

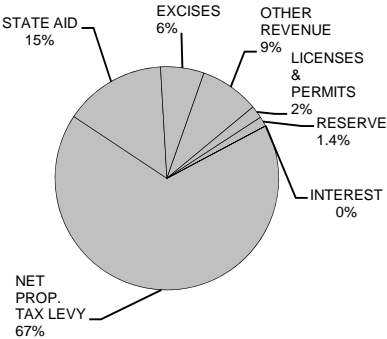
Summary Budget

OVERVIEW

The FY16 Recommended Budget for the City of Boston totals \$2.86 billion, an increase of \$121.8 million, or 4.5%, over the FY15 budget. FY16 recurring revenue growth is \$121.8 million or 4.5%. The FY16 budget includes \$40 million in non-recurring revenue – an amount that is level with that included in the FY15 budget.

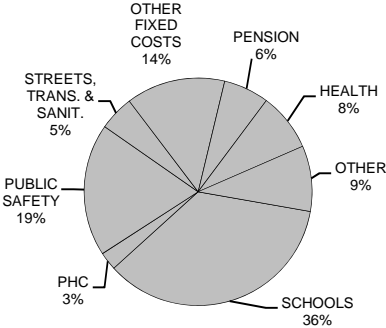
In FY16, property tax revenue continues to grow steadily and local receipts are recovering with the improving economy. Local receipts are led by growth in Excise, License & Permit and State Aid revenues. Net State Aid (state aid net of assessments) is expected to decline again as continued increases in state assessments for charter school tuition eclipse any gain in revenue.

This Summary Budget section lays out the FY16 budget and discusses trends in each category of the budget summary table on the following page. An overview of the City’s revenues is followed by a detailed look at appropriations and personnel trends and a review of major externally funded services. An all-funds budget is also presented.



FY16 Estimated Revenue

Figure 1



FY16 Estimated Expenditures

Figure 2

CITY OF BOSTON
BUDGET SUMMARY

(Dollars in Millions)

	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Budget
REVENUES				
Property Tax Levy	1,684.42	1,779.78	1,867.77	1,954.66
Overlay Reserve	(41.06)	(34.88)	(35.87)	(38.33)
Excises	174.38	187.23	166.67	179.89
Fines	59.77	59.87	59.25	61.36
Interest on Investments	0.18	0.06	0.15	0.50
Payments In Lieu of Taxes	42.58	43.41	43.34	44.11
Urban Redevelopment Chapter 121A	63.99	62.06	47.60	50.05
Misc. Department Revenue	61.97	64.86	54.55	58.29
Licenses and Permits	45.57	59.16	45.48	52.33
Penalties & Interest	9.26	10.40	8.41	9.86
Available Funds	0.00	0.00	19.77	21.45
State Aid	403.27	422.40	418.48	423.24
Total Recurring Revenue	2,504.34	2,654.35	2,695.60	2,817.41
Budgetary Fund Balance	0.00	0.00	40.00	40.00
Non-Recurring Revenue	0.00	0.00	0.00	0.00
Total Revenues	2,504.34	2,654.35	2,735.60	2,857.41
EXPENDITURES				
City Departments	1,043.72	1,105.40	1,097.02	1,130.89
Public Health Commission	67.04	66.76	69.83	73.95
School Department	881.20	937.95	974.93	1,013.50
Reserve for Collective Bargaining	21.00	5.64	10.79	11.14
Other Post Employment Benefits	40.00	40.00	40.00	40.00
Total Appropriations	2,052.96	2,155.75	2,192.56	2,269.48
Pensions	136.98	152.91	169.62	184.55
Debt Service	129.17	137.84	152.13	164.42
State Assessments	172.38	194.06	216.70	234.89
Suffolk County	3.92	3.87	3.87	3.87
Reserve	0.73	0.43	0.70	0.21
Total Fixed Costs	443.17	489.13	543.03	587.93
Total Expenditures	2,496.13	2,644.88	2,735.60	2,857.41
Surplus (Deficit)	8.22	9.47	0.00	0.00

Numbers may not add due to rounding

Table 1

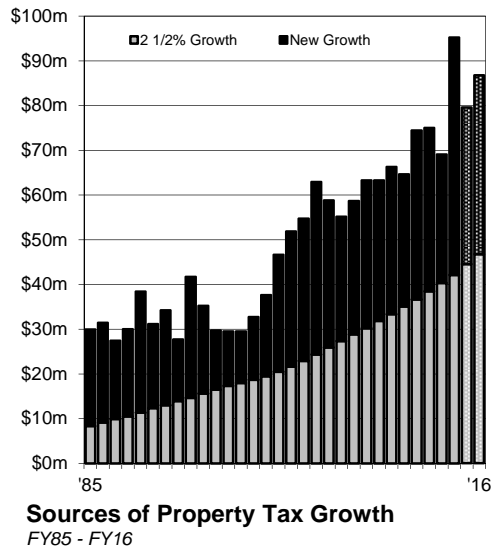


Figure 3

The City's projected revenues provide the basis for planning FY16 appropriations to maintain a balanced budget. Selected FY16 budgeted City revenues compare with FY15 budgeted revenues as follows: the net property tax levy increases \$84.4 million or 4.6%; excises increase \$13.2 million or 7.9%; miscellaneous department revenues increase by \$3.7 million or 6.9%; licenses and permits increase by \$6.9 million or 15.1%, and state aid increases by \$2.9 million or 0.7%.

On the expenditure side of the budget, total appropriations increase by \$76.7 million or 3.5% and fixed costs increase by \$43.3 million or 8.0%. Selected FY16 budgeted appropriations compare with FY15 budgeted appropriations as follows: City departments increase \$33.7 million or 3.1%, the Boston Public Health Commission increases by \$4.1 million or 5.9%, and the School Department increases \$38.6 million or 4.0%.

FY16 budgeted fixed costs compare with FY15 budgeted fixed costs as follows: pensions increase \$14.9 million or 8.8%; debt service increases \$12.3 million or 8.1%; and state assessments increase \$16.6 million or 7.7%.

NOTE: The "Other" category on the FY16 Estimated Expenditures pie chart (Figure 2) is comprised of estimated expenditures for other city departments and the collective bargaining reserve.

REVENUE

The FY16 budget is balanced on the following projections of revenue streams including the property tax, state aid

and other local receipts. A more detailed discussion of City revenues is provided in the *Revenue Estimates and Analysis* chapter of this volume.

Property Tax Levy

The gross property tax levy has been the City's most dependable source of revenue growth during the past thirty years. Property tax levy growth is fundamental to the financial health of the City as it provides two-thirds of all recurring City revenue.

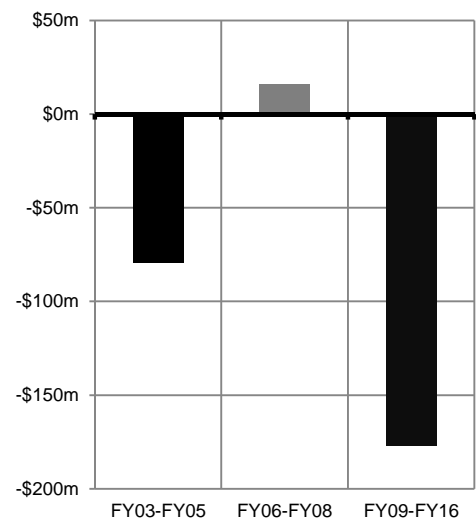
In each year since FY85, the City has increased its levy by the 2.5% allowable under the limits set forth in Proposition 2 1/2. During these same years, the levy has also been positively impacted by taxable new value or "new growth" that is excluded from the levy limit. New growth is expected to be approximately \$40.0 million in FY16. New growth added to the property tax levy has exceeded growth from the allowable 2.5% increase in 19 of the last 32 years.

The gross property tax levy stands at \$1.867 billion in FY15, and is estimated to rise to \$1.954 billion in FY16.

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



Change in Net State Aid FY03-FY16, Grouped by Period of Loss or Gain

Figure 4

(defined as state aid revenues less Massachusetts Bay Transportation Authority, charter school tuition, and other assessments) to the City has been reduced by over \$240 million or 56%. The City lost approximately \$79 million between FY03 and FY05, gained approximately \$16 million between FY06 and FY08, and has again lost approximately \$176 million between FY09 and budgeted FY16 (Figure 4.) For FY16, net state aid is expected to decline by \$13.4 million or 6.7% from FY15.

The City's FY16 state aid estimate is based on the House and Senate budgets.

Education Aid

The City received "Chapter 70" education aid totaling \$207.9 million in FY13 and \$209.4 million in FY14. The City expects to receive \$210.9 million from the state in FY15 and \$212.3 million in FY16.

Separate from education aid are state-mandated costs for charter schools. Charter schools are publicly-funded schools administered independently from local school districts and teachers' union rules and regulations. Their charters are granted by the State Board of Education.

The net cost to the City for charter schools (reimbursement from the Commonwealth less tuition assessment) was \$69.8 million in FY13 and in FY14, \$75.2 million. In FY15 the City has budgeted a \$104.8 million net impact, and in FY16, \$123.0 million (Figure 5).

Unrestricted General Government Aid

Beginning in the FY10 budget and going forward, the Governor and the Legislature combined general government aid from lottery and "additional assistance"

into one account called Unrestricted General Government Aid. The total statewide aid amount is now covered completely by proceeds from the lottery. The City expects to receive \$168.6 million in FY15, and \$174.7 million in FY16.

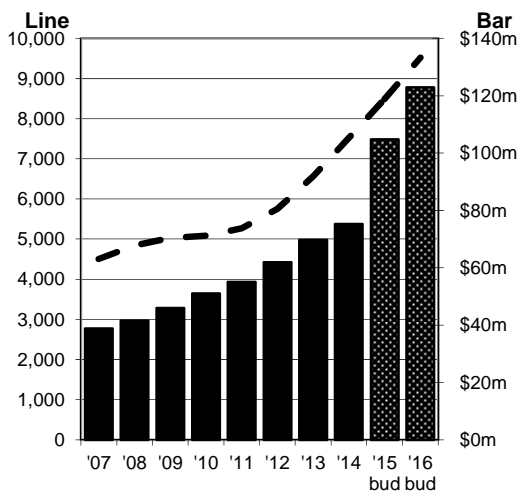
Local Receipts

Approximately 17% of the City's recurring revenue in FY16 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.

In FY13, the City collected \$457.7 million from these combined sources and \$487.0 million in FY14. The FY15 Budget assumes a decrease to \$445.2 million and the FY16 budget assumes an increase to \$477.8 million (Figure 6).

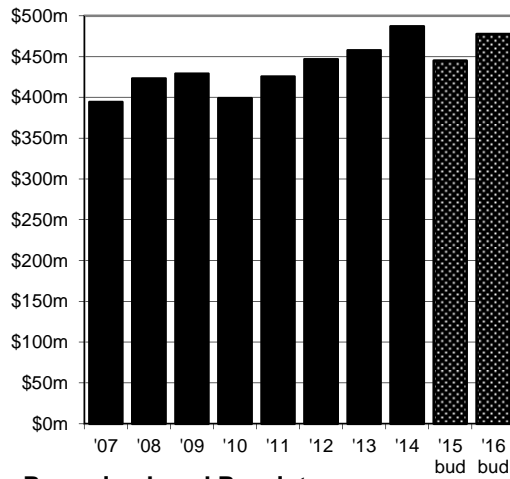
Many of the City's local receipts are extremely sensitive to existing economic conditions and the City takes a cautious approach when estimating local receipts. The following is a brief description of selected local receipts, their expectations for the FY16 Budget.

- Motor vehicle excise revenue increased in FY14 due to improving vehicle sales with the strengthening economy. Revenue is conservatively estimated at \$48.6 million in FY16.
- The Commonwealth granted municipalities a new 0.75% local option tax on restaurant meals beginning October 1, 2009. The City expects to collect \$25.5 million from this broad-based tax in FY16.
- After several weak years due to economic conditions, hotel revenues continue to increase. Additionally, the hotel excise also benefited from an FY10 rate increase from 4% to 6% and the City expects to receive \$77 million in FY16.
- Jet Fuel excise collections were very strong in FY14 and FY15, but are expected to soften in FY16 to \$27 million.



Charter Schools Boston Enrollment and Net Cost
FY07- FY16

Figure 5



**Recurring Local Receipts
(non-property tax/state aid)**
 FY07 - FY16 (adj. for actual base hotel collections)
 FY12 forward includes all hotel tax

Figure 6

- With the federal funds rates near zero, the City’s investment earnings have not been significant, even as cash balances have remained strong in recent years. FY16 interest on investment earnings are expected to grow modestly.
- Voluntary payment-in-lieu-of-tax agreements with non-profit institutions (excluding the Massachusetts Port Authority) are expected to increase in FY16 based on the results of a FY10 taskforce report. The task force report recommended more standardization among agreements as well as a higher ratio of payment to property value than was in place previously. In FY16 the final year of a five-year phase-in assumes \$25 million in PILOT payments.
- License and permit revenues, driven by building permits, grew considerably in FY13 and FY14 with large commercial construction projects. Building permit revenue is conservatively budgeted in FY16 at \$33 million.
- Chapter 121A agreements are payments in lieu of tax for property developed in blighted areas. Those that qualify pay different taxes on income and property as determined under Chapter 121A of Massachusetts General Law. 121A payments in FY15 are expected to decline as several large agreements have expired and moved to normal property taxation. Inflationary growth is expected in the

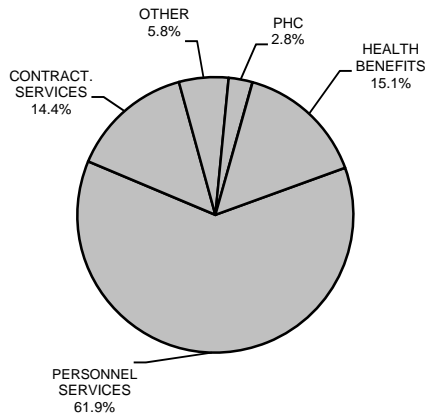
remaining agreements for FY16 and are budgeted at \$50 million.

