



# OVERVIEW: FY27 RECOMMENDED ANNUAL OPERATING BUDGET

*April 14, 2026*

CITY OF BOSTON



FINANCE CABINET

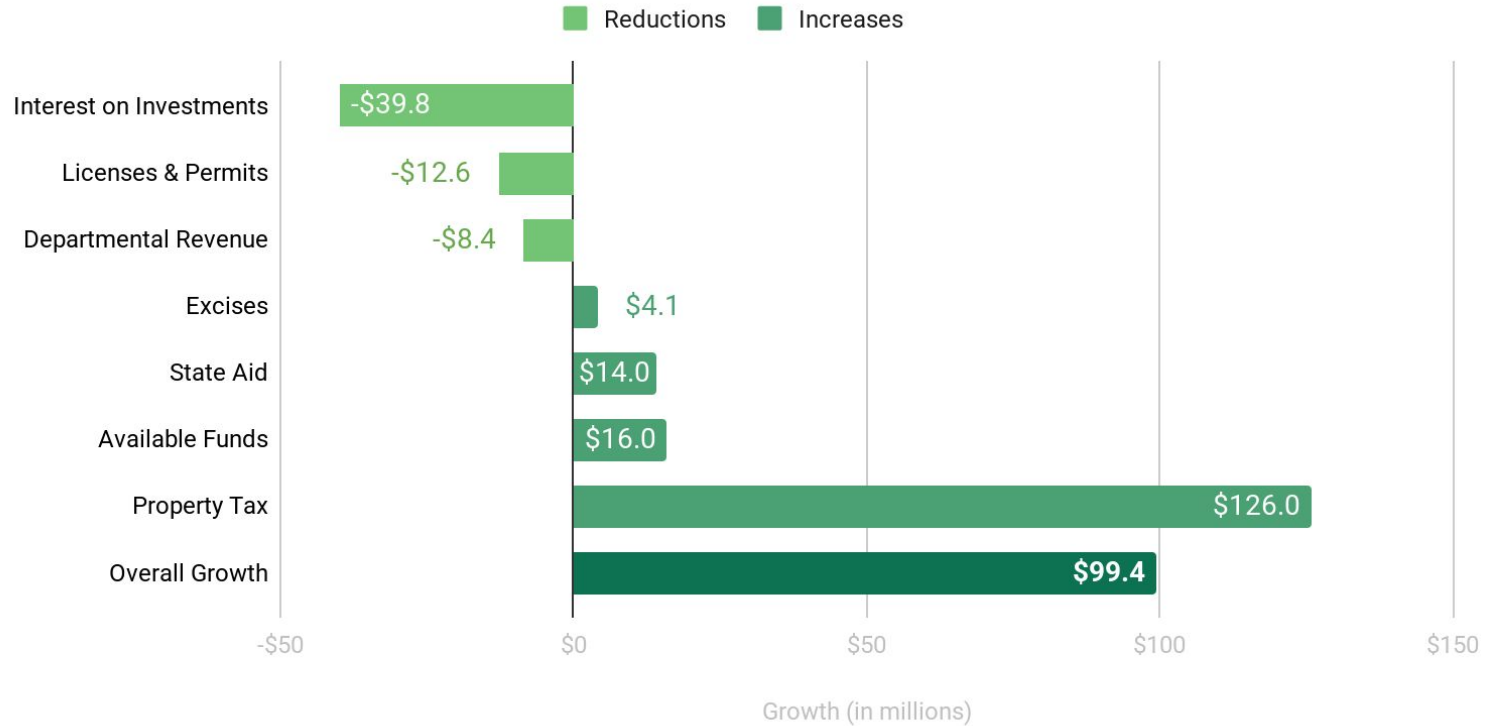
# FY27 BUDGET OVERVIEW

- Fiscal Year (FY) 2027 Operating Budget totals \$4.9 billion
- Budget growth of \$99 million or 2.1%, the lowest growth rate since FY10
  - **Expenditure growth driven by employee health care obligations, public education, public health, and public safety**
  - Overall, City department budgets are decreasing by \$20.4 million or 1.3%
- FY27 budget takes a deliberate and disciplined approach to protect core services
  - Elimination of long-term vacant positions, increased salary savings, and targeted non-personnel reductions
  - Balanced budget without relying on additional use of reserves
- **Protects core city services** for our residents and businesses, while continuing to fulfill the City's commitments as an employer, asset owner, and economic driver

