

Operating Budget

OVERVIEW

The FY25 Budget totals \$4.64 billion and represents an increase of \$345 million or 8% over FY24. Through sound fiscal management, this budget protects basic city services, preserves city assets, provides for public safety and security and responds to concerns about climate and the City’s affordability. This budget is a responsible approach to enacting continuous service enhancements and process improvements to deliver City services more effectively.

Property Tax continues to drive revenue growth in FY25, accounting for the majority of revenue growth over FY24. The City is expected to experience continued property tax growth in FY25, as well as a measured but substantial increase in Local Receipts, particularly Excise taxes. Net State Aid (state aid net of assessments) is budgeted to decrease by \$10 million with the increased cost of public charter school tuition assessments outpacing state aid revenue growth.

On the expenditure side, the FY25 budget reflects an increase of \$345 million or 8% over FY24. Of this year’s growth, 25% is dedicated to education, including Boston Public Schools (BPS) and Charter School Tuition Assessment. 31% of the increase is for inflationary growth of departmental expenses, strategic investments in priority areas, and integration of the Boston Planning and Development Agency into the City. 18% of the FY25 growth is dedicated to the Fixed Costs of Pension and Debt Service. Finally, the last component of spending growth, at 26%, is in the Reserve for Collective Bargaining.

This Operating Budget section lays out the FY25 budget and discusses trends in each category of the budget summary table (Table 1) on the following pages. An overview of the City’s revenues is followed by a detailed explanation of appropriations and personnel trends and a review of major externally funded services. An all-funds budget is also presented.

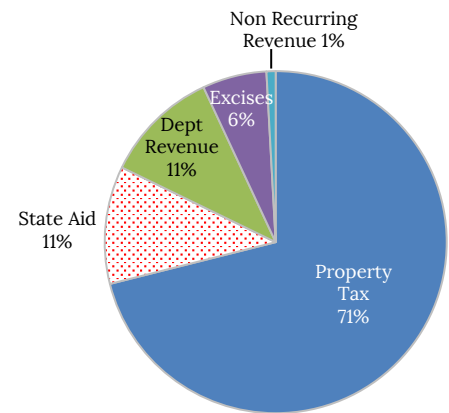


Figure 1 – FY25 Estimated Revenue

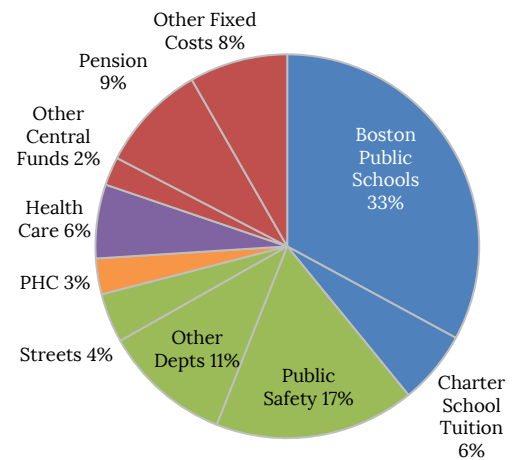


Figure 2 – FY25 Estimated Expenditures

BUDGET SUMMARY

	FY22 Actual	FY23 Actual	FY24 Budget	FY25 Budget
REVENUES (1)				
Property Tax	2,827.0	2,998.9	3,188.7	3,328.4
Property Tax Overlay	(33.2)	(29.8)	(52.0)	(33.0)
Excises	191.6	281.3	244.4	282.6
Fines	61.8	60.6	55.8	58.3
Payments in Lieu of Taxes	56.6	56.4	51.6	57.1
Intergovernmental Revenue	0.0	0.0	0.0	42.4
Interest On Investments	4.4	88.3	29.0	100.0
Urban Redev Chapter 121A	54.3	62.7	31.9	39.5
Department Revenue	83.6	88.4	69.7	83.6
Licenses & Permits	84.0	99.4	76.3	81.9
Penalties & Interest	12.8	12.0	9.5	9.9
Available Funds	0.0	0.0	31.0	31.0
State Aid	470.0	494.0	516.3	515.2
Total Recurring Revenue	3,812.9	4,212.2	4,252.2	4,596.1
Budgetary Fund Balance	0.0	0.0	40.0	40.0
American Rescue Plan	55.0	40.0	0.0	0.0
Total Revenues	3,867.9	4,252.2	4,292.2	4,636.9
EXPENDITURES				
City Appropriations (2)	1,494.3	1,539.9	1,644.2	1,739.1
Boston Public Health Commission (2)	114.8	120.8	130.3	140.1
Boston School Department (2)	1,294.7	1,379.5	1,445.9	1,526.6
Reserve for Collective Bargaining	52.0	40.0	8.9	96.8
Other Post-Employment Benefits	40.0	40.0	40.0	40.0
Total Appropriations	2,995.8	3,120.2	3,269.3	3,542.7
Pensions	323.7	381.9	390.6	422.5
Debt Service	184.3	198.4	246.2	276.4
Charter School Tuition	229.8	251.8	281.1	287.3
MBTA	94.1	93.6	95.3	97.3
Other State Assessments	5.7	6.6	6.8	7.5
Suffolk County Sheriff Dept	2.9	2.9	2.9	2.9
Reserve	2.3	4.3	0.0	0.4
Total Fixed Costs	842.8	939.5	1,022.9	1,094.3
Total Expenditures	3,838.6	4,059.7	4,292.2	4,636.9
Surplus (Deficit)	29.3	192.6	0.0	0.0

- (1) All revenues displayed are part of the City's general fund that support expenditures displayed in the bottom half of the table.
(2) See General Fund Appropriations by Cabinet & Department table for breakdown by cabinet and functional unit.
Numbers may not add.

Table 1

The City's projected revenues provide the basis for planning FY25 appropriations to maintain a balanced budget. Selected FY25 budgeted City revenues compare with FY24 projected revenues as follows: the net property tax levy increases \$158.7 million or 5.0%; interest on investments increase \$71.0 million or 244.8%, excises increase \$37.4 million or 15.3%; licenses and permits increase \$5.6 million or 7.3%; and miscellaneous department revenue increases by \$13.9 million or 20.0%. FY25 also features \$42.4 million of intergovernmental revenue from the integration of the Boston Planning and Development Agency into the City.

On the expenditure side of the budget, total appropriations increase by \$273.3 million or 8.4% and fixed costs increase by \$71.4 million or 7.0%. Selected FY25 budgeted appropriations compare with FY24 projections as follows: City appropriations increase \$94.9 million or 5.8%; the Boston Public Health Commission (PHC) increases by \$9.7 million or 7.5%; and the School Department (BPS) increases \$80.8 million or 5.6%. In addition, a collective bargaining reserve has been set aside at \$96.8 million; when the outstanding collective bargaining agreements are negotiated, these reserves will be used to cover those increased costs in City departments, PHC and BPS. City Appropriations also consist of 11 central appropriations, including a large appropriation for Health Insurance totaling \$234 million, which is an increase of 5.3% over FY24.

FY25 budgeted fixed costs are growing by \$71.4 million over FY24. Charter School Tuition assessment is expected to increase by \$6.2 million or 2.2%. Pensions, a key driver, will increase by \$31.9 million or 8.2%. Debt Service is also growing with a \$30.2 million, or 12.3%, increase.

THE GENERAL FUND

The City's entire \$4.64 billion budget is funded through the general fund. All

revenues discussed below are deposited into the City's general fund pursuant to state law and are reflected on a fiscal year basis July 1 through June 30.

REVENUE

The City's revenue budget can be divided into five categories: Property Tax, State Aid, Departmental, Excise and Non-Recurring revenue. Over the past two decades, the City's revenue structure has shifted significantly towards property tax, while State Aid has decreased as a share of the budget. During the COVID-19 pandemic Departmental and Excise receipts were significantly impacted and shortfalls were filled with non-recurring revenues. In FY25 these revenues are budgeted to exceed pre-pandemic levels while non-recurring revenues comprise of only 1% of the budget. Fiscal year 2025 will also feature the inclusion of Intergovernmental Revenues from the Planning Department. A more detailed discussion of City revenues is provided in the *Revenue Estimates and Analysis* chapter of this volume.

Property Tax Levy

The property tax levy has always been the City's largest and most dependable source of revenue. In FY24, the net property tax levy (levy less a reserve for abatements) is estimated to total \$3.14 billion and account for 73.1% of budgeted revenues. In FY25 the net property tax levy totals \$3.30 billion, providing 71.1% of the City's revenue.

In Massachusetts, Proposition 2 ½ constrains the amount of property tax revenue the City can raise each year from its existing tax base. In each year since FY85, the City has increased its levy by the 2.5% allowable under the limits set forth in Proposition 2 ½.

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. Due in part to efforts to

attract business development to Boston and grow its housing stock, Boston has experienced unprecedented new growth property tax revenue from FY17 through FY24. New growth is budgeted at \$60.0 million in FY25, roughly 34% below the new growth average from the recent boom. The City is conservatively budgeting new growth due to economic uncertainty related to price inflation and high interest rates.

State Aid

The primary sources of aid from the State to municipalities are education aid and unrestricted general government aid. The State also distributes aid for libraries and provides some other reimbursements to municipalities.

Total state aid has experienced little growth over the past two decades. Since its peak in FY08, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$241.9 million or 76.4%. In FY25, net state aid is budgeted to decrease by \$10.0 million, or -7.5%, compared to FY24, based on the status of the proposed FY25 State Budget at the time the City’s recommended budget was finalized. This decline is attributable to a \$6.2 million, or 2.0%, increase in the Charter Tuition Assessment, and an \$8.5 million reduction in the Charter Tuition Reimbursement, -15.4%. The City’s two largest state aid sources, Chapter 70 Education aid and Unrestricted General Government aid, are budgeted to increase by \$8.5 million, or 1.9% from FY24.

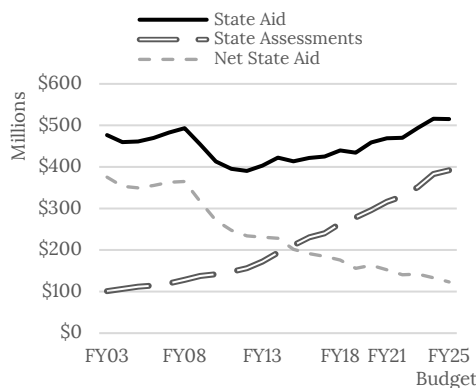


Figure 3 - State Aid, State Assessments and Net State Aid (in millions), FY03-FY25

Local Receipts

A combined 17.0% of the City’s budgeted revenue in FY25 is comprised of excise taxes, fines, payments-in-lieu-of-taxes, Chapter 121A payments, investment income, intergovernmental revenue, departmental revenue, licenses and permits, penalties and interest, and available funds. To forecast these receipts, the City analyzes trends in historical collections and incorporates available economic data into its assumptions.

The FY25 revenue budget includes \$786.3 million in Local Receipt revenue, an increase of \$187.1 million from FY24, or 31.2%. This increase is mostly driven by interest on investments, the inclusion of Intergovernmental Revenue from the Planning Department, and the strong performance of local excises.

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 FY25 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.

EXPENDITURES

Expenditures are broken down into two primary groups: (1) appropriations directly related to departmental services and (2) fixed and mandated costs. FY25 appropriations are subdivided into three subgroups as follows:

- City Appropriations, which includes all operating department appropriations, centrally budgeted costs such as health insurance and Medicare, 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;
- School Department, the City appropriation for the Boston Public Schools (BPS).

Appropriations are also presented by expenditure category across the three subgroups listed above (Figure 3).

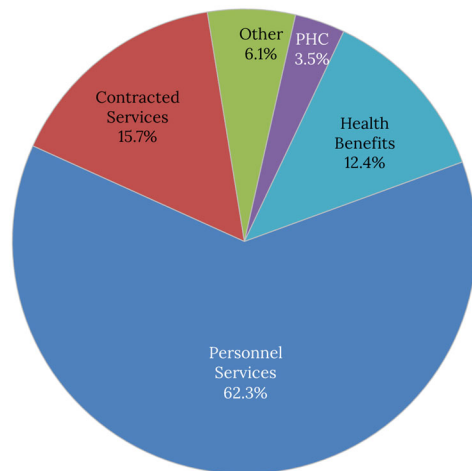


Figure 4 - FY25 Appropriations by Category

Personnel Services include salaries, overtime, unemployment compensation and workers' compensation, and collective bargaining reserves for estimated wage increases for union employees whose agreements are not settled.

The Health Benefits category includes the cost of health, dental and life insurance for City, BPS and PHC employees and retirees, employer Medicare payroll taxes, and 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

Health benefit costs comprise a significant portion of the City budget and are a critical benefit for City employees and retirees.