The remaining sources of recurring revenue to the City are set rates of fees, fines, penalties and interest. These usually endure economic changes with small changes in activity or revenue.

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 law governing the calculation and availability of budgetary fund balance for cities and towns is Chapter 59, section 23 of Massachusetts General Law and is administered by the Massachusetts Department of Revenue. The FY16 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.



FY16 Appropriations by Category

Figure 7

EXPENDITURES

Expenditures are broken down into two primary groups: (1) appropriations directly related to departmental services and (2) fixed and mandated costs. FY16 appropriations are subdivided into three subgroups as follows:

City Departments, which includes all operating department appropriations, 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 7)

Personnel Services include salaries, overtime, Medicare, unemployment compensation and workers' compensation, and a collective bargaining reserve for estimated wage increases for union employees whose agreements are not settled. The City has reached voluntary settlements with all of its civilian employees, including BPS teachers. Each agreement is six years in duration and contains the same general wage pattern, roughly 12% wage increases over the six years. In December 2013, the City Council approved an arbitration award for the Boston Police Patrolmen's Association, which included an increase in annual salaries of approximately 25.4% over six years. The City subsequently reached voluntary agreements with Police Superiors and Superior Detectives. These settled

contracts are in effect through FY16. The City and the fire union also agreed to a contract which increased salaries by 18.8% over 6 years through FY17. The City is currently in mediation at the Joint Labor Management Committee with the detectives union. The collective bargaining reserve contains funding based on estimates for successor agreements that would cover proposed wage increases and the retroactive impacts of wage increases that are being negotiated for FY11 – FY15.

The Health Benefits category includes the cost of health care coverage for City, BPS and PHC employees and retirees as well as the appropriation for Other Post-Employment Benefits (OPEB).

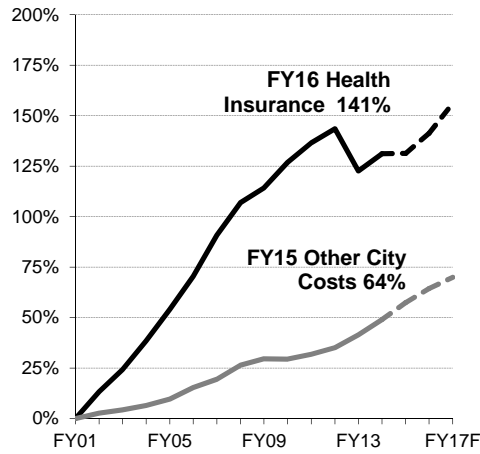
The Contractual Services category includes expenditures for communications, repairs and service to buildings, equipment and vehicles, transportation, trash collection and disposal, as well as outside legal, advertising, and printing expenses.

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 FY16 budget includes \$296 million for health care premiums for the City's employees and retirees comprising 10.4% of total City expenditures -- compared to 7% in 2001. This increase reflects health care cost increases which totaled 141% over this period, compared to a 64% increase for other City expenditures, as demonstrated in Figure 8. This same chart also shows two distinct periods: FY01 through FY08 when health care expenses increased an average 11% per year, and FY09 to FY16, when costs increased an average 3.5% annually, with the exception of FY13 when costs decreased.

A number of factors contributed to the recent lower increases including: state health care reform legislation, specific efforts by the City and its unions to improve cost and effectiveness of City health plan management, and lower health cost trends nationwide for several years. Each of these factors is discussed further below.



City Cost Increases (cumulative)
FY01-FY17 (FY16-FY17 Projected)

Figure 8

City and Union Partnership

Municipal health care reform legislation passed by the State legislature in 2011 provided municipalities more freedom in health plan design. Assisted by this legislation, 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. In FY15, the City and the PEC entered into their second agreement, which is projected to reduce projected costs by a total \$45 million over five years. This agreement reflects the wide scope of issues being addressed through the City and PEC partnership, including competitive bidding of and

Health Insurance (\$ Mil)			
Fiscal Year	Total Cost	Dollar Change	Percent Change
FY05	\$189.2		
FY06	\$209.2	\$20.0	10.5%
FY07	\$234.3	\$25.1	12.0%
FY08	\$254.0	\$19.7	8.4%
FY09	\$263.0	\$9.0	3.6%
FY10	\$278.6	\$15.6	5.9%
FY11	\$290.5	\$11.9	4.3%
FY12	\$298.9	\$8.4	2.9%
FY13	\$273.4	-\$25.5	-8.5%
FY14	\$283.8	\$10.4	3.8%
FY15*	\$284.0	\$0.2	0.1%
FY16*	\$296.2	\$12.2	4.3%

*Budget estimates

Table 2

changes to health plan options, judicious co-pay increases, exploration of pharmacy management alternatives, and decreasing the City's premium share.

Mandatory Medicare Enrollment

The 2011 municipal health care reform legislation also mandated that all Medicare-eligible municipal retirees enroll in Medicare Part B and a City sponsored Medicare supplement plan. As a direct result, approximately 4,500 more City retirees and their spouses enrolled in lower cost Medicare supplement plans. Retirees enrolled in Medicare supplement plans pay lower costs while their benefits remain comparable to City non-Medicare plans. City savings from this mandate, beginning in FY13, have totaled approximately \$20 million annually. Additional City savings continue to be realized as new retirees enroll in Medicare supplement plans, increasing the percentage of total retirees enrolled in these lower cost plans .

City Healthplan Subscribers Jan '15			
Healthplan	Active	Retiree	Total
Indemnity	2,104	1,322	3,426
HMO	13,154	2,479	15,633
Medicare	-	10,827	10,827
Total	15,258	14,628	29,885

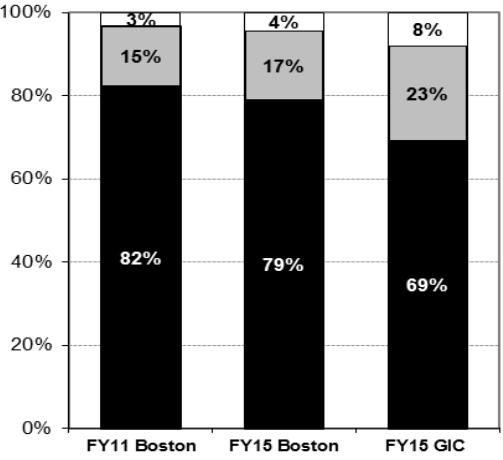
Table 3

Cost Sharing

As part of two coalition bargaining agreements between the City and the PEC (2011 – 2015 and 2015 – 2020), City employees are paying a higher share of total health care costs, including increased premium share and higher co-pays for office visits and pharmaceuticals. As a result, the City's cost share for its most popular non-

Medicare health plan has decreased, as shown in Figure 9, from approximately 82% in FY11 to 79% in FY15. The City's cost share is projected to be about 78% in FY16, still higher than an estimated 69% employer share for a state employee enrolled in the Group Insurance Commission. The annual reduction to projected costs for the City as a result of these cumulative decreases in cost share is estimated to be over \$20 million in FY16.

■ Employer Prem ■ Employee Prem □ Employee CoPay



FY15 Est. Healthcare Cost Sharing

City Harvard Pilgrim Premium and co-pay utilization.
GIC = Group Insurance Commission

Figure 9

Cost Efficiencies

City and employee health care costs have also been reduced through improvements in plan options and efficient management practices, undertaken with the cooperation of the PEC. These efforts include:

- Continued refinement of the City's non-Medicare health plan options. After the elimination of a costly indemnity plan in FY12 which saved several million dollars annually, health plan options will be further reduced in FY16 to three available plans: one PPO (Indemnity) with an open provider network, and two HMO managed plans with a local provider network.
- A competitive bid of the three non-Medicare plans, effective July 1, 2015, will provide a direct annual savings of over \$1 million from reduced administrative service fees.
- In FY13 and FY14, the City began self-insuring most of its health plans to reduce administrative costs. Annual savings, estimated at roughly \$10 million, first contributed to building self-insurance reserves, and in subsequent years are contributing to lower premiums.
- Additional restructuring of health plan offerings and administration will be pursued in FY17 for the City's Medicare plans, including: reducing the number of plans from six to three, and exploring alternative management of the City's prescription benefits.

Health Claims Trends

Nationally, health claims costs from FY11 through FY14 increased at a lower rate than in the early 2000's, contributing to lower premium increases. Claims costs began increasing again in FY15, leading to a projected increase of over 7% for FY16. The City is limited in its ability to influence the multiple causes behind health care cost increases, which can include increasing medical provider charges, an aging population, overuse of certain services, high utilization of more expensive hospitals, and unhealthy lifestyle choices of members. The City, in cooperation with the PEC, will continue to try and address these factors where possible, for example through wellness programs and member education.

Note: FY16 health, dental and life insurance benefits for City employees and retirees are budgeted separately for City departments (\$195.8M), BPS (\$95.7M), and PHC (\$10.5M).

Other Post-Employment Benefits (OPEB)

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. Similar to pensions, employees earn these other post-employment benefits (OPEB) over their years of service, but do not actually receive them until retirement. The most recent independent actuarial valuation, as of June 30, 2013, valued the City of Boston's unfunded liability for these benefits at \$2.1 billion.

City Annual Appropriations to OPEB Trust		
	City	PHC
FY08	20.0	-
FY09	25.0	-
FY10	20.0	-
FY11	35.0	1.3
FY12	35.0	1.3
FY13	40.0	2.3
FY14	40.0	2.3
FY15	40.0	2.3
FY16	40.0	2.3
Total	295.0	11.5

\$millions

Table 4

In FY08, the City was required to follow new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability. At the same time, the City also voluntarily began to annually allocate funds to reduce the OPEB liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City's acceptance of M.G.L. Chapter 32B section 20, and are summarized in Table 4.

The Annual Required Contribution (ARC) for the City to significantly reduce the OPEB liability over a 30 year period is projected at \$173.8 million in FY16, as shown in Table 5. The City will fund \$175 million in FY16 through a combination of pay-as-you-go benefit payments for current retirees as discussed in the previous section, and a \$40 million FY16 allocation to the Trust to continue to build Trust assets. The PHC will also deposit an additional \$2.25 million in the Trust.

The future annual ARC for the City will vary based on the total estimated OPEB liability, largely influenced by changes to retiree health benefits, the annual additional contribution, and the discount rate used. The total estimated liability was significantly reduced in the June 2013 valuation due to health benefit changes negotiated between the City and the Public Employee Committee (PEC), statewide municipal health care reform mandating that Medicare eligible retirees enroll in a Medicare health plan, and the impact of the City's steady annual OPEB allocation on the discount rate.

FY16 Annual Required Contribution (ARC) to Reduce OPEB Liability Over 30 Years		% ARC
Total ARC	\$173.8	
FY16 Projected Benefit Payments	\$132.7	
FY16 Annual Allocation	\$42.3	
Total FY16 Payments	\$175.0	101%
Difference	\$1.1	

\$millions

Table 5

Pensions

The City participates in a contributory defined benefit retirement system that is administered by the State-Boston Retirement System (SBRs). SBRs is one of 106 public pension systems governed by Massachusetts General Law Chapter 32. The most recent completed valuation of the SBRs, based on January 1, 2014 data, committed to funding based upon a schedule which includes paying the normal cost and an annual

contribution toward eliminating the unfunded liability by the year 2025. Current state law allows systems to fully fund by no later than 2040.

The City's annual pension funding contribution was \$137.0 million in FY13, \$152.9 million in FY14, and is budgeted for \$169.6 million in FY15 and \$184.6 million in FY16.

The adoption of a new funding schedule as of January 1, 2014, adjusted the mortality tables to better reflect longer life expectancies. The updated schedule continues the investment return assumption of 7.75% and reflects the increase to the retiree cost of living adjustment.

The City's pension liability is currently 70.2% 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.

ENERGY MANAGEMENT

Energy Management Board

The Mayor's Energy Management Board is charged with making decisions regarding the City's procurement, uses and conservation of energy, and minimizing the associated greenhouse gas impacts to public health.

In FY16 department energy budgets total \$51.6 million with electricity costs making up 50% of the budget, natural gas costs making up 25% of the budget and gasoline/diesel comprising 12% of the budgets. The remaining 13% of the budget funds water and sewer, steam, and heating oil.