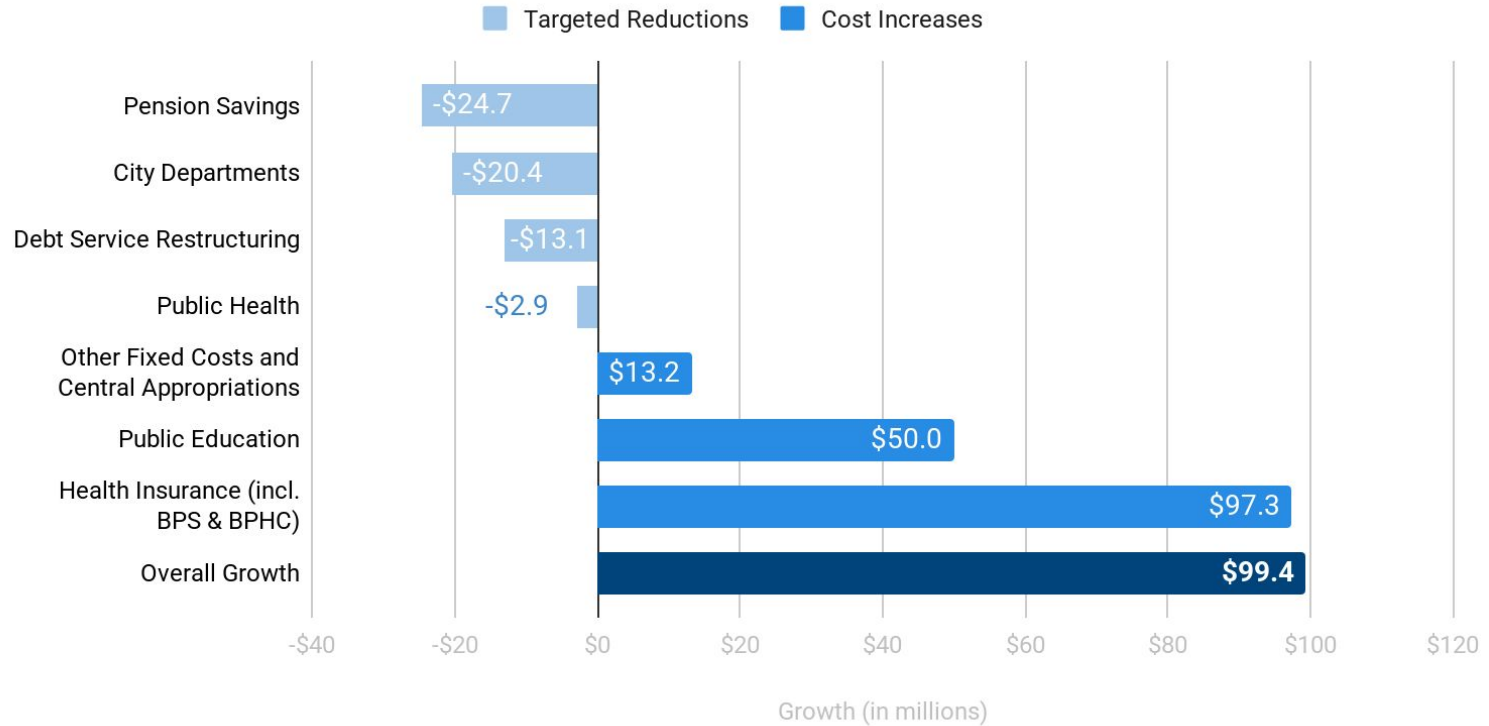
# FISCAL AND ECONOMIC CONTEXT

- The City maintains strong financial health due to disciplined financial stewardship, and **responsible budget management**
  - Reflected in AAA bond rating from Moody's and S&P for over a decade and annual balanced budgets
  - Operating budget is anchored by a reliable revenue source in property taxes, providing stability and resilience to short-term economic volatility
- **Manages within revenue constraints**—unlike many other Massachusetts communities, not seeking Prop 2 ½ override or increased use of one-time reserves to support ongoing operations
- **Monitoring impacts on the broader economy** from tariffs and other federal policy changes, as well as continued inflationary pressures

