

Operating Budget

OVERVIEW

The FY20 Budget totals \$3.49 billion and represents an increase of \$176 million or 5.3% over FY19. The FY20 budget continues the City's record of strong fiscal management. Expanding on savings initiatives launched during Mayor Walsh's Administration to offset growth in fixed costs, the FY19 budget features data-driven investments that foster a thriving, healthy and innovative city.

Local sources continue to drive revenue growth in FY20, as Property Tax and Local Receipts make up 92.5% of revenue growth over FY19. While the City is expected to experience continued robust property tax growth in FY20, overall revenue growth is expected to be hampered by sluggish state revenue growth. In FY20, Boston's state revenue is budgeted to only grow by 3.2% over FY19. Net State Aid (state aid net of assessments) is budgeted to decrease by \$12.0 million as continued increases in state assessments for charter school tuition outpace stagnant budgeted state revenue.

On the expenditure side, the FY20 budget reflects an increase of \$176 million or 5.3% over the FY19 budget. Of that growth, 51% is dedicated to education, including the Boston Public Schools (BPS), Quality Pre-K Fund, and Charter School Tuition Assessment, and 33% will go to all other city services, such as Police, Fire, and Public Works, and the Public Health Commission (PHC). 3% of the growth comes from estimated employee wage increases in the collective bargaining reserve that will ultimately be transferred to education or city services and the remaining 13% of the growth will be consumed by pension, debt service and other fixed cost expenditures.

This Summary Budget section lays out the FY20 budget and discusses trends in each category of the budget summary table (Table 1) on the following pages. An overview of the City's revenues is followed by a detailed explanation of appropriations and personnel trends and a review of major externally funded services. An all-funds budget is also presented.

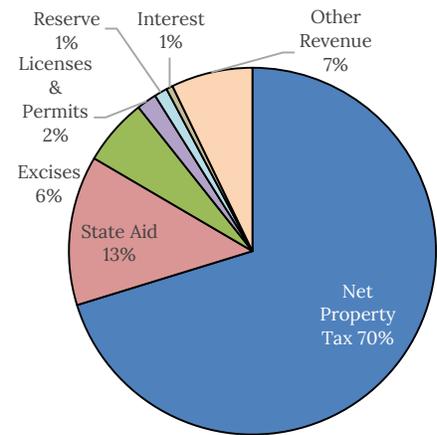


Figure 1 – FY20 Estimated Revenue

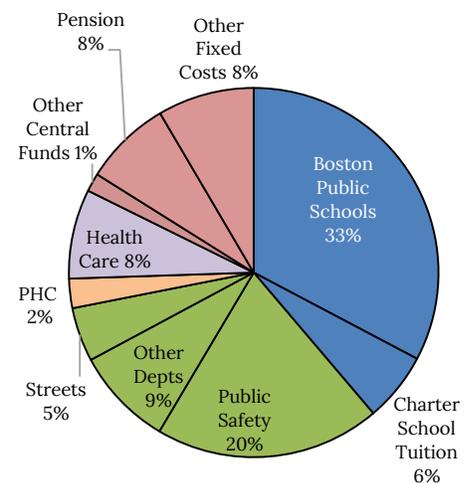


Figure 2 – FY20 Estimated Expenditures

BUDGET SUMMARY

	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Budget
REVENUES (1)				
Property Tax	2,092.14	2,222.60	2,349.91	2,468.66
Property Tax Overlay	(38.74)	(30.60)	(33.26)	(24.44)
Excises	190.55	223.24	190.79	207.54
Fines	63.25	63.55	68.90	69.64
Interest On Investments	2.33	15.39	5.00	22.00
Payments in Lieu of Taxes	53.57	52.70	46.02	48.98
Urban Redev Chapter 121A	47.51	72.47	27.50	31.55
Department Revenue	66.37	68.32	59.89	63.23
Licenses & Permits	84.09	74.56	66.26	67.78
Penalties & Interest	10.81	11.38	9.01	10.60
Available Funds	0.00	0.00	23.45	24.85
State Aid	424.93	439.71	444.87	459.13
Total Recurring Revenue	2,996.81	3,213.29	3,258.32	3,449.51
Budgetary Fund Balance	0.00	0.00	40.00	40.00
Surplus Property Fund	0.00	0.00	15.00	0.00
Total Revenues	2,996.81	3,213.29	3,313.32	3,489.51
EXPENDITURES				
City Appropriations (2)	1,200.51	1,291.59	1,338.04	1,406.36
Boston Public Health Commission (2)	77.27	79.56	87.97	93.16
Boston School Department (2)	1,031.63	1,093.29	1,126.70	1,177.53
Reserve for Collective Bargaining	28.00	15.50	1.26	7.00
Other Post Employment Benefits	40.00	40.00	40.00	40.00
Total Appropriations	2,377.41	2,519.94	2,593.97	2,724.05
Pensions	199.28	233.30	242.08	265.60
Debt Service	165.31	170.91	187.25	188.94
Charter School Tuition	151.82	173.35	187.11	210.96
MBTA	83.82	85.81	88.21	90.67
Other State Assessments	4.81	4.92	5.07	5.44
Suffolk County Sheriff Dept	3.87	3.87	3.87	3.85
Reserve	3.81	0.00	0.00	0.00
Total Fixed Costs	612.72	672.16	719.35	765.45
Total Expenditures	2,990.13	3,192.10	3,313.32	3,489.51
Surplus (Deficit)	6.69	21.19	0.00	0.00

(1) All revenues displayed are part of the City's general fund that support expenditures displayed in the bottom half of the table.

(2) See General Fund Appropriations by Cabinet & Department table for breakdown by cabinet and functional unit. Numbers may not add.

Table 1

The City's projected revenues provide the basis for planning FY20 appropriations to maintain a balanced budget. Selected FY20 budgeted City revenues compare with FY19 budgeted revenues as follows: the net property tax levy increases \$127.6 million or 5.5%; excises increase \$16.8 million or 8.8%; miscellaneous department revenues increase by \$3.3 million or 5.6%; state aid increases by \$14.3 million or 3.2%.

On the expenditure side of the budget, total appropriations increase by \$130 million or 5.0% and fixed costs increase by \$46 million or 6.4%. Selected FY20 budgeted appropriations compare with FY19 budgeted appropriations as follows: City appropriations increase \$68.3 million or 5.1%; the Boston Public Health Commission increases by \$5.2 million or 5.9%; and the School Department increases \$50.8 million or 4.5%. In addition, a collective bargaining reserve has been set aside at \$7 million; when the outstanding collective bargaining agreements are negotiated, these reserves will be used to cover those increased costs in City departments and at BPS. Within City Appropriations, actual City Departments are increasing by \$67.8 million or 6.2% over FY19. These departmental increases include wage increases for union contracts that have settled. City Appropriations also consist of 11 central appropriations, including a large appropriation for Health Insurance totaling \$221.4 million, which has a modest increase of 0.2% over FY19.

FY20 budgeted fixed costs are growing by \$46.1 million over FY19. Pensions are a key driver with an increase of \$23.5 million or 9.7%. Debt Service remains fairly stable with a 0.9% increase. The MBTA state assessment is increasing by 2.8%.

REVENUE

The City's recurring revenue budget can be divided to three categories: Property Tax, State Aid and Other Local Receipts (including excise taxes, fines, etc.). Over the past two decades, the City's revenue

structure has shifted significantly towards a growing reliance on property tax. A more detailed discussion of City revenues is provided in the *Revenue Estimates and Analysis* chapter of this volume.

Property Tax Levy

The property tax levy has always been the City's largest and most dependable source of revenue. In FY19 the net property tax levy (levy less a reserve for abatements) totals \$2.32 billion, providing 71% of recurring revenue. In FY20, the net property tax levy is estimated to total \$2.44 billion and to continue to account for 71% of budgeted recurring revenues.

In Massachusetts, Proposition 2 ½ constrains the amount of property tax revenue the City can raise each year from its existing tax base. In each year since FY85, the City has increased its levy by the 2.5% allowable under the limits set forth in Proposition 2 ½.

During these same years, the levy has also been positively impacted by taxable new value or "new growth" that is excluded from the levy limit. Due in part to efforts to attract business development to Boston and grow its housing stock, Boston experienced unprecedented new growth property tax revenue in FY17 through FY19. New growth is budgeted at \$60.0 million in FY20.

State Aid

The primary sources of aid from the State to municipalities are education aid and unrestricted general government aid. The Commonwealth also distributes aid for libraries and provides some other reimbursements to municipalities.

State aid has been reduced substantially over the course of the last two recessions. Since FY02, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$276.3 million or 64.5%. In FY20, net state aid is budgeted to decline by \$12.0 million or 7.3% compared

to FY19, based on the FY20 Governor’s Budget.

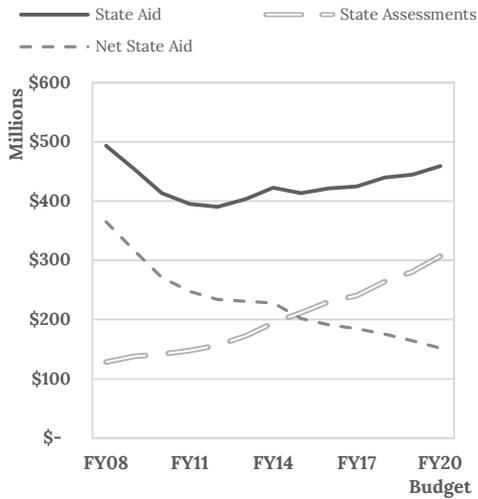


Figure 4– State Aid, State Assessments and Net State Aid FY08–FY20

Local Receipts

15.8% of the City’s budgeted recurring revenue in FY20 is comprised of excise taxes, fines, payments-in-lieu-of-taxes (including Chapter 121A), investment income, departmental revenue, licenses and permits, penalties and interest, and available funds. Forecasts of these receipts are done by detailed econometric modeling and trending historical collections, depending on the specific revenue source and the availability of data.

The FY19 Budget included \$496.8 million in Local Receipt revenue, and the FY20 budget increases to \$546.2 million.

Budgetary Fund Balance

Fund Balance can be appropriated for use during the fiscal year. Budgetary fund balance, more commonly referred to as “free cash,” is described as the portion of available reserves, generated to a considerable degree by annual operating surpluses, which the City can responsibly appropriate for spending. The FY20 Budget uses \$40 million in budgetary fund balance

to fund the appropriation for other post-employment benefits (OPEB).

See the *Financial Management* section of Volume I for more detail on this revenue source.

EXPENDITURES

Expenditures are broken down into two primary groups: (1) appropriations directly related to departmental services and (2) fixed and mandated costs. FY20 appropriations are subdivided into three subgroups as follows:

- City Appropriations, which includes all operating department appropriations, centrally budgeted costs such as health insurance and Medicare, a risk retention reserve and a set-aside for tax title and annual audit expenses;
- Boston Public Health Commission (PHC), the City appropriation for the quasi-independent authority and successor to the Department of Health and Hospitals;
- and School Department, the City appropriation for the Boston Public Schools (BPS).

Appropriations are also presented by expenditure category across the three subgroups. (Figure 6)

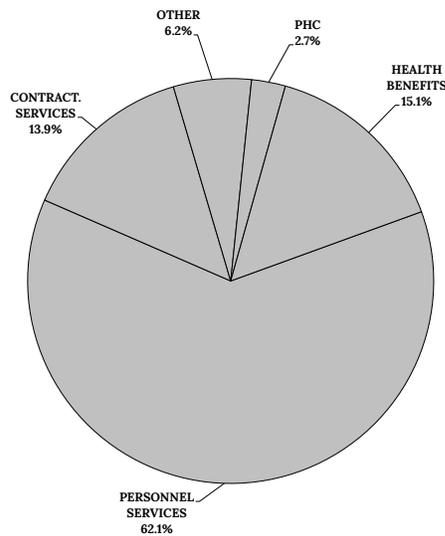


Figure 6 – FY20 Appropriations by Category

Personnel Services include salaries, overtime, unemployment compensation and workers’ compensation, and collective bargaining reserves for estimated wage increases for union employees whose agreements are not settled.

