



**Thomas M. Menino, Mayor**

**City of Boston**

# **Fiscal Year 2010 Recommended Budget**



# City of Boston

FY10 Budget: \$2.42 Billion

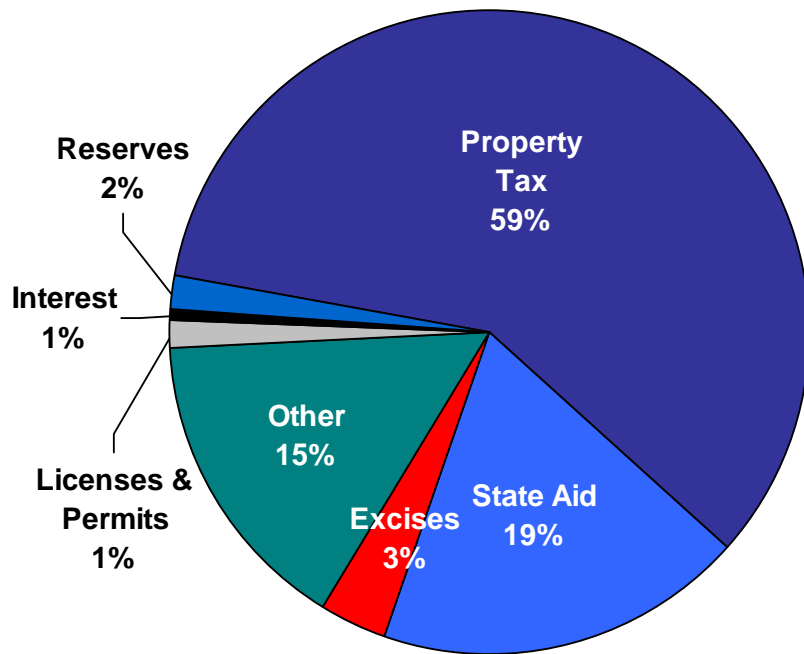
- \$5.0 million or 0.2% increase from FY09
  - Negligible budget growth
  - Net state aid is expected to decrease sharply
  - Property tax revenue continues to grow
  - Other local revenue sources growth nearly all negative
- Fixed costs are increasing by \$49 million
- Total departmental appropriations are declining by \$44 million
- Budget uses \$40 million (one-third) of reserves



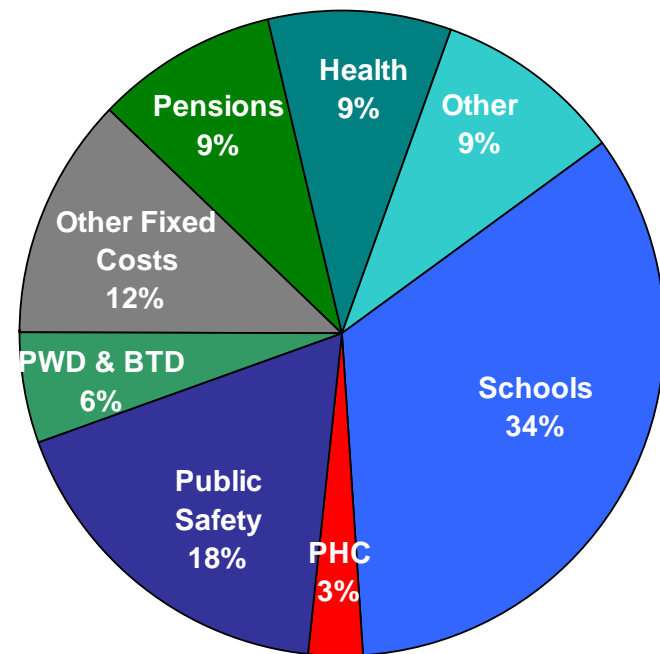
# FY10 Budget: \$2.42 Billion

## Revenues & Expenditures

### Major Revenue Sources



### Major Expenditure Areas

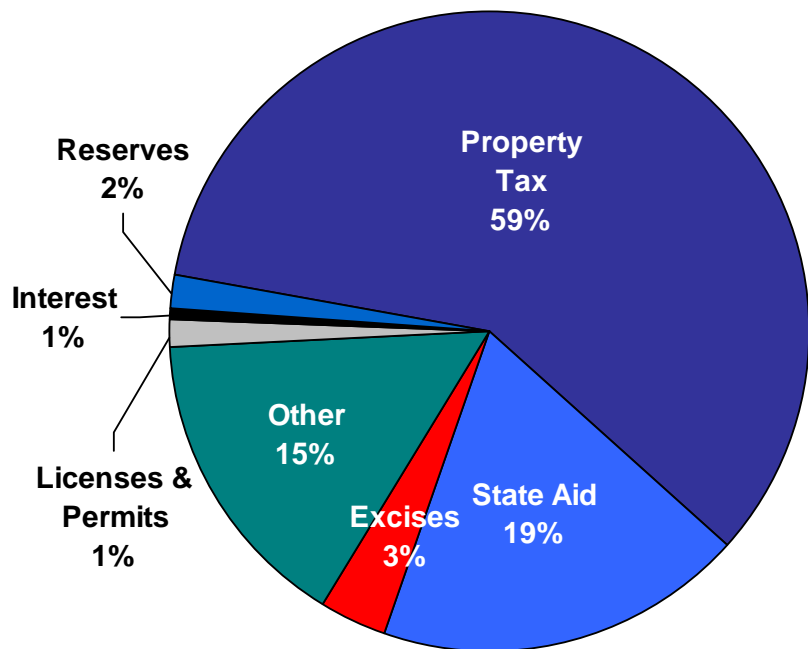


NOTE: Totals may not add due to rounding. Total health benefits costs, including those in Schools and PHC are 12.8% of total expenditures. Health expenditures include \$25 million to OPEB liability.



