

City's FY08 Budget Makes its Debut

Personnel costs continue as a budget driver

Strengthening neighborhoods and focusing on public safety are the goals for the Mayor's FY08 budget released April 10th. The FY08 operating budget is a growth of 6.2% over FY07. Personnel costs continue to be the driving factor in the City's spending plan.

Spending

Health insurance continues to grow significantly, up by 9.6% for a total of \$270.1M in FY08. Public safety is also getting a boost, with an increase of \$12.7M or 3.1%. Over half of this increase is in the police department where 130 more police officers will be added in FY08. This addition brings the police force to a projected January 2008 level of 2,235, the highest point since FY00.

Education continues to be a priority with a \$34.5 million or 4.5% increase over FY07 for a total budget of \$782.1M. Most of the increase is in the areas of health insurance and collective bargaining. Funds are also being used to continue the BPS plan of closing the achievement gap and phase 2 of the plan to provide full day kindergarten to all 4 year olds.

In FY08 the City is taking an important first step acknowledging the unfunded cost of providing health insurance to retirees by establishing a reserve of \$20M. The State Legislature still needs to authorize municipalities to establish a separate reserve without requiring a formal funding schedule at this time.

Revenues

On the revenue side, the net property tax levy is expected to grow by \$67.6M, making up

50% of the overall general fund revenue growth in FY08. State aid (including teacher pensions) is expected to grow by \$14M or 2.5%, accounting for 10% of the overall revenue growth in FY08. Citing the need to fill in the gap created because spending increases outpace the rate of revenue growth, the City will use \$25M in reserves to support the FY08 budget. Of this, \$20M is for the health insurance reserve fund for retirees.

FY08 NUTS & BOLTS	
\$2.3B	Total Budget
6.2%	Increase Over FY07
56.3%	Property Tax % of Total Rev.
9.6%	Health Insurance Growth
+130	Police Force increase
\$20M	Retiree Benefit Reserve
\$782.1M	School Budget
4.6%	School Increase Over FY07
\$332.9M	External/Grant Budget
\$1.5B	5-year Capital Budget

This budget supports and improves neighborhood assets by:

- Expanding hours at community centers
- Adding street workers
- Improving the streetscape with new trees, lighting improvements, sidewalk repairs, road resurfacing and improved traffic signals.
- Summer jobs expansion
- New programming for families and children under 5