In 2020, the City of Boston conducted an RFP for its non-Medicare health insurance plans. On July 1, 2021, the City transitioned from two HMO plans to one standard HMO plan and one value HMO plan, with the standard HMO plan under a new provider. As a result of the RFP process, \$12 million in savings were realized in FY22, due to lower administrative fees and anticipated medical claims and prescription drug savings.

The City continues to benefit from health care cost reforms achieved in the FY21-25

Public Employee Committee (PEC) agreement, which continues to provide over 30,000 active and retired employees with quality healthcare coverage while saving the City nearly \$60 million over five years. Based on savings included in this agreement, the City will realize up to \$14.9 million in new avoided health care costs in FY25.

The FY25 budget includes \$445 million for all health benefits-related costs for the City’s employees and retirees, comprising 9.6% of total City expenditures – compared to 7.8% in 2001. \$42.25 million of these costs are for future OPEB liabilities, which are discussed in more detail in the following section. The remaining \$402 million of these costs are for current health, dental and life premiums, and employer Medicare payroll taxes.

As shown in Figure 5, these costs grew from \$132 million in FY01 to \$402 million in FY25, an increase of \$270 million or 200%. Over the same period, all other City costs increased 170%. Figure 5 shows three distinct periods of annual cost increases. Steep increases averaged 9% per year from FY01 – FY11. Between FY12 – FY15, costs decreased on an average of 1% per year due to multiple factors, including state health reform legislation, cooperative efforts by the City and its unions to reduce both the City’s share of costs and total costs, and lower nationwide health care cost trends. For FY16 through FY25, health care costs increased at an average of 3% per year, contained by PEC agreement savings.

In collaboration with the PEC, in FY24 the City has added chiropractic services to non-Medicare health plan benefits. This includes BCBS PPO, BCBS Standard HMO, and Mass General Brigham Value HMO (formerly Allways Value HMO).



**Figure 5 - Health Care Costs (\$ Mil)
Health, Dental, Life Premiums and Medicare Tax**

Medicare

Municipal health care reform legislation, passed by the State legislature in 2011, provided municipalities more freedom in health plan design. It also mandated that all Medicare-eligible municipal retirees enroll in Medicare Part B and a City sponsored Medicare supplement plan. As a direct result of the legislation, approximately 5,500 additional City retirees and their spouses enrolled in Medicare supplement plans. Benefits for these plans are comparable to non-Medicare plans but costs are lower due to Medicare reimbursements. City savings from this mandate, beginning in FY13, have totaled approximately \$20 million annually – a major contributor to the total cost decrease in FY13.

City retirees and their beneficiaries are eligible for Medicare through payment of Medicare payroll taxes during their working career. Medicare taxes are paid for all City employees who were hired after March 1986. The City’s share of 50% Medicare taxes, totaling \$26.6 million in the FY25 budget, has increased an average of 7% annually since FY01. This growth is due to increases in total payroll and also the

increasing percentage of total employees hired after March 1986 who have retired.

Number of Health Plan Subscribers Jan '24			
Health Plan	Active	Retiree	Total
Indemnity	1,000	719	1,719
HMO	14,857	2,343	17,200
Medicare	-	12,030	12,030
Total	15,857	14,443	30,949

Table 2

City - Union Partnership

In FY12, assisted by 2011 Municipal Health Care Reform, 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), to make health care changes. Through the terms of the City and PEC's three agreements, City employees and retirees are now paying a higher share of total health care costs through increased premium share, as well as higher out-of-pocket costs for co-pays and deductibles.

**Health Care Costs (\$ Mil)
Health, Life, Dental, Medicare Tax**

Fiscal Year	Total Cost	\$ Change	% Change
FY12	\$318.9	\$10.9	3.5%
FY13	\$293.3	-\$25.5	-8.0%
FY14	\$304.4	\$11.1	3.8%
FY15	\$296.5	-\$7.9	-2.6%
FY16	\$313.2	\$16.7	5.6%
FY17	\$329.2	\$16.0	5.1%
FY18	\$351.4	\$22.2	6.7%
FY19	\$357.3	\$5.9	1.7%
FY20	\$358.9	\$1.6	0.5%
FY21	\$368.5	\$9.5	2.7%
FY22	\$376.0	\$7.5	2.0%
FY23	\$352.4	-\$4.2	-1.2%
FY24*	\$379.4	\$1.9	0.5%
FY25*	\$402.9	\$23.5	6.2%

*Budget estimates

Table 3

The City and the PEC's FY21-25 agreement is projected to reduce costs by approximately \$59.7 million over five years. With changes occurring over the course of five years, the City and the PEC have agreed to a number of cost-saving plan changes. These changes include a new value network plan (introduced in FY22) consisting of lower-cost, high-quality providers; small deductibles for PPO and standard HMO plans; and new co-payments for hospitalization and advanced imaging. The agreement also increases current co-payment charges and the share of the premiums paid by employees and retirees.

The City and PEC have also pursued changes to the management of health care claims costs, which have reduced total costs - for both the City and the members:

Self-insurance

Funding of health care costs has progressively moved to self-insurance since FY13.

More cost effective prescription drug management

The City and the PEC continue to explore more cost effective management of the City's prescription benefits, which total roughly \$77 million per year for all plans, net of rebates. The City and PEC have worked to replace the City's existing Medicare prescription drug coverage with lower cost prescription drug plans (PDPs).

Cost effective provider networks

In FY22, the City and PEC made a significant step to encourage cost savings for both members and the City by introducing a value HMO plan, effective July 1, 2021. The Mass General Brigham Health Plan (formerly AllWays Health Partners value network) is focused on high quality, high performance, lower-cost providers, and enrollees will pay lower premiums and out-of-pocket costs.

Expanded wellness and disease management programs

The City, through the PEC agreement, annually contributes \$150,000 toward wellness programs, managed through a subcommittee of the PEC. Recent wellness initiatives have included employee wellness fairs and the establishment of a citywide digital platform through which City employees, retirees, and their dependents can access information about fitness and nutrition programs, and participate in wellness challenges. Also, new disease management initiatives are being explored and implemented through each respective carrier to assist members in managing chronic diseases such as diabetes.

Other Post-Employment Benefits (OPEB)

Similar to pensions, employees earn post-employment health care and life insurance benefits (OPEB) over their years of active service, with those benefits being received during retirement. The City, including the Boston Public Health Commission (BPHC), had an unfunded liability for these benefits of \$2.68 billion, as of the most recent independent actuarial valuation on June 30, 2023. The size of this liability is largely influenced by changes to retiree health benefits, the City's annual additional contribution to fund the liability, and the discount rate assumed.

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. In FY08, the City followed new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability, and also began voluntary annual allocations to fund the liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City's acceptance of M.G.L. Chapter 32B section 20. As of June

30, 2024, the Fund had a balance of \$1.17 billion.

As in previous years, this budget dedicates \$40 million toward reducing the City's long term other post-employment benefits (OPEB) liability. These fiscally responsible actions are critical to the Administration's prudent financial management policies, which have contributed to Boston's triple A bond rating.

The annual Actuarially Determined Contribution (ADC) for the City to significantly reduce the OPEB liability over a 30 year period is projected at \$275.6 million in FY25, as shown in Table 4. Of this amount, \$191.9 million (69.9%) will be funded through a combination of pay-as-you-go benefit payments for current retirees (included in health care costs discussed in previous section), a \$40 million FY24 allocation by the City to the Trust, and an additional \$2.25 million deposit by the BPHC into the Trust.

FY25 Annual Actuarially Determined Contribution (ADC) for OPEB Liability

Total ADC		\$275.6	
Projected Benefit Payments by City	\$149.6		
Contribution to OPEB Trust	\$42.3		%ADC
Total FY25 Payments	\$191.9	69.6%	
Difference	(\$83.7)		

\$ in millions

Table 4

As of July the City is currently on a schedule that targets reducing its pension liability by 2027 and then plans on redirecting some portion of its annual pension contribution to further reduce the OPEB liability. However, this schedule is illustrative only of the currently expected funding schedule, and actual circumstances will likely vary from current assumptions.

Energy Management

In FY25, department energy budgets total \$62 million with electricity costs making up

53% of the budget, natural gas costs making up 24% of the budget and gasoline/diesel comprising 10% of the budget. The remaining 13% of the budget funds water and sewer, steam, and heating oil.

The Chief of Environment, Energy and Open Space and Chief Financial Officer are charged with making decisions regarding the City's procurement, use, and conservation of energy. In addition, the Chief of Environment, Energy and Open Space monitors the City's progress in meeting the greenhouse gas reduction goals required by the City's Climate Action Plan. The Municipal Energy Unit housed within the Environment, Energy and Open Space Cabinet works with City departments and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's new construction and capital improvement projects.

In FY25, the City will continue implementing improvements that result in utility cost savings for City facilities, under the "Renew Boston Trust" initiative. This is not a trust in the traditional sense, but a program to bundle municipal utility cost savings projects. Efforts began with selection of an Energy Service Company ("ESCO") and their subsequent Investment Grade Audits ("IGA") of the City's facilities portfolio to identify projects with significant utility savings potential. The City selects projects based on the IGA analysis and the improvements are implemented through an Energy Management Service Agreement ("EMSA") by the ESCO. The EMSA provides long-term financial guarantees on the net savings for such projects. Work is nearing completion on 31 buildings included in the second phase and is underway on an additional 11 buildings as part of the third phase. The City finances this program with general obligation bonds with debt service costs expected to be offset by the long-term energy savings guaranteed by the ESCO.

To improve the tracking and control of energy use, the City has re-procured services to support an Enterprise Energy Management System ("EEMS"). The current EEMS enables the City to monitor and report on the energy consumed by its 388 buildings and other fixed assets, and its vehicle fleet, and is used by the City to meet its public reporting obligation under the Building Energy Reporting and Disclosure Ordinance.

The City's electricity requirements have been met by third-party commodity supply contractors since March 2005. To date, the amounts the City has paid to its third-party electricity suppliers have been less than the amounts it would have paid if it had continued to accept default electric service from its local distribution company, Eversource. Avoided costs since FY15 total approximately \$50.1 million.

Appropriations

The combined appropriations for City Departments, the Public Health Commission (PHC) and the School Department (BPS), and non-departmental appropriations as shown in the FY25 Budget Summary have increased by 8% from FY24.

Boston Public Schools, with a \$1.53 billion appropriation, is increasing by \$80.8 million over FY24. Boston's total investment in education, including BPS and the City's Charter School Assessment, is growing by \$87 million over FY24.

City Services such as Police, Fire, Public Works, Housing, and other central funds are projected to increase by a total of \$94.9 million. The FY25 budget includes transformative investments in economic opportunity, mobility and climate change. The appropriation for the Housing Cabinet is growing by \$5.7 million or 11.6% with significant investments in housing and homelessness efforts to prevent displacement and expand housing opportunities for families of every income

in neighborhoods across the city. Wage growth as a result of 57% of city (non-BPS) unions that have been settled is represented in departmental appropriations. Funding for unsettled City, PHC and BPS union contracts are centralized in an \$96 million collective bargaining reserve.

The Public Health Commission (PHC) budget is growing by \$7.5 million (11.6%) in FY25. This increase includes key investments in staffing functions, including 12 EMS positions, as well as central administrative functions.

The FY25 budget also continues and expands upon a number of cost savings initiatives.

- Boston will realize \$14.9 million in avoided health care costs in FY25, related to FY24 changes per the PEC agreement.
- Continuing the practice of proactive review, the City eliminated 17 long-term vacant positions from the budget in FY25 for \$1,1million in savings.

Continued tightening within City departments enables the City to afford targeted investments after reserving for costs associated with collective bargaining, funding its pension obligations, and paying its debt service.

