

City of Boston

Thomas M. Menino, Mayor

Operating Budget Fiscal Year 2012
Capital Plan Fiscal Years 2012-2016

Volume I - Overview of the Budget

Thomas M. Menino, Mayor

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Boston
Massachusetts**

For the Fiscal Year Beginning

July 1, 2010

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Boston for its annual budget for the fiscal year beginning July 1, 2010.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

June 21, 2011

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2012 Recommended Budget for the City of Boston. The Recommended Operating Budget totals \$2.4 billion and represents an increase of \$67.0 million, or 2.9% over last year, when a one-time payment to the Pension Fund made in FY11 is excluded for comparison purposes.

The FY12 budget focuses on a shared innovation agenda that makes sure economic recovery and all the opportunities that come with it are spread widely across our city. The budget supports job creation for working families, enhancements to neighborhoods that help them reach their full potential, and further reforms that improve choice and quality in Boston's schools. In tough economic times, Boston will continue to move forward.

Additional public input as part of the community process led by Boston Centers for Youth and Families has resulted in adjustments to BCYF's budget to extend programming. This will allow the City to focus on building strong plans for partnerships at the impacted locations.

At a time of deep division at the federal level over government spending, it is important to note that Boston's FY12 budget works because it *brings people together*. More than two dozen new collaborations – across agencies, with non-profit and private partners, and in the community – will help leverage the impact of our public spending and public efforts. These new partnerships in FY12 include NeighborCare with community health centers, hospitals, and insurance companies to extend access to high quality health care in our neighborhoods; a new One-Stop Permitting Center to help small businesses create jobs more quickly; the new Rec-Hub to pilot and scale new recreational opportunities for Boston's youth; an expanded OneCard to help students make the most of community learning; a new Triple-Decker program in Homeworks that will help preserve these Boston treasures in partnership with homeowners; and the development of a new Family Information Center to help coordinate across a dozen partners a more comprehensive approach to preventing youth violence.

The capital plan reflects new collaborations as well. Funding is provided to support a new public-private partnership to renovate the Ferdinand Building and help the Dudley area and Roxbury reach their full potential. The Neighborhood Improvements through Capital Expenditures (NICE) program returns and is updated so our residents can play a larger role in planning enhancements to their blocks and local squares.

These partnerships will help drive Boston's continued progress in the face of the significant fiscal challenges that remain. Property tax revenue and other revenue streams, such as hotel and meals taxes are up. However, funding from the Commonwealth continues to decline for the fourth straight year, with an estimated loss of \$24.4 in net State Aid for FY12.

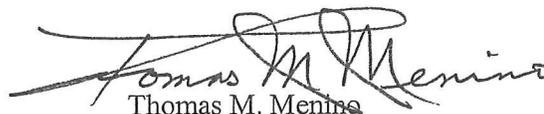
Even as revenues have grown with Boston's economic growth, fixed costs have risen at a faster pace. Providing health benefits to all of our employees and retirees remains an expense that increases substantially from year to year; the cost of those benefits is projected to increase by \$17 million in FY12, bringing City of Boston health care costs to \$320 million. I am optimistic that the Governor Patrick and the Legislature will enact municipal health insurance reform that will activate the historic agreement the City has made with our unions to mitigate the growth of health care costs significantly over the next four years.

I thank the City Council and the Ways and Means Committee for your thoughtful and thorough review of the FY12 budget. Over the last two months of discussion and debate, you have engaged productively with City departments to ensure that we all strive to meet the needs of the people of Boston while also operating responsibly under current financial constraints.