# FY10 Budget: \$2.42 Billion

## Revenues by Major Source



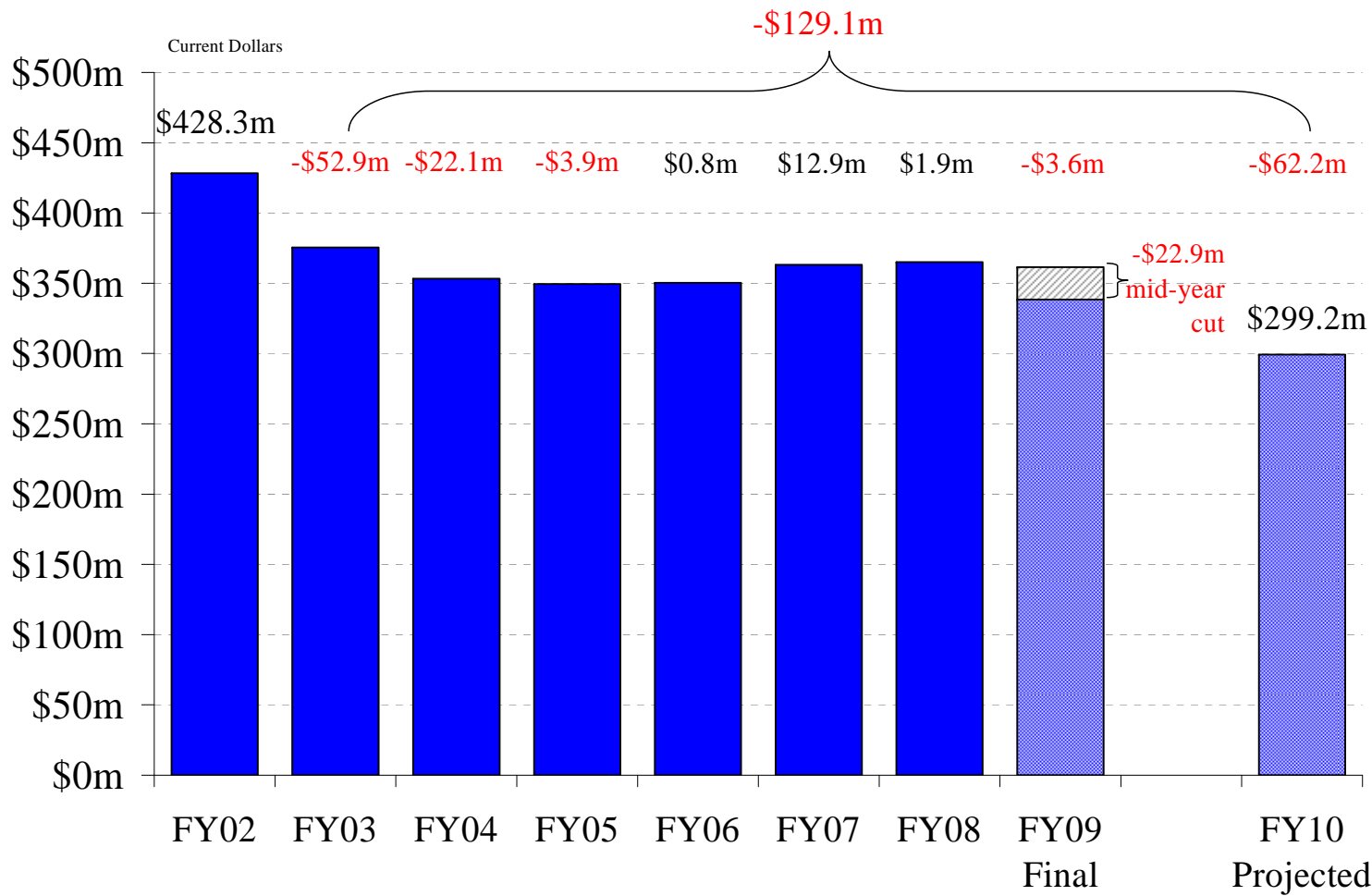
### *Selected Major Revenue Sources*

|  |                 |
|--|-----------------|
| Property Tax   | \$1,425,021,324 |
| Net State Aid*   | \$299,239,839   |
| Excises  | \$79,875,000    |
| Licenses & Permits   | \$36,065,000    |
| Interest Income  | \$12,750,000    |
| Reserves   | \$40,000,000    |
| *Gross state aid is represented in the chart at left. Net state aid reflects gross state aid net of municipal charges or "assessments" |                 |



# State Aid History

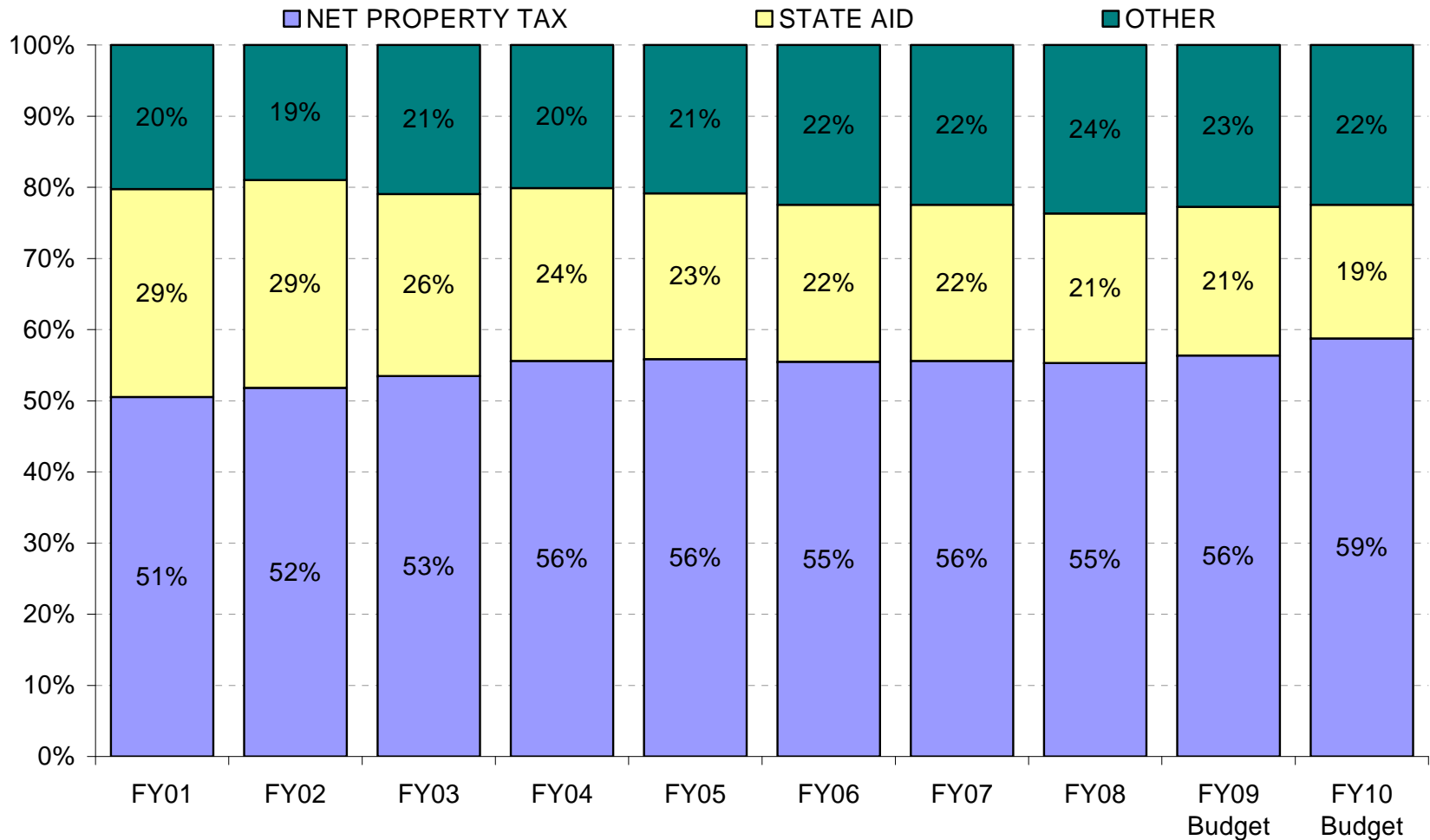
## Net of Municipal Charges (Assessments)