The Health Benefits category includes the cost of health, dental and life insurance for City, BPS and PHC employees and retirees, employer Medicare payroll taxes, and the appropriation for Other Post-Employment Benefits (OPEB).

The Contractual Services category includes expenditures for communications, repairs and service to buildings, equipment and vehicles, transportation, trash collection and disposal, as well as outside legal, advertising, and printing expenses.

Included in the “Other” category are supplies and materials such as gasoline, uniform allowances, office supplies, workers’ compensation medical expenses, medical indemnification in the Fire and Police Departments, legal liabilities, and aid to veterans. Also included in the “Other” category are appropriations for equipment, vehicles, a risk retention reserve, the

Housing Trust Fund, tax title, and funding for the City’s outside audit.

Health Benefits

The City continues to benefit from health care cost reforms achieved by the Walsh Administration in the FY16 - FY20 Public Employee Committee (PEC) Agreement, which is projected to save \$49 million over five years. Based on savings included in this agreement, Boston will realize up to \$13.6 million in avoided health care costs in FY20, \$3.4 million of which are related to new changes planned for FY20.

The FY20 budget includes \$411 million for all health benefit related costs for the City’s employees and retirees, comprising 11.8 % of total City expenditures – compared to 7.8% in 2001. \$42.25 million of these costs are for future OPEB liabilities, and are discussed in more detail in the following section. The remaining \$368 million of these costs, are for current health, dental and life premiums, and employer Medicare payroll taxes. As shown in Figure 7, these costs grew from \$132 million in FY01 to \$368 million in FY20, an increase of \$237 million or 180%. Over the same period, all other City costs increased 101%.

Figure 7 shows three distinct periods of annual cost increases. Steep increases averaged 9% per year from FY01 – FY11. Between FY11 – FY15, costs decreased on an average of 1% per year due to multiple factors, including state health reform legislation, cooperative efforts by the City and its unions to reduce both the City’s share of costs and total costs, and lower nationwide health care cost trends. For FY15 through FY20, higher health care claims costs resulted in an average annual cost increase of 4.5% despite PEC agreement savings.

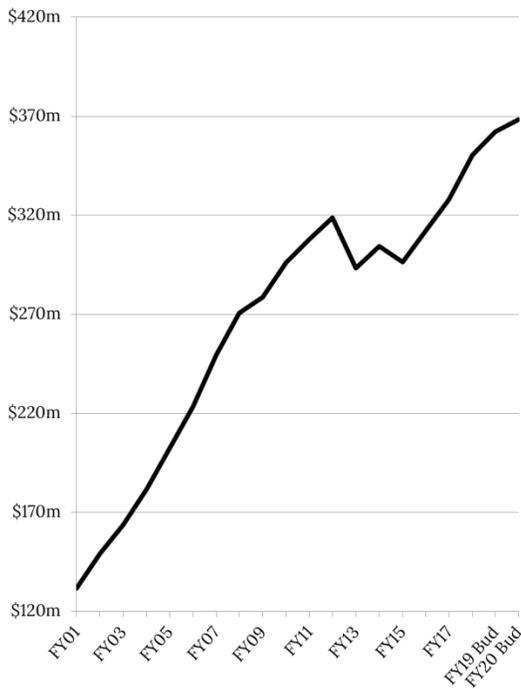


Figure 7 - Health Care Costs (\$ Mil)
Health, Dental, Life Premiums and Medicare Tax

Medicare

Municipal health care reform legislation, passed by the State legislature in 2011, provided municipalities more freedom in health plan design. It also mandated that all Medicare-eligible municipal retirees enroll in Medicare Part B and a City sponsored Medicare supplement plan. As a direct result of the legislation, approximately 5,500 additional City retirees and their spouses enrolled in Medicare supplement plans. Benefits for these plans are comparable to non-Medicare plans but costs are lower due to Medicare reimbursements. This move resulted in over 70% of retirees and spouses now being enrolled in Medicare plans, compared to just 37% prior to the legislation. City savings from this mandate, beginning in FY13, have totaled approximately \$20 million annually – a major contributor to the total cost decrease in FY13.

City retirees and their beneficiaries are eligible for Medicare through payment of

Medicare payroll taxes during their working career. Medicare taxes are paid for all City employees who were hired after March 1986. The City's share of 50% Medicare taxes, totaling \$21 million in the FY20 budget, has increased an average 6.7% annually since FY01. This growth is due to increases in total payroll and also the increasing percentage of total employees hired after March 1986 who are now retiring.

Health Care Costs (\$ Mil)
Health, Life, Dental, Medicare Tax

Fiscal Year	Total Cost	\$ Change	% Change
FY08	\$270.6	\$20.9	8.4%
FY09	\$278.8	\$8.1	3.0%
FY10	\$296.1	\$17.3	6.2%
FY11	\$308.0	\$11.9	4.0%
FY12	\$318.9	\$10.9	3.5%
FY13	\$293.3	-\$25.5	-8.0%
FY14	\$304.4	\$11.1	3.8%
FY15	\$296.5	-\$7.9	-2.6%
FY16	\$312.2	\$15.7	5.3%
FY17	\$328.1	\$15.9	5.1%
FY18	\$350.3	\$22.2	6.8%
FY19*	\$362.3	\$12.0	3.4%
FY20*	\$368.4	\$6.0	1.7%

*Budget Estimates

Table 2

Number Health Plan Subscribers Feb 2019

Health Plan	Active	Retiree	Total
PPO	828	854	1,682
HMO	14,451	2,554	17,005
Medicare	-	11,263	11,263
Total	15,279	14,671	29,950

Table 3

City - Union Partnership

In FY12, assisted by 2011 Municipal Health Care Reform, the City adopted MGL Chapter 32B S.19 and began working closely with its thirty six unions, as represented

through the Public Employee Committee (PEC), in making health care changes.

Through the terms of the City and PEC's two agreements, beginning in FY12 and FY16, City employees and retirees are now paying a higher share of total health care costs through increased premium share, as well as higher co-pays for office visits and pharmaceutical costs. The City's share of total costs for its most popular non-Medicare health plan reduced from approximately 82% in FY11 to 77% in FY20. This is still higher than the estimated 67% employer share for a state employee enrolled in the Group Insurance Commission (GIC).

Today, the City's total annual health care costs are estimated to be over \$26 million lower than they would have been if not for these changes.

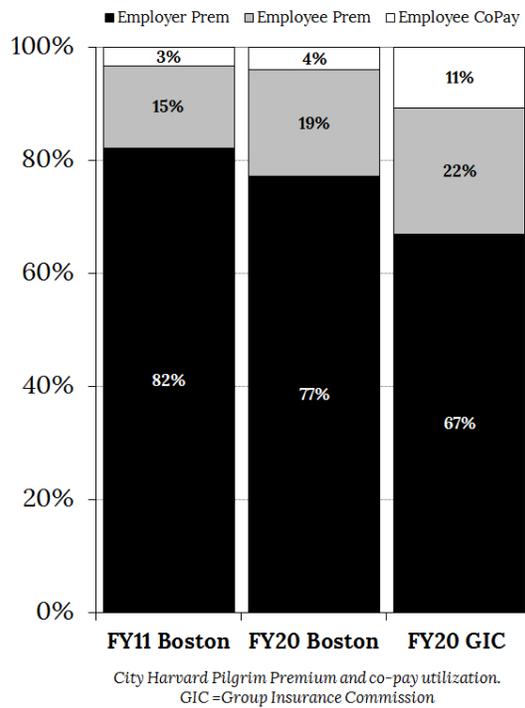


Figure 8 – FY20 Healthcare Cost Sharing

In FY16, the City and the PEC entered into their second agreement, which is projected to reduce projected costs by approximately \$49 million over five years. This most recent agreement is unique because in addition to

a continued increase in member cost share, it also includes other approaches to containing total costs for both the City and members. These include:

- *Competitive bidding and refinement of the City's health plan options.* After the elimination of a costly indemnity plan in FY12, saving several million dollars annually, non-Medicare health plan options were further reduced in FY16 to three plans: one PPO (Indemnity) with an open provider network and two HMO managed plans with a local provider network. Savings of over \$1 million dollars per year in administrative fees were realized from this change, shared by both employees and the City.

The City's six Medicare plans are now being refined. On Jan 1, 2019, the City's most expensive Medicare Plan was replaced with the more cost effective BCBS Medex Plan. In FY20, all Medicare Plans will be competitively bid, and the total number of plans reduced to three.

- *Expanding self-insurance.* The FY16 PEC agreement continued to support funding of health care costs through self-insurance. Prior to FY13, the City self-insured 20% of these costs. In FY13, this increased to 92%, saving \$12 million per year. In FY20, 96% of the City's health care costs will be self-insured, with a projected additional savings of over \$3 million/year.
- *More cost effective prescription drug management.* Within the current agreement, the City and the PEC began analyzing options for more cost effective management of the City's prescription benefits, which total roughly \$100 million per year for all plans. A lower cost Medicare prescription drug plan ("PDP") was included in the new BCBS Medex plan on Jan 1, 2019, which is projected to

save the City \$1.3 million per year. The City and PEC plan to replace all of the City's Medicare prescription drug plans with PDP's for prescription drugs by FY21, potentially saving the City an additional \$3 million/year.

- *Expanded wellness program.* The City, through the agreement, annually contributes \$75,000 toward wellness programs, managed through a sub-committee of the PEC. In 2018, a citywide digital platform was established through which City employees and family members can access information about fitness and nutrition programs, and participate in wellness challenges.

Other Post-Employment Benefits (OPEB)

Similar to pensions, employees earn post-employment health care and life insurance benefits (OPEB) over their years of active service, with those benefits being received during retirement. The City, including the Boston Public Health Commission (BPHC), has an unfunded liability for these benefits of \$2.40 billion, as of the most recent independent actuarial valuation on June 30, 2017. The size of this liability is largely influenced by changes to retiree health benefits, the City's annual additional contribution to fund the liability, and the discount rate assumed.

While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. In FY08, the City followed new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability, and also began voluntary annual allocations to fund the liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City's acceptance of M.G.L. Chapter 32B section 20. As of

December 31, 2018, the Fund had a balance of \$557.1 million.

As in previous years, this budget dedicates \$40 million toward reducing the City's long term other post-employment benefits (OPEB) liability. These fiscally responsible actions are critical to the Walsh Administration's prudent financial management policies, which have contributed to the recent affirmation of Boston's triple A bond rating.

The annual Actuarially Determined Contribution (ADC) for the City to significantly reduce the OPEB liability over a 30 year period is projected at \$217.5 million in FY20, as shown in Table 4. \$185.3 million (85%) of this amount will be funded through a combination of pay-as-you-go benefit payments for current retirees (included in health care costs discussed in previous section), a \$40 million FY19 allocation by the City to the Trust, and an additional \$2.25 million deposit by the BPHC into the Trust.

FY20 Annual Actuarially Determined Contribution (ADC) for OPEB Liability

Total ADC		\$217.5	
Projected Benefit Payments by City	\$143.0		
Contribution to OPEB Trust	\$42.3		%ADC
Total FY20 Payments	\$185.3	85%	
Difference	(\$32.3)		

\$ in millions

Table 4

The City is currently on a schedule that targets reducing its pension liability by 2025, and then plans on redirecting some portion of its annual pension contribution to further reduce the OPEB liability. However, this schedule is illustrative only of the currently expected funding schedule, and actual circumstances will likely vary from current assumptions.

Energy Management

In FY20, department energy budgets total \$51.8 million with electricity costs making up 55% of the budget, natural gas costs making up 24% of the budget and gasoline/diesel comprising 10% of the budget. The remaining 11% of the budget funds water and sewer, steam, and heating oil.

The Chief of Environment, Energy and Open Space and Chief Financial Officer are charged with making decisions regarding the City's procurement, use, and conservation of energy. In addition, the Chief of Environment, Energy and Open Space monitors the City's progress in meeting the greenhouse gas reduction goals required by the City's Climate Action Plan. The Municipal Energy Unit housed within the Environment, Energy and Open Space Cabinet works with City departments and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's new construction and capital improvement projects.