Table 5 - General Fund Appropriations by Cabinet & Department

Cabinet	Department	FY22 Actual	FY23 Actual	FY24 Budget	FY25 Budget	25 vs 24
Mayor's Office	Mayor's Office	4,807,551	7,594,740	6,528,424	6,845,470	317,046
	Election Department	5,951,265	5,737,619	7,792,629	6,436,727	(1,355,901)
	Intergovernmental Relations	1,169,840	1,103,368	1,240,353	1,311,406	71,054
	Law Department	8,227,159	9,746,270	10,577,641	11,149,062	571,421
	Total	20,155,815	24,181,997	26,139,047	25,742,666	(396,381)
Equity & Inclusion	Office of Equity	3,290,069	880,785	2,557,172	3,290,579	733,407
	Office of Diversity	254,220	-	-	-	-
	Office of Resiliency & Racial Equity	1,740,456	895,688	-	-	-
	Office of Language & Communications Access	716,583	1,748,148	2,047,187	2,169,498	122,311
	Human Right Commission	370,250	274,906	624,395	464,879	(159,516)
	Office for Immigrant Advancement	1,691,888	2,954,224	3,322,811	3,689,550	366,739
	Women's Advancement	749,208	354,687	682,084	742,925	60,841
	Black Male Advancement	-	1,397,077	1,804,455	2,093,249	288,794
	Fair Housing & Equity	500,901	404,952	485,278	767,000	281,723
	LGBTQ+ Advancement	-	477,165	732,539	782,203	49,664
	Commission For Persons W/Disabilities	511,743	632,585	813,406	893,403	79,997
Total	9,825,320	10,020,218	13,069,327	14,893,287	1,823,959	
Office of Police Accountability & Transparency (OPAT)	Office of Police Accountability & Transparency	717,743	1,133,744	1,452,986	1,481,276	28,291
	Total	717,743	1,133,744	1,452,986	1,481,276	28,291
Operations	Property Management Department	23,960,220	22,129,557	26,155,628	28,371,215	2,215,587
	Public Facilities Department	7,843,000	8,606,552	10,072,302	10,567,250	494,948
	Inspectional Services Department	21,661,770	21,825,566	23,353,337	24,052,311	698,974
Total	53,464,989	52,561,675	59,581,267	62,990,775	3,409,509	
Community Engagement	Neighborhood Services	4,221,961	4,260,967	5,154,595	5,529,847	375,252
Total	4,221,961	4,260,967	5,154,595	5,529,847	375,252	
Arts & Culture	Office of Arts & Culture	3,495,273	3,522,626	4,530,093	4,521,712	448,678
Total	3,495,273	3,522,626	4,530,093	4,521,712	448,678	
Economic Opportunity & Inclusion	Office of Economic Opportunity & Inclusion	3,874,924	5,263,993	6,592,766	7,130,212	537,447
	Consumer Affairs & Licensing	1,651,421	1,784,281	1,959,730	2,008,827	49,097
	Supplier Diversity	-	-	2,905,378	2,336,539	(568,839)
	Office of Tourism	2,032,211	1,093,248	1,799,102	1,879,434	80,333
Total	7,558,556	8,141,522	13,256,975	13,355,012	98,037	
Worker Empowerment	Labor Compliance and Worker Protections	-	1,941,823	2,990,232	1,957,657	(1,032,575)
	Office of Workforce Development	-	-	-	7,525,543	7,525,543
	Youth Employment and Opportunity	11,212,682	17,165,369	18,357,045	22,630,310	4,273,265
Total	11,212,682	19,107,192	21,347,277	32,113,510	10,766,233	
Education	Boston Public Schools	1,294,706,181	1,379,456,422	1,445,874,991	1,526,629,446	80,754,455
Total	1,294,706,181	1,379,456,422	1,445,874,991	1,526,629,446	80,754,455	
Environment, Energy & Open Space	Environment Department	4,769,151	6,641,459	4,233,857	5,150,484	916,627
	Parks & Recreation Department	34,366,364	35,390,371	34,287,473	35,428,610	1,141,136
	Office of Historic Preservation	-	1,252,698	1,445,680	1,538,983	93,303
	Office of Food Justice	-	1,003,206	1,371,433	1,396,037	24,605
	Total	39,135,515	44,287,734	41,338,443	43,514,114	2,175,671
Finance	Office of Finance	2,390,174	1,587,996	1,930,875	1,613,544	(317,331)
	Assessing Department	7,280,561	7,465,711	8,523,580	8,307,668	(215,912)
	Auditing Department	3,045,163	3,449,411	3,704,233	3,886,273	182,041
	Budget Management	2,830,719	2,750,879	3,499,554	3,622,481	122,927
	Office of Participatory Budgeting	-	2,000,000	2,000,000	2,132,323	132,323
	Execution of Courts	34,508,737	32,026,150	5,000,000	2,000,000	(3,000,000)
	Pensions & Annuities	3,330,307	5,572,230	4,380,000	4,005,000	(375,000)
	Procurement	2,237,763	2,470,041	3,736,718	3,564,614	(172,104)
	Treasury Department	5,157,485	5,562,880	5,671,161	5,759,716	88,555
	Total	60,780,909	62,885,300	38,486,121	34,891,619	(3,554,502)
	People Operations	Office of People Operations	-	469,918	1,049,498	1,228,000
Health Insurance		205,206,596	212,933,685	222,353,329	234,083,420	11,730,091
Human Resources		6,183,238	6,698,481	8,479,066	8,750,820	271,754
Medicare		10,890,572	12,192,696	12,635,797	14,603,637	1,967,840
Office of Labor Relations		1,324,297	1,452,753	1,936,932	1,971,023	34,091
Registry Division		1,081,873	1,196,575	1,396,913	1,634,812	237,899
Unemployment Compensation		190,162	207,403	350,000	350,000	-
Workers' Compensation Fund		1,484,880	1,916,156	2,000,000	2,000,000	-
Total		226,361,618	237,067,667	250,201,536	264,621,712	14,420,176
Human Services		Office of Human Services	3,876,415	5,534,639	10,130,311	10,130,356
	Boston Center for Youth & Families	26,063,363	26,575,448	30,187,110	30,564,545	377,435
	Age Strong	4,223,185	6,519,547	7,990,563	8,070,604	80,041
	Library Department	40,924,252	43,961,571	48,379,137	49,096,305	717,167
	Boston VETS	2,556,199	2,463,383	4,799,866	4,835,689	35,823
	Total	77,643,414	85,054,589	104,708,988	102,697,499	(2,011,489)
Public Health	Public Health Commission	114,802,081	120,801,597	130,343,684	140,078,762	9,735,078
	Total	114,802,081	120,801,597	130,343,684	140,078,762	9,735,078
Housing	Mayor's Office of Housing	35,288,102	43,718,622	49,423,074	55,146,041	5,722,967
	Total	35,288,102	43,718,622	49,423,074	55,146,041	5,722,967
Information & Technology	Department of Innovation and Technology	46,599,732	47,465,806	44,537,888	53,237,727	8,699,839
	Total	46,599,732	47,465,806	44,537,888	53,237,727	8,699,839
Public Safety	Emergency Management	1,135,764	1,191,890	1,467,134	1,672,773	205,639
	Fire Department	289,513,752	280,621,483	305,481,923	306,569,810	1,087,887
	Police Department	420,411,576	422,132,054	456,777,222	474,307,787	17,530,566
Total	711,061,092	703,945,426	763,726,278	782,550,371	18,824,092	
Planning	Planning	-	-	551,126	32,679,279	32,128,153
	Total	-	-	551,126	32,679,279	32,128,153
Streets	Central Fleet Management	3,885,034	3,531,871	3,403,029	3,345,423	(57,607)
	Office of Streets	1,803,859	2,135,977	3,885,910	4,498,737	612,827
	Public Works Department	98,993,474	106,228,290	116,504,109	118,181,749	1,677,640
	Snow & Winter Management	28,517,489	22,993,107	23,747,308	22,468,938	(1,278,370)
	Transportation Department	40,854,200	42,780,422	44,680,855	44,473,832	(207,024)
	Total	174,054,056	177,669,667	192,221,212	192,968,679	747,467
Non-Mayoral Departments	City Clerk	1,442,138	1,457,658	1,648,829	1,703,467	54,638
	City Council	5,973,337	7,078,972	8,062,041	8,466,080	404,039
	Finance Commission	305,120	312,613	325,736	531,582	205,846
Total	7,720,594	8,849,243	10,036,606	10,701,129	664,523	
Grand Total	2,898,805,634	3,034,132,015	3,215,941,515	3,400,344,464	184,402,950	

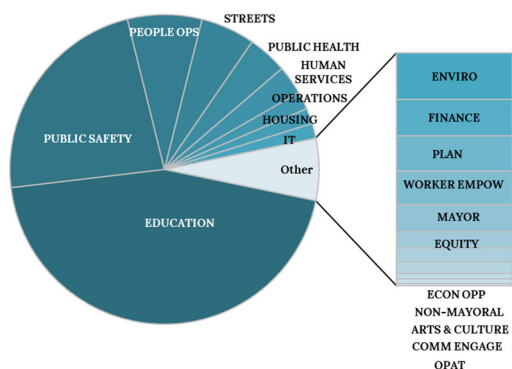


Figure 6 - FY25 Appropriations by Cabinet

The departmental appropriations are shown in the General Fund Appropriation by Cabinet table.

Departmental appropriations can also be viewed by cabinet, to better reflect the overall policy priorities and trends by service area.

In FY25 some programs have transferred between departments. Details of these changes are described below in each of the following cabinet sections.

Mayor’s Office

The FY25 budget for the Mayor’s Office Cabinet has decreased -1.5% from FY24. The cabinet contains the Mayor’s Office, the Election Department, Intergovernmental Relations, and the Law Department. The Election Department budget will decrease by 17.4% in FY25; this reflects the decrease from three elections in FY24 to two elections in FY25. The Mayor’s Office budget will increase by 4.9%, the Law Department budget by 5.4%, and the Intergovernmental Relations budget by 5.7%, due to non-union general wage increases.

For additional budget detail on the Mayor’s Office Cabinet, see Volume II.

Equity & Inclusion

The FY25 budget for the Equity & Inclusion Cabinet totals \$14.9 million, comprising the

Black Male Advancement, Disabilities Commission, Fair Housing & Equity, Human Rights Commission, LGBTQ+ Advancement, Immigrant Advancement, Language and Communications Access, and Women’s Advancement departments. In addition, the Office of Equity provides administrative and policy direction to the departments in the cabinet. Headed by the Chief of Equity, this department will increase by 28.7%, or \$733,000, driven by the transfer of four cultural liaison positions from the Office of Neighborhood Services in FY24. The budget will also include new funding for community engagement around reparations and a Caribbean advisor position. The Office of Equity will continue to provide direction and support for Citywide equity and inclusion initiatives.

After several years of significant growth, Language and Communication Access (LCA) will have an 6% increase over FY24. The FY25 budget will add funding to a program for in-house translators and focus on centralizing resources to better serve departments and meet Citywide LCA goals. The Human Rights Commission will see a decrease of 25.5% due to staff turnover and reductions imposed by the City Council amendment process.

The Mayor’s Office for Immigrant Advancement (MOIA) budget is increasing by 11%, or \$366,000. FY25 will see expanded policy implementation for the Pathways to Justice program. The department will also continue to focus on migrant response, providing direct support to newly arrived migrants. The budget for Women’s Advancement will increase by 8.9%, or \$60,000, primarily due to a \$40,000 investment in Healthy Birthing grants. The department will continue to support menstrual equity by providing menstrual supplies to Boston Public Library locations. The Office of Fair Housing & Equity budget will increase by 58.1% or \$281 thousand;

driven by increases in the City Council amendment process.

The Equity & Inclusion Cabinet also contains the Offices of Black Male Advancement and LGBTQ+ Advancement, both of which were created in FY23 to support Mayor Wu's goal of amplifying underrepresented voices in City government. The Black Male Advancement budget will increase by 16%, adding fellowship positions and funding for a study on Black male equity. The Office of LGBTQ+ Advancement will increase by 6.8%, or \$49,000. Their budget will include increased funding to build on a successful FY24 pilot program that provides grants to support gender-affirming documents for individuals who cannot afford them.

The Disabilities Commission will see its FY25 budget increase by 9.8%. The budget will include a classification and compensation review of the department's positions, as well as support for their annual Americans with Disabilities Act Day celebration.

For additional budget detail on the Equity & Inclusion Cabinet, see Volume II.

Office of Police Accountability & Transparency (OPAT)

The Office of Police Accountability & Transparency (OPAT) Cabinet budget is increasing by 1.9%, or \$28 thousand. The department continues to support the Civilian Review Board and the Internal Affairs Oversight Panel, as well as examination of the data on BIPOC Boston Police Officers to further understand what inequalities exist for BIPOC officers along with needed reforms, and a range of internships. The increase includes funding for non-union general wage increases.

For additional budget detail on the OPAT Cabinet, see Volume II.

Operations

In FY25, the budget for the Operations Cabinet is increasing by 5.7%, consisting of the Inspectional Services, Property Management, and Public Facilities departments. The cabinet will continue to support Citywide building maintenance and capital construction projects. The Public Facilities budget will increase by 4.9%, or \$495 thousand, due to a mid-year addition of two new positions in FY24 to support departmental operations, as well as the full funding of FY24 investment positions for project management.