# FY10 Projected Revenue

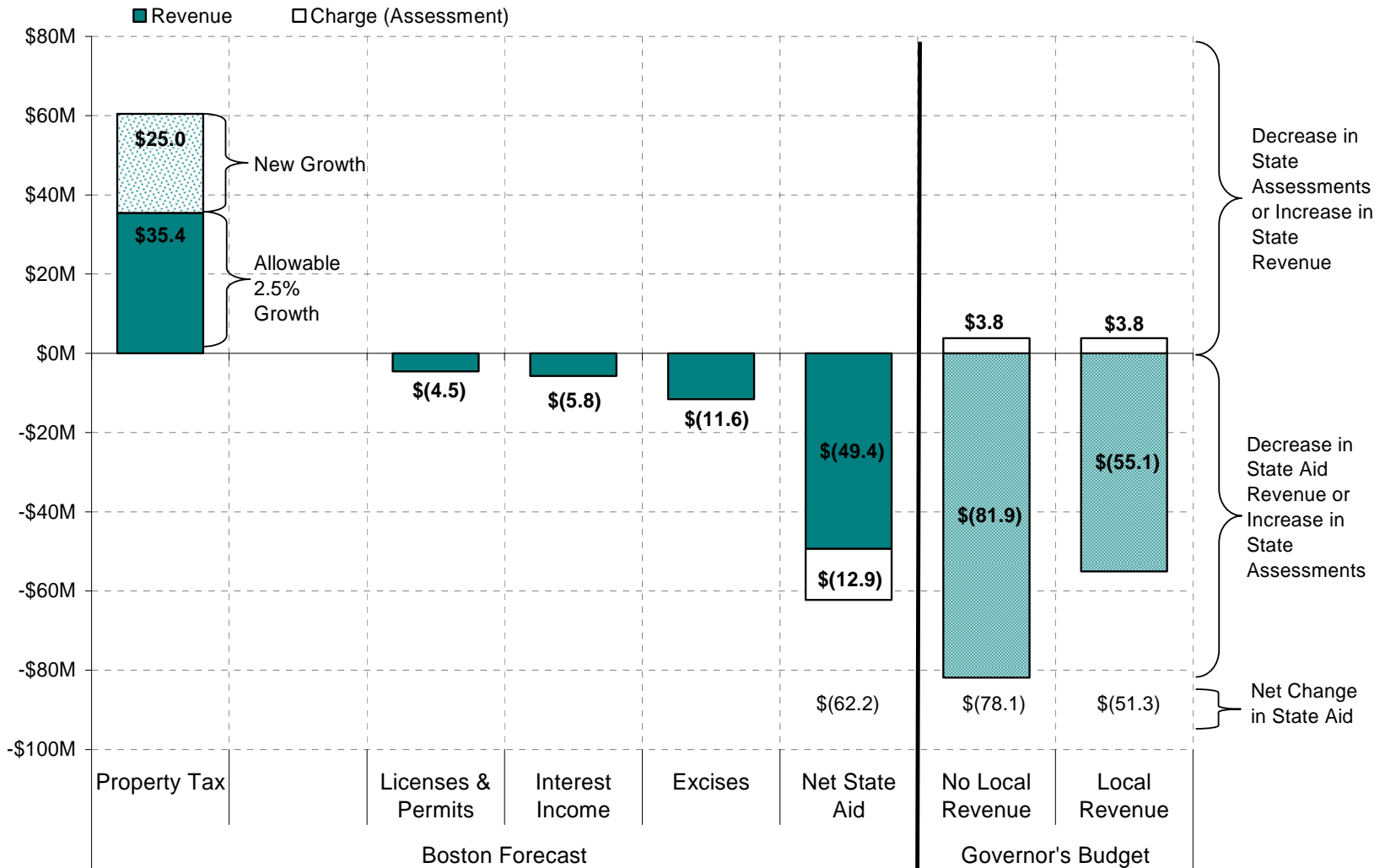
## Major Components of Total Revenue





# FY10 Projected Revenue

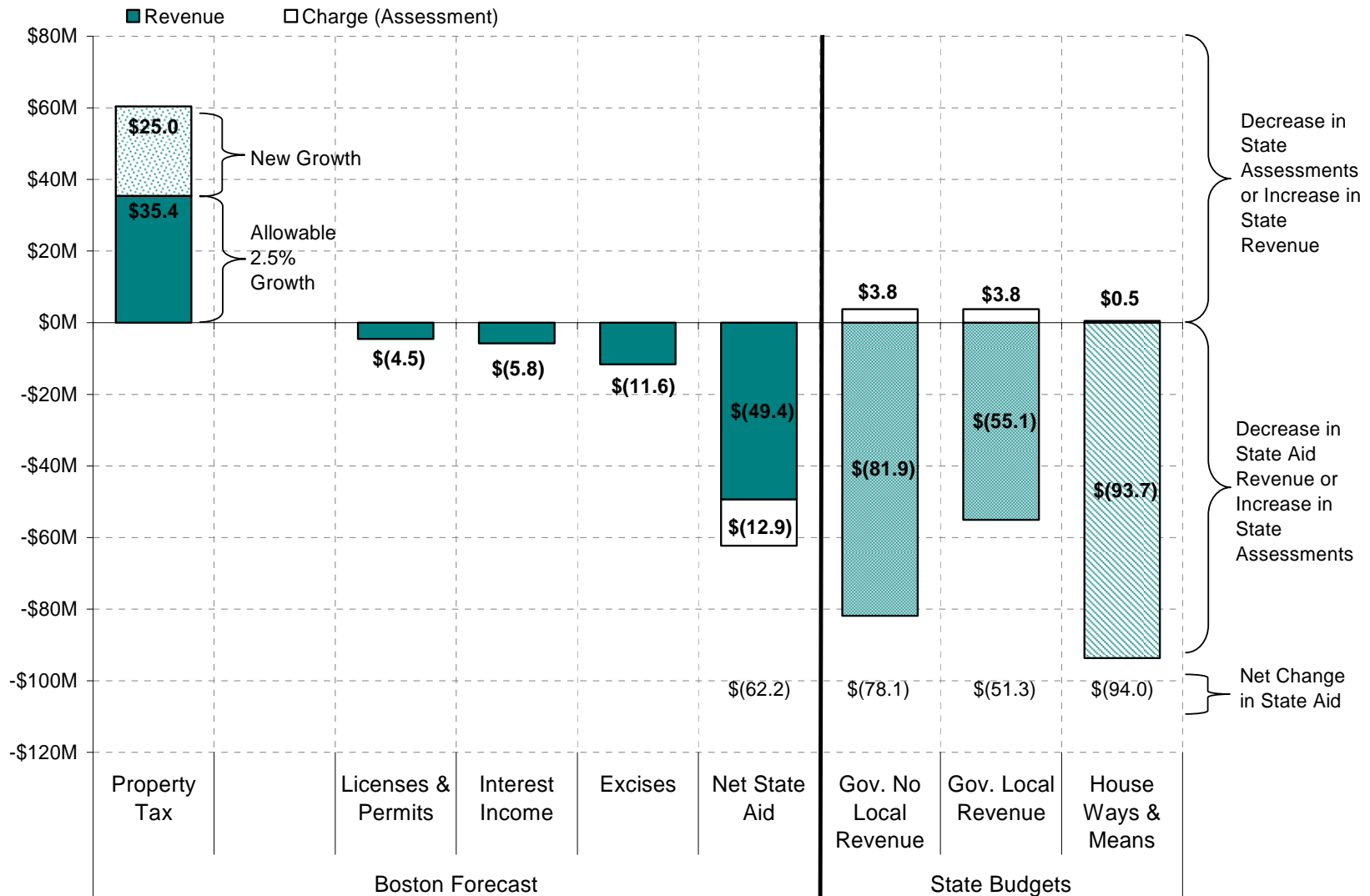
## Revenue Growth by Selected Major Sources





# FY10 Projected Revenue

## Revenue Growth by Selected Major Sources





# FY10 Projected Revenue

## Revenue Growth by Selected Major Sources

|   | FY09 Budget     | FY10 Projection | \$ Change      | % Change |
|---|-----------------|-----------------|----------------|----------|
| Property Tax  | \$1,364,580,348 | \$1,425,825,574 | \$60,440,976   | 4.4%     |
| Net State Aid*  | \$361,482,213   | \$299,239,835   | (\$62,242,378) | (17.2%)  |
| Excises   | \$91,495,000    | \$79,875,000    | (\$11,620,000) | (12.7%)  |
| Licenses & Permits  | \$40,585,000    | \$36,065,000    | (\$4,520,000)  | (11.1%)  |
| Interest Income   | \$18,500,000    | \$12,750,000    | (\$5,750,000)  | (31.1%)  |
| Reserves (one-time)   | \$35,000,000    | \$40,000,000    | 5,000,000      | 14.3%    |
| *Net state aid reflects gross state aid net of municipal charges or "assessments" |                 |                 |                |          |