Over the past eight years, the City has achieved operational savings through the conversion of street lights to newer fixtures using Light Emitting Diode ("LED") technology.

In FY20, the City will continue implementing improvements that result in utility cost savings for City facilities, under the "Renew Boston Trust" initiative. This is not a trust in the traditional sense, but a program to bundle municipal utility cost savings projects. Efforts began with selection of an Energy Service Company ("ESCO") and their subsequent Investment Grade Audit ("IGA") of the City's facilities portfolio to identify projects with significant utility savings potential. The City selected projects based on the IGA analysis and has begun to implement the program's first phase guided by an Energy Management Service Agreement ("EMSA")

that provides long-term financial guarantees on the net savings for such projects. The City will finance this program with general obligation bonds with debt service costs expected to be offset by the long-term energy savings guaranteed by the ESCO.

To improve the tracking and control of energy use, the City has re-procured services to support an Enterprise Energy Management System ("EEMS"). The current EEMS enables the City to monitor and report on the energy consumed by its 300+ buildings and other fixed assets, and its vehicle fleet, and is used by the City to meet its public reporting obligation under the Building Energy Reporting and Disclosure Ordinance. The EEMS has also facilitated the identification of energy efficiency projects and billing errors that have saved the City \$1.3 million in the past two years alone.

The City's electricity requirements have been met by third-party commodity supply contractors since March 2005. To date, the amounts the City has paid to its third-party electricity suppliers have been less than the amounts it would have paid if it had continued to accept default electric service from its local distribution company, Eversource.

Appropriations

The combined appropriations for City Departments, the Public Health Commission (PHC) and the School Department (BPS), and non-departmental appropriations as shown in the FY20 Budget Summary have increased by 5.0% from the current FY19 appropriations.

Boston Public Schools with a \$1.177 billion appropriation is increasing by \$50.8 million over the FY19 appropriation. Boston's total investment in education, including BPS, the Quality Pre-K Fund, and the City's Charter School Assessment, is growing by \$90 million (6.8%) over FY19.

City Services such as Police, Fire, Public Works, Housing, Public Health, and other central funds are projected to increase by a total of \$79.3 million (5.4%). Public safety costs are rising by \$31.2 million or 4.8% in FY20. The appropriation for the Streets Cabinet is growing by \$16.7 million or 10.9% with the rising cost of recycling and waste removal and significant investments in critical infrastructure. The vast majority of unions have contracts settled through FY20, so departmental growth reflects those wage increases, while outstanding contracts are reserved for centrally. Funding for unsettled City, PHC and BPS union contracts are centralized in a \$7 million collective bargaining reserve.

The FY20 budget continues and expands upon a number of savings initiatives launched under Mayor Walsh's Administration.

- Boston will realize \$13.6 million in avoided health care costs in FY20, \$3.4 million of which are related to FY20 specific changes.
- Managing overtime continues to be a priority. Although overtime budgets will increase due to collective bargaining wage increases, the budgeted hours have been established at achievable levels.
- In conjunction with BPS, the City identified \$3.1 million in savings at BPS central office and transportation departments.
- City departments and the Public Health Commission include a combined \$7.4 million in costs avoided in FY20. This includes budgeted savings from reductions in utilities and gas consumption.
- Continuing the practice of proactive review, the City eliminated long-term vacant positions from the budget in FY20 for \$428,000 in savings.

It is only through continued tightening within City departments that the City will be able to afford new and expanded investments after reserving for costs associated with collective bargaining, being assessed for its increasing charter school costs, funding its pension obligations, and paying its debt service.

General Fund Appropriations by Cabinet & Department

Cabinet	Department	FY 17	FY 18	FY19	FY20	20 vs 19
		Expenditure	Expenditure	Appropriation	Appropriation	
Mayor's Office	Mayor's Office	3,770,208	4,178,112	5,199,005	5,331,414	132,409
	Election Department	4,024,221	3,905,877	4,731,970	5,524,196	792,227
	Intergovernmental Relations	1,136,249	1,197,436	1,450,401	1,580,011	129,609
	Law Department	5,252,663	6,503,424	8,112,803	8,377,366	264,563
	Women's Advancement	196,333	242,700	265,035	346,188	81,153
	Total	14,379,674	16,027,548	19,759,214	21,159,175	1,399,961
Operations	Property Management Department	20,555,049	17,927,980	17,800,319	18,795,900	995,581
	Public Facilities Department	5,294,852	5,449,174	6,772,671	7,169,689	397,018
	Inspectional Services Department	18,555,251	18,566,595	19,473,183	18,940,155	-533,029
	Total	44,405,152	41,943,748	44,046,173	44,905,744	859,571
Civic Engagement	Neighborhood Services	2,679,794	3,061,883	3,408,216	3,718,338	310,122
	Total	2,679,794	3,061,883	3,408,216	3,718,338	310,122
Arts & Culture	Office of Arts & Culture	1,246,831	1,347,105	1,489,140	2,046,666	557,526
	Library Department	34,774,805	35,758,490	38,179,816	40,534,902	2,355,086
	Total	36,021,635	37,105,595	39,668,956	42,581,568	2,912,612
Economic Development	Office of Economic Development	2,518,726	2,339,130	3,035,625	3,446,210	410,585
	Consumer Affairs & Licensing	1,059,353	1,151,755	1,273,506	1,353,513	80,007
	Office of Tourism	1,390,009	1,134,559	1,421,848	1,545,852	124,004
	Total	4,968,088	4,625,444	5,730,978	6,345,574	614,596
Education	Boston Public Schools	1,031,628,494	1,093,289,520	1,126,704,760	1,177,526,598	50,821,838
	Total	1,031,628,494	1,093,289,520	1,126,704,760	1,177,526,598	50,821,838
Environment, Energy & Open Space	Environment Department	2,166,977	2,470,122	2,918,000	3,077,886	159,887
	Parks & Recreation Department	22,284,441	26,322,942	23,790,347	26,666,627	2,876,280
	Total	24,451,418	28,793,064	26,708,347	29,744,513	3,036,167
Administration & Finance	Administration & Finance	848,814	1,205,918	1,296,262	1,337,927	41,664
	Assessing Department	6,992,340	7,190,085	7,613,945	7,746,306	132,361
	Auditing Department	2,541,074	2,680,026	2,894,329	2,947,260	52,931
	Budget Management	3,081,164	2,811,863	3,502,359	3,541,745	39,387
	Execution of Courts	3,188,448	19,513,268	5,000,000	5,000,000	0
	Health Insurance	205,281,017	210,986,298	220,979,251	221,381,299	402,048
	Human Resources	3,553,732	4,251,960	5,519,527	5,849,713	330,186
	Medicare	8,607,598	9,815,432	11,000,000	11,200,000	200,000
	Office of Labor Relations	1,355,744	1,250,130	1,446,748	1,465,905	19,158
	Pensions & Annuities - City	3,607,181	3,636,293	4,100,000	4,100,000	0
	Pensions & Annuities - County	37,674	30,129	100,000	100,000	0
	Purchasing Division	1,726,056	1,658,911	1,851,763	1,824,611	-27,152
	Registry Division	965,868	957,564	1,136,112	1,109,488	-26,624
	Treasury Department	4,469,780	5,216,098	19,901,078	19,650,186	-250,892
	Unemployment Compensation	0	0	350,000	350,000	0
	Workers' Compensation Fund	1,478,695	1,385,668	2,200,000	2,200,000	0
		Total	247,735,185	272,589,642	288,891,373	289,804,439
Health & Human Services	Boston Center for Youth & Families	26,016,859	29,151,768	27,295,312	29,605,788	2,310,476
	Commission For Persons W/Disabilities	369,748	428,128	473,338	487,540	14,202
	Age Strong Commission	3,221,046	3,568,631	3,734,042	3,965,665	231,623
	Fair Housing & Equity	257,639	258,664	302,905	318,366	15,462
	Office of Immigrant Advancement	399,809	443,901	471,915	627,767	155,852
	Public Health Commission	77,267,200	79,563,339	87,967,402	93,164,324	5,196,922
	Boston VETS	3,283,252	3,233,627	4,692,133	4,705,679	13,546
	Youth Engagement & Employment	5,221,593	6,336,200	6,547,352	6,990,580	443,229
	Total	116,037,147	122,984,259	131,484,398	139,865,710	8,381,312
Housing & Neighborhood Development	Boston Housing Authority	4,000,000	0	0	0	0
	Neighborhood Development	12,926,212	13,685,668	14,220,701	20,577,614	6,356,913
	Total	16,926,212	13,685,668	14,220,701	20,577,614	6,356,913
Information & Technology	Department of Innovation and Technology	32,339,128	33,816,198	31,337,344	32,099,307	761,963
	Total	32,339,128	33,816,198	31,337,344	32,099,307	761,963
Public Safety	Emergency Management	643,194	650,751	699,720	885,163	185,443
	Fire Department	219,082,799	233,419,618	254,444,275	271,616,063	17,171,788
	Police Department	364,594,820	399,924,488	400,435,572	414,237,378	13,801,807
	Total	584,320,813	633,994,857	655,579,566	686,738,604	31,159,038
Streets	Central Fleet Management	2,322,033	2,829,169	2,976,520	3,110,484	133,965
	Office of Streets	1,633,241	1,798,367	2,047,974	2,217,107	169,133
	Public Works Department	80,648,474	82,963,493	85,908,843	100,267,573	14,358,730
	Snow Removal	24,874,567	28,168,776	24,067,875	24,788,144	720,268
	Transportation Department	33,469,120	35,559,546	37,923,730	39,276,378	1,352,648
	Total	142,947,436	151,319,351	152,924,942	169,659,686	16,734,744
Non-Mayoral Departments	City Clerk	1,161,070	1,234,257	1,302,354	1,346,251	43,897
	City Council	5,084,067	5,248,445	5,666,700	5,721,300	54,600
	Finance Commission	263,701	271,026	283,150	294,446	11,296
	Total	6,508,839	6,753,728	7,252,204	7,361,996	109,793
	Grand Total	2,305,349,015	2,459,990,506	2,547,717,172	2,672,088,866	124,371,695

Table 5

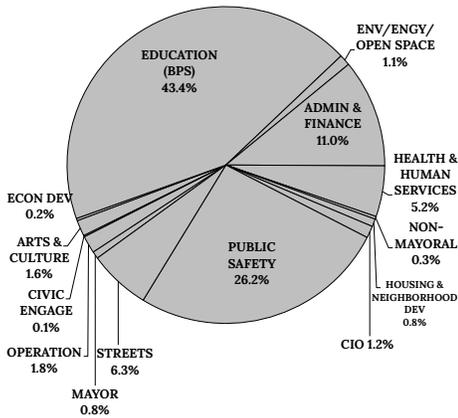


Figure 9 – FY20 Appropriations by Cabinet

The departmental appropriations are shown in the General Fund Appropriation by Cabinet table.

Departmental appropriations can also be viewed by cabinet, to better reflect the overall policy priorities and trends by service area.

In FY20 some programs have transferred between departments. Details of these changes are described below in each of the following cabinet sections.

Mayor's Office

The FY20 budget for the Mayor's Office Cabinet will increase \$1.4 million or 7.1% over the FY19 appropriation. The cabinet contains the Mayor's Office, the Election Department, the Law Department, and the Office of Women's Advancement.

The Mayor's Office's budget will increase by 2.5% in FY20. The budget reaffirms Boston's commitment to creating a more equitable and just City by increasing the capacity of the Mayor's Office of Resilience and Racial Equity. This includes funds for racial equity and leadership trainings across City departments.

Women's Advancement's budget will increase by 30.6% in FY20. The City recognizes that the rising cost of childcare creates a significant barrier for women to work and consequently increases gender pay inequality. The FY20 budget invests \$50,000 to further study the lack of affordable childcare and to explore solutions, which will allow for greater participation from women in the workforce.