The Property Management Department budget will increase by 8.5%, or \$2.2 million. Building on a multi-million FY24 investment in Citywide maintenance funds and positions, PMD will add \$1.5 million for a department renovation fund, as well as funding to refinish gymnasium floors in community centers. The budget will also include a security position for the soon-to-be-reopened Court Street building. In addition, the Graffiti Busters program will receive funding to add another team, in order to respond more proactively to reports of graffiti.

The Inspectional Services Department budget will increase by 3%, or \$699,000. This is the result of settled collective bargaining, non-union general wage increases, and funding to support a classification and compensation review of department-wide positions. The department will also receive two additional positions to support citywide planning efforts.

For additional budget detail on the Operations Cabinet, see Volume II.

Community Engagement

The Community Engagement Cabinet contains the Office of Neighborhood Services, which is home to the City's

neighborhood liaisons, Boston 311, and the Office of Civic Organizing. The FY24 budget for the Community Engagement Cabinet will increase by 7.3%, or \$375,000, primarily as the result of new staff added in FY24. The cabinet reorganized and partially unionized, with four new Deputy Director positions added and the 311 call takers joining AFSCME. The FY25 budget includes additional funding for community place-making and replaces the City Hall To Go truck, which is a vital connection between the City and the community.

For additional budget detail on the Community Engagement Cabinet, see Volume II.

Arts & Culture

In FY25, funding for the Arts and Culture Cabinet will decrease by 0.1%, or \$8,400, resulting from vacancies as the department restructures in some areas. The FY25 budget maintains a \$500K grant program for non-profit arts organizations as well as \$400k to support local organizations to fund their cultural space related needs.

For additional budget detail on the Arts & Culture Cabinet, see Volume II.

Economic Opportunity and Inclusion

The Economic Opportunity and Inclusion Cabinet includes the Office of Economic Opportunity and Inclusion, the Department of Supplier Diversity, Consumer Affairs & Licensing, and the Office of Tourism. Overall, the cabinet will see an increase of approximately \$98,000.

The Office of Economic Opportunity and Inclusion (OEIO) budget will increase by 8.2%, or \$537,000, from its FY24 appropriation, driven by the transfers of constituent relationship management (CRM) technology funding and a position from Supplier Diversity. OEIO will also add funding for business strategy programs,

events, and technical assistance. They will start an Accessory Dwelling Unit (ADU) certification program to support contractors, helping meet the City's goals of adding ADUs. Additionally, the department continues to manage the Boston Cannabis Equity Fund, which supports the development of equity applicants for the emerging cannabis industry.

The Office of Tourism and the Office of Consumer Affairs and Licensing will increase by 4.5% and 2.5% respectively from their FY24 budgets, due primarily to non-union general wage increases. Supplier Diversity's budget will decrease by \$568 thousand, as funds for CRM technology and one position move to OEIO. The department will continue to ensure that minority- and/or women-owned business enterprises (MWBE) are certified as such and supported through the procurement process.

For additional budget detail on the Economic Opportunity and Inclusion Cabinet, see Volume II.

Worker Empowerment

In FY25, the Worker Empowerment Cabinet will consist of the Department of Labor Compliance and Worker Protections, the Department of Youth Employment and Opportunity, and the new Office of Workforce Development. The latter is part of a shift from the Boston Planning and Development Agency (BPDA). This cabinet is charged with advancing the wellbeing of all working Bostonians in the public and private sectors.

The Department of Labor Compliance and Worker Protections (LCWP) budget will see a decrease of 34.5%, or \$1 million; this is primarily due to grant funding for City Academy and youth violence prevention shifting to the Office of Workforce Development. LCWP – which became its own department in FY24 – regulates,

oversees, and improves workplace conditions and health for workers, as well as reviewing developer and contractor compliance with the Boston Residents Jobs Policy.

Youth Employment and Opportunity will have a budget increase of 23.3%, or \$4.2 million. The FY25 budget will fund 6,000 summer jobs, with a shift in funding from City department jobs to jobs provided by community-based organizations. The department will also work year-round to provide for at least 1,500 school-year jobs. FY25 also adds citywide funding to DoIT to support improvements in youth hiring processes.

The Office of Workforce Development (OWD) will have an operating budget of \$7.5 million and will be supported by an external funds budget of \$28 million. The new department, resulting from a shift in funding and functions from the BPDA to the City, helps low-income individuals find job training and employment opportunities, while also promoting lifelong literacy and educational pathways. OWD also focuses on creating competitive workforce development policies and initiatives that set Boston's youth and adults on career paths toward economic security.

For additional budget detail on the Worker Empowerment Cabinet, see Volume II.

Education

At \$1.53 billion, the FY25 operating budget is once again the largest in the history of the Boston Public Schools, increasing by 5.6%, or \$81 million over the FY24 appropriation. In the midst of expiring federal relief funding, the FY25 BPS budget prioritizes meeting the complex and varied needs of students while building a foundation for the future.

Funding directed to schools will increase to \$943 million. Combined with another \$421

million in school services budgeted centrally – such as transportation, special education, and facilities – total spending in schools will reach nearly \$1.36 billion, almost 90% of the BPS budget.

\$36 million in FY25 fall into four categories: Inclusive Education (\$20 million), School-Directed Investments (\$6 million), Transitioning ESSER Hold Harmless (\$4 million), and Planning Beyond ESSER (\$6 million). In sum, these investments will promote inclusive practices, expand supports for the highest need students, and sustain progress in areas such as equitable literacy and instructional coaching that were previously underwritten, at least in part, by ESSER funding.

For more information, see the Education section in Volume I.

Environment, Energy & Open Space

The Environment, Energy, & Open Space Cabinet budget – which includes the Environment Department, the Parks and Recreation Department, and the Offices of Historic Preservation and Food Justice – will increase by 5.3%, or \$2.2 million, in FY25. The cabinet is making targeted investments to ensure access to high-quality open spaces for all Bostonians, implementing the City's Climate Action Plan and the Building Emissions Reduction and Disclosure Ordinance (BERDO) 2.0 and advancing Boston's Green New Deal.

In FY25, the Environment Department budget will increase by 21.6%. A transfer of Green New Deal positions from the Mayor's Office contributes to this increase, as do BERDO positions added in FY24. The FY25 budget also invests in the final phase of implementation for the Wetlands Ordinance. In addition, the City's Climate Action Plan, last updated in 2019, is due to be updated again in FY25.

The Parks and Recreation Department budget will increase by 3%, or \$1.1 million, in FY25. This budget will focus on both maintenance improvements and citywide recreation planning. \$735,000 in new funding will support Franklin Park, including 8 positions focused on park maintenance and overall management and equipment to support the positions. An additional \$200,000 will be added to prune more trees, while the Animal Control division will add an Animal Control Office to support the increase in post-COVID abandoned pets.

The Office of Food Justice budget will increase by \$25,000, or 1.8%. The department will continue to maintain core programs such as Boston Eats, a program that provides youth meals over the summer, and the Farmers Market Coupon Program that expands access to healthier food options. The Office of Historic Preservation budget will grow by 6.5%, or \$93,000 in FY25, due to non-union general wage increases. The office will continue to ensure the preservation of historic buildings and sites around the city.

For additional budget detail on the Environment, Energy & Open Space Cabinet, see Volume II.

Finance

The Finance Cabinet contains the Auditing, Assessing, Budget Management, Participatory Budgeting, Procurement, and Treasury departments, as well as other central appropriations. The cabinet will see a decrease of 9.2%, or \$3.6 million, in FY25. This decrease is driven by reductions in the city council amendment process; where \$3M was removed from the Execution of Courts appropriation. The City will continue to work to maximize federal health insurance reimbursements and revenue recovery efforts.

The Office of Finance, the central administrative and policy arm of the cabinet, will see a decrease of 16.4% due to a reduction in contracted services. The reduction is partially offset by a new position to support strategic initiatives. The Auditing Department budget will increase by 4.9%, driven by additional professional development funds and the department filling positions. The Procurement department will see minor increases due to non-union wage increases. Treasury's budget will grow by 1.6% due to the addition of a technical analyst. Budget Management will increase by 3.5%, or \$122,000, driven by the addition of an External Resource Development program and increases to Citywide insurance brokerage costs. Assessing will decrease by 2.5% of \$215 thousand as the result of reductions in the City Council Amendment process.

A new department in the FY24 budget, the Office of Participatory Budgeting was created via ordinance after Boston voters approved a charter amendment on the November 2021 municipal ballot. The department's first budget included \$2 million to fund staff and begin programming efforts prior to the required start date. The budget will increase by 6.6% in FY25, reflecting the full cost of those staffing efforts and of starting a participatory budgeting process.

The Participatory Budgeting appropriation will support the City's efforts to incorporate participatory budgeting practices, with the goals of being more democratic, inclusive, and transparent. The appropriation will fund efforts to include all residents, with a focus on those residents historically disconnected from the budgeting process.

For additional budget detail on the Finance Cabinet, see Volume II.

People Operations

The People Operations Cabinet includes the Human Resources, Labor Relations, and Registry departments. With the goal of fostering an organization that is healthy, responsive, and human-centered, the cabinet's FY25 budget includes targeted investments to improve internal operations and expand opportunities for employees' professional growth.

This cabinet, which consists of approximately 150 employees, supports the work of the 18,000 employees in the City of Boston, as well as maintains the records for all births, deaths, and marriages for the City. Its budget will increase by 5.8%, or \$14.4 million, driven by investments in health benefits.

The Office of People Operations budget will increase by 17% by adding two positions to support the implementation of strategic Citywide initiatives and improve internal operations. The Human Resources budget will include increased funding for professional development, as well as investments to support a new Citywide bilingual pay policy and expand central records management. The Registry Department budget will increase by 17%, adding departmental capacity and professional development funds.

For additional budget detail on the People Operations Cabinet, see Volume II.

Human Services

The Human Services Cabinet consists of the Age Strong Commission, Boston Centers for Youth & Families, Boston VETS, the Boston Public Library, and the Office of Human Services. The cabinet's FY25 budget will decrease by \$2. million, or 1.9%. The primary driver of this decrease is the shift of a one-time \$4 million allocation for universal pre-kindergarten (UPK) from the Office of Human Services into the Boston

Public Schools budget. The cabinet works to promote the health and wellbeing of the City's residents, particularly its most vulnerable.

The Office of Human Services department comprises the Office of Community Safety, the Office of Early Childhood, the Office of Returning Citizens, the Office of Youth Engagement & Advancement (OYEA), and the Coordinated Response team, as well as providing administrative support and policy oversight for the Human Services Cabinet. The department's budget will decrease by 24%, driven by the shift in UPK funding to the Boston Public Schools budget. The department is also moving \$500,000 to the Boston Police Department budget to fund the Boston Housing Authority police department.

Partially offsetting those shifts is an investment in a Youth Resource Coordinator and OYEA interns. For our littlest Bostonians, the Childcare Entrepreneur Fund continues to provide support to childcare providers. The Office of Human Services budget maintains prior investments of \$1.5 million for the Youth Development Fund, a grant program which is a key part of a targeted violence prevention strategy with the goal of zero homicides in the City of Boston. Also included is over \$2 million in the Office of Returning Citizens to fund case management staff and support dedicated to people returning from incarceration. Finally, the department will add \$160,000 in funds for Youth Sports, shifted from other departments.

The Boston Centers for Youth and Families (BCYF) budget will increase by 1.3%, or \$377,000, driven by the reopening of the Johnson Community Center after a decade of closure. The department's budget includes additional staff to ensure the community center is appropriately run and maintained, as well as added custodial

positions to service community centers citywide. The department now has their buildings maintained by Property Management, which will receive funding to resurface gymnasium floors in FY25. BCYF will continue running both winter and summer Camp Joy programs, providing structured enrichment activities for children and young adults with special needs.

The Age Strong Commission budget will increase by 1% in FY25. Investments in Age Strong include a constituent services position focused on housing needs of seniors and \$500,000 in community connections grants. The FY25 budget for the Boston Veterans Engagement, Transition, and Services (Boston VETS) department will also show a 1% increase, despite a reduction in the need for services under state Chapter 115 driven by a decrease in the veteran population.

The Boston Public Library (BPL) budget will grow by 1.5%, or \$717,000, in FY25. A decrease in utilities costs will be offset by investments in core facility needs, including the replacement of all self-checkout kiosks within a year with machines that will allow for easier printing for patrons. \$455,000 in building repair funding will support Central Library security upgrades, lighting improvements at the Archival Center, and HVAC equipment replacement at the North End and West Roxbury branches. The rare books collection will also receive much needed maintenance. To ensure a focus on youth patrons, the department will add a Chief of Youth Engagement. In addition to its FY25 operating budget, BPL receives support from a range of crucial external funding sources, including the Commonwealth of Massachusetts and Affiliates of the Public Library.