# Progress of Wage Delay

## 22 Unions Have Agreed

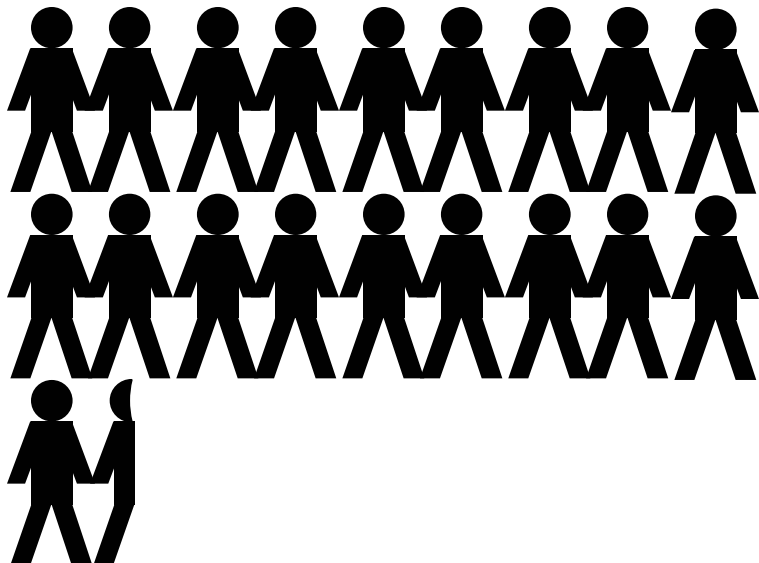
| <u>As of April 8, 2009</u> |   | <u>Member</u> | <u>Wage Delay</u>   |
|----------------------------|---|---------------|---------------------|
|                            |   | <u>Count</u>  | <u>Amount</u>       |
| <b>City</b>                | AFSCME, SEIU 888, PSA, Steam Fireman & Oilers,<br>Muni. Police Sup. Officers, BPD Sup. Officers, IBEW,<br>BPL AFSCME 1526, Housing Inspectors, SENA | 2,830         | \$ 4,733,100        |
|                            | Non-Union   | 578           | 1,133,716           |
| <b>BPS</b>                 | Boston School Patrolmen's Assoc.  | 61            | 69,200              |
|                            | Non-Union   | 607           | 1,337,200           |
| <b>PHC</b>                 | AFSCME, BPPA-EMS, Clerks, Coordinators, Councilors,<br>IBFO, Nurses, Programs, SENA   | 884           | 972,700             |
|                            | Non-Union   | 265           | 417,900             |
| <b>Total</b>               |   | <b>5,225</b>  | <b>\$ 8,663,816</b> |