The Election Department's budget will increase by 16.7% in FY20. The FY20 budget includes funding for three elections: two fall municipal elections and the spring presidential primary. The budget also adds a new position dedicated to improving existing technology and reducing cyber security vulnerabilities.

The FY20 addition of resources in the Intergovernmental Relations Department to promote the 2020 Census will help ensure maximum representation for Boston in the 2020 U.S. Census count.

The Law Department's budget will increase by 3.3%. The increase is primarily the result of the City's multi-fiscal year effort to consolidate disparate City departments' legal services within the Law Department's budget. This consolidation effort has strengthened the corporate counsel's ability to comprehensively assess the City's legal risks and liabilities.

For additional budget detail on the Mayor's Office Cabinet see Volume II.

Operations

The budget for the Operations Cabinet is increasing by 2%, largely due to increased operational support to assist in the completion of capital projects, including the 10-year BuildBPS program, the Renew Boston Trust program and other important capital projects.

The Public Facilities Department budget will be increasing by 5.9%. The departmental budget increase is due to two additional positions that were added in

FY20 to help support the growing citywide construction program.

The Property Management Department's budget will increase by 5.6% primarily due to collective bargaining increases. In addition, resources have been assigned to address office reconfigurations as part of the City Hall masterplan.

The Inspectional Services Department will decrease by 2.7% due to the transfer of the Animal Care and Control Division to the Parks Department. The FY20 budget invests in two additional housing inspectors to ensure properties are in compliance with the new short-term rental ordinance.

For additional budget detail on the Operations Cabinet see Volume II.

Civic Engagement

The FY20 budget for the Civic Engagement Cabinet will increase by 9.1%. The Cabinet contains the Office of Neighborhood Services, which is home to the City's neighborhood liaisons, Boston 311, and City Hall to Go. Investments in the Cabinet include increased funding and capacity for the Language and Communication Access program, which works with City departments to provide interpretation, translation, and assistive technology. This investment affirms the City's commitment to fostering a more inclusive and equitable city for all Bostonians.

For additional budget detail on the Civic Engagement Cabinet see Volume II.

Arts & Culture

In FY20, funding for the Arts and Culture Cabinet will increase by \$2.9 million, or 7.3%. The increase is primarily driven by investments made in the Boston Public Library, including an expansion of digital and print resources and increased capacity for youth and teen programming. The FY20 budget also ensures the City's long-term commitment to the arts by providing over

\$500,000 in new operating funding, which replaces expired grant funding.

In FY20, the City will invest in continuing key grant-making programs for individual artists. The Opportunity Fund, which offers small grants to support artists in activities that help them share their work with the public, teach others, continue their professional development, and hone their skills. To date in FY19, 706 artists have applied for the fund, and 291 have been awarded grants.

The City will also allocate new operating funds to continue the Boston Artist-in-Residence (AIR) program, which enables artists to work on projects that help reframe social conversations, and explore the ways they can use art and media to improve and bolster City initiatives. In FY19, 7 artists-in-residence were selected and developed projects focused around resilience and racial equity.

The Boston Public Library (BPL) will see a 6.2% increase in FY20. BPL will expand access to print and digital resources through an additional \$400,000 spent on revitalizing branch collections. This will reduce wait times and ensure materials are up-to-date. The Library will increase youth and teen programs by adding additional librarians dedicated to these age groups. This investment is a consequence of the popularity and growing demand for existing youth and teen programs. The FY20 budget also includes funds for increased security across the branches.

In addition to the FY20 general fund budget, the BPL has support from a variety of external funds. These sources include the Commonwealth of Massachusetts and other affiliates of the public library. These resources are crucial to the operations of the Library, as they support a variety of different initiatives.

For additional budget detail on the Arts & Culture Cabinet see Volume II.

Economic Development

The Economic Development Cabinet includes the Office of Economic Development, Consumer Affairs & Licensing, and the Office of Tourism. Overall, the Cabinet will see a 10.7% increase in FY20 compared to its FY19 appropriation, largely based on critical investments to increase economic opportunities for all Bostonians made in the Office of Economic Development.

The Office of Economic Development's (OED) FY20 budget will increase 13.5% over its FY19 appropriation. The growth in FY20 is primarily driven by investments in OED, including funding for the new Economic Development Center that began in FY19. OED's Office of Emerging Industries will increase operations capacity and other resources to aid small business technical development. The department is also adding a mobile enterprise business manager industry with an initial primary focus on food trucks. OED will continue its ongoing efforts to maintain a diverse and inclusive workforce in the City and cultivate the many businesses that contribute to Boston's robust economic climate and culture.

The Office of Tourism, Sports and Entertainment will increase by 8.7% mainly due to the addition of a new free event, R&B Night, and an investment for the 50th anniversary of Boston PRIDE in 2020. Consumer Affairs and Licensing will increase by 6.3%, due to growth in personnel costs, including an intern to help with license renewals. The department is working to increase consumer engagement and to mitigate the effects of potential scams on high-risk populations, such as the elderly and students.

For additional budget detail on the Economic Development Cabinet see Volume II.

Education

The FY20 BPS budget will increase by \$50.8 million from the FY19 budget. With this investment, Mayor Walsh has increased funding for the annual BPS budget by over \$242 million since taking office.

Funding directed to schools will increase to \$761 million. New investments in school budgets include \$2.5 million in additional funds for high-need students through the Opportunity Index, and \$2.0 million in increased soft landings for schools with declining enrollments.

The FY20 BPS budget includes a \$3.8 million investment to replace the Preschool Expansion Grant, which funds 250 quality pre-kindergarten seats. In addition to the \$31.8 million total allocation for pre-kindergarten in the BPS budget, the City is investing \$15 million in the Quality Pre-K Fund to support the creation of a citywide mixed-delivery system with school-based programs and community-based organizations.

In FY20, BPS will allocate \$500,000 to expand free MBTA passes to all students in Boston in grades 7-12. This investment will greatly expand access to transportation resources for Boston students, allowing them to explore the city and the many opportunities it provides.

The BPS budget also includes a series of central investments targeted to close opportunity gaps, strengthen high school pathways, and support off-track youth. To better prepare students for the fast-growing innovation economy in Boston and around the world, BPS will invest \$375,000 to provide equitable access to science instruction in the elementary grades that is aligned with Next Generation Standards. A \$364,000 investment will enable BPS to offer school-based administration of the ISEE, an exam used for entrance into the district's three exam schools. This investment aims to expand access to exam schools by removing barriers to taking the

ISEE. BPS will also invest \$350,000 to support high school students by building out an early warning indicators system to help students stay on track to graduate, and by expanding Naviance, a post-secondary planning tool, to all high schools. Additionally, a \$100,000 pilot program will supply 77 schools with free menstrual products, ensuring that students have equitable access to the resources they need to succeed in school.

In FY20, BPS will continue to invest significantly in special education, including 90 new school-budgeted special education teachers and paraprofessionals. At \$270 million in FY20, the special education budget accounts for approximately 23% of the overall BPS budget.

For additional budget detail on the Education Cabinet, see Volume II.

Environment, Energy & Open Space

The Environment, Energy and Open Space Cabinet, which includes the Environment Department and the Parks and Recreation Department, will increase 11.4% in FY20. This growth is largely due to impactful investments and the transfer of Animal Care and Control program from ISD to Parks and Recreation.

In FY20, the Environment Department's budget will increase by 5.5%. Investments include increased funding for Zero Waste outreach, a new climate preparedness manager to continue the work around Climate Ready Boston, and Greenovate Boston community engagement. The archaeology lab manager will move onto the operating budget and provide increased capacity for our growing archaeology program.

The Parks and Recreation Department will grow by 12.1%, primarily due to the inclusion of the Animal Care and Control program. Also starting in FY20, Boston will invest in preventative maintenance and repair for the department's irrigation

systems at different park locations. In addition, the Parks Department will increase the number of Park Rangers and will hire a site-specific maintenance manager that will be dedicated to Martin's Park.

For additional budget detail on the Environment, Energy & Open Space Cabinet see Volume II.

Administration & Finance

The Administration & Finance (A&F) Cabinet contains the majority of the central departments responsible for the City's administrative functions. Boston has been recognized for its strong financial policies and practices and sound management of both its human and financial capital. The cabinet has a 0.5% increase in FY20, due in part to the growth in the health insurance and Medicare appropriations.

The A&F cabinet has budgeted resources in FY20 to continue independent operational audits and to pursue revenue maximization.

In FY20, the A&F cabinet will continue a citywide review of collections to better optimize the City's non-tax revenues. The City will also continue to work to maximize federal health insurance reimbursements and revenue recovery efforts.

For additional budget detail on the Administration & Finance Cabinet see Volume II.

Health & Human Services

Overall, the FY20 appropriation for the Health & Human Services Cabinet will increase by 6.4%. The cabinet's work to promote the health and well-being of the City's residents, particularly its most vulnerable, is essential to creating a thriving, healthy, and innovative Boston.

Boston Centers for Youth and Families' (BCYF) FY20 budget will increase 8.5% from FY19. The FY20 budget includes a \$560,000 investment in the department's violence intervention program. The Street Outreach,

Advocacy and Response (S.O.A.R.) Boston Program – formally known as the Steetworker Program – will add 7 new positions along with other programmatic changes. The department will also receive \$320,000 and an additional finance position as they transition into providing more core support for community center site councils. BCYF is also adding 2 computer instructors to provide services at newly renovated sites, a position to support increased programming for girls, increased capacity to support the work of the Office of Food Access, and \$100,000 for BCYF to continue improving their technological infrastructure.

The Department’s budget also continues to provide grants to local nonprofits supporting after-school youth activities, sports, and academic study programs. Additionally BCYF runs both winter and summer Camp Joy programs with structured enriching activities for children and young adults with special needs. This program includes group games, swimming, adaptive sports, arts and crafts, and field trips. It connects participants and their families to new opportunities and valuable community resources as well as provides door to door transportation.

The Age Strong Commission’s budget is growing by 6.2% in FY20. An extension of its FY19 re-branding, the Commission’s FY20 budget includes an investment in senior programming. The new funds will allow the Commission to build a coordinated network across the 15 sites providing senior programming in Boston.

The Fair Housing & Equity budget has increased by 5.1% over FY19 and the department has added an externally funded Investigator Position. Fair Housing & Equity remains committed to exceeding the current Housing and Urban Development (HUD) case management directives and delivering on its mission of eliminating discrimination and ensuring fair and equal access to housing and public services.

The Mayor’s Office of Immigrant Advancement (MOIA) budget is increasing by 33% over FY19. This increase is the result of an additional positions and new funding to provide legal assistance through intermediaries to the City’s diverse immigrant population.

The Boston Public Health Commission (BPHC) serves as the City’s health department and provides:

- emergency medical services (EMS);
- substance abuse prevention and treatment programs;
- community health programming;
- infectious disease surveillance;
- shelter, food, and advocacy for homeless individuals; and
- home and school based health services for children and families.

In FY20, BPHC’s appropriation will increase by 5.9%, with investments targeting important areas of the City’s public health system: emergency medical services (EMS) and substance abuse services. Unlike most City departments, BPHC’s appropriation includes health insurance, pension and other post-employment benefits (OPEB).

The FY20 budget includes resources for EMS to add a second Community Assistance Team. The Community Assistance Team program started in FY18, and uses response vehicles to triage ambulance call types that do not typically require ambulance transports. They work primarily in parts of the City with concentrations of people who are homeless or who have substance abuse issues. A second Community Assistance Team will allow EMS to better meet the changing demands of a growing city and improve their capacity to provide a quicker response to urgent calls. In FY20, EMS will also hire a new staff person to coordinate efforts to increase workforce diversity.

BPHC will also implement a new Comprehensive HIV, HCV, and STI Prevention Initiative, add capacity to their mobile sharps collection team, and continue a communications campaign around youth marijuana use. The Commission will also receive new funding to reorganize and elevate the Office of Recovery Services.

