

Budget Watch '16

April 21, 2015

Research Bureau's Early Assessment of Mayor Walsh's Fiscal 2016 Budget

On April 14, Research Bureau President, Sam Tyler testified at the Boston City Council's Ways and Means Committee's overview hearing on Mayor Walsh's recommended fiscal 2016 operating budget. This budget of \$2.86 billion is the first complete budget prepared by the Walsh Administration and represents an increase of \$120 million or 4.4% over fiscal 2015. Mr. Tyler noted that this budget continues the past practice of building the budget on conservative revenue estimates, the importance of this practice clearly demonstrated by the cost of snow removal, police and fire overtime over their respective budgets this year.

Revenues

Revenue growth of \$120 million is derived almost completely from the City's own-source revenues. Mr. Tyler stated that the Bureau has reviewed the revenue estimates in the budget and believes that they are reasonable and comfortably conservative. Of the \$120 million, 97.6% comes from the property tax, excise revenues, departmental receipts and other local revenue sources. The City relies heavily on the property tax for \$1.916 billion or 67% of total revenue and 70.4% of the total revenue increase. Excise revenues for motor vehicle, jet fuel and room occupancy total \$179.9 million or 11% of the total budget. Other city revenue represents 16.2% of the budget. What is significant is how little state revenue makes up the revenue growth in fiscal 2016. State aid is estimated at \$421.4 million which represents an increase of \$2.9 million or 2.4% of the total \$120 million increase based on the Governor's budget. [Click here for revenue detail.](#)

Of the \$120 million increase, 97.6% comes from the property tax, excise revenues, departmental receipts and other local revenue sources.

Expenditures

Of the expenditure budget of \$2.86 billion, the \$120 million in spending growth is concentrated in four line departments and benefits/mandatory payments which in aggregate represent 86.3% of the total budget and \$96.7 million or 80.6% of the expenditure growth. The four departments are School, Police, Fire and Public Works and the benefits/mandatory accounts primarily include pensions, health insurance, debt service and state assessments (MBTA and charter school tuitions). The remaining budget supports the operations of the remaining 44 city departments and other small non-departmental accounts. Salaries and benefits represent 77% of the recommended operating budget. Personnel levels are projected to increase by 170 FTEs, which would bring the city workforce back above pre-recession levels. Mr. Tyler cautioned that the City should carefully monitor employee levels as it gears up to start negotiating a new round of collective bargaining agreements in 2016. [Click here for expenditure detail.](#)

Employee levels New Initiatives

The tight current fiscal environment did not give the Mayor much room for large new initiatives but his impact is felt in the budget. As a data-driven administration, funds are provided to expand efforts to modernize existing technology in city departments and to transition to the 311 non-emergency service. Other large initiatives are in the School Department's recommended budget for extended learning time for 15 schools in fiscal 2016 and adding another 100 early learning (K1) seats. Several smaller initiatives include:

- Add new Overdose Prevention and Outreach Teams in Public Health Commission to work with affected families and more funds for safe needle pickup and disposal services
- Prepare Income Disparity Study
- Devote more resources to the Anti-Human Trafficking Unit
- Add a second shift of park maintenance workers
- Establish Startup Manager at the BRA to support startup culture
- Expand Hokie program to maintain clean streets

The Mayor's recommended fiscal 2016 operating budget is tightly balanced and will require careful management to ensure that planned savings are achieved and spending is controlled.