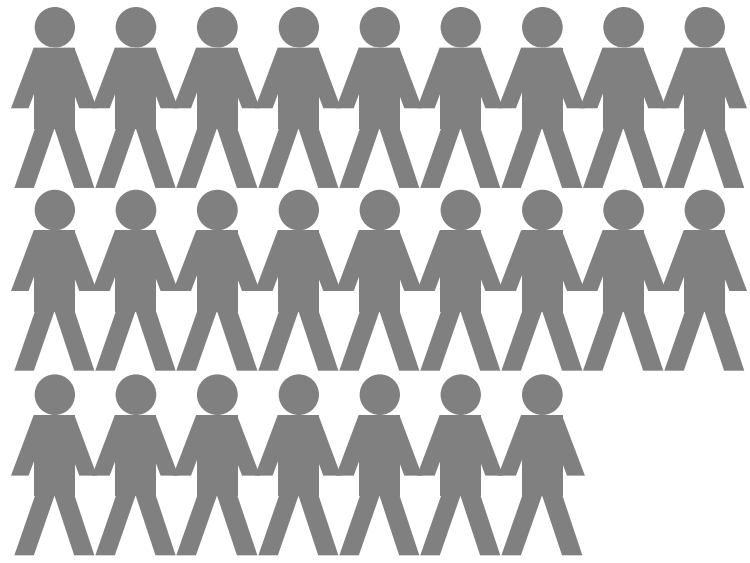
# City of Boston


## 446 Jobs Saved Citywide

### 196 Jobs Saved Wage Freeze



### 250 Jobs Saved American Recovery and Reinvestment Act



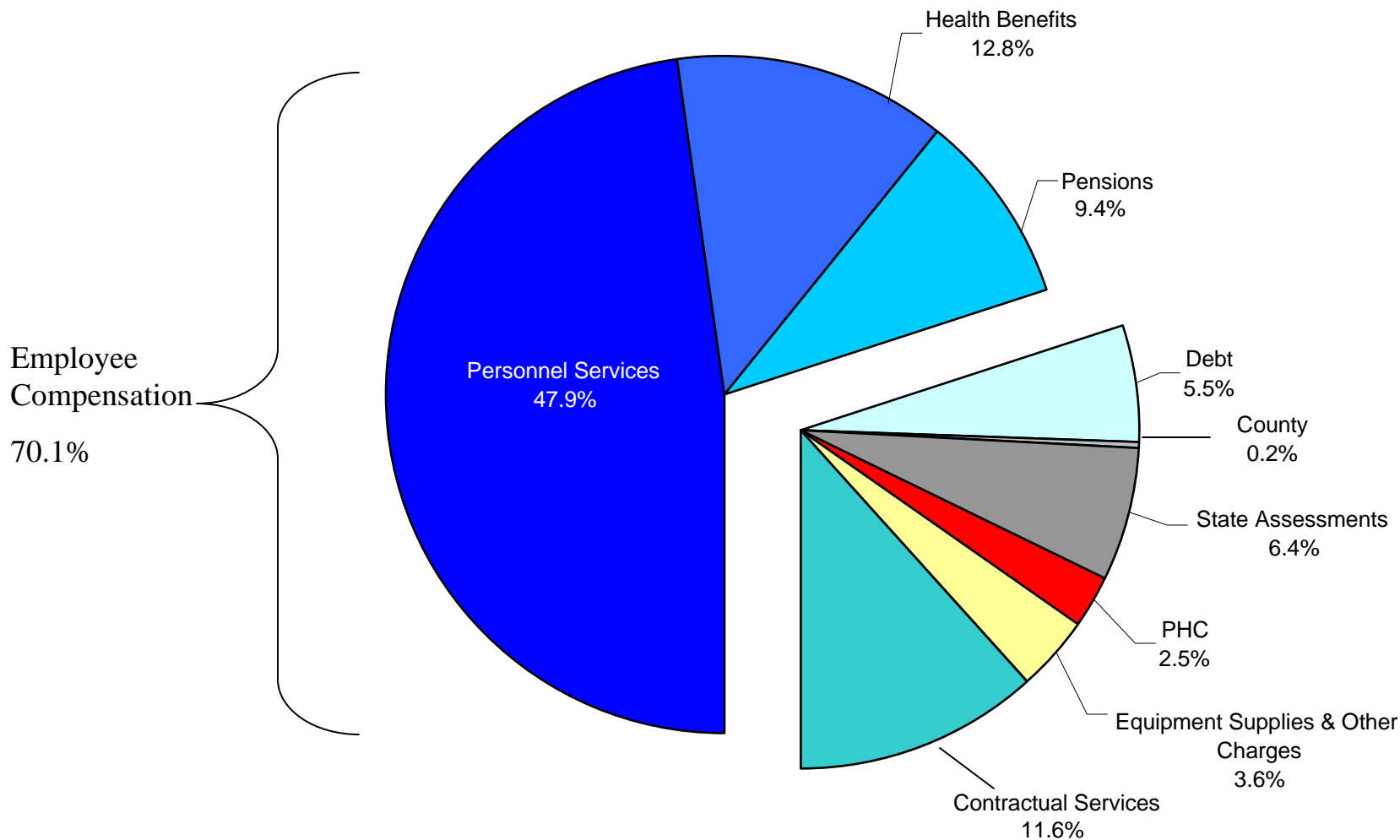
 = 10 jobs

\* Note: Jobs saved are all funds



# FY10 Budget: \$2.42 Billion

## Expenditures by Category

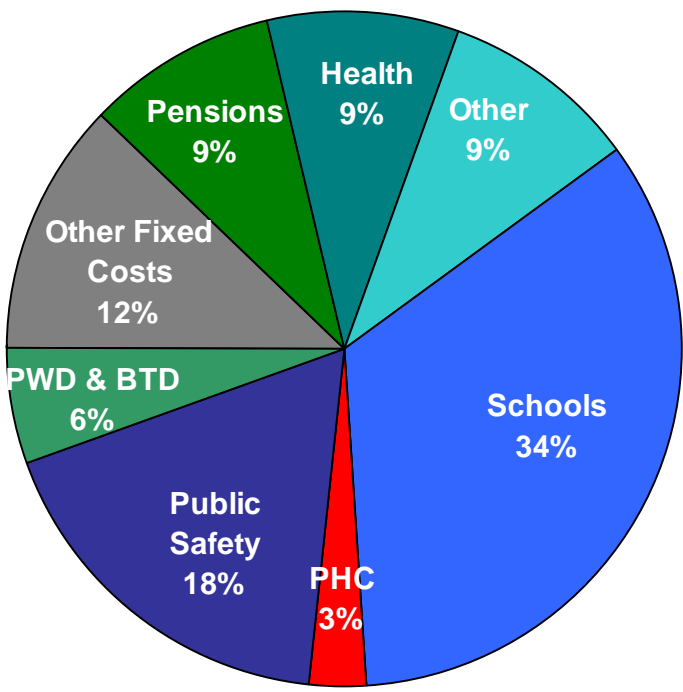




# FY10 Budget: \$2.42 Billion

## Expenditures by Major Area

### *Selected Major Expenditure Areas*



|  |               |
|--|---------------|
| Schools  | \$817,121,930 |
| Public Safety                                      | \$432,137,688 |
| Health   | \$218,251,971 |
| Pensions   | \$227,920,395 |
| Other Fixed Costs*                                 | \$293,666,373 |
| Other**  | \$227,763,869 |
| *Includes Debt Service, State Assessments & County |               |
| **Includes all other City Departments              |               |

NOTE: Total health benefits costs, including those in Schools and PHC are 12.8% of total expenditures.

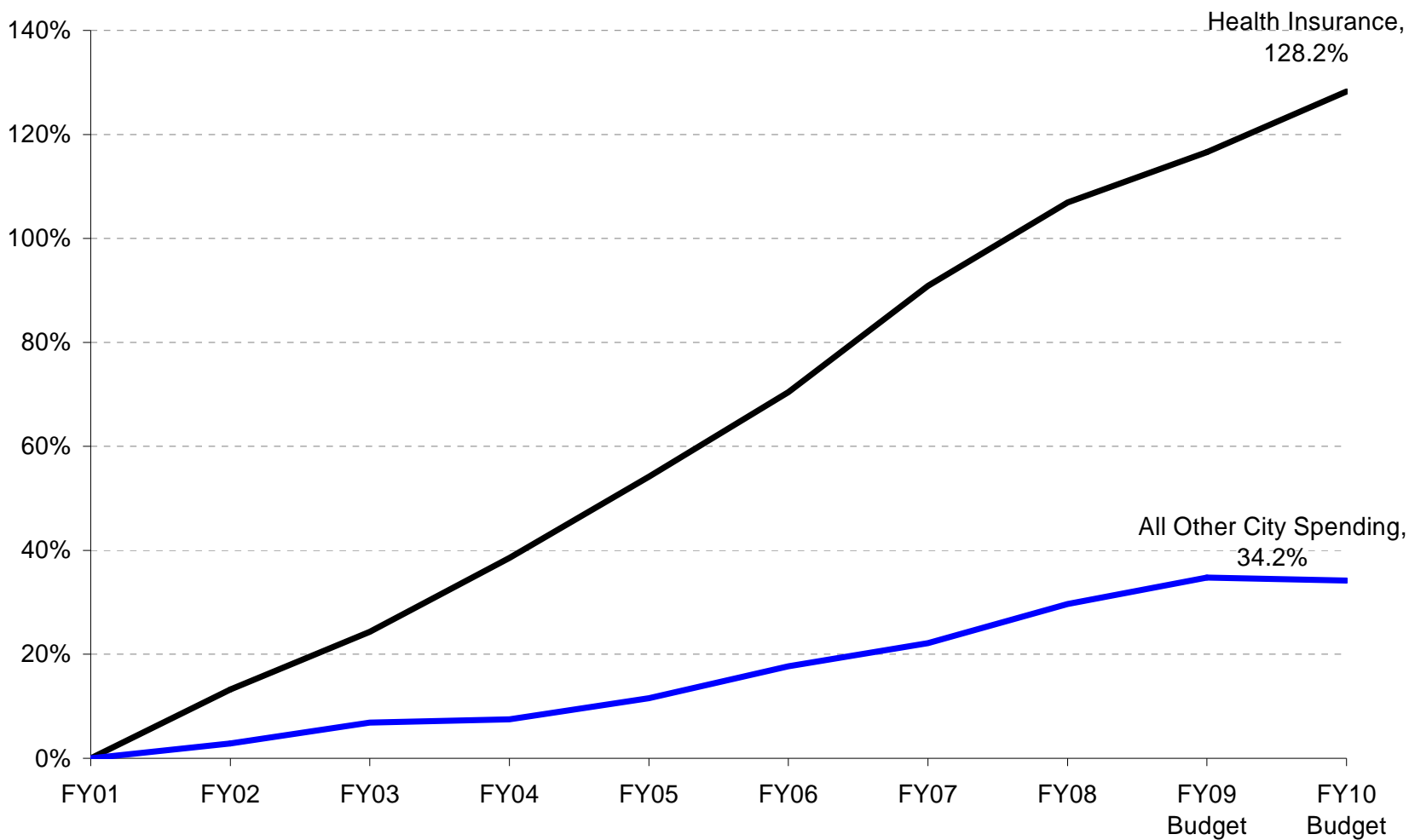


# Major Expenditure Categories

|                          | FY09 Budget   | FY10 Projection | \$ Change      | % Change |
|--------------------------|---------------|-----------------|----------------|----------|
| Health                   | \$265,863,139 | \$280,148,661   | \$14,285,522   | 5.4%     |
| Pension                  | \$213,229,789 | \$227,920,395   | 14,690,609     | 6.9%     |
| Payment on Bonds         | \$126,196,860 | \$133,347,665   | 7,153,805      | 5.7%     |
| State Assessments        | \$143,115,798 | \$155,975,799   | 12,860,001     | 9.0%     |
|                          |               |                 |                |          |
| Schools*                 | \$755,452,142 | \$737,284,030   | (\$18,168,112) | -2.4%    |
| Police                   | \$284,880,076 | \$278,176,331   | (\$6,703,745)  | -2.4%    |
| Fire                     | \$161,568,922 | \$153,961,357   | (\$7,607,565)  | -4.7%    |
| Other Departments        | \$417,863,664 | \$405,711,744   | (\$12,151,920) | -2.9%    |
| *Net of health insurance |               |                 |                |          |



