

April 2012

City Budget Faces Reduction in External Funds

Reduced and expiring federal and state grants require the City to absorb costs or curtail services

The expected reduction of \$37.7M in federal, state and private grants in FY13, a cut of 10.5% from FY12, has required the City to include additional positions and services in the operating budgets of a few selected departments. Of that total, \$25M is due to the loss of federal ARRA or stimulus grant funds. Mayor Menino's recommended FY13 External Funds budget totals \$322.3M.

Seven departments account for nearly 95% of external funds. In FY13, positions in the School, Police and Environment Departments were moved to the General Fund payroll due to cuts in grant funds. This will be a continuing challenge in FY14.

Schools (BPS) - The BPS will use increased operating funds to offset the loss of \$22.1M in external funds. The biggest budget impact is the expiration of the \$10.2M ARRA Education Jobs Funding Grant which had supported over 100 teacher specialists. These positions will be fully incorporated into the FY13 operating budget. Other grant losses include \$7.3M in NCLB grants and a \$4.5M Title 1 grant. The BPS will lose a \$1.5M state grant for extended time in two schools, but gain a federal competitive Investing in Innovation (i³) expanded time grant of \$1.1M for two new middle schools. Race to the Top funds are expected to increase by \$4.0M in FY13.

Police - FY12 is the last year of the three-year ARRA COPS grants of \$11.8M that allowed the City to retain 50 officers who were scheduled to be laid off in 2009. In FY13, the city will use the remaining \$1.1M left over from this grant along with operating funds to continue the staffing levels. In FY14 the City will have to fully-fund those officer positions it chooses to retain.

Boston External Fund FY13 Budget Summary

\$ in Millions

Department	FY12 Estimate	FY13 Budget	Variance	% Change
Schools	\$162.2	\$140.1	-\$22.1	-13.6%
Neighborhood Develop.	75.4	70.0	-5.4	-7.2%
Public Health	47.9	43.5	-4.4	-9.2%
Emergency Mgmt.	13.0	24.9	12.0	92.2%
Police	16.1	10.7	-5.4	-33.4%
Library	6.5	8.2	1.7	25.9%
Parks	6.2	8.0	1.8	28.5%
Other	32.7	16.8	-15.8	-48.4%
Total	\$360.0	\$322.3	-\$37.7	-10.5%

Library - The Library Department's \$1.7M increase (based on estimated FY12 actuals) reflects additional Library Trust Fund income allocated by the Trustees of the Boston Public Library.

Neighborhood Development - The \$5.4M reduction of federal funding in the Department of Neighborhood Development is primarily composed of a \$1.3M reduction of CDBG grants, a \$3.1M reduction of HOME Investment Partnership grants and expiration of one-time ARRA grants dedicated to homelessness prevention and neighborhood revitalization.

Emergency Management - The 92.2% increase in the Mayor's Office of Emergency Management is due to the availability of \$21.7M in Urban Area Security Initiative (UASI) funding. This federal grant serves to address the unique equipment, planning, training and operational needs for first responders. Funding for this grant in FY14 is expected to be reduced.