# FY27 REVENUE GROWTH



# FY27 EXPENDITURE GROWTH



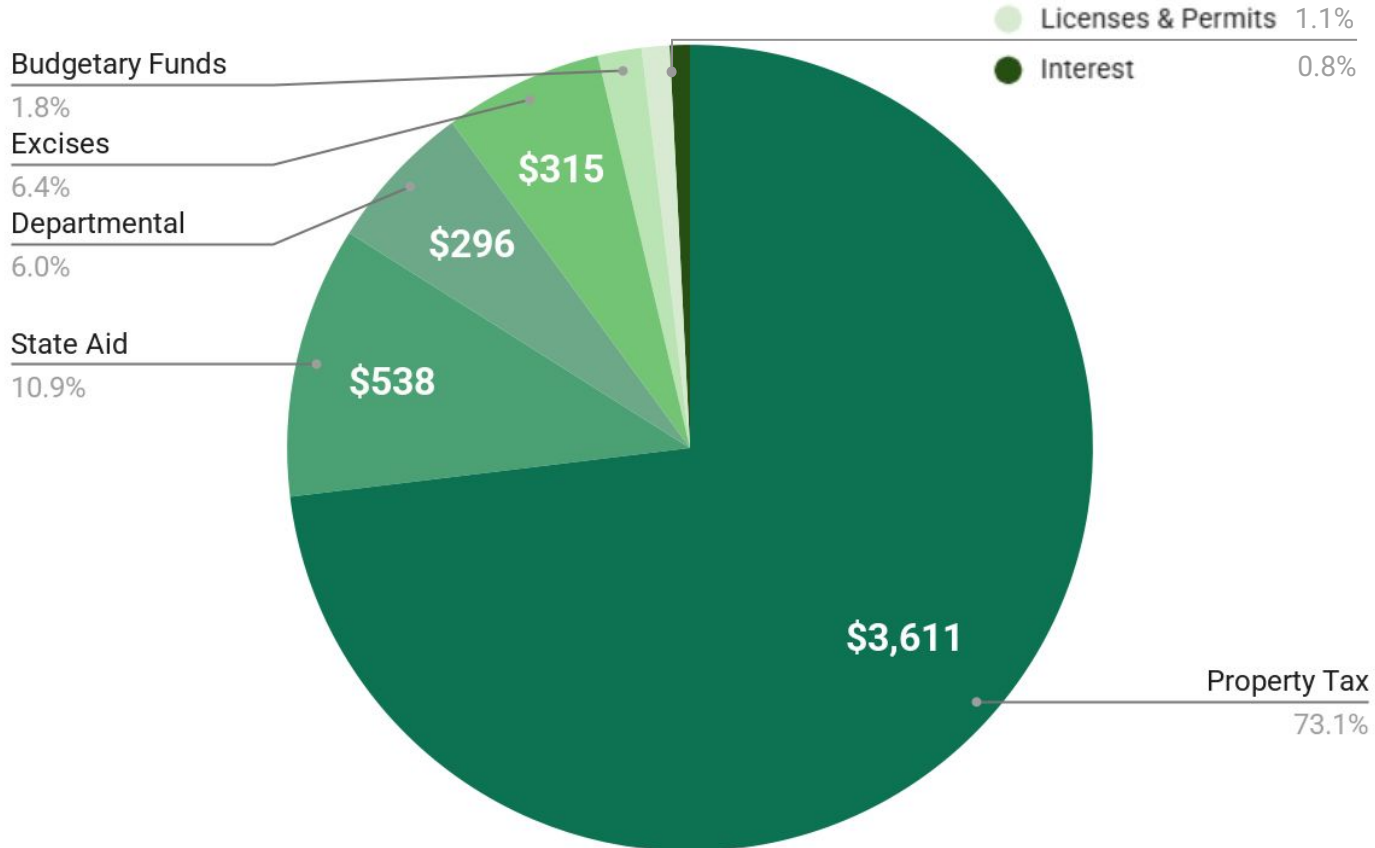


# GENERAL FUND REVENUE

# FY27 GENERAL FUND REVENUE - \$4.9B TOTAL

- Fundamentals of local economy remain strong, and City's tax base is well-insulated against economic volatility
- **Property tax** continues to be a dependable foundation for the City's revenue base
  - Property tax—including revenue from new growth—represents 73% of total FY27 revenues and accounts for 127% of the overall growth in budget revenue.
- Modest increases in **excises** reflect Boston's robust hospitality, tourism, and dining sectors
- Interest on investments, permitting, and departmental revenues are projected to decline, but represent only 8% of total FY27 revenues
- Overall, City's revenues are **dependable, predictable, and economically sound**—given current levels of economic uncertainty, budgeted revenues are based on realistic revenue projections and consider potential risks

