

City's FY08 Budget OK'd

\$3.1M added for employee salaries and youth services

The Mayor's FY08 budget of \$2.298B was passed by the City Council on June 27th. A little over \$3.1M was added to the original budget submitted in April. More than half of these additional funds will support this year's costs for the collective bargaining contracts already negotiated. The balance is targeted towards youth services, including the creation of 12 new youth outreach worker positions as part of the creation of a new Youth Development Outreach Network.

What's New Since April	
Collective Bargaining	\$1,617,181
Public Health	\$772,500
BPS	\$500,000
Youth Fund	\$200,000
BCYF	\$62,950
Total	\$3,152,631

The April reserve for collective bargaining was funded at \$28.9M and now has been adjusted downward to \$22.2M in the final budget, resulting in \$6.7M being dispersed among departments to accommodate collective bargaining costs. Revenues that will fund the addition to the budget include: \$3M from the Jet Fuel Excise Tax and \$152,631 in miscellaneous revenues.

Strengthening neighborhoods and focusing on public safety continue to be the goals for the City's FY08 budget with the additional emphasis on a new Youth Development Network. This network is intended to serve the most at-risk youth in Boston.

Health insurance continues to grow significantly, up by 8.5% for a total of \$256.0M in FY08. Public safety is also getting a boost,

with an increase of \$20.4M or 5%. The Police Department accounts for 71.6% of this increase, in good part due to the hiring of 130 more police officers in FY08. These additional officers, after attrition, will bring the sworn force to a projected January 2008 level of 2,235, the highest point since FY00.

Education continues to be a priority with a \$35.0 million or 4.7% increase over FY07 for a total School Department budget of \$782.5M. Most of the increase is in the areas of health insurance and collective bargaining.

In FY08, the City is taking an important first step acknowledging the retiree health insurance liability of \$2.5B by establishing a reserve of \$20M. The Legislature still needs to authorize municipalities to establish a separate reserve that does not require a formal funding schedule at this time.

FY08 Nuts & Bolts	
\$2.3B	Total Budget
6.4%	Increase Over FY07
56.2%	Property Tax % of Total Rev.
8.5%	Health Insurance Growth
130	New Police Officers
\$20M	Retiree Benefit Reserve
\$782.5M	School Budget
4.7%	School Increase Over FY07
\$332.9M	External/Grant Budget
\$1.5B	5-year Capital Budget

This budget will be adjusted further as the remaining employee contracts are negotiated. Included in this group are the firefighters, three police unions and the middle managers, among others.