Energy Management Policies

The City's energy management and reduction policies seek to:

- Coordinate and enhance existing conservation programs;
- Incorporate best practices for both operations & maintenance and future capital investment;
- Focus on efficiency projects using currently-available and proven technologies; and
- Analyze the financial impacts of project implementation.

Energy Management Strategies

Following the policy of best practices in both operations & maintenance and capital investment, strategies have been developed to implement energy conservation projects. These strategies include:

- Maximize the use of energy efficiency subsidies provided by energy efficiency distribution tariffs and distributed by local utility companies;
- Use existing Energy Management Systems to control energy use at existing buildings;
- Provide for renewable energy credits as an offset to the City's electricity consumption;
- Support electric grid reliability and generate revenue and energy savings with demand response contracts; and
- Implement energy services contracts to carry out necessary capital improvements and ensure operational efficiencies.

Energy Management Successes

In FY16, the City hopes to continue its trend of energy management successes and benefit from decisions made in prior fiscal years.

The City competitively procures its electric supply and is currently covered by a contract that will be in place through March 2016. The contract uses a pricing model where the City buys its electricity in the variable day-ahead electric supply market to get the lowest cost possible. The City measures its success in this contract by comparing its electric supply costs incurred through a third party supply vendor to what it would have paid Eversource, the local electric distribution company, for the same electric supply.

Starting in FY11 and continuing into FY16, the most dramatic change in energy use will come in the Public Works Department. Through a collaborative effort of the Environment and Energy Cabinet, the Public Works Department and Eversource, the local electric distribution company, three financial resources have been combined to implement a significant retrofit project. The project involves the replacement of mercury and sodium vapor street lighting fixtures with energy efficient Light Emitting Diodes (LEDs). Through FY16, the LED project is projected to save over 27 million kilowatt hours and an estimated \$3.5 million in utility costs. The cost of the LED project is currently funded with City capital funding and energy efficiency incentive dollars distributed by Eversource. In prior years items were paid for from the Energy Efficiency and

Conservation Block Grant, funded through the American Recovery and Reinvestment Act (ARRA).

Additional energy projects implemented in FY15 include the installation of Tridium Niagara Building Management Systems (BMS) in the remainder of the Boston Public Library (BPL) branches, making BPL the first city department with the capability to control its entire portfolio of facilities using a single BMS platform. Estimated savings are over 110,000 kilowatt hours and \$16,000. Several firehouses received boiler and lighting upgrades and Building Management Systems, saving over 100,000 kilowatt hours and 3,500 therms, resulting in estimated savings of approximately \$15,000 per year.

Continuing a successful partnership with the City's local utility companies and accessing energy efficiency incentive grant funds, future projects for FY16 and beyond include the continued upgrade of street light fixtures to LEDs that should save an additional 3.5 megawatt hours of electricity and an estimated \$450,000 in FY16. Additionally, several Boston Public Schools buildings will receive HVAC and steam trap upgrades. Boston City Hall will be making improvements to the HVAC system to convert all equipment from steam to natural gas.

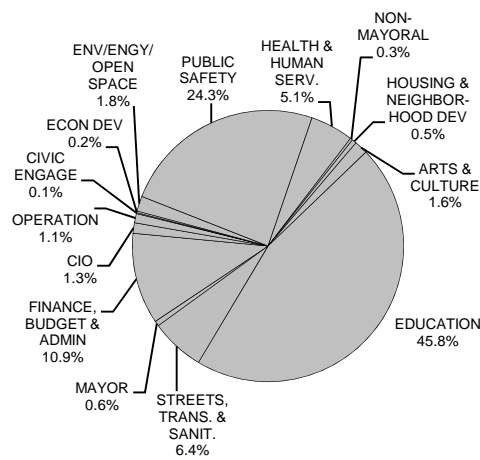
APPROPRIATIONS

Departmental Appropriations

The combined appropriations for City Departments, the Public Health Commission (PHC) and the School Department (BPS) as shown in the FY16 Budget Summary have increased by 3.6% from the FY15 appropriations.

The departmental appropriations are shown in the General Fund Appropriation by Cabinet table (Table 8).

Departmental appropriations also can be divided by cabinet, to better reflect the overall policy priorities and trends by service area (Figure 10).



FY16 Appropriations by Cabinet

Figure 10

It should be noted that the cabinet structure has been slightly revised. In the new structure administrative departments have moved from the Operations cabinet to the Finance, Budget and Administration cabinet. More of the details of the reorganization are described below in each of the cabinet sections.

Mayor's Office

Overall, in FY16 the departments in the Mayor's Office cabinet will see a net increase of 1.6%. Departments included in the Mayor's Office Cabinet are the Mayor's Office, the Election Department, and the Law Department. The Public Information communications program will be incorporated into the Mayor's Office and the 24 hour/constituent engagement program will move to the Neighborhood Services Department. The Election Department's budget increases notably in FY16 due to three elections, including a presidential primary. The department's budget varies each year based on the number and type of elections scheduled to take place.

The Office of New Urban Mechanics (MONUM) also resides in the Mayor's Office. MONUM is dedicated to civic innovation and engagement, focusing on delivering both transformative and basic City services to Boston's residents.

Operations

The departments in the Operations cabinet will grow by 1.2% in FY16. The Operations cabinet includes the Property & Construction Management Department and Intergovernmental Relations (IGR).

The Property and Construction Management (PCM) Department manages the design and construction of most facility projects included in the City's capital plan. It also provides property management and security services for many City buildings. In the FY16 budget, the animal care and control program moves from PCM to the Inspectional Services Department and community center facility costs move to Boston Centers for Youth and Families.

Civic Engagement

The Civic Engagement cabinet includes the Mayor's Office of Neighborhood Services that was expanded in FY16 to include the Boston 311 program formerly included in the Mayor's cabinet as part of the Public Information Department. With the consolidation of Boston 311 and other new investments the cabinet will see a 79% increase.

The Neighborhood Services' increase also includes 4 new positions to support the implementation of the new 311 service and a new position focusing on civic engagement.

The constituent engagement program works in partnership with the Department of Innovation and Technology (DoIT) and front-line service delivery departments to manage the Constituent Relationship Management (CRM) system. This system dispatches work to the responsible city departments and tracks the final resolution. Costs related to CRM technology are budgeted in the Department of Innovation and Technology (DoIT) which is under the Chief Information Officer.

Neighborhood Services has a separate program for City Hall To Go, an initiative that serves residents where they live and work. The truck visits every neighborhood in the City at least once a month and is available after work and on weekends to meet the needs of residents. City Hall To Go offers an array of city services that include paying parking tickets and tax bills, applying for library cards or dog licenses, and registering to vote.

Arts & Culture

The Arts & Culture Cabinet was created by Mayor Walsh to work to increase diversity and inclusion in arts programming, seek grants and sponsorship opportunities, and secure funding and support for Boston's arts

community. In FY16 the total budget for the cabinet increases by 3%.

In FY16 the Office of Arts & Culture will double the City's grant-making dollars for the Boston Cultural Council and supplement the funds provided by the Massachusetts Cultural Council two-to-one. This investment will expand the number of grants awarded to artists and non-profit arts organizations. The Office's FY16 budget also incorporates a new position to support the cultural plan and one-time funding for Boston to host the annual Americans for the Arts conference.

Included under the Arts & Culture cabinet is the Boston Public Library (BPL) Department which will see a 2.0% increase in its FY16 general fund appropriation. In FY16 BPL will ensure its commitment to youth services, inherent in the newly renovated Children's Library and new Teen Central spaces at the main branch, is spread across the library system. Lessons learned and programs developed at the Central Library will be shared with neighborhood branches.

Economic Development

In FY16, the Economic Development cabinet has a net increase of 11%. The cabinet is comprised of the Office of Economic Development, Consumer Affairs & Licensing, the Office of Tourism and the Licensing Board.

The Office of Economic Development was created in FY15 to increase accessibility for all Bostonians to share in and benefit from the economic boom in Boston. The Chief of Economic Development heads this newly restructured City department. The FY16 budget fully funds the department with new positions, including a director of policy and research, a director of strategic communications along with non-personnel expenses related to economic development. These operating budget resources will be matched with a grant resources provided by the Economic Development and Industrial Corporation (EDIC - a quasi-public entity that leads local economic development activities). The department's programs also work to increase construction employment opportunities for Boston's residents, minorities and women as well as advocate on behalf of minority and women-owned business enterprises (MWBES), and small and Boston-based business enterprises (SLBEs), to help them compete for city contracts.

The Licensing Board, which is newly under mayoral oversight, added a new special assistant position. The board grants and regulates various types of alcohol and food licenses within the City of Boston.

Education

The FY16 Boston Public Schools (BPS) budget will increase by \$38.6 million, or 4.0%, from the FY15 appropriation. The FY16 budget includes funding to increase the number of schools offering expanded learning time for students, increase the number of city-funded K1 seats, and maximize resources to schools through weighted student funding. (See the *Innovations in Education* chapter of this volume for more details.)

Environment, Energy & Open Space

The Environment, Energy & Open Space Cabinet, which includes the Environment, Inspectional Services (ISD) and Parks departments, will see a 9% increase in FY16. This increase is primarily due to the transfer of the Animal Care and Control program to ISD from Property and Construction Management and the Citywide Recreation program moving back to the Parks Department from Boston Centers for Youth and Families.

The Cabinet focuses on energy policy including renewable energy and green buildings and the enforcement of the City's building, housing, and environmental regulations. The cabinet helped facilitate a collective movement known as Greenovate Boston that seeks to ensure a greener, healthier and more prosperous future for the City by meeting the goal of reducing greenhouse gas emissions while encouraging continued sustainable growth within the City.

The Environment Department will see a small decrease with the transfer of the City's food policy program from Environment to the Health and Human Services cabinet. The department will see other increases for example the grant funding for Greenovate Boston will end in 2015 and the program director and coordinator will be transferred to the operating fund. The department will also add a position to the Municipal Energy unit, which focuses on energy efficiency projects in City departments.

The Inspectional Services Department (ISD) will have an increase of 10.7% in FY16 primarily due to the addition of the Animal Care and Control Program. The department will also add an additional supervisory position in field services. The department continues its expanded rental housing inspection program. ISD is also working with the Department of Innovation and Technology to streamline the City's licensing and permitting functions.

The Parks and Recreation Department budget will increase by 8.6% in FY16. The addition of Citywide Recreation makes up the majority of that increase.

However, the department is also adding a second shift to parks maintenance to enhance cleanliness and be more responsive to constituent complaints. The Parks department will provide new funding for tree pruning as the public partner match for the Emerald Necklace Conservancy's Olmsted Tree Society's fundraising for restoration work throughout the Necklace.

Finance, Budget & Administration

The Finance, Budget & Administration Cabinet oversees the financial management and administration of city government. The cabinet is responsible for the long-term growth and stability of the City through sound management of the City's human and financial resources. In addition to various administrative departments the cabinet includes the central City appropriations for Execution of Courts, Health Insurance, Medicare Payments, Pensions and Annuities, Unemployment and Workers' Compensation Fund. Overall, the cabinet will see a 2.5% increase in FY16 primarily due to the growth in the central health insurance appropriation (more fully discussed in the Employee Benefits section earlier in this chapter).

The Office of Finance & Budget is responsible for the long-term growth and stability of the City through sound fiscal and results-driven management of the City's financial resources. Resources to support the citywide Boston About Results (BAR) performance management program are provided by the Office of Finance & Budget. The FY16 budget will decrease with the elimination of vacant positions.

The Assessing Department will increase in FY16 with the hiring of 4 employees to enhance inspection and research capacity. During FY16 the Assessing Department will be doing a comprehensive parcel-specific revaluation of the City's taxable property. The revaluation is legally required to be undertaken every three years.

The Auditing Department is responsible for monitoring the City's internal controls, managing grant funds, providing financial reports and maintaining the financial records of the City.

The Office of Budget Management (OBM) manages the City's operating and capital budget development and resource planning processes and provides analytic support to the Boston About Results (BAR) performance management program.

Human Resources, the Office of Labor Relations, the Purchasing Department, and Registry Division's budgets

will be essentially level in FY16. Purchasing is responsible for supporting Citywide procurement including the City's eProcurement activities. The Registry Division is responsible for birth, death, and marriage records.

The budget reduction in the Treasury Department's FY16 budget reflects the inclusion of a mandatory appropriation for tax title activities in FY15 that is not shown in FY16. Once tax title is added to the FY16 appropriation the department will show an increase due to a rise in postage costs.

Health & Human Services

Overall, the FY16 appropriation for the Health & Human Services Cabinet has increased by 4.3%.

The Boston Centers for Youth and Families (BCYF) budget will see a 1.2% increase even with the transfer of the recreation unit to Parks and Recreation Department and the addition of facilities costs previously in the Property and Construction Management Department's budget with the transfer of the City's food policy program from the Environment Department to BCYF and the Health and Human Services cabinet. BCYF manages full-service community centers that provide diverse quality programming, consistent hours of operation, and quality facilities. Community friendly spaces, audio-visual equipment, and technology infrastructure are also available at BCYF facilities to support civic innovation and engagement.

BCYF continues to maintain its commitment to working with partner organizations and community stakeholders to provide the highest level of service in all neighborhoods of the City.