For additional budget detail on the Health & Human Services Cabinet, see Volume III.

Public Health

The Boston Public Health Commission (BPHC) serves as the City's health department and provides emergency medical services (EMS); infectious disease surveillance; substance abuse prevention and treatment programs; community health programming; shelter, food, and advocacy for homeless individuals; and home- and school-based health services for children and families. In FY25, BPHC's appropriation will increase by 7.5%, or \$9.7 million. Unlike most City departments, BPHC's appropriation includes health insurance, pension, and other post-employment benefits (OPEB).

In FY25, \$1 million will be added to the \$3.3 million included in the FY24 budget to continue funding critical low-threshold sites for individuals experiencing substance use disorder and support and resources for those in need. The FY25 budget also includes an investment to combat infant and maternal health disparities, expanding home visiting services for all Black birthing families in Boston. In addition, to address longer response times resulting from staffing shortages and necessary safety measures that protect first responders from COVID-19, the BPHC budget includes twelve new EMTs.

For additional budget detail on the Health & Human Services Cabinet, see Volume III.

Housing

The FY25 budget for Mayor's Office of Housing (MOH) will increase by 11.6%, or \$5.7 million. The Mayor Wu administration has committed at least \$380.4 million in funding across the operating, capital, and American Rescue Plan Act (ARPA) budgets between FY23 and FY25 to increase affordable housing availability, improve housing conditions in existing units, and bolster supportive services for individuals

facing housing instability and homelessness, among other goals.

In FY25, MOH will build on the City's Acquisition Opportunity Program (AOP) by investing \$2 million to seed a dedicated housing acquisition program fund, supporting the acquisition of occupied properties to preserve tenancies and create affordable housing. Acquisition is an extremely cost-effective tool that prevents displacement and creates long-term affordable housing opportunities for low- and moderate-income Bostonians. The fund would be financially supported by external partners and could act more quickly than the City to facilitate acquisitions in a competitive real estate market.

MOH conducts various programs to reduce the numbers of chronic, family, and youth homelessness. A \$1 million investment in FY25 will both offer flexible financial assistance and rental relief for residents facing housing instability, as well as support decarbonizing efforts through the Boston Home Center. MOH will continue an \$800,000 allocation to support GrowBoston, which aims to convert open space to food-producing green space and offer communities technical assistance. In FY25, MOH will also absorb about twelve housing compliance positions worth approximately \$1 million, resulting from a shift in functions from the BPDA to the City.

The Mayor's Office of Housing is projected to receive \$111 million in external funding in FY25 from federal and state grants, as well as revenue from certain developer fees.

For additional budget detail on the Housing Cabinet, see Volume III.

Information & Technology

The Department of Innovation and Technology (DoIT) will see a 19.5%, or \$8.7 million, increase over its FY24 budget. The FY25 budget continues to support the

department's focus on the big picture areas of technology, including governance structures and constituent services. To bolster community services, the department will add \$750,000 in FY25, including three positions, to modernize licensing and permitting functions.

In FY25, DoIT's budget will support ongoing licensing needs for the 311 system upgrade, as well as ensuring that addresses and other street data points are accurately reflected in the software that Citywide teams use every day. Enabling access to accurate data for inspectors and sign repair employees is critical for both responding to constituent complaints and maintaining City infrastructure.

The FY25 budget continues to fund remote work equipment and technology, with an investment to ensure the tools that keep remote work working are well supported. DoIT will also start a multi-year computer replacement plan for employees, centralizing device purchases for City departments.

For additional budget detail on the Information & Technology Cabinet, see Volume III.

Public Safety

Overall, the Public Safety Cabinet budget – which includes the Police Department, Fire Department, and Office of Emergency Management – will increase by 2.5%, or \$18.8 million, in FY25. The budget supports cadets in both Police and Fire, as direct pathway for diverse local young people to join the forces. The Police Cadet program will be in its tenth year since being restarted, while the Fire Department will welcome its third class of cadets in FY25.

The Boston Police Department (BPD) budget will increase by 3.8%, or \$17.5 million. The primary driver includes settled collective bargaining contracts for all four

of the sworn unions, including BPPA, its largest police union, as well as SEIU and AFSCME, which combined represent several hundred BPD employees. The FY25 budget funds a recruit class to replace projected attrition, as well as a promotional exam to fill a new list for Sergeant, Lieutenant, and Captain promotions. The department will also receive \$200,000 to support professional development for officers.

BPD will continue working to reduce overtime hours in FY25, including its successful efforts to return to duty officers who are on injured leave. This budget continues funding for Boston Emergency Services Team (BEST) clinicians who will be available to help police officers better serve their community. In FY25, BPD will add \$550,000 and four positions to continue the process to seek CALEA accreditation, a designation that is only given to departments that have enforced a well-rounded set of standard operating procedures.

As a result of successful collective bargaining, the department will roll out detail assignment reforms through the implementation of a modern and mobile detail assignment technology. This technology will result in more details being filled and greater efficiencies in the process. BPD will also assume responsibility for a \$500,000 allocation for the Boston Housing Authority police; this existing allocation will be transferred from the Office of Human Services.

The Fire Department budget will increase by approximately \$1.1 million in FY25. The budget funds critical investments in permitting and an expansion of the lab inspector team to support other Citywide investments in permitting and licensing. The FY25 budget continues previous investments in facilities improvements and health and wellness training, while also

adding funding for a new part-time chaplain to support the spiritual needs of the firefighters.

The Office of Emergency Management budget represents an increase of 14%. This increase is driven by non-union general wage increases, as well as the addition of one position to support citywide resilience to climate emergencies.

For additional budget detail on the Public Safety Cabinet, see Volume III.

Streets

The FY25 Streets Cabinet budget, which includes the Public Works Department, the Boston Transportation Department, and Central Fleet Maintenance, is increasing by .4% over the FY24 budget. The FY25 budget reflects a series of investments that aim to shift how our streets are designed and maintained. It will continue the expansion of high-quality basic city services to keep our streets clean, safe, and accessible for all users.

The Office of Streets is the central administrative arm of the cabinet. Its budget will increase by 15.8%, driven by a mid-year addition of several positions in FY24. In FY25, the department will add a constituent services specialist to focus on 311 call responses. The Green Infrastructure team will lead cabinet-wide efforts to rethink how streets are designed and maintained. As a result of multiple vacancies, the Central Fleet Maintenance budget is decreasing by -1.7%.

The Public Works Department (PWD) budget will increase by 1.4%, or \$1.7 million, over FY24, primarily driven by projected increases in waste removal contracts. The City remains committed to diverting its waste stream by maintaining existing recycling contracts, despite a projected increase in the per-ton cost of recycling. The FY25 PWD budget also adds a new

mattress collection contract, in addition to the two contracts funded in FY24, to support increased demand for mattress pickup. The City continues to support \$200,000 to small MWBE construction contractors, in order to support the growth of small businesses.

The Boston Transportation Department (BTD) FY25 budget will remain essentially flat in FY24, with a focus on the future of transportation by improving all mobility methods used to get around the city. Approximately \$1 million in funding added in FY24 to support the Lafayette Garage was removed after a decision to let the garage manager pay those costs out of gross revenue. This decrease is offset by increases in both union and non-union general wage increases, as well as investments in mobility and basic city management. A \$200,000 investment will modernize the sign shop, ensuring that all new signs are both visible and meet new safety standards if they are hit. An additional \$200,000 will add an in-house pavement marking crew, allowing the City to respond more nimbly to marking needs.

BTD will maintain funding to promote safer streets through the Safety Surge program, which funds personnel to support the capital plan's goals to redesign 15 to 20 intersections per year and place speed humps over 30 to 50 miles of streets in 10 neighborhoods. The budget will also continue the successful Open Streets program, enabling pedestrians, vendors, and nonprofits to take over thoroughfares in various neighborhoods and build community connections among residents. To support Citywide public events, BTD will add a position to the Special Events permits team in FY25.

For additional budget detail on the Streets Cabinet, see Volume III.

Planning

The Planning Cabinet consists of the Boston Planning and Development Agency (BPDA) and the Planning Department. FY25 is the first full year of transferring planning, design, and development review functions from the BPDA to a City department. The increase of \$32.1 million in this department reflects approximately 220 positions, along with non-personnel funding to support the work shifting from the BPDA to the City. The department's budget will also maintain staff added in FY24 to support the Boston Planning Advisory Council, which meets for the purpose of increasing coordination among departments that engage in citywide and neighborhood planning.

Non-Mayoral

The Non-Mayoral Cabinet is made up of the City Clerk, the City Council and the Finance Commission. Together they will increase \$664 thousand or 6.6%. Costs are primarily driven by increases in salaries in the City Council, which increased by \$404 thousand, of 5%. The remaining departments received increases due to steps and non-union general wage increases.

Reserve for Collective Bargaining

The FY25 collective bargaining reserve, a \$96.8 million reserve for City departments, Boston Public Schools, and the Public Health Commission, contains funding for unsettled union contracts.

FIXED COSTS

Fixed costs continue to make up a growing portion of the City's Budget. The City is required to budget for fixed costs and its growth, largely driven by the City's Pension schedule, which requires a 8.2% increase in FY25 to ensure funding consistent with the current pension schedule; debt service; and the Charter School Tuition Assessment, which is directly deducted from Boston's state aid. Total fixed costs are budgeted to

increase \$71.4 million, or 7.0% over the amount budgeted in FY24.

Pensions

Boston's Pension budget is based on the current pension schedule approved by Boston's Retirement Board. The City's Pension schedule requires a \$31.9 million or 8.2% increase in FY25.

The City of Boston participates in a contributory defined benefit retirement system that is administered by the Boston Retirement System (BRS). BRS is one of 104 public pension systems governed by Massachusetts General Law Chapter 32. For FY25 Boston's pension schedule is based on an actuarial asset valuation as of January 1, 2022. This pension schedule assumes a long-term rate of return of 6.9%. The City's pension liability is currently 82.4% funded and is on track to reduce the unfunded liability to zero by 2027, thirteen years prior to the legally required funding date of 2040. The current Cost of Living Adjustment (COLA) base (the amount the annual COLA increase is applied to) is \$15,000. In the spring of 2022 BRS approved a 3% COLA increase effective July 1, 2022. This COLA increase was later adjusted to 5% with Governor and City Council approval. The total impact of the COLA adjustment is estimated to add \$26.6 million to pension's unfunded liability.

Debt Service

The Debt Service budget supports borrowing to finance the City's capital plan. In FY25 Debt Service is budgeted at \$276.4 million, which is a \$30.2 million or 12.3% increase over the previous year.

The City benefits from its strong financial policies and practices and has Aaa/AAA credit ratings from Moody's and Standard and Poor's. Strong credit ratings are an assessment of the City's long-term financial stability and lower the cost of borrowing.

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. These include items such as charter school tuition and MBTA service. The City expects to be assessed \$392.1 million by the Commonwealth in FY25. For further detail see the *Revenue Estimates & Analysis* chapter of this volume.

Suffolk County

The Suffolk County budget is a fixed cost mandated by state legislation, budgeted at \$2.9 million in FY25. State legislation converted all existing and future Suffolk County Sheriff employees to state employees effective January 1, 2010. The State charges the City for Suffolk County through an assessment based on the residual unfunded pension liability for former Sherriff employees who retired prior to January 1, 2010. Once the unfunded liability is fully extinguished, the budget for Suffolk County will no longer be necessary.

Reserve

The Reserve budget is a fixed cost stipulated by state law and requires the City of Boston to maintain a reserve of 2.5% of the prior year appropriations, not including the School Department, on its balance sheet. The reserve's balance as of June 30, 2023 is \$45.2 million. In FY25 the City is budgeting an additional \$0.4 million contribution to this reserve to meet its funding requirements. 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 after June first of each fiscal year. Since the establishment of this reserve, the City has yet to make any drafts or transfers from the reserve.