# Health Insurance Pressure

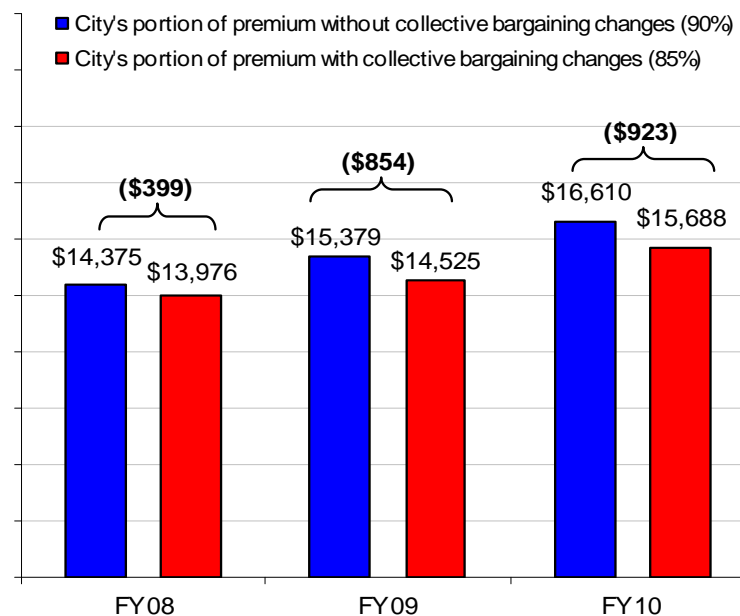




# Health Insurance Slowing the Growth Rate

- At \$280 million, total health insurance costs grow by 5.4% in FY10
- The City has successfully negotiated changes through collective bargaining saving \$9.7 million in FY10 by decreasing the City's share to 85% of premiums.
- Successfully renegotiated health insurance premiums, saving nearly \$5 million from initial projections

Impact of Collective Bargaining Changes  
on Premium Cost Share



**Employer Cost of Employee Health Insurance**

*Harvard Pilgrim HMO Family Plan*



# Free Cash Certifications (Reserves)

- Free Cash must be certified by the Massachusetts Department of Revenue annually before it can be appropriated for use (MGL Chapter 59, section 23)
- Free cash is the expendable portion of the City's reserves
- The 1/12/2005 certification was the City's first since FY94
- FY10 Budget uses \$40 million (one-third of certified amount)

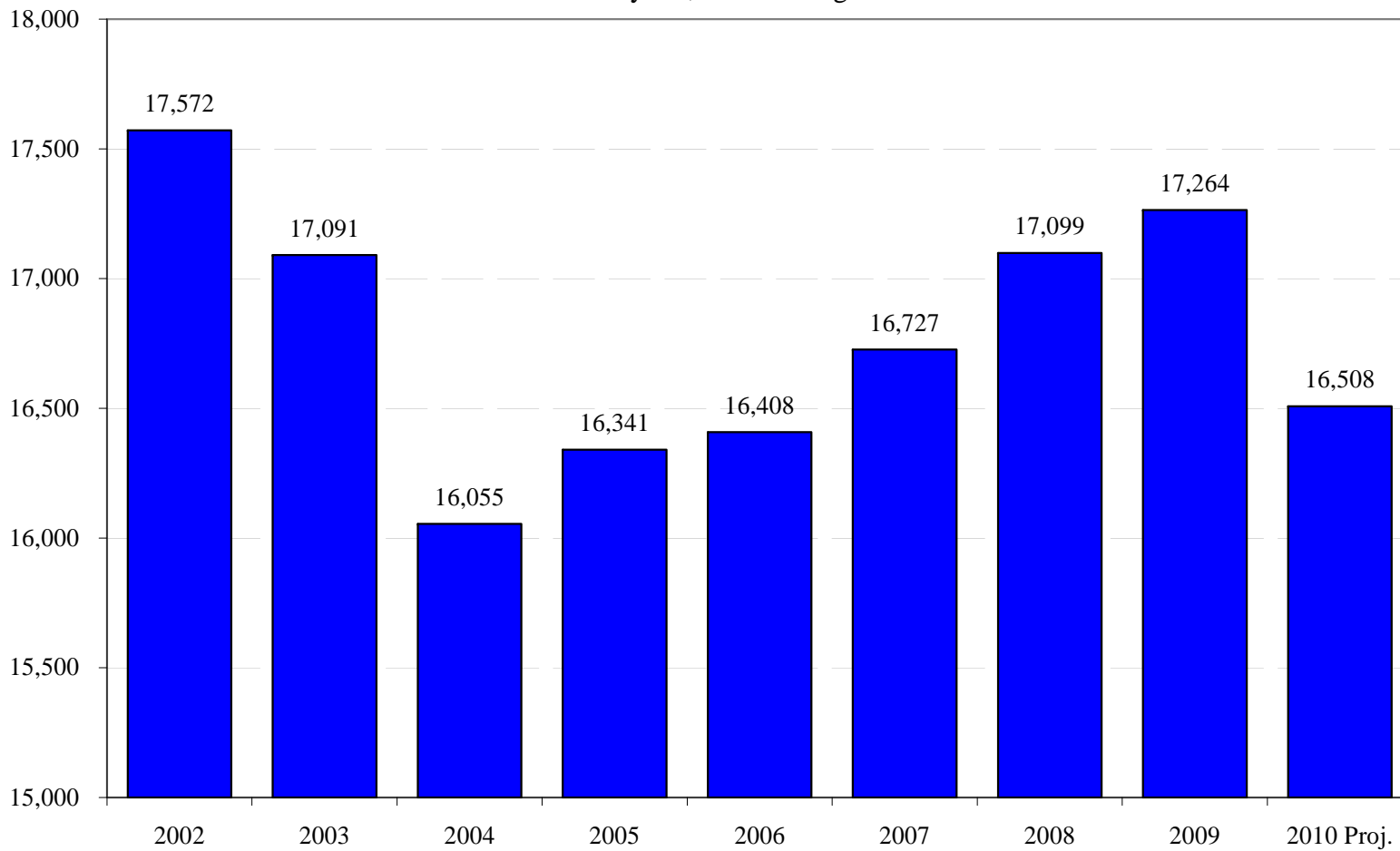
(\$millions)

| Date Certified | Annual Amount Certified | Amount Appropriated from Certification |
|----------------|-------------------------|--|
| 1/12/2005      | 56.3                    | 6.7                                    |
| 3/1/2006       | 54.4                    | 7.5                                    |
| 1/22/2007      | 63.1                    | 20.0                                   |
| 4/3/2008       | 110.2                   | 35.0                                   |
| 3/20/2009      | 121.2                   | 40.0                                   |