The Fair Housing and Equity Department will see a 5% decrease to its general fund appropriation. The FY15 budget included funding for one-time purchases of equipment that are not in the FY16 budget. The department also shifted some non-personnel costs to grants. Fair Housing and Equity focuses on eliminating discrimination to ensure fair and equal access to housing, public services, accommodations and participation in activities. The department investigates and enforces cases of discrimination with regard to housing and monitors and investigates vendor compliance with the City's Criminal Offender Record Information (CORI) ordinance.

The Commission for Persons with Disabilities' budget will increase by 3% in FY16. The Commission is committed to

reducing architectural, procedural, attitudinal, and communication barriers that affect people with disabilities.

The Elderly Commission budget is fairly level. The department will continue work on its Alzheimer's Initiative and will expand outreach to identify and engage older adults not currently aware of the Commission's programs. The Elderly Commission will also work in collaboration with the Department of Neighborhood Development (DND) on senior housing issues.

The Office of New Bostonians seeks to strengthen the ability of diverse cultural and linguistic communities to play an active role in the economic, civic, social, and cultural life of the City of Boston. The Office works to provide opportunity, access and equality for immigrants and to highlight the contributions and essential role immigrants have played and continue to play in making Boston a world class city. The FY16 increase covers scheduled salary increases for current positions.

The Boston Public Health Commission (BPHC) serves as the city's health department and provides community health programming; infectious disease surveillance; shelter, food, and advocacy for homeless individuals; substance abuse prevention and treatment programs; home and school based health services for children and families; and emergency medical services. The 5.9% increase in BPHC's FY16 appropriation includes growth in pension and health insurance costs as well as on-going maintenance and operations on Long Island. All BPHC services and programming will be transferred from Long Island to newly renovated facilities in their Southampton and Mattapan campuses. The FY16 appropriation also includes \$16.3 million for Emergency Medical Services (EMS). EMS will have a recruit class to keep staffing at an appropriate level.

In FY16 the Boston Public Health Commission will expand its safe needle pickup and disposal program and add new overdose prevention and outreach teams. Violence prevention and trauma response also remain priorities.

The Veterans' Services department budget decreases by 5.1%. The appropriation includes the Aid to Veterans' account that covers state-mandated veteran expenses paid by the City and reimbursed by the Commonwealth of Massachusetts at 75% of the actual costs. That account has been reduced in the FY16 budget to reflect the level of actual expenditures in recent years.

The Women's Advancement increase supports scheduled salary increases for staff. The Office of Women's Advancement advocates to decrease the wage gap for women in Boston, increase the number of female mentors of color, and promote women's leadership development.

In FY16 Youth Engagement and Employment will increase by 11.2% in order to cover the change in the minimum wage for the summer and school-year jobs funded by the City. The budget will continue to support a successful partnership with community-based organizations and, when combined with anticipated state funds, is projected to provide an estimated 3,200 summer jobs. Together with all of its partners, the City's goal is to provide or leverage approximately 10,000 summer jobs. The department will also work year-round to support youth via the Mayor's Youth Council and provide for school-year jobs.

For a third year, the department will provide resources to allow young people throughout the City to engage in a process of participatory budgeting which will help them learn about City government and capital budgeting. Through this process they will identify projects in their communities, vet those projects and make funding decisions to create a capital "Youth Budget" that will be included in the BCYF capital budget.

Housing and Neighborhood Development

The Housing and Neighborhood Development Cabinet will increase by 17.6%. In FY15, Mayor Walsh announced his Boston 2030 plan which outlines a new comprehensive approach to accommodating Boston's complex housing needs over the next 15 years. The previously separate appropriation of \$5.5 million for Leading the Way has been rebranded for the Housing 2030 Fund which is now included in the Department of Neighborhood Development (DND) budget. The FY16 DND budget also includes a new \$1.75 million investment in elderly housing.

Economic development and job creation continue to be supported with funding, technical assistance, and training for the Main Street Districts whose mission is to build vibrant neighborhood commercial districts throughout the City.

Information & Technology

The Department of Innovation and Technology (DoIT) will see a 4.6% increase in its FY16 appropriation. This budget reflects the Mayor's commitment to invest in

technology to increase efficiencies and deliver improved city services. Much of the budgetary growth for DoIT in FY16 relates to supporting new and existing enterprise-wide software applications, some of which need to be upgraded. Typically the various enterprise-wide technology systems, most often implemented through the City's capital budget, have their ongoing support and maintenance costs budgeted centrally in DoIT's operating budget.

Public Safety

The Public Safety Cabinet, which includes the Emergency Management, Fire, and Police Departments, will see a 2.5% increase in FY16. Police and Fire, along with Emergency Medical Services in the Public Health Commission, will be actively using an upgraded Computer Aided Dispatch (CAD) system that will greatly improve communication of information to all public safety departments.

The Office of Emergency Management's operating budget will increase by 51.7% as grant funding ends for the lease of the emergency operations center. The department gets the majority of its resources from external funds provided by the U.S. Department of Homeland Security. The department works with its regional partners to prevent, respond to and recover from incidents of terrorism, natural disasters, and other emergency conditions.

The FY16 budget for the Fire Department will increase by 4.5%. The increase includes collective bargaining wage increases for firefighters. The FY16 budget includes a new firefighter recruit class planned to start in summer of 2015. The recruit class is intended to replace retirees and to ensure that staffing levels in the fire suppression category are maintained at the appropriate operational level. The budget also includes resources to support outreach and recruitment efforts in diverse communities. The FY16 budget has a significant investment in firefighter safety equipment including the continued replacement bunker gear.

The Police Department's FY16 budget will increase by 1.2%. The FY15 budget included \$1.2 million for a superior officers assessment exam which was not needed in FY16. The Police Department will reintroduce the police cadet program in part to elevate diversity efforts. The budget also includes the impact of a new police officer recruit class planned to start in late fall 2015.

Streets, Transportation & Sanitation

Individual budgets in this cabinet include Central Fleet Management; the Office of Streets, Transportation and Sanitation; Public Works; and Transportation; and the City's appropriation for snow removal. The Cabinet as a whole reflects an increase of 2.9%. The appropriation for snow removal increased by \$4 million or 21.9%.

The Central Fleet Management (CFM) Department provides vehicle-related services for departments throughout the enterprise. Besides performing repairs and preventive maintenance to all non-public safety vehicles, CFM continues to play a critical role in the analysis of departmental vehicle inventories, - including information about vehicle age, mileage, utilization, and repair history - so that departments can make informed decisions with regard to vehicle replacements. CFM also manages the City's popular vehicle-sharing program, FleetHub, which uses web-based technology to allow City employees to reserve vehicles online and access them with a CFM-issued FleetHub card. The 4.2% decrease in CFM's budget is due in part to implementation of departmental usage fees for FleetHub, an additional fuel surcharge to departments, and a reduction in the number of new vehicles purchased in FY16. One-time grant matching funds have been added in FY16 to provide for alternative fuel vehicle retrofits.

The Office of Streets, Transportation and Sanitation provides administrative support for the departments in the cabinet. This office will see a 14.6% increase in FY16 with the consolidation of human resources functions for the entire cabinet.

The Public Works Department's FY16 appropriation will decrease by 2.8%. The traffic signal unit will transfer to the Transportation Department. The bulk of the budget reduction in FY16 comes from savings associated with favorable waste disposal bids. The department also has savings associated with its continued energy reduction efforts with the installation of energy efficient street lights. Through a collaborative effort with the Environment and Energy Cabinet and Eversource Energy (the local electric distribution company), Public Works will continue to retrofit existing street light fixtures with energy efficient Light Emitting Diodes (LEDs). The cost of the ongoing LED project is funded with City capital funds and energy efficiency incentive dollars managed by Eversource Energy.

In FY16 the Transportation Department will see an increase of 7.3%. The budget reflects the transfer of 16 traffic signals positions and related expenses from the

Public Works Department. In FY16 the department plans to replace its meter system with smart meters through the capital budget. The department will also explore piloting a program in one neighborhood to increase ticket fines and eliminate towing for street sweeping. The department will manage the Go Boston 2030 plan, funded in the capital and external fund budgets, which will develop a long-term vision to guide transportation policy and capital investments. The budget continues to support community bicycle programs such as Roll it Forward, the Youth Cycling Initiative, Bike Fridays, and Boston Bike Week.

Reserve for Collective Bargaining

The FY16 collective bargaining reserve includes funding for collective bargaining agreements that are still outstanding.

Debt Service

The City had expenditures for debt service of \$129.2 million in FY13 and \$137.8 in FY14. The City has a budget of \$152.1 million for debt service in FY15 and \$164.4 million in FY16. A history of balanced budgets, prudent fiscal policies, and a conservatively structured debt profile serve the City well. In March 2015, Standard & Poor’s and Moody’s affirmed their AAA and Aaa bond ratings, respectively, the highest possible to achieve. A high bond rating translates into lower interest rates and real dollar savings for the City.

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. Aside from the assessments for the Massachusetts Bay Transportation Authority (MBTA) and Charter School Tuition, state assessments are relatively small. In accordance with Proposition 2 1/2, these charges, except for Charter School Tuition, cannot

increase by more than 2.5% annually on a statewide basis. The City’s state assessments (inclusive of Charter School Tuition) were \$172.4 million in FY13 and \$194.1 million in FY14. The City expects growth in assessments to \$216.7 million in FY15 and to \$234.9 million in FY16.

Suffolk County

The appropriation for Suffolk County is mandated by state legislation and is included in the Fixed Costs section of the Budget Summary.

During FY10, state legislation was passed that moved the Sheriff’s department and its employees to the State effective January 1, 2010. The one residual liability that will continue to be a cost for the City is the unfunded pension liability of the current retirees of the Sheriff’s department, who shall remain as members of the State-Boston Retirement System (SBRS). Once the unfunded liability is fully extinguished, funding by the City for Suffolk County will no longer be necessary.

Reserve

The City is required by law to maintain a reserve on its balance sheet of 2.5% of the prior year appropriations, not including the School Department, which has its own separate reserve. The current balance of this reserve is \$30.2 million. 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 only in the month of June. Since the establishment of this reserve, the City has yet to make any drafts or transfers from the reserve.

State Assessments								
	FY13		FY14		FY15			
	Actual		Actual		Budget			
						FY16		
						Budget		
M.B.T.A.	\$	78,301,126	\$	79,150,549	\$	81,269,504	\$	82,998,018
Charter School Tuition		89,565,576		110,659,343		130,940,523		147,280,603
RMV Non-Renewal Surcharge		2,811,520		2,538,700		2,538,700		2,538,700
Other Assessments		1,697,597		1,715,939		1,949,339		2,068,545
	\$	172,375,819	\$	194,064,531	\$	216,698,066	\$	234,885,866