Table 6 - Personnel Summary		1/1/22	1/1/23	1/1/24	1/1/25	Projected
		FTE	FTE	FTE	Projected	Inc/(Dec)
Office of the Mayor	Mayor's Office	45.7	56.6	52.0	50.0	(2.0)
	Election Department	30.0	29.0	29.0	29.0	-
	Intergovernmental Relations	6.0	9.0	7.0	8.0	1.0
	Law Department	50.0	60.6	69.0	69.0	-
	Total	131.7	155.2	157.0	156.0	(1.0)
Equity & Inclusion	Office of Equity	22.0	8.0	20.6	25.6	5.0
	Office of Diversity	3.0	-	-	-	-
	Office of Resiliency & Racial Equity	3.0	-	-	-	-
	Language & Communications Access	3.0	11.0	12.0	12.0	-
	Human Rights Commission	5.0	3.0	-	2.0	2.0
	Office of Immigrant Advancement	10.0	9.0	8.0	8.0	-
	Women's Advancement	3.0	3.0	4.0	5.0	1.0
	Black Male Advancement	-	4.0	9.0	9.0	-
	Fair Housing & Equity	8.0	8.4	7.0	8.0	1.0
	LGBTQ+ Advancement	-	3.0	3.0	3.0	-
	Commission for Persons with Disabilities	6.0	8.0	9.0	9.0	-
	Total	63.0	57.4	72.6	81.6	9.0
Office of Police Accountability & Transparency (OPAT)	OPAT	5.0	22.4	15.9	17.9	2.0
	Total	5.0	22.4	15.9	17.9	2.0
Operations	Inspectional Services	216.0	211.0	216.0	218.0	2.0
	Property Management	129.0	136.0	154.0	166.0	12.0
	Public Facilities Department	69.0	76.0	79.0	81.0	2.0
	Total	414.0	423.0	449.0	465.0	16.0
Community Engagement	Neighborhood Services	55.0	59.0	66.0	62.0	(4.0)
	Total	55.0	59.0	66.0	62.0	(4.0)
Arts & Culture	Office of Arts & Culture	15.0	19.0	17.0	17.0	-
	Total	15.0	19.0	17.0	17.0	-
Economic Opportunity & Inclusion	Office of Economic Opportunity & Inclusion	10.5	21.2	18.8	22.8	4.0
	Consumer Affairs & Licensing	21.2	22.2	19.0	22.0	3.0
	Office of Tourism	9.0	8.0	10.0	10.0	-
	Supplier Diversity	-	19.0	8.0	10.0	2.0
Total	40.7	70.4	55.8	64.8	9.0	
Worker Empowerment	Labor Compliance and Workforce Protection			13.0	13.0	-
	Youth Employment and Opportunity	7.0	6.7	11.0	13.0	2.0
	Office of Workforce Development				10.0	10.0
	Total	49.7	6.7	24.0	36.0	12.0
Education	School Department	9,559.1	9,624.1	10,049.7	10,209.9	160.2
	Total	9,559.1	9,624.1	10,049.7	10,209.9	160.2
Environment, Energy & Open Space	Environment	28.0	21.0	26.7	27.7	1.0
	Parks and Recreation	226.0	231.0	236.0	244.0	8.0

Table 6 - Personnel Summary (cont.)

	1/1/22	1/1/23	1/1/24	1/1/25	Projected
	FTE	FTE	FTE	Projected	Inc/(Dec)
Office of Historic Preservation		10.0	14.0	14.0	-
Office of Food Justice		3.0	5.0	6.0	1.0
Total	254.0	265.0	281.7	291.7	10.0
Finance Cabinet					
Office of Finance	4.0	5.0	7.6	7.6	-
Assessing Department	73.0	71.0	73.0	73.0	-
Auditing Department	28.0	29.0	33.0	33.0	-
Budget Management	19.7	22.0	24.0	25.0	1.0
Office of Participatory Budgeting	-	-	2.0	3.0	1.0
Procurement	21.0	22.0	23.5	30.0	6.5
Treasury Department	44.0	46.0	49.0	53.0	4.0
Total	189.7	195.0	212.1	224.6	12.5
People Operations					
Office of People Operations		4.0	6.0	7.0	1.0
Human Resources	53.0	57.0	62.0	63.0	1.0
Labor Relations	8.0	10.0	10.0	10.0	-
Registry Division	18.0	17.0	21.0	21.0	-
Total	79.0	88.0	99.0	101.0	2.0
Human Services					
Human Services	11.0	18.0	32.0	33.0	1.0
Boston Center for Youth & Families	321.5	295.5	284.1	288.1	4.0
Age Strong Commission	41.1	52.0	49.6	53.1	3.5
Library Department	369.6	385.9	415.1	421.1	6.0
Boston VETS	12.0	13.0	14.0	14.0	-
Total	762.2	764.4	794.8	809.3	14.5
Public Health					
Public Health Commission	857.4	824.1	862.5	873.2	10.7
Total	857.4	824.1	862.5	873.2	10.7
Housing					
Mayor's Office of Housing	40.1	46.7	58.5	68.7	10.2
Total	40.1	46.7	58.5	68.7	10.2
Information & Technology					
Dept of Innovation & Technology	120.0	123.0	123.0	129.0	6.0
Total	120.0	123.0	123.0	129.0	6.0
Public Safety					
Emergency Management	5.2	3.8	5.2	6.4	1.2
Fire Department	1,604.5	1,625.6	1,672.6	1,672.6	-
Police Department	2,759.4	2,657.4	2,652.0	2,685.0	33.0
Total	4,369.1	4,286.8	4,329.8	4,364.0	34.2
Streets					
Office of Streets	16.0	20.0	33.0	34.0	1.0
Central Fleet Management	40.0	38.0	34.0	34.0	-
Public Works Department	291.0	270.0	271.0	271.0	-
Transportation	334.0	303.0	309.0	301.0	(8.0)
Total	681.0	631.0	647.0	640.0	(7.0)
Planning					
City Planning and Design			3.0	202.0	199.0
Total			3.0	202.0	199.0
Non-Mayoral					
City Clerk	15.0	14.0	13.0	13.0	-
City Council	60.9	80.6	74.1	79.7	5.6
Finance Commission	3.0	3.0	3.0	3.0	-
Total	78.9	97.6	90.1	95.7	5.6
Grand Total	17,714.9	17,758.8	18,408.5	18,909.4	500.9

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 FY25 are estimates based on the personnel funding levels contained in the FY24 budgets.

FY23 - FY24 FTE Change

The total net increase in FTEs from January 1, 2023 to January 1, 2024 was 649.7. This growth is driven primarily by Education, as positions shifted from ESSER funding onto Operating funds. Other departments grew as well, as described below. The City's Position Review Committee continued to review all proposed job postings for vacant positions, balancing the capacity needs of departments with concern for budgetary and organizational impacts. Attrition and retirements, which have peaked in recent years in several departments, remained high. Additionally, 24 long-term vacant positions were eliminated in the FY24 budget.

The School Department increased by 425.6 FTEs. General Education Teachers were up 142.5 FTEs with particular gains in Special Education and Bilingual teachers corresponding to FY24 investments in Inclusion and Multilingual Learners. Meanwhile, Transportation Attendants increased by 89.6 FTEs to meet needs identified in Individualized Education Plans (IEPs). Other positions with notable increases included Program Support (+50), Instructional Coach (+25.8), and Managerial Support positions (+24.3), spurred by district investments and lower attrition levels.

Public Safety FTEs decreased by 43 from Jan 1, 2023 to Jan 1, 2024. The Police

Department declined by 5.4 FTEs; driven by attrition. The Fire Department saw an increase of 47 FTEs due in part to an increase of 10 in the number of cadets, as well as the sworn class in an effort to improve diversity. The Office of Emergency Management increase by 1.4 with the addition of a Logistics position.

The Streets Cabinet increased by 16 FTEs. The Office of Streets was up 13, driven by the filling of vacancies and addition of Green Infrastructure positions. Transportation was up 6 since Jan 1, 2023, reflecting an increase in Engineering and Planning positions to support Safety Surge, the Mayor's plan to slow traffic to promote safety. Public Works was up 1, with certain technical positions proving difficult to fill. Central Fleet declined by 4, reflecting mechanic vacancies.

The Equity and Inclusion Cabinet has increased by 15 FTEs from January 2023 to January 2024. The Office of Equity has increased by 12.6, showing the 8 reparations task force members as well as the filling of investment positions. Elsewhere in the cabinet Black Male Advancement grew by 5, as FY24 positions related programming and outreach were filled. Office of Language & Communications Access, Women's Advancement and Commission for Persons with Disabilities each grew by 1 as vacancies were filled. The Human Rights Commission decreased by 3; the department is in a moment of transition and is pausing on filling vacancies. Immigrant Advancement and Fair Housing and Equity each decreased by 1.

The Office of Police Accountability and Transparency (OPAT), created in FY22 to oversee police reform, declined by 6.5 FTEs since January 2023. Multiple high level vacancies have slowed the filling of vacancies as a whole.

The Operations Cabinet collectively increased by 26 FTEs. Property Management had an increase of 18 FTEs, driven by investments in facility maintenance, repair and management positions. PMD took over management of BCYF and BTM properties, as well as the Strand, necessitating additional positions. Inspectional Services increased by 5 FTEs, due in part to a new wire inspector as well as filling vacancies. Public Facilities grew by 3, as the department hired project managers.

The Community Engagement Cabinet increased by 7 FTEs from January 2023 to January 2024, due to call taker hires. The Arts & Culture Cabinet decreased by 2; the department has multiple vacancies as it works with Human Resources to update job descriptions.

The Economic Opportunity and Inclusion Cabinet decreased by 14.6 FTEs, with the bulk of that (-11) coming from the split of Supplier and Workforce Diversity into Supplier Diversity and Labor Compliance and Worker Protections, the latter moving to the Worker Empowerment Cabinet. The Office of Economic Opportunity and Inclusion (-2.4) and Consumer Affairs & Licensing (-3.2) each experience hiring delays, while the Office of Tourism (+2) filled vacancies.

The Environment, Energy and Open Space Cabinet increased by a net of 16.7 from January 2023 to January 2024. The Office of Historic Preservation increased by 4 as a department head was hired and a Commemoration Commission position was hired. The Office of Food Justice decreased by 2, and Parks and Recreation increased by 5 as arborists were filled. The Environment Department increased by 5.7 as BERDO and other position were filled.

The Human Services Cabinet shows an increase of 30 FTEs. This is driven by the

addition of 29.2 FTEs in the Library Department as they filled investment positions related to opening all branches for Saturday hours. Age Strong decreased by 2, and Boston Vets increased by 1. Boston Centers for Youth and Families declined in FTEs for a second consecutive year, falling by 11. BCYF continues to see challenges in hiring and will work with the People Operations cabinet on hiring and job description review. The Office of Human Services added 14 FTEs, filling Office of Returning Citizens, Early Childhood, and Youth Sports positions.

The Public Health Commission's increase of 38.4 FTEs is driven by improved recruitment in Emergency Medical Services (+14) and hiring upticks in the Child, Adolescent & Family Health (+9.2 FTEs) and Recovery Services (7.6 FTEs) bureaus.

The Finance Cabinet increased by 17; with most departments increasing by 2 to 4 positions as vacancies were filled. The People Operations Cabinet increased by 11 FTEs. People Operations grew by 2, adding a Labor Advisor position, while Human Resources grew by 5, adding capacity in Recruitment and Investigations. Registry increased by 4 as they filled vacant positions.

Housing grew by 11.8 FTEs from January 2023 to January 2024 largely through the shifting of salaries from a federal grant to the operating budget in order to free up grant resources for the pursuit of housing goals.

Debuting in FY24, the Worker Empowerment Cabinet contains 24 FTEs and two departments, Youth Employment & Opportunity and the new Labor Compliance & Worker Protections. YEO increased by 4 as they filled vacancies.

The Non-Mayoral cabinet decreased by 7.5 FTEs, driven by City Council reducing staff by 6.5.

Other cabinets had minor changes that are reflective of regular attrition and hiring patterns.

FY25 Projected FTE Changes

The City projects a net increase in FTE levels of 500.9 from January 1, 2024 to January 1, 2025. There are two drivers of growth: the addition of 199 FTEs in the new Planning Department and the increase of 160 projected FTEs in Boston Public Schools as the multi-year investment in inclusive practices continues to roll out and positions shift off of ESSER grant funding.

The City continues to monitor all hiring and reviews all requests to post new and existing positions within the context of administration priorities. Departments eliminated 18 long-term vacant positions in the current budget process.

The School Department shows an expected increase of 160.2 filled FTEs from January 2023 to January 2024. Special Education teachers and aides will grow in number as an Inclusion initiative is rolled out in the lower and middle grades. Bilingual teachers and aides, student support coordinators, and reading interventionists are also key parts of the district's plan to shift strategically aligned positions from federal relief funding to the Operating budget.

The Public Safety Cabinet is expected to increase by 34.2 FTEs in January 2025. 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. Class timing is not at play in the FY25 increase of 33 for the Police Department; a spring 2024 class will be followed by a spring 2025 class. However, the department is trying to fill cadet vacancies, which represent 30 FTEs

of the projected increase. The remaining FTEs will support internal reform efforts. The Fire Department will remain flat with January 2024. A class of 46 will start in the fall to replace projected attrition. The Office of Emergency Management will grow by 1, adding a climate resilience preparedness position.

