

REVIEW OF ANNUAL OPERATING BUDGETS

*Docket 0201
March 23, 2026*



City of Boston
Mayor's Office



City of Boston
Budget

OVERVIEW

- **FY25 Budget:** Year-End Close
- **FY26 Budget:** Mid-Year Status (*as of 1/31/26*)
- **FY27 Budget:** Preview

FY25 BUDGET: YEAR-END CLOSE

A blue-tinted photograph of a city park at night. In the foreground, an ice skating rink is filled with people, their figures blurred from motion. The rink is surrounded by a wooden fence. In the background, trees are decorated with strings of white lights, and several tall skyscrapers are visible against the dark sky. The overall scene is festive and urban.

FY25 YEAR-END - OVERVIEW

- **Final bottom line: \$22 million surplus** (0.5% of expenditures)
 - Year-end surplus adds to fund balance and becomes free cash (after offsetting for liabilities)
- **Revenue:**
 - Overall total revenue surplus of \$17 million
 - Driven by interest on investments, excises, and departmental revenue
- **Expenses:**
 - Overall total budgetary surplus of \$5 million
 - Required spending for public safety, snow, and execution of courts exceeded budgets by \$71 million

FY25 YEAR-END - REVENUE

Revenue Category	FY25 Budget (\$M)	Collected (\$M)	Collected over/under Budget (\$M)	Collected as % of Budget
Property Tax	\$3,325	\$3,325	\$0	100%
State Revenues	\$516	\$511	-\$5	99%
Excises	\$286	\$326	\$40	114%
Interest on Investments	\$87	\$119	\$32	137%
Other Departmental Revenues	\$347	\$368	\$21	106%
Budgetary Funds	\$181	\$110*	-\$71	61%
Total	\$4,742	\$4,759	\$17	100%

*FY25 Budgetary Funds includes \$110 million Housing Accelerator Program

FY25 YEAR-END - EXPENSES

Expense Category	FY25 Budget (\$M)	Expended (\$M)	Expended over/under Budget (\$M)	Expended as % of Budget
City Appropriations	\$1,927	\$1,931*	-\$5*	100%*
Public Health Commission	\$140	\$140	\$0	100%
Boston Public Schools	\$1,568	\$1,568	\$0	100%
OPEB	\$40	\$40	\$0	100%
Fixed Costs	\$1,067	\$1,057	\$10	99%
Total	\$4,742	\$4,737	\$5	99%

**Includes \$71 million in reportable deficits for public safety, execution of courts, and snow*



FY26 BUDGET: MID-YEAR STATUS



FY26 MID-YEAR - OVERVIEW

- **Both City Appropriations and BPS have been challenged with certain expenditures requiring mid-year spending controls**
- **Revenue:**
 - Overall meeting or exceeding budget
 - Property tax continues to be very reliable, and locally generated excise revenues are growing modestly
 - Interest on investments has future risk of additional interest rate cuts
 - Locally generated revenue for permits are being adversely impacted by pace of building activity
- **Expenses:**
 - Significant concerns surrounding public safety overtime and snow removal costs exceeding budget
 - Pressure from rising healthcare costs

FY26 MID-YEAR - REVENUE*

Revenue Category	FY26 Budget (\$M)	Recognized YTD (\$M)	Recognized over/under Budget (\$M)	Recognized as % of Budget
Property Tax	\$3,485	\$3,493	+\$7	100%
State Revenues	\$525	\$306	-\$219	58%
Excises	\$311	\$178	-\$133	57%
Interest on Investments	\$80	\$45	-\$35	56%
Other Departmental Revenues	\$326	\$183	-\$143	56%
Intergovernmental Revenues	\$46	\$34	-\$12	74%
Budgetary Funds	\$71	\$0	-\$71	0%
Total	\$4,843	\$4,239	-\$604	88%

*Revenue recorded as of 1/31/26 (exception is interest revenue, recorded through 12/31)



FY26 MID-YEAR - EXPENSES*

<i>Expense Category</i>	<i>FY26 Budget (\$M)</i>	<i>Expended YTD (\$M)</i>	<i>Expended over/under Budget (\$M)</i>	<i>Expended as % of Budget</i>
City Appropriations	\$1,831	\$1,055	\$776	58%
Public Health Commission	\$146	\$128	\$18	88%
Boston Public Schools	\$1,638	\$801	\$838	49%
OPEB	\$40	\$40	\$0	100%
Fixed Costs	\$1,188	\$863	\$325	73%
Total	\$4,843	\$2,887	\$1,956	60%

*Expenses recorded as of 1/31/26



FY27 BUDGET: PREVIEW

A blue-tinted photograph of a city park at night. In the foreground, an ice skating rink is filled with people, their figures blurred from motion. The rink is surrounded by a dark wooden fence. In the background, tall city buildings are visible against a dark sky, with some lights glowing from the windows. Trees are decorated with strings of white lights, and a large, brightly lit street lamp stands in the middle ground. The overall atmosphere is festive and urban.

FY27 PREVIEW - OVERVIEW

- **Revenue: Preliminary forecast estimates overall revenue growth of 1.5%-2.5% over FY26 budget**
 - Projecting property tax will grow by legally allowable 2.5%, plus new growth
 - Excise revenue anticipated to grow modestly
 - Interest on investments will decline due to rate cuts and fund drawdowns
 - Licenses and permits are estimated to decline with slow development activity
 - State aid to grow in line with Governor's budget, but is reduced by mandatory assessments
- **Expenses: Overall projected cost growth exceeds projected revenue growth**
 - Continue to fund long-term liabilities according to adopted schedules
 - Growth in health insurance costs, with premiums expected to increase by 22.6%
 - Contractual increases for basic city services and employee wages
 - Growth in state assessments such as charter school and MBTA
- **As a result, budget will need to be balanced through careful review of expenditures and targeted reductions**

FY27 PREVIEW - RISKS & UNCERTAINTIES

- Continuation of extraordinary growth in health benefits costs
- Final state budget and assessments impact to net state aid
- General macroeconomic conditions, global events, and local impacts
- Larger recession is **not** assumed in projections

THANK YOU!