Table 7

General Fund Appropriations by Cabinet

Cabinet	Department	FY 13 Expenditure	FY 14 Expenditure	FY 15 Appropriation	FY 16 Appropriation	Inc./Dec. 16 vs 15
Mayor's Office	Mayor's Office	2,125,701	2,608,167	2,468,831	3,408,671	939,839
	Election Department	4,248,670	3,641,033	3,638,754	4,503,625	864,871
	Law Department	5,617,855	5,937,483	6,217,441	6,044,218	-173,223
	Public Information	1,221,903	1,288,652	1,407,994	0	-1,407,994
	Total	13,214,129	13,475,335	13,733,020	13,956,514	223,494
Operations	Intergovernmental Relations	1,179,508	1,145,145	1,319,728	1,319,897	169
	Property & Construction Mgmt	24,104,775	24,265,217	22,550,853	22,843,968	293,115
	Total	25,284,283	25,410,362	23,870,581	24,163,865	293,284
Civic Engagement	Neighborhood Services	1,187,329	1,184,219	1,529,811	2,742,150	1,212,340
Total		1,187,329	1,184,219	1,529,811	2,742,150	1,212,340
Arts & Culture	Office of Arts & Culture	0	0	1,063,837	1,401,087	337,250
	Library Department	31,069,333	33,075,831	33,416,126	34,092,573	676,447
	Total	31,069,333	33,075,831	34,479,963	35,493,660	1,013,696
Economic Development	Office of Economic Development	1,036,036	1,102,778	1,618,615	1,885,040	266,425
	Consumer Affairs & Licensing	446,788	428,219	440,828	456,831	16,003
	Licensing Board	676,263	661,275	711,016	833,629	122,613
	Office of Tourism	1,761,769	1,800,095	1,119,721	1,155,750	36,029
	Total	3,920,856	3,992,367	3,890,180	4,331,250	441,070
Education	Boston Public Schools	881,202,782	937,949,085	974,928,600	1,013,500,000	38,571,400
Total		881,202,782	937,949,085	974,928,600	1,013,500,000	38,571,400
Environment, Energy & Open Space	Environment Department	1,961,655	1,945,342	2,170,248	2,139,759	-30,489
	Inspectional Services Department	16,183,268	17,199,298	16,565,330	18,337,721	1,772,391
	Parks & Recreation Department	17,339,456	17,851,087	17,719,217	19,245,754	1,526,537
	Total	35,484,379	36,995,727	36,454,795	39,723,234	3,268,439
Finance, Budget & Administration	Office of Finance & Budget	2,176,639	1,505,363	993,338	933,000	-60,338
	Assessing Department	6,490,579	6,572,031	6,681,665	7,108,093	426,428
	Auditing Department	2,444,875	2,539,198	2,607,286	2,665,861	58,575
	Budget Management	2,622,985	2,677,090	3,164,937	3,135,987	-28,949
	Execution of Courts	11,976,054	13,470,377	3,500,000	3,500,000	0
	Health Insurance	182,842,982	190,870,372	189,882,172	195,756,613	5,874,441
	Human Resources	3,502,926	3,352,701	3,784,831	3,806,731	21,900
	Medicare	8,264,396	7,752,168	8,653,480	8,700,000	46,520
	Office of Labor Relations	1,627,829	1,228,146	1,423,153	1,424,704	1,552
	Pensions & Annuities - City	4,099,517	164,247	4,100,000	4,100,000	0
	Pensions & Annuities - County	34,554	35,334	100,000	100,000	0
	Purchasing Division	1,486,004	1,697,084	1,773,821	1,863,465	89,644
	Registry Division	1,018,486	994,589	1,034,851	1,008,374	-26,477
	Treasury Department	4,480,640	4,368,304	4,842,392	4,316,741	-525,651
	Unemployment Compensation	80,113	34,736	350,000	350,000	0
	Workers' Compensation Fund	2,085,234	1,558,012	2,200,000	2,200,000	0
	Total	235,233,814	238,819,752	235,091,926	240,969,569	5,877,643
Health & Human Services	Boston Center for Youth & Families	22,800,596	23,620,369	24,521,772	24,828,025	306,252
	Commission For Persons W/Disabilities	265,421	349,408	399,164	411,250	12,086
	Elderly Commission	2,895,214	2,904,937	3,108,602	3,128,251	19,649
	Fair Housing & Equity	115,732	190,335	228,844	217,336	-11,508
	Office of New Bostonians	332,371	341,647	365,867	376,521	10,654
	Public Health Commission	67,041,059	66,756,507	69,827,152	73,950,274	4,123,122
	Veterans' Services Department	4,971,630	4,608,580	5,533,560	5,250,761	-282,799
	Women's Advancement	161,040	246,836	207,019	213,218	6,199
	Youth Engagement & Employment	4,674,287	5,048,549	4,991,205	5,548,119	556,915
	Total	103,257,349	104,067,167	109,183,186	113,923,755	4,740,569
Housing & Neighborhood Development	Leading the Way	5,000,000	5,500,000	5,500,000	0	-5,500,000
	Neighborhood Development	3,875,848	4,078,250	4,501,493	11,760,265	7,258,772
	Total	8,875,848	9,578,250	10,001,493	11,760,265	1,758,772
Information & Technology	Department of Innovation and Technology	25,152,183	26,227,117	26,612,228	27,828,305	1,216,078
Total		25,152,183	26,227,117	26,612,228	27,828,305	1,216,078
Public Safety	Emergency Management	323,652	460,501	465,583	706,117	240,534
	Fire Department	189,138,993	200,877,965	204,614,873	213,722,812	9,107,939
	Police Department	290,713,388	321,000,294	319,700,081	323,509,387	3,809,306
	Total	480,176,033	522,338,761	524,780,537	537,938,317	13,157,780
Streets, Transportation & Sanitation	Central Fleet Management	2,034,247	2,429,952	2,669,110	2,557,754	-111,356
	Office of Streets, Transportation and Sanitation	1,302,201	1,264,047	1,590,044	1,822,681	232,637
	Public Works Department	81,459,014	85,820,856	84,365,816	81,989,744	-2,376,072
	Snow Removal	19,130,202	23,100,164	18,510,608	22,563,964	4,053,356
	Transportation Department	29,972,352	31,369,983	30,956,887	33,208,118	2,251,231
Total	133,898,016	143,985,003	138,092,465	142,142,261	4,049,796	
Non-Mayoral Departments	City Clerk	1,006,629	1,054,987	1,081,664	1,127,496	45,832
	City Council	4,734,093	4,948,747	5,213,682	5,289,879	76,197
	Finance Commission	187,376	192,044	247,687	265,675	17,988
	Total	5,928,097	6,195,779	6,543,033	6,683,050	140,017
Grand Total	1,983,884,432	2,103,294,755	2,139,191,818	2,215,156,195	75,964,378	

Table 8

Personnel Summary

		1/1/13	1/1/14	1/1/15	1/1/16	Projected
		FTE	FTE	FTE	Projected	Inc/(Dec)
Office of the Mayor	Mayor's Office	23.0	24.6	30.6	39.6	9.0
	Election Department	26.1	28.0	27.0	27.0	-
	Law Department	47.0	50.0	46.0	46.0	-
	Public Information	18.6	20.8	19.6	-	(19.6)
	Total	114.7	123.4	123.2	112.6	(10.6)
Operations	Intergovernmental Relations	10.8	8.8	10.0	11.0	1.0
	Property & Construction Mgmt.	202.0	198.0	203.0	185.0	(18.0)
	Total	212.8	206.8	213.0	196.0	(17.0)
Civic Engagement	Neighborhood Services	21.0	17.0	26.0	44.0	18.0
	Total	21.0	17.0	26.0	44.0	18.0
Arts & Culture	Office of Arts & Culture	-	-	9.0	11.0	2.0
	Library Department	390.7	393.8	403.1	403.6	0.5
	Total	390.7	393.8	412.1	414.6	2.5
Economic Development	Office of Economic Development	14.0	14.0	19.0	19.0	-
	Consumer Affairs & Licensing	6.8	6.8	6.0	6.0	-
	Licensing Board	7.6	10.6	9.6	9.6	-
	Office of Tourism	22.3	19.1	8.7	10.7	2.0
	Total	50.7	50.5	43.3	45.3	2.0
Education	School Department	8,381.0	8,663.8	8,788.9	8,896.6	107.7
	Total	8,381.0	8,663.8	8,788.9	8,896.6	107.7
Environment, Energy & Open Space	Environment	22.0	24.0	20.0	23.0	3.0
	Inspectional Services	217.0	223.0	214.0	235.0	21.0
	Parks and Recreation	204.0	204.0	193.0	208.0	15.0
	Total	443.0	451.0	427.0	466.0	39.0
Finance & Budget	Office of Finance & Budget	8.0	6.0	7.0	7.0	-
	Assessing Department	81.0	84.0	81.0	83.0	2.0
	Auditing Department	31.0	37.0	35.0	35.0	-
	Budget Management	23.1	24.1	22.1	24.1	2.0
	Human Resources	47.1	44.5	43.5	43.5	-
	Labor Relations	11.0	10.0	9.0	10.0	1.0
	Purchasing Division	20.0	23.0	21.0	21.0	-
	Registry Division	19.0	19.0	19.0	19.0	-
	Treasury Department	51.0	52.0	50.0	50.0	-
	Total	291.2	299.6	287.6	292.6	5.0
Health & Human Services	Boston Center for Youth & Families	355.3	366.4	363.2	355.2	(8.0)
	Commission for Persons with Disabilities	5.0	5.0	6.0	6.0	-
	Elderly Commission	56.0	55.0	57.0	57.0	-
	Fair Housing & Equity	4.0	7.0	6.0	6.0	-
	Office of New Bostonians	5.0	5.0	5.0	5.0	-
	Public Health Commission	797.8	762.3	769.6	779.6	10.0
	Veterans Services	11.6	12.6	13.0	13.0	-
	Women's Advancement	2.0	2.0	3.0	3.0	-
	Youth Engagement & Employment	7.0	6.0	8.7	8.0	(0.7)
Total	1,243.7	1,221.3	1,231.5	1,232.8	1.3	
Housing & Neighborhood Development	Neighborhood Development	30.4	38.9	37.5	37.5	-
	Total	30.4	38.9	37.5	37.5	-
Information & Technology	Dept of Innovation & Technology (DoIT)	124.0	122.0	127.0	127.0	-
	Total	124.0	122.0	127.0	127.0	-
Public Safety	Emergency Management	0.6	1.4	1.4	1.4	-
	Fire Department	1,560.2	1,619.2	1,625.2	1,629.0	3.8
	Police Department	2,853.1	2,921.7	2,902.1	2,920.0	17.9
	Total	4,413.9	4,542.3	4,528.7	4,550.4	21.7
Streets, Transportation & Sanitation	Office of Streets, Transportation & Sanitation	13.0	16.0	17.0	19.0	2.0
	Central Fleet Management	39.0	42.0	41.0	41.0	-
	Public Works Department	303.0	324.0	353.0	335.0	(18.0)
	Transportation	359.9	370.9	351.9	367.9	16.0
	Total	714.9	752.9	762.9	762.9	-
Non-Mayoral	City Clerk	13.0	13.0	14.0	14.0	-
	City Council	84.3	82.4	88.7	88.7	-
	Finance Commission	3.0	3.0	4.0	4.0	-
	Total	100.3	98.4	106.7	106.7	-
Grand Total		16,532.3	16,981.7	17,115.4	17,285.0	169.6

Table 9

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 FY16 are estimates based on the personnel funding levels contained in the FY15 budgets.

FY14- FY15 FTE Changes

The total net increase in FTEs from January 1, 2014 to January 1, 2015 was 133.7. The majority of the increase was in the 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.

The School Department added 125.1 FTEs. The number of special education teachers increased with the growing population and the opening of new inclusion classrooms. The department also saw an increase in teachers as a result of the first year of the hiring autonomy initiative to increase the diversity and quality of teachers in classrooms.

The departments in the Operations Cabinet increased by a total of 6.2 FTEs. The Property and Construction Management grew by 5 FTEs with the filling of vacancies.

The new Civic Engagement Cabinet reflects the increase in Neighborhood Services is related to the timing of the mayoral transition and the transfer of 4 City Hall to Go positions to this department.

The new Arts & Culture Cabinet added 18.3 FTEs. The new Office of Arts & Culture had 9 employees transferred from the Office of Tourism (previously Arts, Tourism & Special Events), which is now in the Economic Development Cabinet. The Library Department increased with the filling of vacancies.

The new Economic Development Cabinet, contrastingly, declined by 7.2 FTEs. The Office of Tourism transferred 9 employees to the Office of Arts & Culture and had a couple vacancies. The new Office of Economic Development includes the programs and staff of Boston Residents Jobs Policy and Small/Local Business Enterprise. The Office also added 5 new positions, including the new Cabinet chief, to support its expanded functions.

The Environment, Energy and Open Space Cabinet decreased by 24 FTEs. The Inspectional Services Department has a net decrease of 9 FTEs from January 2014 to January 2015, with the transfer of 19 code

enforcement positions to the Public Works department partially offset by the filling of vacancies including those for rental housing ordinance inspections. The Environment Department (-4) and Parks (-11) departments had FTE declines due to the timing of filling vacancies.

The Finance, Budget & Administration Cabinet declined by 12 FTEs due to a small number of vacancies in most of the departments in January 2015.

The Health & Human Services Cabinet shows a net increase of 10.2 mainly due to the timing of the EMS class in PHC. Women's Advancement added a staff assistant as the department expands its programmatic and policy efforts.

The FTE count in the Housing & Neighborhood Development Cabinet remained fairly level. The Information & Technology Cabinet increased by 5 FTEs with the filling of key vacancies including a new position to support the permitting system.

Staffing levels in the Public Safety Cabinet decreased by 13.6 FTEs. The timing of new recruit classes impacts the annual FTE snapshot on the January 1st date. The Police department's decline of 19.6 FTEs is also related to civilian attrition.

The Streets, Transportation & Sanitation Cabinet increased by a net of 10 FTEs. Public Works increased by 29 FTEs with the addition of 19 code enforcement positions from ISD, the filling of vacancies, and a reduction in the number of employees on leave. The Transportation Department's decrease of 19 FTEs is due to the varied timing of parking enforcement officer classes from year to year.

FY15-FY16 Projected FTE Changes

The City projects that the net increase in FTE levels will be 169.6 from January 1, 2015 to January 1, 2016. The cabinet structure has been slightly revised and, in some cases, departments and programs will change in FY16. While the January 1, 2016 projected FTEs reflect the new structure, the January 1, 2015 numbers are actual FTEs in the departments prior to the changes. As a result, many of the projected increases or decreases in individual departments are due to organizational shifts.

The majority of the growth in filled FTEs from January 2015 to January 2016 is in the Education Cabinet. The School Department is projecting a net increase of 107.7 FTEs with higher projections for bilingual and other specialist teachers, and instructional aides in

classrooms, offsetting reductions in central office positions.

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. Retirements, which are typically higher in January than other months, will cause the numbers to go down again. The Fire Department is projected to increase by 3.8 FTEs assuming normal attrition and the hiring of a new class in the summer of 2015. 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 projected increase of 17.9 FTEs in the Police Department is also based on normal attrition as well as a new police class in the fall of 2015.

Environment, Energy and Open Space has a projected increase of 39 FTEs, mostly due to the transfers of programs into departments in this cabinet. The Inspectional Services Department (ISD) is expected to grow by 21 FTEs with the transfer of Animal Care and Control from Property and Construction Management and the filling of existing vacancies. The Parks and Recreation Department will increase by 15 FTEs with the transfer of the Citywide Recreation program from Boston Centers for Youth and Families and the addition of a second shift in parks maintenance. The Environment Department will add 2 employees to the general fund when a grant supporting the Greenovate program ends, however, a food policy position has been transferred out to the Health and Human Services Cabinet. The department also anticipates hiring into a new position in the municipal energy unit and filling a vacancy.

