

Governor's FY09 State Aid for Boston

Net General Fund state aid for Boston would increase by \$3.1M

As an indicator of the tight fiscal year ahead for Boston, Governor Patrick's recommended FY09 budget provides an increase of \$13.9M in General Fund state aid for the City. When combined with an increase of state assessments, the result is a net General Fund state aid increase of \$3.1M or 0.7%.

To maintain the same level of lottery receipts in FY09, the Governor has proposed using \$124M from casino licensing fees which for Boston would provide \$9.5M. The certainty of this revenue source is questionable at this point. Total General Fund state aid for Boston in the Governor's budget is \$601M. Special grant funds for specific purposes are not included in this assessment.

The majority of Boston's local aid growth comes in Chapter 70 education funds. The reimbursement for teacher pensions, paid by the City in the prior year and thus not discretionary revenue, represents \$4.7M or one-third of the increase in FY09.

On the other side of the ledger, costs for state assessments, primarily for the MBTA and Charter School tuitions, totaled \$141.9M, an increase of \$10.8M or 8.3%, thereby reducing net state aid for the City. This is only the start of the state's budget process. What remains now is what changes the Legislature will make and how both houses will help realize the Governor's vision of healthy communities supporting the economic vitality of the entire Commonwealth.

City of Boston General Fund State Aid Comparison				
	Budget FY08	Governor's Budget FY09	Variance	%
State Aid				
Chapter 70	\$215,807,608	\$221,422,839	\$5,615,231	2.6%
Additional Assistance	164,211,152	164,211,152	-	0.0%
Teacher Pensions	93,329,794	98,000,000	4,670,206	5.0%
Lottery	71,585,070	71,585,070	-	0.0%
Charter Tuition Assmnt. Reimb.	14,605,567	17,119,662	2,514,095	17.2%
Police Career Incentive	9,500,000	10,350,000	850,000	8.9%
Other State Aid	18,029,663	18,287,283	257,620	1.4%
Total State Aid	\$587,068,854	\$600,976,006	\$13,907,152	2.4%
Total State Aid Less Teacher Pensions	\$493,739,060	\$502,976,006	\$9,236,946	1.9%
Assessments				
MBTA	\$67,531,540	\$71,436,756	3,905,216	5.8%
Charter School Sending Tuition	58,450,610	65,147,031	6,696,421	11.5%
Other	5,159,392	5,406,497	247,105	4.8%
Total Assessments	\$131,141,542	\$141,990,284	\$10,848,742	8.3%
Total State Aid Less Assessments	\$455,927,312	\$458,985,722	\$3,058,410	0.7%