast. The City, in partnership with its unions, will continue to look at ways to mitigate the impacts of annual increases in the cost to provide health insurance to its employees and retirees. The City’s policy regarding the use of its fund balance has been to limit the use of this source of revenue to offset certain fixed costs such as pension contributions and related post-retirement health benefits and/or to fund extraordinary and non-recurring events as determined and certified by the City Auditor. The projections shown here assume that budgetary fund balance will be used only to support the OPEB appropriations for FY24 and FY25.

**Planning a Balanced Budget**

Multi-year planning is useful because it allows for time to make adjustments to relieve the cost pressures on certain services. It also promotes cost-saving or new programming alternatives to improve the financial position projected in the out years, and helps monitoring changes in assumptions as new needs or innovations present themselves.

Much of the City’s budget remains fairly stable during the year, but a variance of just 1% would equate to a \$40 million problem in the bottom line. Common areas of variance are snow removal, with year-to-year swings of millions of dollars; legal settlements, for which the City attempts to reserve for but may need to absorb on a pay-as-you-go basis; public safety overtime, particularly if a significant event occurs (acts of terrorism, natural disasters or major public events, for example), and outside funding sources for essential needs that may suddenly be eliminated.

It is important to note that the City’s fiscal controls are effective in reducing the chances of an unmanageable deficit. The City manages position vacancies through a committee comprised of the Chief Financial

Officer, the Human Resources Director, and the City's Budget Director. In place for over a decade, the committee serves to strictly control and monitor all hiring. In addition, the City's financial and human resources information system (BAIS) provides levels of systematic controls that can be used to project and plan for personnel funding requirements. Similar BAIS systematic controls are in place to control non-personnel expenditures.

### **Conclusion**

This multi-year overview is provided as a guide to understand the impacts of the

decisions presented in the budget, and to provide a framework for addressing future challenges and initiatives. Although it is not statutorily required, it is a useful tool in long-range planning and policy analysis.

From a budget planning and management standpoint, the parameters summarized here were built through an interactive forecast model. This approach allows for the development of multi-year scenarios based on various assumptions for City operations set within the financial constraints of the City's revenue and fixed cost budgets.

## MULTI-YEAR BUDGET SUMMARY

(Dollars in Millions)

	<b>FY23 Adopted</b>	<b>FY24 Forecast</b>	<b>FY25 Forecast</b>
<b>REVENUES</b>			
Property Tax	2,953.91	3,077.75	3,199.70
Property Tax Overlay	(10.00)	(10.00)	(10.00)
Excises	157.39	198.70	215.22
Fines	57.96	61.96	63.46
Interest On Investments	3.00	15.00	12.00
Payments in Lieu of Taxes	51.12	51.54	51.97
Urban Redev Chapter 121A	25.40	27.90	26.40
Department Revenue	67.03	73.00	75.20
Licenses & Permits	65.99	71.99	73.49
Penalties & Interest	9.00	10.00	10.00
Available Funds	30.95	30.95	30.95
State Aid	502.08	516.05	524.25
<b>Total Recurring Revenue</b>	<b>3,913.81</b>	<b>4,124.83</b>	<b>4,272.62</b>
Budgetary Fund Balance	40.00	40.00	40.00
American Rescue Plan Act (ARPA)	40.00	0.00	0.00
<b>Total Revenues</b>	<b>3,993.81</b>	<b>4,164.83</b>	<b>4,312.62</b>
<b>EXPENDITURES</b>			
City Appropriations	1,486.12	1,516.44	1,546.20
Public Health Commission	117.88	121.36	126.37
School Department	1,334.85	1,364.10	1,391.55
Reserve for Collective Bargaining City	75.39	128.55	168.59
Other Post Employment Benefits	40.00	40.00	40.00
<b>Total Appropriations</b>	<b>3,054.24</b>	<b>3,170.44</b>	<b>3,272.71</b>
Pensions	353.86	385.17	419.26
Debt Service	219.00	248.34	258.04
Charter School Tuition	264.55	284.25	303.78
MBTA	93.61	95.95	98.38
Other State Assessments	5.56	5.56	5.62
Suffolk County Sheriff Dept	2.90	2.90	2.90
Reserve	0.10	0.10	0.10
<b>Total Fixed Costs</b>	<b>939.57</b>	<b>1,022.27</b>	<b>1,088.07</b>
<b>Total Expenditures</b>	<b>3,993.81</b>	<b>4,192.71</b>	<b>4,360.78</b>
<b>Surplus (Deficit)</b>	<b>0.00</b>	<b>-27.88</b>	<b>-48.15</b>

Numbers may not add due to rounding

## **BUDGET DOCUMENT STRUCTURE**

The Operating Budget for FY23 and Five Year Capital Plan for FY23-27 are presented in three volumes. Volume I is an overview of the City's financial position and policy direction.

Volumes II and III, which are organized by cabinet, present the budget detail for each department's operating budget and capital projects. Please refer to the chapter on Budget Organization and Glossary in Volume I for an illustration of the City's organizational chart.

The City's budget is built at the program level for each department, which is the basis for budget planning. However, line item budget detail is only provided in this budget document at the department level. Program line item detail is available on the city's Open Data Portal:

<https://data.boston.gov/organization/office-of-budget-management>

In addition to program budgets, Volumes II and III provide a mission statement, key objectives, as well as past and promised performance levels for each departmental program. For those departments with capital projects, a project profile is provided for every capital project. The project profile includes authorization information as well as planned spending levels.

Definitions of the terms used throughout the budget document are presented in the glossary, which can be found in Volume I in the chapter titled Budget Organization and Glossary.

### **Technical Note**

The City of Boston's combined FY23 Budget and FY23-FY27 Capital Plan was published using Microsoft Word. Graphics were generated using Microsoft Excel. Oracle - Hyperion Planning and Microsoft Access were used for data management and analysis.