# FY27 GENERAL FUND REVENUE - \$4.9B TOTAL



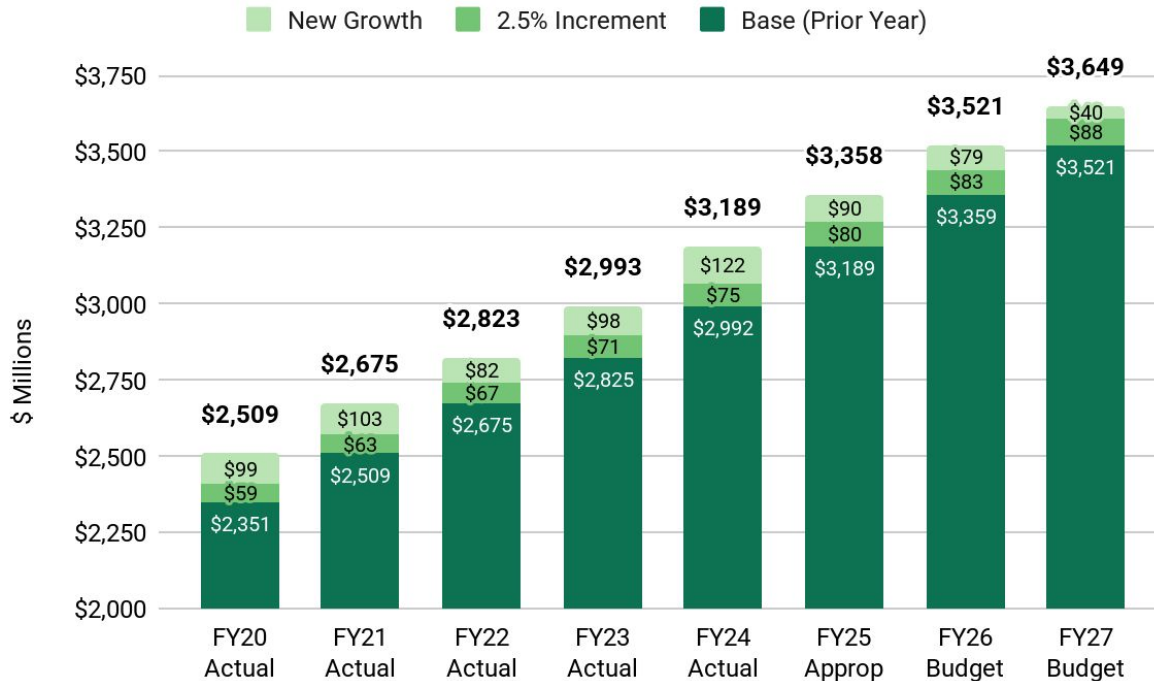
# FY27 GENERAL FUND REVENUE - \$4.9B TOTAL

Type	FY26 (\$M)	FY27 (\$M)	Change (\$M)	Change (%)	% of Total Budget
Property Tax	\$3,485	\$3,611	\$126	3.6%	73.1%
State Revenue	\$524	\$538	\$14	2.7%	10.9%
Interest on Investments	\$80	\$40	-\$40	-50.0%	0.8%
Licenses & Permits	\$67	\$55	-\$13	-18.7%	1.1%
Departmental Revenue	\$305	\$296	-\$8	-2.7%	6.0%
Excises	\$311	\$315	\$4	1.3%	6.4%
Budgetary Funds	\$71	\$87	\$16	22.6%	1.8%
<b>Total</b>	<b>\$4,843</b>	<b>\$4,942</b>	<b>\$99</b>	<b>2%</b>	<b>100.0%</b>



# GROSS PROPERTY TAX LEVY

Property tax revenue continues to experience stable, predictable growth, but is limited by Prop 2 ½ and impacted by new growth



