

## Mayor's Recommended FY14 Budget

*The gradual recovery of the economy and use of \$40M in reserves funds a stabilizing budget*

On April 10th, Mayor Menino presented his FY14 recommended budget of \$2.6B, which represents an increase of \$138.7M or 5.6%. This revenue growth reflects the continued heavy reliance on the property tax, the gradual recovery of the economy through the increase in excise revenues, and the use of \$40M in fund balance reserves (Free Cash) which the City did not utilize in FY13. The primary spending drivers are the School Department budget, a \$40M collective bargaining reserve, pension costs and state assessments.

**Revenues** - The net property tax levy (gross levy less overlay) of \$1.7B represents 66% of total operating revenue. The levy increased by \$76.9M, which includes the 2.5% levy increase and new growth of \$28M.

### Where the Money Comes From

Account	in millions			
	FY14	% of Total	Change	% Change
Net Property Tax	\$1,719.5	65.9%	\$76.9	4.7%
State Aid	410.1	15.7%	6.0	1.5%
Excises	149.9	5.7%	6.3	4.4%
All Others	289.6	11.1%	12.0	4.3%
<b>Recurring Rev.</b>	<b>2,569.0</b>	<b>98.5%</b>	<b>101.2</b>	<b>4.1%</b>
<b>Non-Recurring Revenue</b>	<b>40.0</b>	<b>1.5%</b>	<b>37.5</b>	
<b>General Fund Revenues</b>	<b>\$2,609.0</b>	<b>100.0%</b>	<b>\$138.7</b>	<b>5.6%</b>

State aid is projected to increase by \$6M or 1.5%, but the \$22.1M increase in state assessments for the MBTA and charter schools creates a net state aid reduction of \$16.1M. Excise revenues for motor vehicles, room occupancy, meals and jet fuel are projected to

increase by \$6.3M or 4.4%. Non-recurring revenue of \$40M is \$37.5M more than used in FY13.

### Where the Money Goes

*in millions*

Department	FY14 Budget	% of Total	Change	% Change
School *	\$845.2	32.4%	\$58.6	7.4%
Police	278.1	10.7%	-0.7	-0.2%
Fire	187.3	7.2%	1.9	1.0%
Public Works	103.1	4.0%	2.9	2.9%
Other Dept'l. **	286.1	11.0%	31.7	12.5%
<b>Total Dept'l.</b>	<b>1,700.0</b>	<b>65.2%</b>	<b>94.4</b>	<b>5.9%</b>
Health Ins. ***	292.5	11.2%	-1.8	-0.6%
State Assess.	196.8	7.5%	22.2	12.7%
Pensions	152.9	5.9%	15.9	11.6%
Debt Service	145.2	5.6%	8.0	5.8%
Other	121.8	4.7%	0.1	0.1%
<b>General Fund Expenditures</b>	<b>\$2,609.0</b>	<b>100.0%</b>	<b>\$138.7</b>	<b>5.6%</b>

\* Excludes health insurance of \$89.4 million

\*\* Includes collective bargaining reserve of \$40M

\*\*\* Includes City, BPS and PHC health insurance expenses

**Expenses** - The School Department budget increase of \$58.6M or 7.4%, not including health insurance, represents 42% of the total budget increase. Eight budget accounts represent 84% of the total FY14 operating budget and 77.1% of the total increase. The Police and Fire Departments' budgets will grow when the \$40M collective bargaining reserve is distributed upon settlement of remaining negotiations. Health insurance is the second largest budget account, and for the second consecutive year, this budget decreased from the prior year.