# Total City FTE's

As of January 1st, 2002 through 2010





# Major Staffing Categories

- Projected FTE's decline by 756 (4.4%) between FY09 and FY10
- FTE's down from January 2002 by 1,064 (6.1%)

## Full-Time Equivalent Positions - as of January 1

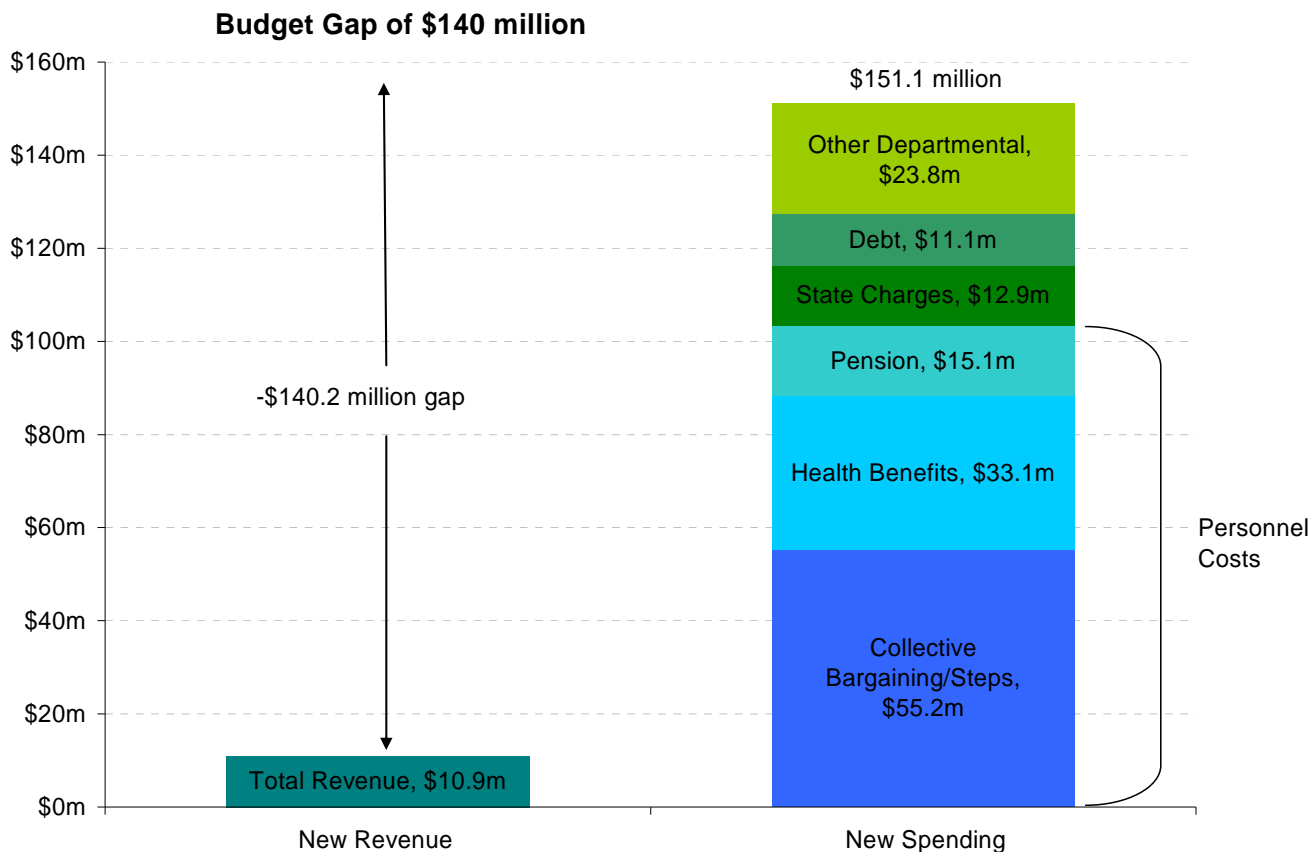
|                  | FY02<br>Actual | FY09<br>Actual | FY10<br>Budget | Change<br>FY02-10 | Change<br>FY09-10 |
|------------------|----------------|----------------|----------------|-------------------|-------------------|
| Police (uniform) | 2,161          | 2,239          | 2,125          | (36)              | (114)             |
| Fire (uniform)   | 1,542          | 1,507          | 1,449          | (93)              | (58)              |
| Schools          | 8,510          | 8,572          | 8,096          | (414)             | (476)             |
| City Departments | 5,359          | 4,946          | 4,838          | (521)             | (108)             |
| <b>Total</b>     | <b>17,572</b>  | <b>17,264</b>  | <b>16,508</b>  | <b>(1,064)</b>    | <b>(756)</b>      |



# FY2010 Forecast (January 2009) : An Unprecedented Fiscal Environment

- Expenditures required to continue current service levels in FY2010 grow by nearly 6.25% and far exceed the projected rate of growth in revenues. This results in a projected budget gap of \$140 million.

- FY2010 total revenues grow only slightly, constrained by substantial reductions in state aid and declining local revenues.





# Closing the \$140 million Gap: Summary of Efforts

(\$ in millions)

|  |                |
|--|----------------|
| American Recovery & Reinvestment Act         | \$ 20.4        |
| Other Departmental Adjustments               | \$ 37.1        |
| Reduced Borrowing/Leveraged High Bond Rating | \$ 4.0         |
| <b>Health Benefits</b>                       | <b>\$ 18.4</b> |
| Health Insurance Cost Management             | 8.4            |
| OPEB Funding Policy Adjustment               | 10.0           |
| <b>Personnel</b>                             | <b>\$ 62.5</b> |
| Wage Deferral                                | 8.7            |
| Wage Deferral - Unsettled Contracts          | 7.8            |
| Controlled Hiring                            | 12.4           |
| Cancellation of FY09 Fire & Police Classes   | 5.4            |
| Citywide Layoffs                             | 28.2           |
| <b>Total</b>                                 | <b>\$142.4</b> |