The Equity & Inclusion Cabinet is projected to have 77.6 FTEs, showing a projected increase of 9. The Office of Equity is increasing by 5; 4 of which are cultural liaison positions transferred from the Office of Neighborhood Services in FY24. Human Rights will add 2 FTEs by filling vacancies, including the Director position; Women's Advancement will also increase by 1 as the Director position is filled, and Fair Housing will fill an investigator vacancy. The other departments are expected to remain level.

The Office of Police Accountability & Transparency is expected to increase by 2 FTEs from January 2024 to January 2025, as the Director and Deputy Director roles are filled.

The Operations Cabinet is anticipated to increase by 16 FTEs; reflecting the administration's priority of shoring up core infrastructure. Property Management will increase by 12 positions as the department fills FY24 investment positions, including a lease manager, a manager for 1010 Mass Ave, additional capital project managers, and assorted building maintenance staff. ISD will increase by 2 FTEs with the addition of planning support positions. Public Facilities is projected to be up by 2; in the Spring of 2024 two positions were added to focus on priority capital projects.

The Community Engagement Cabinet will decrease by 4 with the shift of Cultural Liaison positions to the Office of Equity. The Arts and Culture Cabinet will remain level at 17 FTEs.

The Economic Opportunity and Inclusion Cabinet will grow by 9 from January 2024 to January 2025. The Office of Economic Opportunity and Inclusion will grow by 4, adding a Business Strategy Manager and filling other vacancies. Consumer Affairs will grow by 3 and Office of Tourism will remain level. Supplier Diversity will increase by 2.

Worker Empowerment was a new cabinet in FY24. Originally consisting of the Office of Youth Employment and Opportunity (OYEO) and Labor Compliance and Worker Protections, in FY25 it will add the Office of Workforce Development. The latter is part of the transfer from the BPDA taking place in FY25. It will support the cabinet's focus on empowering all workers in the City of Boston. OYEO will increase by 2 FTE as 4 seasonal positions are converted to 2 permanent employees. The Office of Labor Compliance and Worker Protections is projected to have 13 FTEs, level with January 2024.

The Environment, Energy and Open Space Cabinet will grow by 10 FTEs. The Environment Department is increasing by 1; reflecting the shift of Green New Deal positions from the Mayor's Office, offset by attrition. The Office of Food Justice will increase by 1, as it becomes fully staffed. This Office will support year-round food access to all Bostonians. The Office of Historic Preservation will remain level at 14 FTEs. Parks and Recreation will increase by 8; reflecting new positions to support Franklin Park (including a high-level Park Manager position) as well as an additional animal control officer to handle the increase in pandemic-era pets being surrendered.

The Finance Cabinet projects an increase of 12 FTEs from January 2024 to January 2025 driven by an increase in the Procurement Department. After the Office of Contract Services moved into this department in FY24, they added procurement manager and analyst

positions. This department will add 6.5 FTEs as they fill those newly created positions. The New Office of Participatory Budgeting will increase by 1 to 3 with the addition of Chief of Staff position in the spring of 2024. Treasury increased by 4, reflecting recent hires. The People Operations Cabinet will increase by 2, with an analyst hired into People Operations and a central records position FTE in Human Resources.

The Human Services Cabinet will increase by 9.4 FTEs. Boston Public Library will add 6 FTEs, in line with the department's aggressive hiring efforts over the last few years. The department will also add a Chief of Youth Engagement to better connect the library system with its younger patrons. Boston Centers for Youth and Families will increase by 4 FTEs to 288.1 as staff for the newly reopened Johnson Center are hired. The Office Human Services will increase by 1 with a new youth resource coordinator position. Age Strong will increase by 3.5 positions as vacancies are filled and the department creates a constituent services position to connect seniors with services.

The Boston Public Health Commission will increase by 10 FTEs; driven by priority investments. 12 EMT positions will be added to maintain response times. 4 positions will be added to support a new investment in maternal and infant health; focusing on the health disparities facing Black birthing families. The Mayor's Office of Housing (MOH) in the Housing Cabinet will increase by 10.2, primarily driven by housing compliance positions shifting from the BPDA to MOH. The Department of Innovation and Technology (DoIT) will grow by 6 FTEs as FY24 investment positions supporting governance and constituent services are filled. DoIT will also add multiple FTEs to support street data and address management, along with improvements to licensing and permitting.

The Streets Cabinet is projected to decrease by 4 FTEs. The Office of Streets will increase by 1 FTE, as a constituent service specialist will be hired to respond directly to 311 reports. The Transportation Department is projected to decrease by 8 FTEs despite the addition of 4 investment positions supporting pavement marking and special events. Central Fleet and Public Works are projected to remain flat. The new Planning Department shifts 202 positions to the operating fund in FY25 for an increase of 199 positions from January

2024 to January 2025. These positions will be supported by revenue transfers from the BPDA and will perform a wide range of functions, from property management, human resources, and planning, to urban design, legal review, and other areas.

The non-Mayoral Cabinet will grow by an estimated 5.6 FTEs. This is driven entirely by City Council filling vacancies or hiring new employees.

External Funds	FY23 Expenditure	FY24 Estimated	FY25 Estimated
Boston Public Schools	316,354,184	352,081,421	153,696,167
Budget Management	111,783,284	138,001,334	150,000,000
Mayor's Office of Housing	123,227,603	134,398,428	146,514,092
Public Health Commission	57,559,249	68,176,785	66,460,013
Treasury Department	36,845,145	38,483,633	35,342,132
Workforce Development	0	0	28,244,477
Library Department	16,038,086	10,816,296	12,130,776
Emergency Management	10,118,386	11,772,895	11,773,644
Fire Department	9,740,951	11,774,476	11,375,971
Age Strong	8,052,512	10,193,512	11,251,209
Other	27,375,896	34,679,326	45,416,570
Total	717,095,296	810,378,106	672,205,051

Table 7

External Funds

The City's \$4.64 billion operating budget is supplemented by approximately \$672 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.

Thirty-three departments and agencies expect to make use of federal, state or other forms of external funding in FY25. Roughly 93% of the City's external funds are found in ten of those thirty-three

departments. These ten departments are Boston Public Schools, Office of Budget Management, Mayor's Office of Housing, Public Health Commission, Treasury Department, Office of Workforce Development, Library Department, Emergency Management, Fire Department, and Age Strong. Descriptions and amounts of grants by department can be found in Volumes II and III.

Federal grants have historically provided funding for the key City priorities of education, community development, and services for seniors. Boston Public

Schools, the Mayor’s Office Housing, and the Age Strong have been the traditional recipients of recurring entitlement grants provided by the federal government.

In response to the catastrophic impact of the COVID-19 pandemic, the federal government passed three unprecedented relief packages in addition to FEMA reimbursement: The CARES-Coronavirus Relief Fund (CRF), Coronavirus Relief Bill, and the American Rescue Plan Act (ARPA) of 2021. As of the end of Fiscal Year 2024, the first two of those funding sources were fully expended, including hundreds of millions of dollars in Elementary and Secondary School Emergency Relief (ESSER) funds directed to the Boston Public Schools – see the Education chapter for more details. The expiration of these funds accounts for the significant drop in external funds between FY24 and FY25 in Table 7.

American Rescue Plan Act (ARPA) of 2021

The American Rescue Plan Act (ARPA) of 2021 was a \$1.9 trillion stimulus bill providing hundreds of millions in federal funding to the City, the Boston Public Schools and other local organizations. While the BPS portion of this funding will expire in FY25, the City of Boston will continue to have access to ARPA State and Local Fiscal Recovery Funds (SLFRF) in FY25 and beyond.

Eligible uses of ARPA SLFRF funding include:

- Revenue replacement to strengthen support for vital public services and help retain jobs;
- Urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Assistance to small businesses, households, and hard-hit industries to support economic recovery;
- Addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations; and
- Investments in water, sewer and broadband infrastructure.

Boston’s guiding principles for the use of ARPA funds include:

- Targeting once-in-a-generation opportunities for transformative investments.
- Jumpstarting solutions to long-term challenges and making some big bets on Boston, while recognizing that we have to tackle the ongoing COVID-19 pandemic at the same time.
- Focusing on cross-departmental ideas that address equity, climate justice, jobs, and health.
- Leveraging additional public and private resources and prioritize financial sustainability beyond ARPA.
- Incorporating public feedback from the Budget Listening Tour in winter 2022 and the Let’s Go Better Campaign in Fall 2021.

In total, the City has received \$558.7 million in SLFRF funding; the City received \$212.1 million from the U.S. Treasury in May 2021 and a second payment of \$212.1 million in May 2022. In addition, the City

received \$134.5 million from the Commonwealth of Massachusetts. Under SLFRF, funds must be used for costs incurred on or after March 3, 2021 and funds must be expended by the end of 2026.

In partnership with the Boston City Council, the City has already appropriated \$551.7 million to continue the response to the COVID-19 pandemic and to help drive an equitable recovery for all Boston residents. \$7 million has been set aside in reserve for future use.

- \$362.2 million appropriated for Transformative Investments (July 2022)
- \$81.5 million appropriated for Emergency Relief Package (July 2021)
- \$55 million appropriated for FY22 Revenue Replacement (July 2021)
- \$40 million Revenue Replacement appropriated for FY23 (June 2022)
- \$8 million Fare Free Bus Expansion appropriated (Nov. 2021)
- \$5 million appropriated for Small Business Fund 2.0 Expansion (Jan. 2022)

The CARES-CRF, FEMA and ARPA budgets are reflected in the Office of Budget Management.

Community Preservation Act

By adopting the Community Preservation Act (CPA) in November 2016, the City has created a Community Preservation Fund. This fund is not part of the City's general

fund and is displayed as a special revenue external fund in this budget document. This fund is capitalized primarily by a one percent property tax-based surcharge on residential and business property tax bills that began in July 2019. The City uses this revenue to fund initiatives consistent with CPA guidelines: affordable housing, historic preservation, open space and public recreation.

Boston collected \$24.7 million in CPA surcharges and received \$10.1 matching funds in FY22. In FY23, the City collected \$27.3 million in CPA surcharges that was matched with \$9.4 in state funds. The city expects to collect \$27.0 million in surcharge revenue and \$5.1 million in state matching funds in FY24 and \$28.0 million in surcharge revenue and \$5.0 million in state matching funds in FY25.

Since 2018, the first year of allocations, Boston's 9-member Community Preservation Committee, comprised of Boston residents, has appropriated \$192 million to 346 affordable housing, historic preservation, and open space & recreation projects citywide.

FY25 All Funds Budget

The all-funds table consolidates the projected FY25 expenditures from the General Fund, Special Revenue Funds (primarily external grants) 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 FY25 budget document.