Staffing in the Mayor's Office Cabinet is projected to decrease by 10.6 positions between January 1, 2015 and January 1, 2016. Public Information will no longer be a department in FY16 and its programs will transfer into other departments. The communication program and its FTEs will be added to the Mayor's Office. The 24 hour constituent engagement program will transfer to the Office of Neighborhood Services in the Operations Cabinet.

The departments in the Operations Cabinet are anticipated to have a net decrease by 17 FTEs. Property and Construction Management will decline by 18 FTEs as Animal Control is transferred to ISD. Intergovernmental Relations will hire a resource development position to assist in the coordination of external funding.

The new Civic Engagement Cabinet comprised of the Neighborhood Services department has a projected increase of 18 with the addition of the constituent engagement program from Public Information and new staff to support the roll-out of a new 311 system.

The Arts & Culture Cabinet shows an increase of 2.5 FTEs. The Office of Arts & Culture will fill several vacancies and hire a position to support the work of the new Cultural Plan. The Library Department will remain fairly level. The Economic Development Cabinet is projected to increase by 2 FTEs with the filling of vacancies.

The Finance & Budget Cabinet is projected to increase by 5 FTEs in FY16. The Assessing department will hire several employees to improve its inspection and research capacity. The Office of Budget Management will fill 2 vacant positions and the Office of Labor Relations will fill 1.

The Health and Human Services Cabinet is expected to be fairly level overall with an increase of 1.3 FTEs. The Boston Centers for Youth and Families will see a net decrease of 8 FTEs with 10 FTEs transferring to the recreation unit to the Parks and Recreation department and taking on 2 positions focused on food policy. The Public Health Commission (PHC) is projected to have an increase of 10 FTEs with the hiring of 3 positions for the new Office of Recovery Services, 2 FTEs for the Safe Needle Pickup and Disposal program, 4 positions in the new Overdose Prevention and Outreach Teams, and an additional EMS command staff position.

The FTE counts in the Housing & Neighborhood Development Cabinet and the Information & Technology Cabinets are expected to remain level.

The Streets, Transportation & Sanitation Cabinet is also projected to remain level overall, though there will be organizational shifts between its departments. The Office of Streets, Sanitation, and Transportation will increase by 2 FTEs with the transfer of Public Works employees to consolidate human resources functions for the entire cabinet. The traffic signals unit, which has 16 FTEs, will transfer from the Public Works Department to the Transportation Department.

The Non-Mayoral group of departments will be constant from January 1, 2015 to January 1, 2016 based on current and historical staffing levels.

EXTERNAL FUNDS

The City's \$2.9 billion operating budget is supplemented by approximately \$323.8 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-eight departments and agencies expect to receive federal, state or other forms of external funding in FY16. Since there are hundreds of grants and many of them are small, the focus here is on the largest grants. Over 93% of the City's external funds are found in seven of those twenty-eight departments. These seven departments are Boston Public Schools, Neighborhood Development, Public Health Commission, Office of Emergency Management, Police Department, Library Department, and the Elderly Commission. Other departments that also have significant grant funding are the Parks and Recreation Department and the Transportation Department. Descriptions and amounts of grants by department can be found in Volumes II and III.

	External Funds		
	FY14 Expenditure	FY15 Estimated	FY16 Estimated
Boston Public Schools	150,789,192	148,099,014	135,411,785
Neighborhood Development	69,971,898	70,413,648	79,124,745
Public Health Commission	42,914,488	40,172,987	48,003,626
Emergency Management	16,752,183	24,579,634	12,477,096
Police Department	10,228,238	11,535,609	11,300,655
Library Department	8,014,824	8,273,317	8,796,454
Elderly Commission	7,274,153	6,744,834	7,328,001
Other	18,007,015	19,657,027	21,350,328
	<u>323,951,992</u>	<u>329,476,068</u>	<u>323,792,688</u>

Table 10

Federal and State Grants

Federal grants have historically provided funding for key City priorities for education, community development, and services for seniors. Boston Public Schools, the Department of Neighborhood Development, and the Elderly Commission have been the traditional recipients of recurring entitlement grants provided by the federal government.

The City will continue to receive Community Development Block Grant (CDBG) and HOME funding for a variety of neighborhood development activities. 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. Descriptions of the largest federal and state supported programs in

the departments managing the bulk of the City's external fund resources are given below.

Boston Public Schools

The School Department's FY16 general fund budget of \$1,013.5 million is supplemented with approximately \$135.4 million in external funds, largely consisting of grants made directly to the Boston Public Schools from state and federal government entities. There are three main categories of external funding: formula grants, competitive grants, and reimbursement grants.

Title I of the No Child Left Behind Act (NCLB), the school lunch reimbursement program, and resources allocated in support of the Individuals with Disabilities Education Act (IDEA) are the three largest sources of external funding and comprise the bulk of federal support. Other significant sources of external funding include Title II (teacher quality grant), the special education "Circuit Breaker" reimbursement, and the Expanded Learning Time grant.

Title I - This federal program supplements education in schools with significant populations of low-income students. This key source of funding for the Boston Public Schools makes up a large portion of the federal formula grant funding received. The School Department estimates spending levels for Title I to be \$40.2 million in FY15 and reduced to \$28.6 million in FY16.

School Lunch - The School Lunch program, administered by the U.S. Department of Agriculture, reimburses local school districts on a per-meal basis for the costs of breakfast and lunch. The School Department expects to receive \$34.3 million in reimbursements in FY15 and FY16.

Individuals with Disabilities Education Act (SPED - IDEA) - This federal formula grant supports special education programs. The School Department expects to spend \$21 million in FY15 and \$17.6 million in FY16.

SPED Reimbursement "Circuit Breaker" - The state special education reimbursement program, commonly known as the Circuit Breaker program, was started in FY04 to provide additional state funding to districts for high-cost special education students. In cases where a student's special education costs are four times the state average foundation budget per pupil, the state reimburses a portion of those costs. In FY15, the State reimbursed at the rate of 78.4% of eligible costs. The School Department estimates reimbursement levels

for Circuit Breaker to be \$15.1 million in FY15 and FY16.

Title II Teacher Quality – The School Department expects to spend \$5.6 million in FY15 and \$5.5 million in FY16 from this federal formula grant program to improve educator quality and effectiveness.

Title III Bilingual Language Acquisition Program – This federal grant provides for investments in English language learners (ELLs), including summer learning academies for ELLs, and professional development for teachers, coaches, and family liaisons. The department expects to spend \$2.6 million in FY15 and \$2.4 million in FY16.

Quality Full-Day Kindergarten – This grant from the Commonwealth of Massachusetts is used for extended time at the Early Learning Centers (ELCs) and Early Education Centers (EECs). The department expects to spend \$2.3 million in FY15 and FY16.

Summer Food Program – This Federal grant provides support to feed children in summer school and summer activities held in schools, community centers and community-based organizations. The department expects to spend \$1.7 million in FY15 and \$1.3 million in FY15.

Perkins Vocational Education- This Federal program supports career-technical education programs. Funds are used to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career-technical education programs. The department expects to spend \$1.3 million FY15 and \$1.2 million in FY16.

Community Partnerships for Children - The Community Partnership Program is a state program that creates comprehensive, high-quality programs for preschool-aged children in public preschools, Head Start centers, private day care centers, and family-based day care centers. The amount budgeted by the School Department, which serves as the fiscal agent for this program, is \$1.2 million for FY15 and FY16.

Expanded Learning Time – This grant from the Commonwealth of Massachusetts provides funding for extended teaching time at the Edwards Middle School and Boston Arts Academy. The department expects to spend \$2.1 million in FY15 and FY16.

Neighborhood Development

The external funds budget for the Department of Neighborhood Development (DND) is projected to increase by 12.4% in FY16. The rise primarily comes from increases to the HOME, HOPWA, and Emergency Shelter awards for federal FY15, as well as the Inclusionary Development Fund.

Continuum of Care - The Continuum of Care program combines the previously standalone Supportive Housing and Shelter Plus Care programs into one annual competitive grant program from the US Department of Housing and Urban Development (HUD). The purpose of the program is to assist individuals and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long term stability. The City anticipates spending \$23.9 million in FY15 and \$24.2 million in FY16 on Continuum of Care activities.

Community Development Block Grant (CDBG) – CDBG is an annual entitlement grant from HUD to the City of Boston. The CDBG program funds a variety of neighborhood development activities. DND, the Fair Housing Commission and the Mayor's Office of Jobs and Community Services expect to spend \$22.1 million in FY15 and \$24.2 million in FY16. At least 70% of CDBG funds must be used to benefit low- and moderate-income households. The City uses CDBG funds to produce and preserve affordable housing; revitalize neighborhood commercial districts, assist the renovation of non-profit facilities; improve vacant lots; promote and monitor fair housing activities; and assist non-profit organizations in the operation of emergency shelters, health care, youth, and adult literacy programs. CDBG funds cannot be used for general government services and cannot replace funding cut from existing public service activities. CDBG funding is also used as security for Section 108 loans.

Choice Neighborhoods Implementation Grant and Community Challenge Planning Challenge Grant – In FY12 DND was awarded two competitive grants from HUD. The Choice Neighborhoods Implementation Grant aims to link affordable housing with quality schools, public transportation, good jobs, and safe streets. Specifically, funds are being used to redevelop the Woodledge/Morant Bay Apartments and revitalize Dorchester's Quincy Street Corridor. The City

anticipates spending \$6.4 million on these programs in FY15 and an estimated \$2.2 million in FY16.

HOME Investment Partnership - The HOME Partnership Program is an entitlement grant from HUD to support the development of affordable housing. The City estimates spending \$5.1 million in FY15 and \$4.6 million in FY16. Eligible activities include new construction or rehabilitation of housing, tenant-based rental assistance for up to two years, and assistance to first-time homebuyers. All HOME funds must be used to benefit low and moderate-income households. Fifteen percent of HOME funds are set aside for projects sponsored by Community Housing Development Organizations. Up to five percent may be set aside for operating costs for Community Housing Development Organizations.

Section 108 Loan Guarantee Program - Section 108 funds are available to eligible cities from HUD on an application basis and can only be used for economic development projects. The City receives and administers Section 108 funds through a pledge of its current and future CDBG grant awards. DND will continue its Boston Invests in Growth II Program in FY16 with projected spending of \$5 million.

Emergency Solutions Grant and Housing Opportunities for Persons With AIDS (HOPWA) - The City expects to spend \$1.4 million in FY15 and another \$1.5 million in FY16 from these two HUD entitlement grants that become available each July. The Emergency Solutions Grant supports the development and operation of emergency shelters for the homeless and the HOPWA program provides housing, rental assistance, and support services for persons with AIDS.

HODAG Program Income – New in FY15, HODAG program income is income generated from a HODAG loan the BRA made to the Douglas Housing Plaza Phase I development. HODAG program income will be used to help fund the City's housing development pipeline. DND anticipates spending \$1.75 million in FY15.

Public Health Commission

Ryan White Care Act - This funding is intended to help communities increase the availability of culturally and linguistically competent primary health care and support services, increase access for underserved populations, and improve the quality of life of those living with HIV/AIDS and their families. In FY15,

contracts supported approximately 35 community agencies and 55 programs in the ten county regions of Massachusetts and southern New Hampshire. The estimated level of spending for this federally funded program is \$12.3 million for FY16.

Homeless Services - External funding for the Southamptton and Woods Mullen Shelters provides services to over 6,000 homeless clients annually. In addition to providing emergency shelter and transitional housing for 800 homeless adult men and women each day, clients receive food, clothing, health care, social services, vocational training, and community re-entry services. Funding from the Substance Abuse Mental Health Services Administration (SAMHSA) provides permanent supportive housing to chronically homeless clients; these clients receive Section 8 vouchers from the Boston Housing Authority and community-based management services over a 9-12 month period. Overall, projected external funding for homeless services in the Public Health Commission (PHC) budget for FY16 totals \$10.4 million.

Addictions Prevention, Treatment and Recovery Service - Programs provide an intensive outpatient substance abuse treatment that preserves and supports the family unit and provides a healthy and safe environment for women and their children. The Commission's work also includes harm reduction activities, connection to treatment, and needle exchange for injecting drug users. PHC will continue to offer intensive substance abuse counseling and short term residence for clients being discharged from detoxification programs and awaiting placement in residential recovery. The Massachusetts Department of Public Health is expected to provide \$2.4 million for FY16 in support of this work.

Violence Prevention - The Centers for Disease Control and Prevention (CDC) designated the Boston Public Health Commission the lead agency in Boston for their national initiative Striving To Reduce Youth Violence Everywhere (STRYVE), a five year grant totaling \$1.1 million. The Commission's VIP Initiative works closely with community-based partners to identify and implement evidence-based violence prevention programs in selected VIP neighborhoods.

Public Health Preparedness - The Commission manages a number of critical initiatives to ensure that the residents of the City are protected and well prepared in the event of a major emergency. Among these activities are those funded by state federal-pass-

through grants totaling almost \$3 million to support public communication strategies, communicable disease control, and the public health preparedness program.