The FY20 budget for the Boston Office of Veterans Engagement, Transition, and Services (Boston VETS) has a modest increase of 0.3%. In FY20, Boston VETS plans to engage and serve hundreds of veterans through their outreach programs which include decorating Hero Squares, providing financial assistance to veterans, and organizing volunteers to thank Boston veterans.

The budget for Youth Engagement and Employment will increase by 6.8% in FY20 and gain a new position to aid in the youth hiring process. Funding will continue to support a successful partnership with community-based organizations and, when combined with anticipated state funds, will provide an estimated 3,300 summer jobs. The Department will also work year round to support youth through the Mayor's Youth Council and provide for 500 school-year jobs.

For additional budget detail on the Health & Human Services Cabinet see Volume III.

Housing and Neighborhood Development

The FY20 budget for the Housing and Neighborhood Development Cabinet will increase by 44.7%, reflecting significant investments through the Department of Neighborhood Development (DND) to end chronic and youth homelessness, create and preserve affordable housing, and support homeowners and renters. The FY20 budget increases Boston's annual general fund investment in housing to \$13.2 million. Combining these general fund dollars with federal grants, state grants, and

developer fees allows the City to leverage a wide variety of sources to invest in the creation and preservation of affordable housing citywide, a key to reaching targets outlined in Mayor Walsh's *Housing a Changing City: Boston 2030*.

As part of the FY20 budget, the City is pursuing accepting the recently passed State Short Term Rental laws including expanding the Local Room Occupancy Excise to 6.5%. This proposal will support the FY20 DND budget that includes a series of investments to support homeless individuals. \$4 million will fund the creation of approximately 50 new units of permanent supportive housing each year. And \$1 million will provide connections to employment, rental assistance, and supportive services for approximately 75 youth and young adults experiencing homelessness, on top of a \$4.9 million federal Youth Homelessness Demonstration Program grant from the Department of Housing and Urban Development (HUD). In addition, the budget allocates \$300,000 for a homeless peer navigator program, in which formerly homeless individuals will connect people currently experiencing chronic homelessness with permanent housing pathways.

The FY20 budget will enable DND to sustain and expand successful programs that create and preserve affordable housing. To support the citywide expansion of the Additional Dwelling Unit (ADU) policy in FY20, the DND budget includes \$650,000 for zero-interest loans for income-eligible homeowners to create ADUs. This program will increase housing supply. The FY20 investment will fund approximately 21 ADUs. The budget also increases the capacity of the Affirmative Fair Housing Marketing Program to improve turnaround times for marketing materials and lotteries, ensuring that affordable units are filled as quickly as possible. Additionally, DND will use \$5 million in Community Preservation Act (CPA) funds to continue the Acquisition

Opportunity Program. This program provides funding to community development corporations and other responsible developers to acquire occupied properties, rehabilitate them, and convert them into deed-restricted affordable housing to prevent displacement.

To continue supporting homeowners and renters, the FY20 budget includes \$100,000 to expand the Intergenerational Homeshare Program, which matches older adults with an extra room with a young person looking to rent. This investment will support the creation of approximately 100 matches. DND will also use federal funding from HUD to preserve tenancy, working with a nonprofit to station a navigator in Boston Housing Court. This individual will triage tenants and connect them to resources and volunteer legal assistance.

The FY20 budget projects that DND will have \$85 million in external funds available from federal and state grants, as well as revenue from certain developer fees. Although proposed federal budget cuts raise questions about future levels of funding for the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs, which provide funding for a variety of neighborhood development activities, this budget assumes that DND will continue to receive these recurring federal entitlement grants, as well as competitive grants such as the Continuum of Care (CoC) program. The City will advocate that these critical programs are maintained in the federal budget.

For additional budget detail on the Housing & Neighborhood Development Cabinet see Volume III.

Information & Technology

The Department of Innovation and Technology (DoIT) will see a 5.4% increase over its FY19 appropriation. The FY20 budget invests in building a stronger cyber security foundation for the City's IT infrastructure. In FY19, the City named its

first Chief Information Security Officer. Building off of the success of the FY19 launch of a new Identity and Access Management solution, the City is investing in a City-wide cyber-security audit.

As part of the City's efforts to implement smart savings initiatives, DoIT will reduce contractor costs without reducing service. The department will invest in training for staff to increase staff capacity, increase efficiency, and decrease reliance on contractors. DoIT is also investing in an Enterprise Agreement Manager position as part of the department's efforts to better manage software license agreement costs.

For additional budget detail on the Information & Technology Cabinet, see Volume III.

Public Safety

The Public Safety Cabinet, which includes the Police Department, the Fire Department, and the Office of Emergency Management, is growing by 4.8% in FY20 over FY19 appropriations. This is primarily driven by the costs of providing effective public safety in a growing City. Specifically growth is reflected through contractual increases from collective bargaining agreements in the Fire Department, an increase to the FY20 Police recruit class, a phased roll out of a body worn camera program in the Police Department, a calendar year 2019 Fire recruit class, and critical safety and wellness investments for the Fire Department.

The Police Department's budget will increase by 3.4% in FY20 over the FY19 appropriation. Included in the FY20 budget is a recruit class that will increase the sworn force by approximately 15 officers, \$2.3 million to support the phase-in of body worn cameras and investments in the Crime Lab and the new Community Engagement Bureau. The Police Department will also continue efforts to reduce overtime hours where possible.

Building on the continued success of recruiting a diverse police cadet class in FY19, the FY20 budget adds another cadet class in spring 2020. This addition of 20 cadets continues to provide a stable pipeline of diverse young people for future police officer classes. The FY20 budget also includes funding for a Superior Officers promotional exam to be held in FY20. The department will continue to focus on technological improvements: implementation of body worn camera program will begin, which includes a rollout of additional mobile devices to officers not yet assigned one; security will be upgraded at Headquarters; and the final year of the department-wide \$56 million radio replacement project will begin. The department will continue its commitment to youth development grants to promote conflict resolution and other skills to build self-esteem among youth.

The Fire Department budget will increase by 6.7% in FY20 over FY19 appropriation, specifically growth is reflected through contractual increases from collective bargaining agreements in the Fire Department. The Mayor's priority of firefighter health and safety is reflected in the continuing industrial cleaning program for firehouses, along with additional funds for firehouse environmental cleaning. The FY20 operating budget also includes investments in facilities improvements, health and wellness training, and a new cadet program of 20 cadets to start in spring of 2020. Also included in the budget is funding for bio packs for tunnel rescue, and a brush truck which aids in response to woodland fires. A new fuel monitoring system will be installed at 26 fuel sites. Similar to the Police Department, the Fire Department budget continues to aggressively manage their overtime.

The Office of Emergency Management budget represents an increase of 26.5% in FY20 over the FY19 appropriation. The increase primarily reflects an investment in

staffing capacity to respond to emergencies across the City and the continued funding of a public outreach campaign to promote awareness of the City's emergency evacuation plan.

For additional budget detail on the Public Safety Cabinet see Volume III.

Streets

The overall Streets Cabinet will increase by 10.9% in FY20. This budget reflects the City's commitment to maintaining a high standard of basic city services and transformative investments in sidewalks, bike corridors, roads, bridges and other critical infrastructure. The result will reshape the future of Boston's transportation landscape in a way that beautifies city streets and makes them safer, more reliable and accessible for all commuters.

In FY20, the Transportation Department will have an increase of 3.6%, which includes signature investments in Vision Zero safety measures and redesign projects throughout the neighborhoods. The City will update the baseline parking meter fee in FY20 in order to improve the parking experience citywide while reducing congestion. This additional revenue will allow the City to make significant investments in dedicated bus lanes, bike infrastructure, and major design projects in the capital budget such as the Blue Hill Avenue Corridor Transportation Action Plan. The City will invest operating funds in new Vision Zero traffic calming equipment such as speed feedback boards, rapid flash beacons and flex posts, which will reduce fatal collisions in vulnerable areas. In addition, Boston is continuing its citywide, multi-year campaign to bring all crosswalks, lane markings, and bike lanes into a state of good repair. The Department will begin to see savings in FY20 from operational reforms in the meter and signs divisions.

The Public Works Department's FY20 budget will be 16.7% above the FY19 budget, with the macroeconomic costs of recycling and waste removal as the primary cause. The City's new Zero Waste initiative strives to move Boston toward zero waste through planning, policy, and community engagement. In the Public Works budget, the City recommits to a sustainable future through the year-round delivery of recycling bins to all city residents.

Updating the City's parking meter rates will allow Public Works to make a \$1 million signature investment through the operating budget focused on maintaining our multi-modal transit paths in a state of good repair and piloting new sidewalk repair materials. A specialized maintenance unit in the Highway division will be dedicated to managing and cleaning new bike, bus, municipal lots, and pedestrian infrastructure across the city. The department will also pilot new materials and methods for the innovative repair of sidewalks in order to more equitably reduce the repair backlog and create safer and more walkable streets. These investments, along with a new green infrastructure maintenance program that cleans and upgrades storm water assets, will modernize, strengthen, and beautify Boston's streets for years to come.

For additional budget detail on the Streets Cabinet see Volume III.

Reserve for Collective Bargaining

The FY20 collective bargaining reserve, a \$7 million reserve for City departments, Boston Public Schools, and the Public Health Commission, contains funding for collective bargaining agreements that are still outstanding. The City has settled agreements with most unions including all four sworn police unions, the firefighters' union, AFSCME, SEIU and SENA. Those contracts are four years in duration and include annual general wage increases of 2% and other benefits. The City is currently

in negotiations with the remaining unsettled unions.

Salary increases in these agreements will have a direct impact on dollars available in FY20 and in the upcoming years. This reserve accounts for \$6 million of the growth in the FY20 Budget.

FIXED COSTS

Fixed costs make up a growing portion of the City's Budget. The City has very little control over the fixed costs growth, largely driven by the Charter School Tuition Assessment, which is directly deducted from Boston's state aid, and the City's Pension schedule, which requires a 9.7% increase in FY20 to address generations of underfunding.

Pensions

Boston's Pension budget is based on the current pension schedule approved by Boston's Retirement Board. The City's Pension schedule requires a \$23.5 million or 9.7% increase in FY20.

The City of Boston participates in a contributory defined benefit retirement system that is administered by the Boston Retirement System (BRS). BRS is one of 106 public pension systems governed by Massachusetts General Law Chapter 32. Boston's current pension schedule is based on an actuarial asset valuation as of January 1, 2018. The current pension schedule assumes a long term rate of return of 7.5%. The City's pension liability is currently 76.92% funded and is on track to reduce the unfunded liability to zero by 2025, fifteen years prior to the legally required funding date of 2040.

Debt Service

The Debt Service budget supports borrowing to finance the City's capital plan. In FY20 Debt Service is budgeted at \$188.9 million, which is essentially level with the previous year.

The City benefits from its strong financial policies and practices and has recently been affirmed with triple A bond ratings from Moody's and Standard and Poor's. Strong bond ratings are an assessment of the City's long-term financial stability and lower the cost of borrowing. As the City borrows more over ten years to support investments in its schools, debt service is projected to increase as well.

For further detail see the *Capital Planning* and *Financial Management* chapters of this volume.

State Assessments

Accompanying the local aid distributions on the State's Cherry Sheet are charges to the City from the Commonwealth. These include items such as charter school tuition reimbursement and MBTA service. The City expects to be assessed \$307.1 million by the Commonwealth in FY20.

For further detail see the *Revenue Estimates & Analysis* chapter of this volume.

Suffolk County

The Suffolk County budget is a fixed cost mandated by state legislation, budgeted at \$3.8 million in FY20. State legislation converted all existing and future Suffolk County Sheriff employees to state employees effective January 1, 2010. The State charges the City for Suffolk County through an assessment based on the residual unfunded pension liability for former Sheriff employees who retired prior to January 1, 2010. Once the unfunded pension liability is fully extinguished, the budget for Suffolk County will no longer be necessary.