Property tax is **73.1%** of total revenue in FY27

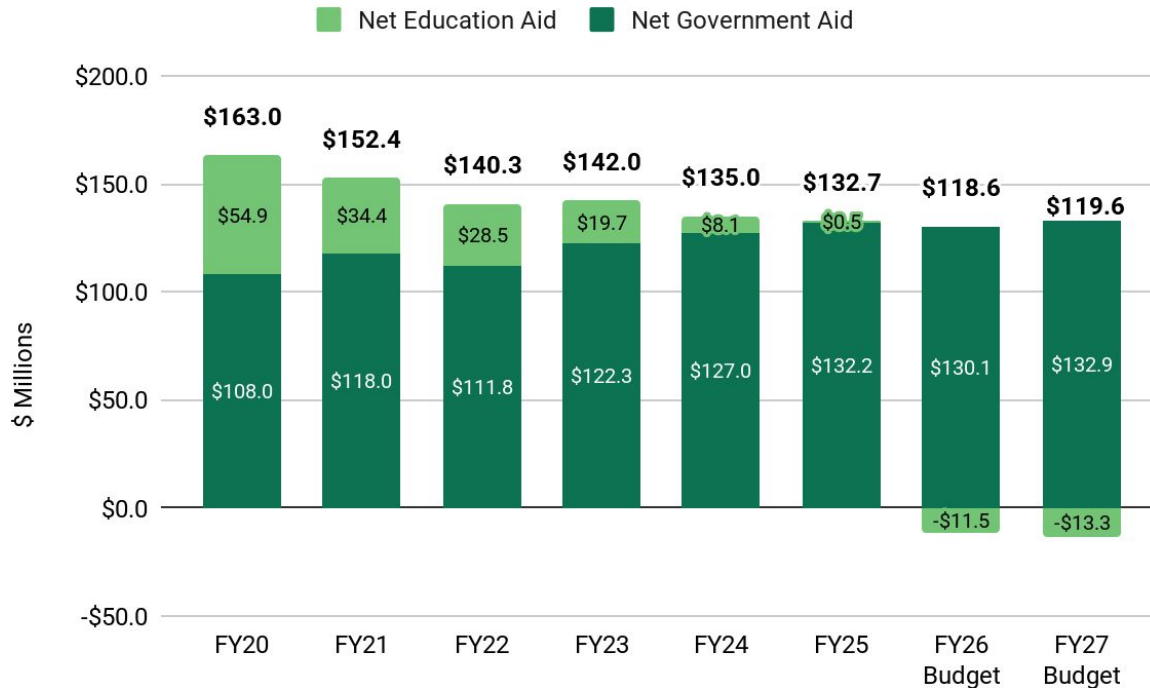
**\$126M** growth over FY26, including \$40M in New Growth

Note: Chart reflects property tax before applying overlay reserve



# NET STATE AID

As state education assessments grow, net education aid (aid revenue less assessments) remains fairly flat



State aid is **10.9%** of total revenue in FY27

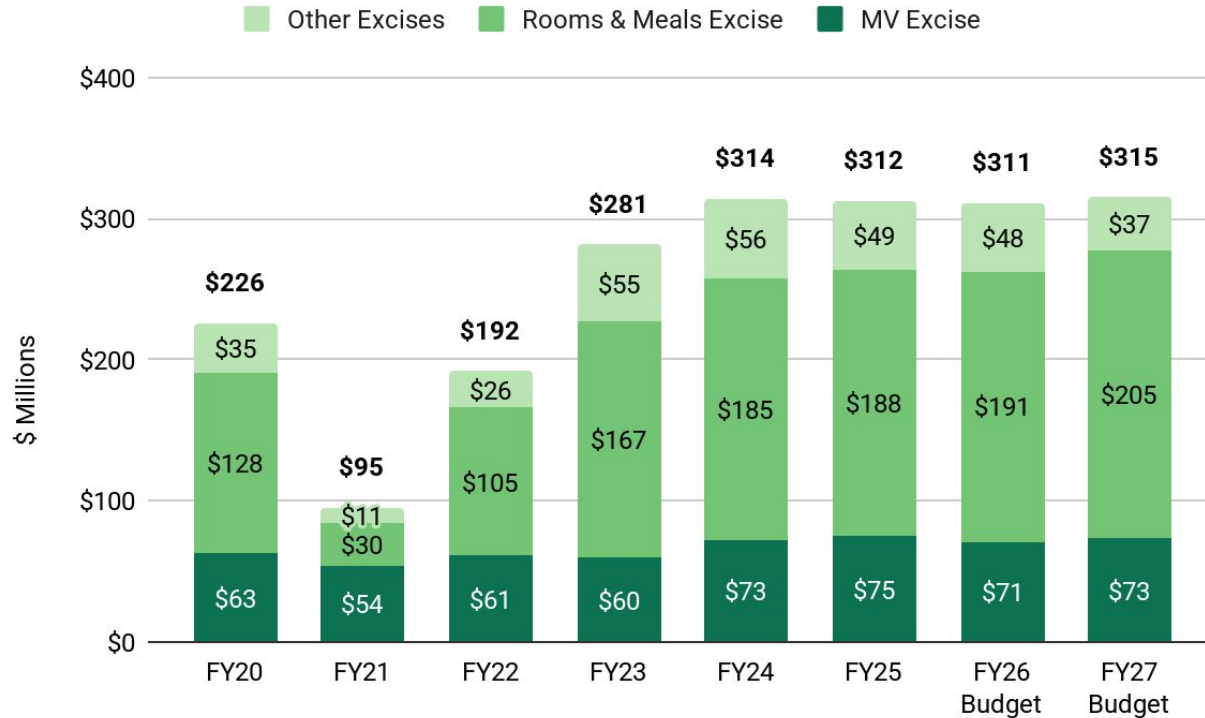
**\$14M** increase in aid revenue from FY26