Boston remains unusually well-positioned for a strong recovery. The cumulative impact of four years of significant reductions in State Aid from the Commonwealth, combined with the dramatically rising cost of health care and pension obligations have presented significant challenges. However, even in the face of these obstacles, our city's residential growth outpaced the Commonwealth's for the first time since 1980; housing growth reached 8% over the last decade, the most since 1960; the BPS dropout rate declined for the fourth year in a row to 5.7%, the lowest in decades; and job-growth outpaced all but two other metro-areas in the country. Working together, we have made – and will continue to make – Boston a most promising place to start families, pursue education, grow businesses, and achieve success. *Common goals, uncommon results.*

The Fiscal Year 2012 recommended budget is soundly balanced within the City's available resources. I respectfully request your favorable action on the FY12 Operating Budget and the Five Year Capital Plan for FY12 to FY16.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino". The signature is fluid and cursive, with a large initial "T" and "M".

Thomas M. Menino
Mayor of Boston



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

April 12, 2011

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2012 Recommended Budget for the City of Boston. The Recommended Operating Budget totals \$2.4 billion and represents an increase of \$58.7 million, or 2.5% over last year, when a one-time payment to the Pension Fund made in FY11 is excluded for comparison purposes.

The FY12 budget focuses on a shared innovation agenda that makes sure economic recovery and all the opportunities that come with it are spread widely across our city. The budget supports job creation for working families, enhancements to neighborhoods that help them reach their full potential, and further reforms that improve choice and quality in Boston's schools. In tough economic times, Boston will continue to move forward.

At a time of deep division at the federal level over government spending, it is important to note that Boston's FY12 budget works because it *brings people together*. More than two dozen new collaborations – across agencies, with non-profit and private partners, and in the community – will help leverage the impact of our public spending and public efforts. These new partnerships in FY12 include NeighborCare with community health centers, hospitals, and insurance companies to extend access to high quality health care in our neighborhoods; a new One-Stop Permitting Center to help small businesses create jobs more quickly; the new Rec-Hub to pilot and scale new recreational opportunities for Boston's youth; an expanded OneCard to help students make the most of community learning; a new Triple-Decker program in Homeworks that will help preserve these Boston treasures in partnership with homeowners; and the development of a new Family Information Center to help coordinate across a dozen partners a more comprehensive approach to preventing youth violence.

The capital plan reflects new collaborations as well. Funding is provided to support a new public-private partnership to renovate the Ferdinand Building and help the Dudley area and Roxbury reach their full potential. The Neighborhood Improvements through Capital Expenditures (NICE) program returns and is updated so our residents can play a larger role in planning enhancements to their blocks and local squares.

These partnerships will help drive Boston's continued progress in the face of the significant fiscal challenges that remain. Property tax revenue and other revenue streams, such as hotel and meals taxes are up. However, considering the Commonwealth's continuing fiscal uncertainty, the City

has used a prudent estimate of a loss of \$37.1 million in net State Aid for FY12. The State's budget deliberations will be watched closely in the months ahead.

Even as revenues have grown with Boston's economic growth, fixed costs have risen at a faster pace. Providing health benefits to all of our employees and retirees remains an expense that increases substantially from year to year; the cost of those benefits is projected to increase by \$17 million in FY12, bringing City of Boston health care costs to \$320 million. While I have proposed legislative reform that would allow more flexibility at the local level to manage health care costs, the City is also working together with our unions to devise strategies that would lower the City's health care costs.

Boston remains unusually well-positioned for a strong recovery. The cumulative impact of four years of significant reductions in State Aid from the Commonwealth, combined with the dramatically rising cost of health care and pension obligations have presented significant challenges. However, even in the face of these obstacles, our city's residential growth outpaced the Commonwealth's for the first time since 1980; housing growth reached 8% over the last decade, the most since 1960; the BPS dropout rate declined for the fourth year in a row to 5.7%, the lowest in decades; and job-growth outpaced all but two other metro-areas in the country. Working together, we have made – and will continue to make – Boston a most promising place to start families, pursue education, grow businesses, and achieve success. *Common goals, uncommon results.*

I look forward to working with you during the budget review process, and I respectfully request your favorable action on the FY12 Operating Budget and the Five Year Capital Plan for FY12 to FY16.

Sincerely,

A handwritten signature in black ink that reads "Thomas M. Menino". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Thomas M. Menino
Mayor of Boston