Reserve

The Reserve budget is a fixed cost stipulated by state law and requires the City of Boston to maintain a reserve of 2.5% of the prior year appropriations, not including the School department, on its balance sheet. The reserve's balance as of June 30,

2018 is \$35.2 million; with this balance Boston has met its reserve requirements. The reserve can be used to provide for extraordinary and unforeseen expenditures and the Mayor may make drafts or transfers against this fund with City Council approval after June first of each fiscal year. Since the establishment of this reserve, the City has yet to make any drafts or transfers from the reserve.

Personnel Summary

		1/1/17	1/1/18	1/1/19	1/1/20	Projected
		FTE	FTE	FTE	Projected	Inc/(Dec)
Office of the Mayor	Mayor's Office	43.0	44.1	44.6	47.6	3.0
	Election Department	28.0	28.6	29.0	30.0	1.0
	Intergovernmental Relations	8.0	9.0	9.0	10.0	1.0
	Law Department	44.0	54.0	52.0	56.0	4.0
	Public Information		-			-
	Women's Advancement	2.0	3.0	4.0	4.0	-
	Total	125.0	138.7	138.6	147.6	9.0
Operations	Inspectional Services	224.0	217.0	218.0	202.0	(16.0)
	Property Management	130.0	134.0	132.0	132.0	-
	Public Facilities Department	55.0	59.0	60.0	62.0	2.0
	Total	409.0	410.0	410.0	396.0	(14.0)
Civic Engagement	Neighborhood Services	44.0	48.0	45.0	46.0	1.0
	Total	44.0	48.0	45.0	46.0	1.0
Arts & Culture	Office of Arts & Culture	10.0	12.0	10.0	14.0	4.0
	Library Department	388.5	386.6	384.0	388.0	4.0
	Total	398.5	398.6	394.0	402.0	8.0
Economic Development	Office of Economic Development	19.5	22.0	26.0	29.0	3.0
	Consumer Affairs & Licensing	13.0	14.0	15.0	16.0	1.0
	Licensing Board	-	-	-	-	-
	Office of Tourism	10.0	10.0	10.0	10.0	-
	Total	42.5	46.0	51.0	55.0	4.0
Education	School Department	8,781.6	9,005.2	9,248.6	9,298.2	49.6
	Total	8,781.6	9,005.2	9,248.6	9,298.2	49.6
Environment, Energy & Open Space	Environment	22.0	25.0	26.0	28.0	2.0
	Parks and Recreation	221.0	217.0	213.0	237.0	24.0
	Total	243.0	242.0	239.0	265.0	26.0
Administration & Finance	Administration & Finance	5.0	7.0	5.0	7.0	2.0
	Assessing Department	82.0	82.0	77.0	77.0	-
	Auditing Department	31.0	32.0	33.0	33.0	-
	Budget Management	23.7	21.7	21.7	21.7	-
	Human Resources	44.8	45.8	45.8	46.8	1.0
	Labor Relations	10.0	10.0	8.0	9.0	1.0
	Purchasing Division	22.0	20.0	21.0	21.0	-
	Registry Division	18.0	17.0	19.0	19.0	-
	Treasury Department	49.0	50.0	46.0	47.0	1.0
	Total	285.5	285.5	276.5	281.5	5.0
Health & Human Services	Boston Center for Youth & Families	362.3	364.4	369.0	377.0	8.0
	Commission for Persons with Disabilities	6.0	7.0	6.0	6.0	-
	Age Strong Commission	53.0	42.7	48.5	49.5	1.0
	Fair Housing & Equity	7.0	7.0	7.0	7.0	-
	Office of Immigrant Advancement	5.0	5.0	4.0	6.0	2.0
	Public Health Commission	827.4	844.8	832.4	842.4	10.0
	Boston VETS	15.0	15.0	12.0	12.0	-
	Youth Engagement & Employment	6.0	5.0	7.0	7.0	-
	Total	1,281.7	1,290.9	1,285.9	1,306.9	21.0
Housing & Neighborhood	Neighborhood Development	38.5	38.3	37.0	37.0	-
	Total	38.5	38.3	37.0	37.0	-
Information & Technology	Dept of Innovation & Technology	126.0	133.6	131.6	132.6	1.0
	Total	126.0	133.6	131.6	132.6	1.0
Public Safety	Emergency Management	1.4	1.5	1.5	2.5	1.0
	Fire Department	1,577.2	1,610.3	1,611.5	1,644.5	33.0
	Police Department	2,922.1	2,830.1	2,862.6	2,888.0	25.4
	Total	4,500.7	4,441.9	4,475.6	4,535.0	59.4
Streets	Office of Streets	18.0	19.0	22.0	22.0	-
	Central Fleet Management	43.0	43.0	44.0	44.0	-
	Public Works Department	330.0	319.0	313.0	321.0	8.0
	Transportation	348.9	377.9	363.5	380.5	17.0
	Total	739.9	758.9	742.5	767.5	25.0
Non-Mayoral	City Clerk	15.0	15.0	13.0	13.0	-
	City Council	87.0	77.2	80.2	80.2	-
	Finance Commission	4.0	4.0	4.0	4.0	-
	Total	106.0	96.2	97.2	97.2	-
Grand Total		17,121.9	17,333.8	17,572.5	17,767.5	195.0

Personnel Changes

The Personnel Summary table shows a four-year comparison of city-funded and filled full-time equivalent (FTE) positions. This includes both permanent and emergency employees. The projected FTE numbers used for FY20 are estimates based on the personnel funding levels contained in the FY20 budgets.

FY18-FY19 FTE Changes

The total net increase in FTEs from January 1, 2018 to January 1, 2019 was 239. The majority of the growth was in priority area of Education. The City's Position Review Committee continued to review all proposed job postings for vacant positions. All hiring was scrutinized and only critical positions were approved. About 10 long-term positions were eliminated in the FY19 budget.

The School Department increased by 243.7 FTEs. The continued focus on inclusion classrooms is apparent with an increase of 50 inclusion teachers and 97 aides. Bilingual teachers increased by 25.7 and Bilingual Ed Aides by 15. Technical support positions grew by 31.

Public Safety FTEs increased by 33.7 from Jan 1, 2018 to Jan 1, 2019. This is mostly due to Police Department class timing, as the FY19 recruit class of 135 started in December. The Fire Department is up 1.2 FTEs compared to Jan 1, 2018; however, the FY19 Fire recruit class of 54 started January 2, 2019.

The Streets Cabinet decreased by 16.4 FTEs from 2018 to 2019. The Transportation Department decreased by 14.4 due to the timing of a PEO class. Public Works decreased by 6 due to multiple vacancies. The Office of the Streets added 3 positions to increase public information and clerking capacities.

The Mayor's Office Cabinet decreased by .1 FTEs between January 1, 2018 and January 1, 2019. The Law Department decreased by 2

due to attrition. Women's Advancement increased by 1 FTE, with the transfer of a position from ONS to improve administrative capacity.

The Operations Cabinet had a decrease of 1 FTEs. The Property Management Department decreased by 2 security guards, which was offset by an increase of 1 project manager in Public Facilities.

The Civic Engagement Cabinet decreased by 3 FTEs. This is due to attrition among the neighborhood liaisons and the transfer of a position to Women's Advancement. The Arts & Culture Cabinet decreased by 4.6 FTEs with vacancies in the facilities department in the Boston Public Library and two vacant Arts positions. The Economic Development Cabinet increased by 5 FTEs. Economic Development increased by 4, with additional Emerging Industries and Equity/Inclusion staff. Consumer Affairs and Licensing filled a Chief of Staff position.

The Environment, Energy and Open Space Cabinet decreased by 2 FTEs from January 2018 to January 2019. The Parks Department decreased by 4 due to normal attrition and Inspectional Services had an increase of 1. The Environment Department also increased by 1.

The Health & Human Services Cabinet shows a net decrease of 5 FTEs. The Public Health Department is down by 12, due to the timing of a late January EMT class. The Elderly Department increased by 5.8, due a correction in how Elderly Advocate positions were funded. The FY18 to FY19 increase of 4.6 at Boston Center for Youth and Families represent additional community center staff. The decreases in Commission for Persons with Disabilities (-1), Immigrant Advancement (-1) and Boston VETS (-3) relate to vacant positions.

Other cabinets had minor changes that are reflective of regular attrition and hiring patterns.

FY20 Projected FTE Changes

The City projects a net increase in FTE levels of 195.0 from January 1, 2019 to January 1, 2020. The majority of the growth is targeted in the priority areas of public safety, education, public health and transportation.

The City will continue to review the need for hiring into all vacant positions in FY20. Departments eliminated 9 long-term vacant positions in the current budget process.

A significant portion of the projected growth in filled FTEs from January 2019 to January 2020 is in the Public Safety Cabinet. Historically, the number of Public Safety employees on the payroll as of January 1 of any year has fluctuated with the timing of retirements and new classes. In FY20 the projected January to January increase in the Fire Department is due to the timing of the FY20 class in fall 2019 as opposed to the FY19 class which came on after January 1, 2019. The goal of the department is to have enough firefighters in the suppression force to cover the minimum manning level of 262 and to reduce overtime. The Police Department is projected to increase the sworn force by 15 officers with the FY20 recruit class in the fall of 2019. The department is also adding 3 positions to assist with citywide phase in of the body worn camera program and criminalists to aid with efforts to improve efficiency in the Crime Lab. The City is also moving 4 social workers /domestic violence advocates to the operating fund from the JAG grant to ensure the continuation of this important work. The department is also adding a transportation analyst.

The Mayor's Office Cabinet has a projected increase of 9 FTEs. The Mayor's Office is increasing by 2 positions for the Office of Resiliency and Racial Equity, which is transferring from the Public Health Commission, and a new civic design director for the New Urban Mechanics program. Elections will add a new position

dedicated to improving existing technology and reducing cyber security vulnerabilities. The Law Department will grow by 4 positions with a legal advisory office for the Fire Department and additional legal capacity for the Public Facilities Department and the public records program.

The Operations Cabinet is anticipated to decrease by 14 FTEs. The Inspectional Services Department (ISD), which is newly in this Cabinet, will have a decline of 16 positions with the transfer of the Animal Care and Control program to Parks and the addition of 2 short-term rental housing inspectors. Public Facilities will add a project manager for planning and studies to support the growing citywide construction program and an assistant director to focus on BuildBPS implementation.

Civic Engagement will increase the capacity of the Language Access and Communications program in the Office of Neighborhood Services. The Arts and Culture Cabinet is anticipated to grow by 8 FTEs. The Office of Arts and Culture has 2 key positions (communications director and artist resource manager) moving onto the operating budget from expiring grants and is expected to fill vacancies. The Library is adding a children's librarian and teen services assistant to central and a teen services librarian for the branches. The department is also creating a major projects coordinator to assist with capital projects.

Economic Development is expected to grow by 4 positions. The Office of Economic Development will increase operational capacity by adding an emerging industries manager, a certification manager, and a mobile enterprise business manager.

In FY20 the School Department anticipates staffing to increase with the commitment to have a fulltime nurse in every school. The department is also adding 10 new mental health professionals across the

district. The overall number of teachers will grow slightly and the trend of increasing numbers of special education and bilingual teachers will continue. Special education aides are also projected to increase.

The Environment, Energy and Open Space Cabinet will grow by 26 FTEs primarily due to the transfer of Animal Care and Control to Parks from ISD. Parks and Recreation will also add a new full-time veterinarian and technician to the existing staff. The department also plans to hire 3 new park rangers and a maintenance manager for Martin's Park. The Administration & Finance Cabinet projects an increase of 5 FTEs with an alternative finance position and a director of transformation in the Office of Administration and Finance, a new director of investigations and training in Human Resources, and the filling of several vacancies.

The Health and Human Services Cabinet will increase by 21 FTEs. Boston Centers for Youth and Families will grow with the investment in the outreach and engagement program including the addition of resource coordinator positions. The department will also hire 2 new computer instructors to enhance services at community centers. The Public Health Commission will grow by approximately 10 FTEs, including the strategic investments in the growth of the Office of Recovery Services (3) and HIV prevention. The Public Health Commission's Emergency Medical Services (EMS) will add a new community assistance team (3) and a diversity and recruitment officer at EMS to better meet the demands of a growing population. The department also plans to hire a privacy officer and an information security officer.