But with growth in assessments, total **net state aid** only increases by **\$1M** from FY26



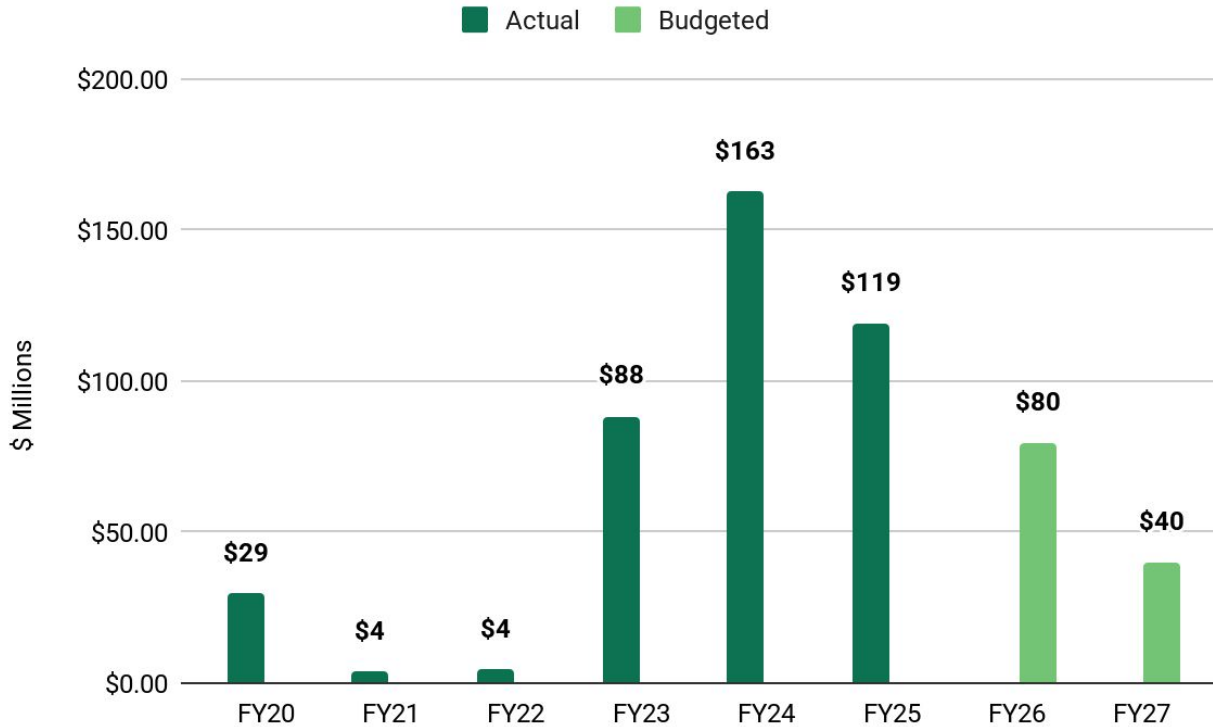
# EXCISES

*Excises, notably rooms & meals, fluctuate based on economic factors*



# INTEREST ON INVESTMENTS

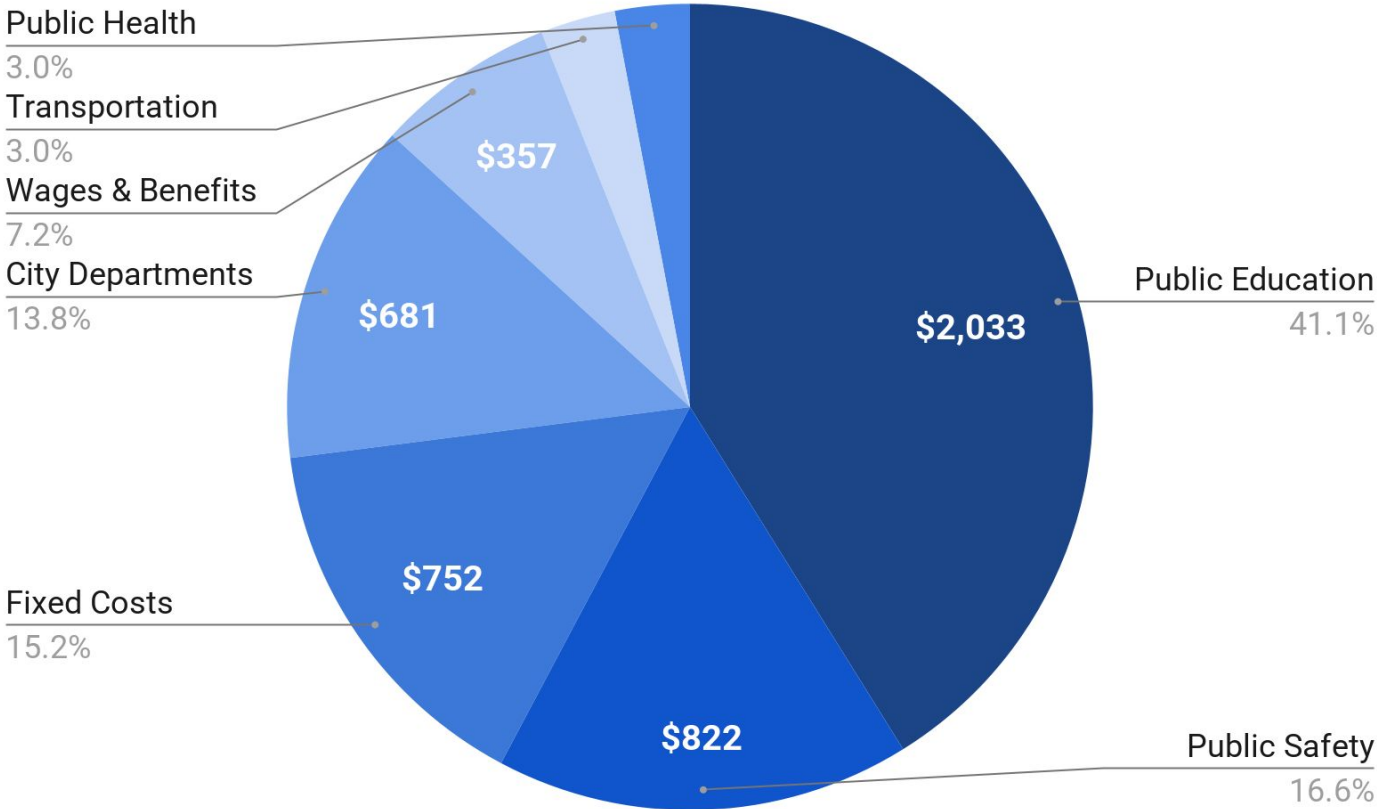
*The City is preparing as interest revenue ramps down*



A scenic view of a park. In the foreground, a field of white tulips is in bloom. In the middle ground, a large, leafy tree stands on the left, and a pond or lake is visible. Two people are walking along the edge of the water on the right. The background shows more trees and a bridge. The overall scene is peaceful and natural.

# EXPENDITURES

# FY27 OPERATING BUDGET - \$4.9B TOTAL



Note: Public Education and Public Health in this chart include the health insurance appropriations for BPS and BPHC respectively



