

## Mayor Recommends Stabilizing FY13 City Budget

*Budget able to maintain or restore some services but a bigger challenge in FY14 looms*

Mayor Menino submitted to the City Council on April 11<sup>th</sup> his recommended FY13 General Fund operating budget of \$2.454B which represents an increase of \$60.0M or 2.5%. After years of growth, Boston's health insurance costs are expected to drop \$26.0M. This decrease has alleviated some of the stress in funding other city services and enabled the City to support services previously funded by grants. However, this is a one-time reduction and health insurance costs are expected to grow in future years. The Administration's revenue estimates to support this budget are conservative as usual. For the first time since FY06, no reserve funds are relied on in this budget.

The top eight budget accounts in this recommended budget constitute \$2.066B or 84.0% of the total operating budget. The remaining \$392.4M or 16.0% of the budget is used to support the other 55 budget accounts.

**Revenues** - The FY13 net property tax levy (gross levy less overlay for abatements) represents two-thirds of total operating revenue. Estimated new growth of \$20M is much less than the \$36.5M in FY12. The City estimates net state aid (aid less assessments) to decrease by \$7.8M over FY12. However, the FY13 House budget would increase net state aid by \$11.9M over the Mayor's FY13 budget proposal. The Senate has yet to act.

**Expenses** - Two firefighter classes in June and December will ensure enough firefighters in the suppression force to maintain the minimum manning level of 262. A police class in late fall will keep the number of sworn officers at 2,170 which

the City committed to do as part of the federal COPS grant it received. The health insurance reduction is one-time based on state reform legislation and the City's agreements with its unions. Debt service of \$137.6M represents 5.6% of the operating budget which is below the City's standard of 7%. The collective bargaining reserve of \$27M is the cost for FY13 based on the contract offer now on the table for the unions.

**Boston General Fund FY13 Budget Summary**  
\$ in Millions

Department/ Service	FY12 Budget	FY13 Budget	Var.	%
School (1)	\$739.4	\$770.8	\$31.4	4.3%
Health Ins. (2)	309.8	283.8	( 26.0)	-8.4%
Police	269.2	277.3	8.1	3.0%
Fire	181.9	185.4	3.5	1.9%
State Assmnts.	166.4	176.7	10.3	6.2%
Debt Service	137.5	137.6	0.1	0.1%
Pensions	126.5	134.9	8.4	6.6%
Public Works (3)	97.3	99.8	2.5	2.6%
<b>Top 8</b>	<b>\$2,024.2</b>	<b>\$2,062.4</b>	<b>\$38.2</b>	<b>1.9%</b>
% of Total	84.5%	84.0%		
Library	30.1	31.0	0.9	2.8%
Parks (4)	13.0	13.6	0.6	4.2%
Coll. Barg. Rsv.	10.7	27.0	16.3	152.3%
<b>Total Budget</b>	<b>\$2,394.7</b>	<b>\$2,454.7</b>	<b>\$60.0</b>	<b>2.5%</b>

(1) Does not include Health Insurance. (2) City & School Health Insurance. (3) Includes snow removal. (4) Does not include cemetery or environment.

**Fiscal 2014** - FY14 is expected to be more problematic financially as more federal grants decrease, health insurance increases 5% to 8%, employee contract costs grow and a new bus contract for the BPS is approved. That is why free cash certified at \$142M is not utilized in FY13.