Neighborhood Development in the Housing Cabinet will remain stable in FY20. The Department of Innovation and Technology in the Information & Technology Cabinet will add an enterprise agreement manager as part of its efforts to better manage city license agreements.

The Streets Cabinet is projected to increase by 25 FTEs. The Transportation Department will add 17 positions to support transformational investments in transportation projects throughout the City. These positions, including those focused on Vision Zero and the City's new transit team, were FY19 investments hired after January 2019. The Public Works Department is adding 8 positions as part of major multi-modal transit maintenance investment.

External Funds	FY18 Expenditure	FY19 Estimated	FY20 Estimated
Boston Public Schools	134,736,650	141,910,954	142,946,926
Neighborhood Development	80,192,436	83,892,292	87,172,822
Public Health Commission	41,717,478	46,515,679	43,764,815
Treasury Department	8,150,479	35,686,363	25,512,151
Emergency Management	10,931,248	12,347,728	12,860,691
Police Department	8,884,942	9,393,115	7,510,998
Library Department	7,981,306	8,738,756	9,420,455
Age Strong	7,656,317	6,643,278	6,704,202
Other	34,970,606	28,362,968	29,061,529
Total	335,221,462	373,491,133	364,954,590

Table 7

External Funds

The City’s \$3.49 billion operating budget is supplemented by approximately \$365 million in external funds. These funds consist mainly of federal, state, and private funding earmarked for specific purposes. Education, housing, economic development, public health and public safety are some of the largest areas for which these funds are targeted.

Twenty-five departments and agencies expect to receive federal, state or other forms of external funding in FY19. Over 92% of the City’s external funds are found in eight of those twenty-four departments. These eight departments are Boston Public Schools, Neighborhood Development, Public Health Commission, Treasury Department, Emergency Management, Police, Library, and the Age Strong Commission. Other departments that also have significant grant funding are the Office of Economic Development and the Fire Department. Descriptions and amounts of grants by department can be found in Volumes II and III.

Federal grants have historically provided funding for the key City priorities of

education, community development, and services for seniors. Boston Public Schools, the Department of Neighborhood Development (DND), and the Elderly Commission have been the traditional recipients of recurring entitlement grants provided by the federal government.

Although proposed federal budget cuts open questions about future levels of funding for Community Development Block Grant (CDBG) and HOME Investment Partnership, this budget assumes that DND will continue to receive these recurring federal entitlement grants, which provide funding for a variety of neighborhood development activities. The City will advocate that these critical programs are maintained in the federal budget. Other sources of federal funding received by the City are used to address diverse needs and/or creative approaches for homeland security, community policing and housing support for the homeless.

Community Preservation Act

By adopting the Community Preservation Act (CPA) in November 2016, the City has created a Community Preservation Fund. This fund is not part of the City’s general fund and is displayed as a special revenue external fund in this budget document.

This fund is capitalized primarily by a one percent property tax-based surcharge on residential and business property tax bills that began in July 2017. The City uses this revenue to fund initiatives consistent with CPA guidelines: affordable housing, historic preservation, open space and public recreation.

The first round of projects, approved by Mayor Walsh, the Boston's Community Preservation Committee (CPC) and City council in FY18, appropriated \$8.0 million in 35 projects. The second funding round appropriated \$34.9 million in 56 projects.

The city has awarded CPA funding for projects in each of Boston's 23 neighborhoods since the act's adoption.

FY20 All Funds Budget

The all funds table consolidates the projected FY20 expenditures from the General Fund, Special Revenue Funds (primarily external grants) and the Capital Fund by department. More detail on the expenditures made from each of these funds is shown in Volumes II and III of the City of Boston's FY20 budget document.

All Funds Budgets - FY20

Cabinet	Department	General Fund Budget	External Funds Budget	Capital Budget	Total All Funds Budget
Mayor's Office	Mayor's Office	5,331,414	666,879	34,750	6,033,043
	Election Department	5,524,196			5,524,196
	Intergovernmental Relations	1,580,011			1,580,011
	Law Department	8,377,366	500,000		8,877,366
	Women's Advancement	346,188			346,188
	Total	21,159,175	1,166,879	34,750	22,360,803
Operations	Property Management Department	18,795,900		26,369,542	45,165,442
	Public Facilities Department	7,169,689			7,169,689
	Inspectional Services Department	18,940,155	41,400		18,981,555
	Total	44,905,744	41,400	26,369,542	71,316,686
Civic Engagement	Neighborhood Services	3,718,338			3,718,338
	Total	3,718,338	-	-	3,718,338
Arts & Culture	Office of Arts & Culture	2,046,666	721,813	590,000	3,358,479
	Library Department	40,534,902	9,420,455	11,695,375	61,650,732
	Total	42,581,568	10,142,268	12,285,375	65,009,212
Economic Development	Office of Economic Development	3,446,210	7,605,245		11,051,455
	Boston Planning and Development Agency			630,503	630,503
	Consumer Affairs & Licensing	1,353,513	64,000		1,417,513
	Office of Tourism	1,545,852	150,000		1,695,852
	Total	6,345,574	7,819,245	630,503	14,795,323
Education	Boston Public Schools	1,177,526,598	142,946,926	90,081,934	1,410,555,458
	Total	1,177,526,598	142,946,926	90,081,934	1,410,555,458
Environment, Energy & Open Space	Environment Department	3,077,886	954,320	9,923,800	13,956,006
	Parks & Recreation Department	26,666,627	6,031,733	43,012,506	75,710,866
	Total	29,744,513	6,986,053	52,936,306	89,666,872
Administration & Finance	Administration & Finance	1,337,927			1,337,927
	Assessing Department	7,746,306			7,746,306
	Auditing Department	2,947,260	215,477		3,162,737
	Budget Management	3,541,745			3,541,745
	Execution of Courts	5,000,000			5,000,000
	Health Insurance	221,381,299			221,381,299
	Human Resources	5,849,713			5,849,713
	Medicare	11,200,000			11,200,000
	Office of Labor Relations	1,465,905			1,465,905
	Pensions & Annuities - City	4,100,000			4,100,000
	Pensions & Annuities - County	100,000			100,000
	Purchasing Division	1,824,611			1,824,611
	Registry Division	1,109,488			1,109,488
	Treasury Department	19,650,186	25,512,151		45,162,337
	Unemployment Compensation	350,000			350,000
Workers' Compensation Fund	2,200,000			2,200,000	
	Total	289,804,439	25,727,628	-	315,532,067
Health & Human Services	Boston Center for Youth & Families	29,605,788	1,048,200	3,750,000	34,403,988
	Commission For Persons W/Disabilities	487,540			487,540
	Age Strong	3,965,665	6,704,202		10,669,867
	Fair Housing & Equity	318,366	791,542		1,109,908
	Office of Immigrant Advancement	627,767	241,000		868,767
	Public Health Commission	93,164,324	43,764,815	2,652,300	139,581,439
	Boston VETS	4,705,679			4,705,679
	Youth Engagement & Employment	6,990,580	936,920		7,927,500
	Total	139,865,710	53,486,679	6,402,300	199,754,689
Housing & Neighborhood Development	Neighborhood Development	20,577,614	87,172,822	3,850,000	111,600,436
	Total	20,577,614	87,172,822	3,850,000	111,600,436
Information & Technology	Department of Innovation and Technology	32,099,307	4,400,000	16,289,125	52,788,432
	Total	32,099,307	4,400,000	16,289,125	52,788,432
Public Safety	Emergency Management	885,163	12,860,691	100,000	13,845,854
	Fire Department	271,616,063	3,511,500	15,943,011	291,070,574
	Police Department	414,237,378	7,510,998	9,982,917	431,731,293
	Total	686,738,604	23,883,189	26,025,928	736,647,721
Streets	Central Fleet Management	3,110,484			3,110,484
	Office of Streets	2,217,107			2,217,107
	Public Works Department	100,267,573		105,057,941	205,325,514
	Snow Removal	24,788,144			24,788,144
	Transportation Department	39,276,378	1,181,500	22,281,637	62,739,515
	Total	169,659,686	1,181,500	127,339,578	298,180,764
Non-Mayoral Departments	City Clerk	1,346,251			1,346,251
	City Council	5,721,300			5,721,300
	Finance Commission	294,446			294,446
	Total	7,361,996	-	-	7,361,996
Grand Total		2,672,088,866	364,954,589	362,245,341	3,399,288,797

Performance Management

Boston's performance management efforts, driven in partnership between the Citywide Analytics Team and the Office of Budget Management, strive to ensure that the City delivered the most effective and efficient services possible.

CityScore

Launched in 2016, CityScore is a nationally recognized tool designed to inform the Mayor, City managers, and the public about the performance of City government by aggregating key performance metrics.

CityScore's 22 metrics are monitored daily to get an understanding of the quality of life in Boston, and the performance of City government. Since inception, CityScore has prompted key process improvements, increased data-driven decision-making at all levels of city government, and informed the budget process.

Priority FY20 Performance Goals

The Mayor's FY20 budget priorities highlight the vision to create an environment that promotes equity, builds community, and helps fulfill Boston's great promise. The performance measures listed below reflect the City's top priorities and the partnerships necessary to achieve these ambitious goals.

Priority FY20 Performance Goals

Performance Measure	Responsible Department	FY19 Projected	FY20 Target
Education			
New K1 seats available	Schools	91	113
Participants in the Early Literacy Program	Boston Public Library	43,503	55,000
Housing			
# of homeless Veterans placed in permanent housing	Neighborhood Development	265	200
# of low income housing units permitted (deed restricted and IDP)	Neighborhood Development	254	499
# of middle income housing units permitted (deed restricted and market)	Neighborhood Development	882	1,445
# of potential evictions averted	Neighborhood Development	680	625
Mobility			
Average annual PCI rating of Boston's roads	Public Works	68	67
% of street light outages addressed on time	Public Works	65%	80%
% of crosswalks in good repair	Transportation	60%	85%
Average personnel hours on a hokey route (hand cleaning streets/sidewalks)	Public Works	3,145	3,000
Prosperity & Equity			
# of MWBE companies with City of Boston contracts	Economic Development	TBR	80
# of employees in companies newly signing Boston's 100% Talent Compact	Women's Advancement	31,791	15,000
Arts, Culture, and Creativity			
% of first time Boston Cultural Council organizational grant awardees	Arts & Culture	29%	15%
Library card daily usage	Boston Public Library	3,120,980	3,000,000
Average number of eBook holds	Boston Public Library	73,742	40,000
Health & Safety			
EMS median response time for Priority 1 calls	Public Health Commission	6.2 Min	6 Min
# of individuals placed in recovery services	Public Health Commission	14,253	13,000
Firefighters attending resiliency, health, and safety symposiums	Fire Department	900	950

Multi-Year Budget Plan

Introduction

While the City must maintain an annual budget process by statute, a two-year projection provides a useful context for current decision making and future planning purposes.

With City costs rising faster than its revenue, the City is projecting budget shortfalls in FY21 and FY22. In projecting the City's operating budget for FY21 and FY22, education cost growth, increasing annual pension schedule obligations, uncertain costs related to outstanding collective bargaining agreements and continued health insurance cost escalation continue to drive high rates of expenditure growth. The property tax levy is assumed to grow from its base by the allowable 2.5% and by new growth in the levy. In terms of state aid, continued pressure from rising state Charter Schools costs combined with underfunding of the Charter School Tuition Reimbursement obligation and stagnant education aid, will likely lead to the continuation of the negative growth trend in net state aid.