# APPROPRIATIONS

<i>Appropriation Categories</i>	<i>FY26 (\$M)</i>	<i>FY27 (\$M)</i>	<i>Change (\$M)</i>	<i>Change (%)</i>
City Departments	\$1,535	\$1,514	-\$20	-1.3%
Public Health	\$146	\$148	\$2	1.6%
Boston Public Schools	\$1,638	\$1,727	\$88	5.4%
Collective Bargaining	\$18	\$22	\$4	25.3%
OPEB	\$40	\$40	\$0	0.0%
Other Central Funds	\$279	\$330	\$51	18.2%
<b>Appropriations Total</b>	<b>\$3,656</b>	<b>\$3,781</b>	<b>\$126</b>	<b>3.4%</b>



# FIXED COSTS

Fixed Cost Categories	FY26 (\$M)	FY27 (\$M)	Change (\$M)	Change (%)
Pensions	\$468	\$443	-\$25	-5.3%
Debt Service	\$310	\$297	-\$13	-4.2%
Charter School Tuition	\$296	\$306	\$10	3.3%
MBTA	\$100	\$103	\$3	2.7%
Other Assessments	\$9	\$9	\$0	5.5%
Suffolk County Sherrif	\$3	\$3	\$0	0.0%
Reserve	\$1	\$0	-\$1	-100.0%
<b>Fixed Costs Total</b>	<b>\$1,188</b>	<b>\$1,161</b>	<b>-\$26</b>	<b>-2.2%</b>