Partners in Community Health (PICH) - PICH is a 3-year grant, with \$1.8 million administered in FY16, from the CDC to reduce the burden of chronic disease in Boston. The project is co-led by the Boston Public Health Commission and the Boston Alliance for Community Health. Over the next 2 ½ years, the Commission will implement citywide voluntary policy, systems, and environmental changes in the city of Boston with a focus on tobacco free housing; increasing access to healthy food and beverages; and increasing opportunities for safe and active transportation.

Partners in Health and Housing – The Commission received a new stream of CDC REACH funding for a 3-year project generating almost \$3 million for the city. In partnership with Boston Housing Authority (BHA), Boston University School of Public Health (BUSPH), and the Community Committee for Health Promotion, the department will be able to focus efforts on improving the health outcomes of residents of BHA properties and residents receiving Section 8 certificates through BHA, with a particular emphasis on Black and Hispanic residents.

Boston Healthy Start Initiative (BHSI) – The Health Resources and Services Administration (HRSA) provided the Public Health Commission with \$1.9 million in FY16 to support community programs and community-based efforts to eliminate birth outcome disparities in Boston. Services will be provided at 12 sites, including 7 clinical sites and 5 community-based organizations.

Office of Emergency Management

The Office of Emergency Management (OEM) pursues funding opportunities and manages federal homeland security grants awarded to the Metro-Boston Homeland Security Region (MBHSR). The Urban Area Security Initiative (UASI) grant provides the bulk of the funding for this office. This federal grant serves to address the unique equipment, planning, training and operational needs for first responders in the MBHSR. The region encompasses the cities of Boston, Cambridge, Chelsea, Everett, Quincy, Revere, and Somerville, and the towns of Brookline and Winthrop. OEM will spend an estimated \$22.3 million in UASI

funds in FY15 and \$11.7 million in FY16, allowing the department to make a concentrated effort to purchase new equipment. UASI grants are awarded based on the Federal Fiscal Year and OEM is still spending down prior year UASI awards.

Additionally, OEM receives funding under the Regional Catastrophic Preparedness Grant Program (RCPGP). This federal grant is designed to enhance regional catastrophic planning efforts, with the goal of strengthening the nation against risks associated with catastrophic events. The region includes communities from Massachusetts, New Hampshire, and Rhode Island. Spending from RCPGP is expected to be \$1.3 million in FY15 and \$779 thousand in FY16.

Police Department

The Police Department's grant funding on both the federal and state level has historically focused on community policing and youth violence prevention strategies.

Public Safety Answering Point (PSAP) Emergency – Funds are awarded by the Executive Office of Public Safety and Security State 911 Department. Awards are based on a formula that weighs both 911 call volume and population served. 25% of the total telephone surcharge revenues of the previous fiscal year shall be allocated to support grant awards. The purpose of the State 911 Department PSAP Grant is to assist PSAP's in providing enhanced 911 services and to encourage development. The Boston Police Department, Emergency Management Services and Boston Fire Department will utilize funds to fund personnel costs, annual software maintenance fees and equipment purchases such as mobile data terminals. The department expects to spend \$2.7 million in FY15 and \$3.3 million in FY16.

The Second Chance Act Adult Prisoner Reentry Initiative is a federal grant awarded by the Department of Justice, Bureau of Justice Assistance, for the purpose of supporting two City of Boston adult reentry initiatives: The continuation of the Boston Reentry Initiative, which targets male offenders, age 17-30 at the Suffolk County House of Correction, who are impact players in gang, gun, and violent crime in Boston, and therefore at a high risk for violent recidivism upon release; and Overcoming the Odds, a pilot initiative targeting male offenders released from state-level Massachusetts Correctional Institutes who are returning to Boston with comprehensive

reintegration services and increased community-corrections supervision. The department expects to spend \$1.7 million in FY15 and \$1.6 million in FY16.

Shannon Community Safety Initiative – This state grant is awarded by the Executive Office of Public Safety and Security to address gang and youth violence through the Senator Charles E. Shannon, Jr. Community Safety Initiative. The BPD in partnership with several community based organizations and city agencies support a number of prevention, intervention, and enforcement initiatives and activities that focus on a comprehensive citywide strategy to prevent youth gang and gun violence. The department expects to spend \$1.6 million in FY15 and \$1.1 million in FY16.

Community Oriented Policing Services (COPS) Hiring Program – Funded by the U.S. Department of Justice, Office of Community Oriented Policing, supplements the cost of hiring 15 military veteran sworn police officers over three years to help support targeted community policy efforts. The department expects to spend \$1.3 million in FY15 and \$1.4 million in FY16.

Community Based Violence Prevention Demonstration Grant – This federal grant is awarded by the Department of Justice, Office of Juvenile Justice Delinquency Prevention for the purpose of implementing a coordinated strategy for the prevention of gun violence in the Mattapan neighborhood of Boston. The Boston Police Department, in partnership with the Boston Public Health Commission, Boston Center for Youth and Families, and the Mayor’s Office of Jobs and Community Services has partnered with the community to reduce the number of shootings and homicides in the Mattapan neighborhood of Boston. The project is comprehensive in nature, consisting of both place-based and people-based strategies. The department expects to spend \$1.2 million in FY15 and \$543 thousand in FY16.

Justice Assistance Grant (JAG) – This federal grant is awarded by the Department of Justice, Bureau of Justice Assistance, for prevention, intervention and enforcement efforts aimed at reducing crime and violence. The Boston Police Department continues to utilize JAG funds to provide for the ongoing research, development and implementation of critical and successful programs and functions including: domestic violence advocacy at the District level; Youth Violence Strike Force – programming support and analysis; composition of innovative outreach, training, and

investigative support materials; and police technology innovations. The department expects to spend \$775 thousand in FY15 and \$742 thousand in FY16.

Library Department

Projected external fund spending for Boston Public Library (BPL) is expected to increase in FY16 by \$523 thousand with an increase provided by additional resources from Trust Funds.

Trust Fund Income and Other Sources – Annual income generated from assets held in trust can be used, based on the intentions of the donors, to support certain personnel costs and various non-personnel items to support BPL operations. In addition, this group includes other sources of income such as revenue from private events at BPL facilities, royalties, commissions and smaller grants awarded to the Trustees of the Boston Public Library. BPL expects to spend an estimated \$4.6 million in FY15 and \$5.2 million in FY16.

Library for the Commonwealth (formerly Library of Last Recourse) - The Library for the Commonwealth grant provides reference and research services for individual residents of the Commonwealth at the Boston Public Library through developing, maintaining and preserving comprehensive collections of a research and archival nature to supplement library resources available throughout Massachusetts. The Library maintains the personnel resources, expertise and bibliographic skills needed to develop and provide access to reference and research collections. Funding for this program is approximately \$2.5 million for FY15 and FY16.

State Aid to Libraries - This funding is provided by the Commonwealth of Massachusetts Board of Library Commissioners to the Trustees of the Public Library of the City of Boston annually. The Library is required to meet certain minimum standards of free public library service established by the Board to be eligible to receive the grant. The Boston Public Library expects to receive approximately \$676 thousand in FY15 and \$679 thousand in FY16.

Elderly Commission

The Elderly Commission’s FY16 external fund spending is expected to increase by \$583 thousand primarily related to the Prevention Wellness Trust Fund and the Area Agency on Aging grant.

Area Agency on Aging (AAA) – This federal Title III funding provided through the Massachusetts Executive Office for Elder Affairs is distributed by the Elderly Commission through service providers to provide direct services to elder citizens. The commission expects to spend an estimated \$3.9 million in FY15 and \$4.0 million in FY16.

State Elder Lunch Program – This annual grant provided by the Commonwealth of Massachusetts Executive Office of Elder Affairs is distributed by the Commission to service providers to deliver nutritional services to elder citizens. The commission expects to spend an estimated \$1.1 million in FY15 and \$1.2 million in FY15.

Executive Office of Elder Affairs Council on Aging- This annual grant from the Commonwealth of Massachusetts is provided by formula to provide direct services including community service advocates. The grant also provides resources to provide referral and direct services to elder tenants and homeowners. The Commission expects to spend an estimated \$704 thousand in FY15 and \$705 thousand in FY16.

Nutrition Services Incentive Program – This federal grant provided through the Executive Office of Elder Affairs is distributed by the Commission to service providers to deliver nutritional services to elder citizens. The Commission expects to spend an estimated \$674 thousand in FY15 and \$756 thousand in FY16.

Prevention Wellness Trust Fund – This new grant comes to the Elderly Commission through the Boston Public Health Commission from the Massachusetts Department of Public Health. The program aims to improve health outcomes. The Commission anticipates \$253 thousand in FY16 spending.

FY16 ALL FUNDS BUDGET

The following table consolidates the projected FY16 expenditures from the General Fund, Special Revenue Funds (external grants for the most part) 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 FY16 budget document.

Budget Document Structure

The Operating Budget for FY16 and Five Year Capital Plan for FY16-20 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.

All Funds Budgets - FY16

Cabinet	Department	General Fund	External Funds	Capital Total	All Funds
		Budget	Budget	Budget	Budget
Mayor's Office	Mayor's Office	3,408,671	644,926	300,000	4,353,596
	Election Department	4,503,625			4,503,625
	Law Department	6,044,218	500,000		6,544,218
	Public Information	0			0
	Total	13,956,514	1,144,926	300,000	15,401,440
Operations	Intergovernmental Relations	1,319,897			1,319,897
	Property & Construction Mgmt	22,843,968		9,809,894	32,653,862
	Total	24,163,865	0	9,809,894	33,973,759
Civic Engagement	Neighborhood Services	2,742,150			2,742,150
	Total	2,742,150	0	0	2,742,150
Arts & Culture	Office of Arts & Culture	1,401,087	213,080		1,614,167
	Library Department	34,092,573	8,796,454	36,380,081	79,269,108
	Total	35,493,660	9,009,534	36,380,081	80,883,275
Economic Development	Office of Economic Development	1,885,040	500,000		2,385,040
	Boston Redevelopment Authority	0		8,848,145	8,848,145
	Consumer Affairs & Licensing	456,831	52,000		508,831
	Licensing Board	833,629			833,629
	Office of Tourism	1,155,750	180,000		1,335,750
	Total	4,331,250	732,000	8,848,145	13,911,395
Education	Boston Public Schools	1,013,500,000	135,411,785	75,148,682	1,224,060,467
	Total	1,013,500,000	135,411,785	75,148,682	1,224,060,467
Environment, Energy & Open Space	Environment Department	2,139,759	1,025,411	445,000	3,610,170
	Inspectional Services Department	18,337,721	449,932		18,787,653
	Parks & Recreation Department	19,245,754	5,919,487	23,798,241	48,963,482
	Total	39,723,234	7,394,830	24,243,241	71,361,305
Finance, Budget & Administration	Office of Finance & Budget	933,000			933,000
	Assessing Department	7,108,093			7,108,093
	Auditing Department	2,665,861	180,732		2,846,593
	Budget Management	3,135,987			3,135,987
	Execution of Courts	3,500,000			3,500,000
	Health Insurance	195,756,613			195,756,613
	Human Resources	3,806,731			3,806,731
	Medicare	8,700,000			8,700,000
	Office of Labor Relations	1,424,704			1,424,704
	Pensions & Annuities - City	4,100,000			4,100,000
	Pensions & Annuities - County	100,000			100,000
	Purchasing Division	1,863,465			1,863,465
	Registry Division	1,008,374			1,008,374
	Treasury Department	4,316,741			4,316,741
	Unemployment Compensation	350,000			350,000
	Workers' Compensation Fund	2,200,000			2,200,000
	Total	240,969,569	180,732	0	241,150,301
Health & Human Services	Boston Center for Youth & Families	24,828,025	1,892,377	5,400,000	32,120,401
	Commission For Persons W/Disabilities	411,250			411,250
	Elderly Commission	3,128,251	7,328,001		10,456,251
	Fair Housing & Equity	217,336	951,063		1,168,399
	Office of New Bostonians	376,521	314,755		691,276
	Public Health Commission	73,950,274	48,003,626	12,645,551	134,599,451
	Veterans' Services Department	5,250,761			5,250,761
	Women's Advancement	213,218			213,218
	Youth Engagement & Employment	5,548,119	1,400,000		6,948,119
Total	113,923,755	59,889,821	18,045,551	191,859,127	
Housing & Neighborhood Developme	Leading the Way	0			0
	Neighborhood Development	11,760,265	79,124,745	1,083,000	91,968,010
Total	11,760,265	79,124,745	1,083,000	91,968,010	
Information & Technology	Department of Innovation and Technology	27,828,305	1,855,810	19,946,090	49,630,206
	Total	27,828,305	1,855,810	19,946,090	49,630,206
Public Safety	Emergency Management	706,117	12,477,096	400,000	13,583,213
	Fire Department	213,722,812	2,701,000	7,147,000	223,570,812
	Police Department	323,509,387	11,300,655	11,460,000	346,270,042
Total	537,938,317	26,478,751	19,007,000	583,424,068	
Streets, Transportation & Sanitation	Central Fleet Management	2,557,754	350,000		2,907,754
	Office of Streets, Transportation and Sanitation	1,822,681			1,822,681
	Public Works Department	81,989,744	20,000	71,987,415	153,997,159
	Snow Removal	22,563,964			22,563,964
	Transportation Department	33,208,118	2,154,863	17,587,835	52,950,815
Total	142,142,261	2,524,863	89,575,250	234,242,374	
Non- Mayoral Departments	City Clerk	1,127,496	44,892		1,172,388
	City Council	5,289,879			5,289,879
	Finance Commission	265,675			265,675
	Total	6,683,050	44,892	0	6,727,942
Grand Total	2,215,156,195	323,792,688	302,386,934	2,841,335,817	

Table 11

MULTI-YEAR BUDGET PLAN

Introduction

While statutorily the City must maintain an annual budget process subject to the appropriating authority of the City Council, a two-year projection provides a useful context for current decision making and planning purposes.

