

## Mayor Walsh's FY15 Recommended Budget

*Growth of 4.5% with only five budget items accounting for 88% of the increase*

On April 9th, Mayor Walsh presented his FY15 recommended budget of \$2.73B, which represents an increase of \$118.2M or 4.5% over FY14. Including the External Funds budget of \$288.4M and Capital Budget of \$279.1M produces an "All-Funds" budget of \$3.3B for FY15. There is little room for major new initiatives for the Mayor in his first operating budget, but his imprint is evident in areas of early education, Main Streets and more support for human services programs.

**Revenues** - The net property tax levy of \$1.8B represents 66.7% of total operating revenues. The levy growth of \$78.1M over FY14 is split between the 2.5% levy increase of \$43.1M and new growth of \$35M. Estimated state aid of \$414.5M produces an increase of only \$5.3M or 1.3%, but the total may change slightly when the FY15 state budget is finalized. Net state aid (revenues less assessments) is \$201.5M or \$15.3M less than in FY14.

### Boston's FY15 Revenue Estimates *in millions*

Account	FY15	Change	%
Net Property Tax	\$1,822.0	\$78.1	4.5%
State Aid	\$414.5	\$5.3	1.3%
Excises	\$167.2	\$12.9	8.3%
All Others	\$287.4	\$22.0	8.3%
<b>Recurring Revenue</b>	<b>\$2,691.0</b>	<b>\$118.2</b>	<b>4.6%</b>
<b>Non-Recurring Revenue</b>	<b>\$40.0</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>General Fund Revenues</b>	<b>\$2,731.0</b>	<b>\$118.2</b>	<b>4.5%</b>

Excise revenue is projected to total \$167.2M, an increase of \$12.9M or 8.3%. Non-recurring revenue of \$40M from Free Cash remains unchanged from FY14.

**Expenses** – Reflecting the labor intensive nature of city government, spending for employees for salaries and benefits represents 68.2% of the FY15 recommended budget. The increase of \$118.2 million is primarily absorbed by just a few budget accounts. The four accounts of collective bargaining reserve, pensions, debt service and state assessments represent 21.2% of the FY15 operating budget but 56.6% of the total increase. Adding the School Department brings the five accounts to 56.9% of the budget and 87.9% of the increase. The consequence is that the aggregate increase for all city departments, except the BPS, is 1.2%. Savings were achieved in the areas of health insurance, debt service and trash disposal.

### Boston FY15 Selected Spending *in millions*

Accounts	FY15	Change	%
City Depts.	\$1,064.0	\$12.8	1.2%
School	974.0	37.0	3.9%
Coll. Barg. Reserve	42.5	18.9	79.7%
Pensions	169.6	16.7	10.9%
Debt Service	154.7	10.8	7.5%
State Assessments	213.0	\$20.6	10.7%
<b>Total General Fund Spending</b>	<b>\$2,731.0</b>	<b>\$118.2</b>	<b>4.5%</b>

The collecting bargaining reserve of \$42.5M, an increase of 79.7% will fund the FY15 costs for the five public safety contracts not yet finally approved. Three police contracts and the firefighters' contract have been resolved, but not yet funded. Negotiations are still underway with the police Detectives and the EMTs.