# TARGETED REDUCTIONS

- Includes vacant position reductions and salary savings equivalent to 785 positions (285 on top of 500 in FY26)
  - Combination of reduction in long-term vacancies and updated hiring assumptions—controlled hiring focused on maintaining service levels for core functions
  - No City layoffs assumed in this budget
- Strategic management of long-term liabilities, like pensions and debt, will achieve savings of \$37.7 million (4.9%) in FY27
- Makes targeted reductions to City department budgets while protecting core services
  - General belt tightening in areas such as building and equipment repair, contracted services, supplies, and equipment
  - \$12 million—roughly half of total contracted services reductions—from reducing or removing funding for discretionary grant programs, in addition to \$5 million from school year jobs



# OPERATING BUDGET HIGHLIGHTS

# CORE CITY SERVICES: STREETS

## THE PROGRESS WE'VE MADE

Over the four past years, we have resurfaced 105 miles of roadway, filled over 27,000 potholes and nearly doubled the City's network of bike lanes.

## THE ROAD AHEAD

Planned efforts to build on this progress include roadway resurfacing, sidewalk and ramp upgrades, street reconstruction, and neighborhood safety projects designed to enhance mobility for all users.

## KEY PROJECTS — IN THE WORKS

Several major projects are underway to promote safer, more resilient streets:

- **A Street, Congress Street, and Sleeper Street:** Construction is in progress
- **Cummins Highway:** Construction is underway and expected to be completed this summer
- **Harrison Ave:** Construction to begin in summer

# YOUTH DEVELOPMENT AND EMPLOYMENT

## SUMMER JOBS

Summer youth employment remains a cornerstone of our administration's focus on Boston's future. Nearly 11,000 students and young adults worked jobs each of the past two summers—the most in Boston's history.

The FY27 budget maintains our guarantee that every BPS student has access to a paid summer job.

## YOUTH DEVELOPMENT

Several programs focused on youth development and career readiness previously managed within the Office of Youth Employment and Opportunity (OYEO) have been moved to other cabinets to create a more diverse, stable funding structure, including partnering with the state and private sector.

# PUBLIC HEALTH AND SAFETY

## KEEPING BOSTON THE SAFEST MAJOR CITY IN AMERICA

### STAFFING STABILITY AND RECRUITMENT

FY27 budgets for Police, Fire, and EMS include funding for recruit classes that will replace staff loss from normal attrition. Cadet programs remain steady pipelines for our public safety departments.

### MAINTAINING SERVICE LEVELS

Though we have made targeted reductions to civilian roles, service levels will be maintained. Funding has also been preserved for alternative response capacity, including programming to address the underlying trauma, mental health issues, or family instability that often lead to police intervention.

### PUBLIC HEALTH-CENTERED APPROACH

In FY27, The Community Safety team will fully move from the Office of Human Services to the Boston Public Health Commission (BPHC) reflecting the administration's public health-centered approach to addressing community violence.

# HUMAN SERVICES

## LIBRARIES

This budget maintains evening and weekend hours and programming at libraries and BCYF centers, as well as classes for adult English-language available at no cost to residents through the Boston Public Library.

## SUPPORTING OLDER RESIDENTS

While Age Strong is seeing a decrease in FY27, the City was able to secure a \$1M federal earmark for transportation services that will help older residents get around more easily across Boston. City funding that helps older residents access state and federal benefits is maintained.

## VETERANS SERVICES

Boston Veterans Services will continue to provide need-based financial aid to low-income veterans and their surviving spouses for food, shelter, clothing, medical reimbursements, and emergency aid for utilities and home repairs.

# BOSTON PUBLIC SCHOOLS

Inclusive Education

High-Quality Instructional Materials

Multilingual Programming

Expanded College and Career Pathways

Maintaining A Teacher-Student Ratio of 1:10  
*Equal staffing ratio to FY26 budget and lower than  
pre-pandemic levels*

# AFFORDABLE, STABLE HOUSING

## FUNDING MAINTAINED FOR BEDROCK PROGRAMS:

Home Ownership Assistance

Supportive Housing

Tenant Stabilization

Housing Vouchers

A low-angle photograph of the Boston City Hall building, a prominent modernist structure with a grid of windows and a flat roof. The building is set against a clear, bright blue sky. The text 'THANK YOU!' is overlaid in the center. In the bottom right corner, there is a logo consisting of a white letter 'B' on a black square background with a red horizontal bar below it.

**THANK YOU!**