In projecting the City's operating budget for FY17 and FY18, the issues of health insurance cost growth and outstanding collective bargaining continue to be critical factors. With signs of a stabilizing and growing economy, accurate revenue estimation becomes more important to ensure that growth is realistic and attainable. The property tax levy is expected to grow from its base by the allowable 2.5% and new growth in the levy is expected to increase over the FY16 budgeted amount. In terms of state aid, continued pressure from rising state assessments, particularly from Charter Schools combined with a lack of sustained general government aid growth, will force the continuation of the negative growth trend in net state aid.

The projections for FY17 and FY18 are based on the most current revenue information available. The plan reflects the best estimates of revenues as well as the major components of projected expenditures.

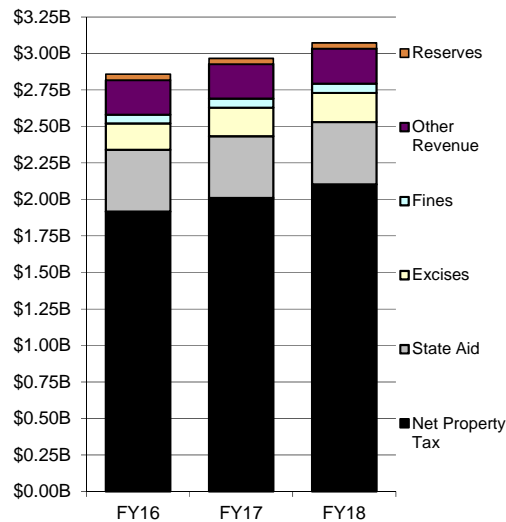
Almost all of the City's collective bargaining agreements will expire in or shortly after FY16. For the six year contract period FY11 through FY16, the City had reached voluntary settlements with all of its civilian employees, including BPS teachers. Each agreement contained the same general wage pattern, roughly 12% wage increases over the six years from FY11 through FY16. The City and the Boston Police Patrolmen's Association received an arbitration award that included an increase in annual salaries of approximately 25.4% over six years. The City subsequently reached voluntary agreements with police superiors and superior detectives. Only the fire union and the Boston Public Health Commission's agreement with its EMS union will continue through FY17. The City and the fire union also agreed to a contract that will increase salaries by 18.8% over six years through 2017. The Boston Public Health Commission agreed to a contract with EMS increasing salaries by 15.0% through FY17. The City is currently in arbitration with the detectives union.

The existing collective bargaining reserve contains estimates for proposed wage increases and the retroactive impacts of wage increases for the limited number of outstanding agreements covering the period FY11 – FY16. Departmental projections for FY17 and FY18 include the impact of settled contracts but do not include any assumptions about the next round of contracts. A wage pattern has not been established for the period FY17 – F19, but any wage increase would increase the current FY17 shortfall and exhaust projected revenue in FY18.

Another area of concern that has not been fully illustrated in the Budget Summary table is the unfunded liability related to other post-employment benefits. Beginning in FY08, the City was required to implement the provisions of GASB Statement No. 45. The statement establishes standards for the measurement, recognition and display of Other Post-Employment Benefits (OPEB) liabilities. 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 greatly understates the full obligation to provide these benefits after retirement. Although funding OPEB is currently not a legal requirement, the City has established an irrevocable OPEB Liability Trust Fund to which contributions of \$295 million have been made through appropriations approved in FY08 – FY16. A separate OPEB trust fund has been established for the Boston Public Health Commission and contributions of \$11.5 million have been made through appropriations approved in FY11 – FY16. An independent actuarial valuation estimates the City's total unfunded OPEB obligation at June 30, 2013 at \$2.1 billion. The City faces the challenge of addressing the funding needs of this liability while continuing to balance all of the other costs of running a major city. The FY16 budget authorizes another payment of \$40 million to the City's OPEB Liability Trust Fund; the FY17 and FY18 projections each also includes a \$40 million payment.

Revenue Trends

The following chart displays the breakdown of revenue projected for FY16-FY18 (Figure 11).



Recurring Revenue
 FY16 Budget, FY17 & FY18 Projected

Figure 11

Major revenue trends include:

Property Tax Levy: The levy will grow by the allowed 2.5% increase and new growth is projected to grow at approximately \$90 million over FY17 and FY18 combined. The net property tax assumes an overlay reserve set at 2.0%. A net total increase in the levy of over \$186 million is projected over the two years.

State Aid: State aid is projected to decrease marginally in FY17 and increase FY18. These changes are due to an increase in Chapter 70 education aid, which is projected to increase modestly each year based on a per pupil allotment, and conservative projections of the Charter School Tuition Reimbursement. The latter will be accompanied by a larger increase to the Charter School Tuition Assessment and thus represents a decrease in total resources available for appropriations. Unrestricted General Government Aid is projected to remain level in FY17 and FY18.

Excises: Excises are expected to continue to grow into FY17 with growth across all major taxes concurrent with a growing economy. Growth will continue, but slow somewhat in FY18 as the economy stabilizes. No new taxes or increases to tax rates have been assumed.

Fines: Fines are expected to increase marginally through FY18 due to an assumed increase in issuance of parking fines with a growing economy. No changes in fine rates or enforcement have been assumed.

Other Revenue:

Interest on Investments: Interest income is expected to remain level in FY17 and FY18 based on conservative assumptions on interest rates, which are tied to action by The Federal Reserve.

Payments in Lieu of Taxes (PILOT): PILOT revenue is projected to increase as the trends from the five year ramp up of payments, which ends in FY16, continues with strong support from the non-profit community.

Miscellaneous Department Revenue: Projected from historical trends and economic assumptions, these revenues are expected to increase slightly in FY17 and FY18.

Licenses and Permits: Building permits revenue is projected to increase in FY17 and FY18. The recent building boom is expected to slow, but since permits are related to the cost of work, strong property values and high construction costs are expected to continue increases in building permit revenue.

Budgetary Fund Balance: For FY17 and FY18 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 that the local economy is growing and will stabilize at a reasonable level of growth from the beginning of FY16 to the end of FY18.

Expenditure Trends

Figure 12 displays the allocation of expenditures projected for FY16-FY18.

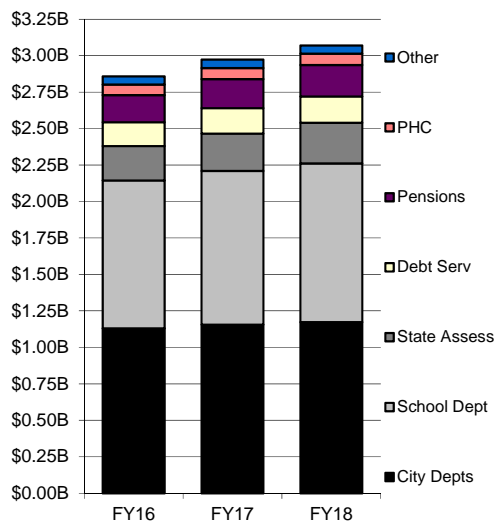
Multi-year projections assume continued financial support to meet the Mayor’s strategic goals including quality education, shared economic growth, safe surroundings, healthy and stable neighborhoods with vibrant cultural climate. Early recognition of possible FY17 and FY18 shortfalls, caused by carrying forward the costs of current operations, allows the City’s administration time to make the necessary adjustments and policy decisions to get back to a balanced budget that continues to support these goals.

Inflationary and other increases have been estimated in FY17 and FY18 for certain centrally budgeted expenditures such as health insurance and within departmental budgets for settled collective bargaining agreements and residential trash collection. At the School Department, estimated inflationary increases for settled collective bargaining agreements, student

transportation services, contracted educational services, and the furtherance of approved policy initiatives aimed at improving student learning have been projected for FY17 and FY18.

Additionally it should be noted that the FY17 and FY18 projections only include the impact of settled contracts or currently proposed wages increases. The future round of contracts that in most cases would begin in FY17 do not have estimated impacts in this two-year forecast.

All of the factors referred to above are estimated to increase total appropriations by \$69 million or 3% in FY17 and cumulatively increase by \$123 million or



Expenditures
FY16 Budget, FY17 & FY18 Projected

Figure 12

5.4% in FY18.

Fixed Costs: In FY17, fixed costs are expected to increase by about 8% and cumulatively increase by 15% in FY18. These increases can be attributed to several factors including: the continued expansion of Charter Schools and the resulting increase in the tuition assessment; increased borrowing; and scheduled pension cost increases.

Under these revenue and expenditure assumptions, the FY17 budget is currently projected to have a budget shortfall of approximately \$6.4 million and FY18 is projected to have a \$2.9 million revenue surplus. For the most part, the projections are based on current operations and the roll out of approved initiatives in FY17 and FY18. As the FY17 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 watching external funding sources very, closely prioritizing service areas and reviewing policy decisions and options that may result from external funding losses. Boston Public Schools and the Department of Neighborhood Development are two departments where federal external funds play a crucial role in allowing them to provide essential services. In the event of further grant losses in those departments, major policy decisions and/or tradeoffs will have to be made to continue to provide those services.

Employee hiring must continue to be scrutinized and controlled as the bulk of the projected increase in appropriations is employee-related. As noted previously, working in partnership with our unions, progress has been made in the area of health insurance. Despite this work and the positive impact it had on FY16, premiums are expected to increase in FY17 and FY18. The City in partnership with the 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. Decisions will need to be made on the level of budgetary fund balance that may be utilized prudently. 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 FY17 and FY18.

Planning a Balanced Budget

Preparing a multi-year planning horizon is useful because it provides 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 us to monitor changes in assumptions as new needs or innovations present themselves.

Much of the City's budget remains fairly stable during the year, but variances of as little as 1% overall could add up to over a \$28 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 chance for an unmanageable deficit. Managing position vacancies through a committee consisting of staff from the Office of Human Resources, the Office of Budget Management and the Office of Finance and Budget ensures that the hiring of personnel is justified and fits within the City's fiscal parameters. 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. (These non-personnel spending controls were used in FY09 to mitigate the impacts of mid-year State Aid reductions. At that time, the City was able to restrict access to any discretionary expenditure accounts and reduce other spending accounts centrally.)

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 are being 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.

CITY OF BOSTON BUDGET SUMMARY

(Dollars in Millions)

	FY16 Adopted	FY17 Forecast	FY18 Forecast
REVENUES			
Property Tax	1,954.66	2,050.52	2,144.79
Overlay Reserve	(38.33)	(40.21)	(42.05)
Excises	179.89	194.82	200.32
Fines	61.36	61.92	61.92
Interest On Investments	0.50	0.50	0.50
Payments in Lieu of Taxes	44.11	46.41	47.86
Urban Redev Chapter 121A	50.05	42.30	40.60
Department Revenue	58.29	59.20	60.35
Licenses & Permits	52.33	54.19	55.62
Penalties & Interest	9.86	10.11	10.26
Available Funds	21.45	23.45	25.50
State Aid	423.24	422.58	426.86
Total Recurring Revenue	2,817.41	2,925.78	3,032.49
Approp. Fund Balance	40.00	40.00	40.00
Approp. Surplus Property Fund	0.00	0.00	0.00
Total Revenues	2,857.41	2,965.78	3,072.49
EXPENDITURES			
City Departments	1,130.89	1,155.26	1,173.14
Public Health	73.95	76.57	78.33
School Department	1,013.50	1,054.28	1,088.37
Reserve for Collective Bargaining	11.14	12.06	12.15
OPEB	40.00	40.00	40.00
Total Appropriations	2,269.48	2,338.17	2,391.99
Pensions	184.55	199.36	215.32
Debt Service	164.42	173.25	180.21
State Assessments	234.89	256.54	277.53
Suffolk County Sheriff Dept	3.87	3.87	3.87
Reserve	0.21	0.95	0.71
Total Fixed Costs	587.93	633.97	677.65
Total Expenditures	2,857.41	2,972.14	3,069.63
Surplus (Deficit)	-	(6.36)	2.86

Numbers may not add due to rounding

Technical Note

The City of Boston's combined FY16 Budget and FY16-FY20 Capital Plan was published using Microsoft Word. Graphics were generated using Microsoft Excel. Oracle - Hyperion Planning, Questica -Team Budget, SAP-Scorecard and Strategy Management and Microsoft Access were used for data management and analysis.

All production was done within the Office of Budget Management. Technical development and support was provided by Paul D. Parisi.