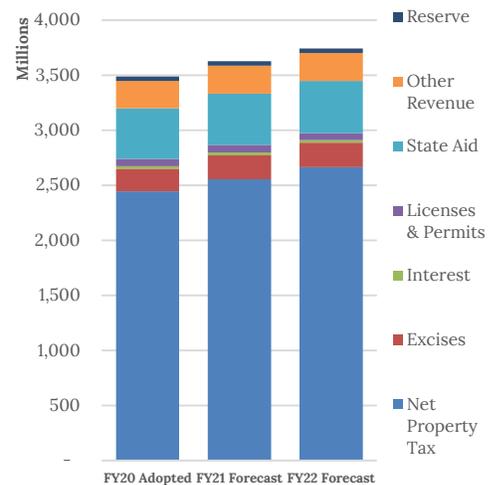
The vast majority of union contracts are settled through FY20, so departmental FY20 budgets reflect those wage increases, while outstanding contracts are reserved for centrally. Funding for unsettled City, PHC and BPS collective bargaining contracts have been centralized in a \$7 million FY20 collective bargaining reserve. Only a few unions have contracts settled through FY21 and are shown in the appropriations forecast for that year. The next round of negotiations for FY21 and beyond has not begun. The projected FY21 and FY22 collective bargaining reserves are intended to acknowledge some costs in this area but do not indicate an established wage pattern for successor contracts.

Another area of concern is the unfunded liability related to other post-employment benefits. The City currently provides post-

employment health care and life insurance benefits to eligible retirees in accordance with state law and pays its share of the cost on a pay-as-you-go basis in the current year's operating budget. This method of financing understates the full obligation to provide these benefits after retirement. The City, including the Boston Public Health Commission (BPHC), has an unfunded liability for these benefits of \$2.40 billion, as of the most recent independent actuarial valuation on June 30, 2017. The FY20 budget authorizes another payment of \$40 million to the City's OPEB Liability Trust Fund; the FY21 and FY22 projections also include \$40 million payments.

Revenue Trends

The following chart displays the breakdown of revenue projected for FY20-FY21.



**Figure 10 – Recurring Revenue
FY20 Budget, FY21 & FY22 Projected**

Major revenue trends include:

Property Tax Levy: The levy will grow by the allowable 2.5% increase, and new growth is projected to grow steadily in FY21, with lower new growth projected in FY22, as less certainty regarding markets exist over this time horizon. The net property tax assumes an overlay reserve set at 1%. A net total increase in the levy of over \$194 million is projected over the two years.

State Aid: Gross state aid is assumed to increase slightly in FY21 and FY22, increasing by 1.6% in FY21 and 3.3% in FY22. The City is projecting that Chapter 70 education will increase by less than 1% based on a modest minimum aid increase from the State. The City is projecting that the Charter School Tuition Reimbursement will again be underfunded by the State. The State has not fulfilled its statutory obligation to fund the Charter School Tuition Reimbursement, creating an unsustainable funding challenge that the City projects will be exacerbated in FY21 and FY22 unless serious reforms to Charter School Finance are undertaken. Underfunding of Charter School Reimbursement will be accompanied by a larger increase to the Charter School Tuition Assessment and thus represents a substantial decrease in total resources available for appropriations. Unrestricted General Government Aid is projected to grow at 3% in FY21 and FY22.

Excises: Excises are expected to continue to grow into FY21, but slow in FY22, with the potential of stabilization of the local economy given signs of economic slowdown.

Fines: Fines are expected to slightly increase given improvements made in enforcement.

Interest on Investments: Interest income is expected to increase in FY21 and FY22 compared to the FY20 Adopted budget, based on movements of significant assets into interest bearing accounts.

Payments in Lieu of Taxes (PILOT): PILOT revenue is projected to remain fairly flat in FY21 and FY22, consistent with the trends from the five year ramp up of PILOT payments, which ended in FY16. We expect the program to continue with support from the non-profit community.

Miscellaneous Department Revenue: In FY21 and FY22, the City estimates decreases in federal health insurance reimbursements as

well as municipal Medicaid reimbursements.

Licenses and Permits: Building permits are projected to increase in FY21 and decrease in FY22 due to unpredictable development environment.

Budgetary Fund Balance: For FY21 and FY22 the use of Budgetary Fund Balance for OPEB expenses is projected to be level at \$40 million.

These estimates are based on conservative revenue assumptions reflecting the growing local economy, projected to stabilize at a reasonable level of growth from the beginning of FY21 to the end of FY22.

Expenditure Trends

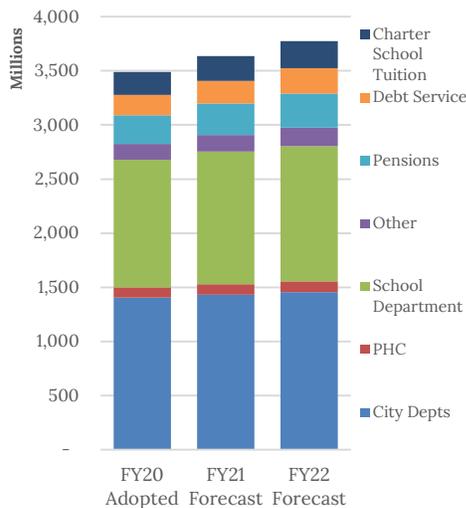
The expenditure chart displays the allocation of expenditures projected for FY21-FY22.

As the City examines projected expenditures for FY21 and FY22, expenditures are anticipated to grow at a faster rate than the City's revenue growth, leading to projected shortfalls for FY21 and FY22. Fixed costs alone are projected to grow significantly due to increases in charter school costs under the existing cap and upward adjustments in the City's pension schedule. In addition, the City continues to project considerable appropriations growth due to rising employee-related costs.

Appropriations: Inflationary and other increases have been estimated in FY21 and FY22 for expenditures such as health insurance and other personnel cost growth. At the School Department, estimated inflationary increases for health insurance and other personnel cost growth, student transportation services, and the cost of food and nutrition services have been projected for FY21 and FY22.

Due primarily to the factors referred to above, appropriations are estimated to

increase by a total of \$81.7 million or 3.0% in FY21 and cumulatively increase by \$146 million or 5.4% in FY22.



**Figure 11 – Expenditures
FY20 Budget, FY21 & FY22 Projected**

Fixed Costs: In FY21, fixed costs are expected to increase by 8.7% and cumulatively increase by 18.0% in FY22. These increases can be attributed to several factors including; the continued expansion of charter schools, even under the existing cap and the resulting increase in the tuition assessment, scheduled pension cost increases, and increased borrowing.

Under these revenue and expenditure assumptions, the FY21 and FY22 budgets are currently projected to have shortfalls of approximately \$10.2 million and \$29.3 million. For the most part, the projections are based on current operations and the roll out of approved initiatives in FY21 and FY22. As the FY21 budget process goes forward and projections are further refined, the City will be looking at ways to operate more efficiently within the confines of projected revenues. The City will be monitoring external funding sources very closely, prioritizing service areas and reviewing policy decisions and options that could result from external funding losses. Boston Public Schools and the Department of Neighborhood Development are two

departments dependent on federal external funds for the provision of essential services. In the event of grant losses in those departments, major policy decisions and/or tradeoffs will have to be made to continue to provide existing services.

Employee hiring must continue to be controlled, as the bulk of the projected increase in appropriations is employee-related. New collective bargaining agreements that will begin negotiations in FY20 will need to be affordable, given cost and revenue pressures outlined in this forecast. The City, in partnership with its unions, will continue to look at ways to mitigate the impacts of annual increases in the cost to provide health insurance to its employees and retirees. The City’s policy regarding the use of its fund balance has been to limit the use of this source of revenue to offset certain fixed costs such as pension contributions and related post-retirement health benefits and/or to fund extraordinary and non-recurring events as determined and certified by the City Auditor. The projections shown here assume that budgetary fund balance will be used only to support the OPEB appropriations for FY21 and FY22.

Planning a Balanced Budget

Multi-year planning is useful because it allows for time to make adjustments to relieve the cost pressures on certain services. It also promotes cost-saving or new programming alternatives to improve the financial position projected in the out years, and helps monitoring changes in assumptions as new needs or innovations present themselves.

Much of the City’s budget remains fairly stable during the year, but a variance of just 1% would equate to a \$35 million problem in the bottom line. Common areas of variance are snow removal, with year-to-year swings of millions of dollars; legal settlements, for which the City attempts to reserve for but may need to absorb on a pay-as-you-go

basis; public safety overtime, particularly if a significant event occurs (acts of terrorism, natural disasters or major public events, for example), and outside funding sources for essential needs that may suddenly be eliminated.

It is important to note that the City's fiscal controls are effective in reducing the chances of an unmanageable deficit. The City manages position vacancies through a committee comprised of the Chief Financial Officer, the Human Resources Director, and the City's Budget Director. In place for over a decade, the committee serves to strictly control and monitor all hiring. In addition, the City's financial and human resources information system (BAIS) provides levels of systematic controls that can be used to project and plan for personnel funding requirements. Similar BAIS systematic controls are in place to control non-personnel expenditures.

Conclusion

This multi-year overview is provided as a guide to understand the impacts of the decisions presented in the budget, and to provide a framework for addressing future challenges and initiatives. Although it is not statutorily required, it is a useful tool in long-range planning and policy analysis.

From a budget planning and management standpoint, the parameters summarized here were built through an interactive forecast model. This approach allows for the development of multi-year scenarios based on various assumptions for City operations set within the financial constraints of the City's revenue and fixed cost budgets.

MULTI-YEAR BUDGET SUMMARY

(Dollars in Millions)

	FY20 Adopted	FY21 Forecast	FY22 Forecast
REVENUES			
Property Tax	2,468.66	2,580.37	2,691.88
Property Tax Overlay	(24.44)	-25.55	-26.65
Excises	207.54	217.63	221.63
Fines	69.64	73.99	74.19
Interest On Investments	22.00	25.00	23.00
Payments in Lieu of Taxes	48.98	49.38	49.78
Urban Redev Chapter 121A	31.55	34.55	34.55
Department Revenue	63.23	60.61	60.86
Licenses & Permits	67.78	69.99	65.38
Penalties & Interest	10.60	10.30	10.30
Available Funds	24.85	24.85	24.85
State Aid	459.13	466.61	474.49
Total Recurring Revenue	3,449.51	3,587.73	3,704.25
Budgetary Fund Balance	40.00	40.00	40.00
Total Revenues	3,489.51	3,627.73	3,744.25
EXPENDITURES			
City Appropriations	1,406.36	1,432.34	1,454.24
Public Health Commission	93.16	96.83	99.46
School Department	1,177.53	1,224.59	1,249.44
Reserve for Collective Bargaining City	7.00	12.00	27.00
Other Post Employment Benefits	40.00	40.00	40.00
Total Appropriations	2,724.05	2,805.76	2,870.14
Pensions	265.60	289.11	314.69
Debt Service	188.94	208.63	233.74
Charter School Tuition	210.96	232.07	250.23
MBTA	90.67	92.93	95.26
Other State Assessments	5.44	5.54	5.68
Suffolk County Sheriff Dept	3.85	3.85	3.85
Reserve	0.00	0.00	0.00
Total Fixed Costs	765.45	832.13	903.45
Total Expenditures	3,489.51	3,637.90	3,773.59
Surplus (Deficit)	0.00	-10.17	-29.34

Numbers may not add due to rounding

Operating Budget

Budget Document Structure

The Operating Budget for FY20 and Five Year Capital Plan for FY20-24 are presented in three volumes. Volume I is an overview of the City's financial position and policy direction.

Volumes II and III, which are organized by cabinet, present the budget detail for each department's operating budget and capital projects. Please refer to the chapter on Budget Organization and Glossary in Volume I for an illustration of the City's organizational chart.

The City's budget is built at the program level for each department, which is the basis for budget planning. However, line item budget detail is only provided in this budget document at the department level. Program line item detail is available upon request.

In addition to program budgets, Volumes II and III provide a mission statement, key objectives, as well as past and promised performance levels for each departmental program. For those departments with capital projects, a project profile is provided for every capital project. The project profile includes authorization information as well as planned spending levels.

Definitions of the terms used throughout the budget document are presented in the glossary, which can be found in Volume I in the chapter titled Budget Organization and Glossary.

Technical Note

The City of Boston's combined FY20 Budget and FY20-FY24 Capital Plan was published using Microsoft Word. Graphics were generated using Microsoft Excel. Oracle - Hyperion Planning,