All Funds Budgets - FY25

Cabinet	Department	General Fund Budget	External Funds Budget	Capital Budget	Total All Funds Budget
Mayor's Office	Mayor's Office	6,845,470	253,192		7,098,662
	Election Department	6,433,703			6,433,703
	Intergovernmental Relations	1,303,013			1,303,013
	Law Department	11,173,140	300,000		11,473,140
	Total	25,677,359	553,192	-	26,230,551
Equity & Inclusion	Office of Equity	3,290,579	145,314		3,435,894
	Office of Language & Communications Access	2,169,498			2,169,498
	Human Right Commission	464,879			464,879
	Office for Immigrant Advancement	3,689,550	165,138		3,854,688
	Women's Advancement	742,925			742,925
	Black Male Advancement	2,093,249			2,093,249
	Fair Housing & Equity	767,000	803,241		1,570,242
	LGBTQ+ Advancement	782,203			782,203
	Commission For Persons W/Disabilities	893,403			893,403
Total	14,893,287	1,113,694	-	16,006,981	
Office of Police Accountability & Transparency (OPAT)	Office of Police Accountability & Transparency	1,481,276			1,481,276
	Total	1,481,276	-	-	1,481,276
Operations	Property Management Department	28,371,215		109,915,529	138,286,744
	Public Facilities Department	10,567,250			10,567,250
	Inspectional Services Department	24,052,311	157,864		24,210,175
Total	62,990,775	157,864	109,915,529	173,064,168	
Community Engagement	Neighborhood Services	5,529,847			5,529,847
Total	5,529,847	-	-	5,529,847	
Arts & Culture	Office of Arts & Culture	4,521,712	4,952,200	1,900,800	11,374,712
Total	4,521,712	4,952,200	1,900,800	11,374,712	
Economic Opportunity & Inclusion	Office of Economic Opportunity & Inclusion	7,130,212	3,061,256		10,191,468
	Consumer Affairs & Licensing	2,008,827	81,957		2,090,784
	Supplier Diversity	2,336,539			2,336,539
	Office of Tourism	1,879,434	150,000		2,029,434
Total	13,355,012	3,293,213	-	16,648,226	
Worker Empowerment	Labor Compliance and Worker Protections	1,957,657			1,957,657
	Youth Employment and Opportunity	22,630,310	1,412,575		24,042,885
	Office of Workforce Development	7,525,543	28,244,477		35,770,020
Total	32,113,510	29,657,053	-	61,770,563	
Education	Boston Public Schools	1,526,629,446	153,696,167	274,954,299	1,955,279,912
Total	1,526,629,446	153,696,167	274,954,299	1,955,279,912	
Environment, Energy & Open Space	Environment Department	5,150,484	3,150,170	22,075,748	30,376,402
	Parks & Recreation Department	35,428,610	6,213,297	34,047,516	75,689,422
	Office of Historic Preservation	1,538,983	109,416		1,648,399
	Office of Food Justice	1,396,037	289,367		1,685,404
Total	43,514,114	9,762,250	56,123,264	109,399,628	
Finance	Office of Finance	1,613,544			1,613,544
	Assessing Department	8,307,668			8,307,668
	Auditing Department	3,886,273	120,640		4,006,913
	Budget Management	3,622,481	150,000,000		153,622,481
	Office of Participatory Budgeting	2,132,323			2,132,323
	Execution of Courts	2,000,000			2,000,000
	Pensions & Annuities - City	4,005,000			4,005,000
	Procurement	3,564,614			3,564,614
	Treasury Department	5,759,716	35,342,132		41,101,848
	Total	34,891,619	185,462,772	-	220,354,391
People Operations	Office of People Operations	1,228,000			1,228,000
	Health Insurance	234,083,420			234,083,420
	Human Resources	8,750,820			8,750,820
	Medicare	14,603,637			14,603,637
	Office of Labor Relations	1,971,023			1,971,023
	Registry Division	1,634,812			1,634,812
	Unemployment Compensation	350,000			350,000
	Workers' Compensation Fund	2,000,000			2,000,000
Total	264,621,712	-	-	264,621,712	
Human Services	Office of Human Services	10,130,356	1,452,681		11,583,037
	Boston Center for Youth & Families	30,564,545	1,076,210	29,300,000	60,940,755
	Age Strong	8,070,604	11,251,209		19,321,813
	Library Department	49,096,305	12,130,776	25,878,200	87,105,281
	Boston VETS	4,835,689			4,835,689
Total	102,697,499	25,910,875	55,178,200	183,786,574	
Public Health	Public Health Commission	140,078,762	66,460,013	12,145,600	218,684,375
Total	140,078,762	66,460,013	12,145,600	218,684,375	
Housing	Mayor's Office of Housing	55,146,041	146,514,092	40,000,000	241,660,133
Total	55,146,041	146,514,092	40,000,000	241,660,133	
Information & Technology	Department of Innovation and Technology	53,237,727	7,008,824	8,506,019	68,752,570
Total	53,237,727	7,008,824	8,506,019	68,752,570	
Public Safety	Emergency Management	1,672,773	11,773,644		13,446,417
	Fire Department	306,569,810	11,375,971	32,407,721	350,353,502
	Police Department	474,307,787	11,204,202	3,375,000	488,886,989
Total	782,550,371	34,353,817	35,782,721	852,686,908	

Cabinet	Department	General Fund Budget	External Funds Budget	Capital Budget	Total All Funds Budget
Streets	Central Fleet Management	3,345,423			3,345,423
	Office of Streets	4,498,737			4,498,737
	Public Works Department	118,181,749	210,000	114,814,000	233,205,749
	Snow & Winter Management	22,468,938			22,468,938
	Transportation Department	44,473,832	3,084,026	47,366,312	94,924,169
	Total	192,968,679	3,294,026	162,180,312	358,443,017
Planning	Planning Department	32,679,279			32,679,279
	Boston Planning and Development Agency	-		600,000	600,000
	Total	32,679,279	-	600,000	33,279,279
Non-Mayoral Departments	City Clerk	1,703,467	15,000		1,718,467
	City Council	8,466,080			8,466,080
	Finance Commission	531,582			531,582
	Total	10,701,129	15,000	-	10,716,129
	Grand Total	3,400,344,464	672,205,051	757,286,744	4,829,836,259

Table 8

Performance Management

Boston's performance management efforts, driven by the Citywide Data Analytics Team in the Department of Innovation and Technology, strive to ensure that the City delivers the most effective and efficient services possible. The Data Analytics team has focused on setting up visual displays of data, creating multiple dashboards in an attempt to increase transparency around City government data and promote better use of existing data. Many of these live at Analyze Boston: <https://data.boston.gov/> and <https://www.boston.gov/departments/analytics-team>.

The Data Analytics team currently supports performance measures for all departmental appropriations. The FY25 budget book is transitional, as this is the first year the team will be fully automating all performance measures that are included. The transition is resulting in a reduction in overall performance measures, with the focus shifting to high impact measures. With automated performance measures, the City will be able to:

- Improve overall data quality - Since all measures are now vetted by the Performance Management team, there is more clarity on where data is coming from. Additionally, the majority of measures are now coming directly from systems, so there is a decrease in overall error rates.
- Reduce time spent on data collection - With the measures

automated, department staff no longer need to collect the data and enter it into a spreadsheet and the Performance Management team does not need to coordinate manual data collection, saving valuable time for all concerned.

- Become more efficient - Now that the City has built the foundation for automated measures, the process moving forward will be a more efficient one. All measures will go through a vetting process, but once a measure is set up, there will be no manual work required to collect data, enabling the focus to be on leveraging the data for decision-making and action.

Focus on Priorities

The Mayor's FY25 budget priorities can be grouped as follows: Increasing Affordability, Public Health and Safety, Youth and Families, Climate and Green Space, Delivering Exceptional City Services, and Promoting Equity and Economic Opportunity. Consistent with the City's Equity Statement, budget decisions continue to drive toward building a city that is for everyone. The performance measures listed below (Table 9) reflect the City's priorities and the partnerships necessary to achieve these goals.

Priority FY25 Performance Goals

Performance Measure	Responsible Department	FY24 Projected	FY25 Target
Increasing Affordability			
# of homebuyers assisted with down payment assistance	Mayor's Office of Housing	267	200
# of homeowners assisted through the home repair and rehab program	Mayor's Office of Housing	1,011	750
Public Health and Safety			
Average daily van transports from Mass/Cass to day spaces	Boston Public Health Commission	35	40
Average weekly number of substance use treatment placements	Boston Public Health Commission	34	36
# of firearms recovered	Boston Police Department	941	900
Youth and Families			
Available pre-K seats	Boston Public Schools	4,735	4,800
Average daily active library users	Boston Public Library	16,354	13,000
Climate and Green Space			
% of non internal combustion engine vehicles in the city fleet	Central Fleet Management	26%	28%
Publicly available EV chargers	Transportation Department	201	201
% of buildings on track to meet emissions standards	Environment	51%	85%
Delivering Exceptional City Services			
% Park maintenance requests completed on time	Parks & Recreation	65.2%	80%
% of pothole repair requests completed on time	Public Works Department	64.2%	85%
% of sign repair requests completed on time	Transportation Department	68.9%	80%
Promoting Equity and Economic Opportunity			
# of interpretation services provided	Language & Communications Access	5,291	6,000
# of firms with MWBE certification added for the first time	Supplier Diversity	43	24
% of homebuyers assisted with down payments and closing costs who are BIPOC	Mayor's Office of Housing	68.5%	65%

Table 9

MULTI-YEAR BUDGET PLAN

Introduction

While the City must maintain an annual budget process by statute, a two-year projection provides a useful context for current decision making and future planning purposes.

With City costs rising faster than its revenue, the City is projecting budget shortfalls in FY26 and FY27. In projecting the City's operating budget for FY26 and FY27, education cost growth, increasing annual pension schedule obligations, uncertain costs related to outstanding collective bargaining agreements and continued health insurance cost escalation continue to drive high rates of expenditure growth. The property tax levy is assumed to grow from its base by the allowable 2.5% and by new growth in the levy. In terms of state aid, continued pressure from rising state Charter Schools costs and relatively stagnant education aid will likely continue the negative growth trend in net state aid.

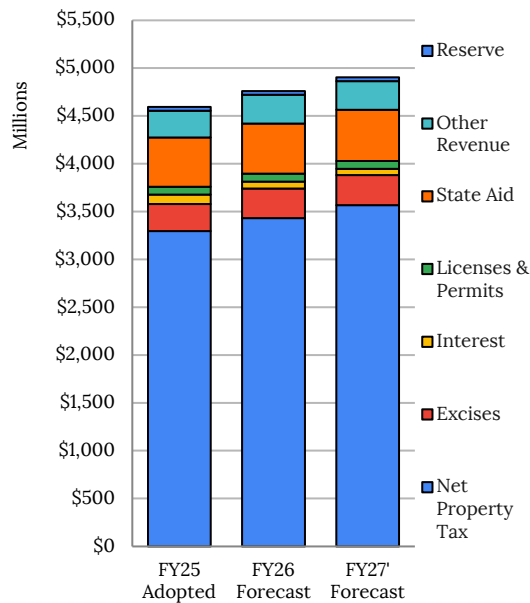
The next round of labor negotiations for FY21 and beyond began with six unions settling during the course of FY22, twenty-three unions during FY23, and fifteen unions during FY24. The projected FY25 and FY26 collective bargaining reserves are intended to acknowledge some costs in this area but do not indicate an established wage pattern for successor contracts.

Another area of concern is the unfunded liability related to other post-employment benefits. 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 understates the full obligation to provide these benefits after retirement. The City, including the Boston Public Health

Commission (BPHC), has an unfunded liability for these benefits of \$2.68 billion, as of the most recent independent actuarial valuation on June 30, 2023. The FY25 budget authorizes another payment of \$40 million to the City's OPEB Liability Trust Fund; the FY26 and FY27 projections also include \$40 million payments.

Revenue Trends

The following chart displays the breakdown of revenue projected for FY26-FY27.



**Figure 7 – Multi-Year Revenue Forecast
FY25 Budget, FY26 & FY27 Projected**

Major revenue trends include:

Property Tax Levy: The levy will grow by the allowable 2.5% increase, with new growth projected to be slightly lower, \$55 million, in FY26 and in FY27, due to uncertainty regarding the course of development in the wake of higher than average interest and commercial vacancy rates. The net property tax assumes an overlay reserve set at 1% of the total levy, \$36.0 million, in FY26 and FY27. This is in line with historical overlay levels. A net total increase in the

levy of \$275 million is projected over the two years.

State Aid: Gross state aid is assumed to increase by \$9.4 million in FY26 and an additional \$9.9 million in FY27. The City is projecting that Unrestricted General Government Aid will grow by 1.5% in both FY26 and FY27. Chapter 70 education is also expected to grow slightly, by 3.2% in FY26 and 1.4% in FY27. This growth is exclusively from minimum aid increases in the State funding formula at \$60 per pupil. Charter Tuition Reimbursement, which helps offset Charter School Tuition assessments is projected to grow slightly, 3.0%, between FY25 and FY27 due to a cap on charter school charges to Boston Public Schools. This cap will also slow the growth of the Charter School Tuition Assessment charged to the School Department. Since 2019, this assessment averaged 7.9% growth per year. For FY27 and FY28 growth in the Charter School Tuition Assessment is projected increase by 2.6% and 5.6% respectively.

Excises: Excises are expected to increase modestly after strong performance between 2022 and 2024. In FY26 and FY27 excises are projected to increase 9.8% and 1.3% due to continued strong demand and inflation adjustments for motor vehicles, meals, and hotel rooms.

Fines: Fines are expected to increase 11% by FY27 as parking and moving violations slowly recover to pre-pandemic levels.

Interest on Investments: Interest income is expected to decline by \$28.2 million in FY26 and \$6.8 million in FY27 in line with anticipated Federal Reserve rate reductions over the next two years.

Payments in Lieu of Taxes (PILOT): PILOT revenue is projected to grow modestly in FY26 and FY27 by 3.5% and 2.2% respectively. These payments are under a voluntary framework first established in 2012.

Miscellaneous Department Revenue: In FY26 and FY27 the City projects increases in departmental revenue reflecting City departments operating near full capacity and increases in contracts for reimbursable services.

Licenses and Permits: Building permits are projected to remain at pre-pandemic levels in FY26 and FY27 based on strong residential demand and a steady pipeline of commercial projects. Overall Licenses and Permits revenue is anticipated to grow by \$1 million between FY25 and FY27.

Penalties and Interest: Penalties and interest are anticipated to grow by \$3.1 million between FY26 and \$300,000 in FY27; this accounts for increased Tax Title filings in FY24.

Budgetary Fund Balance: For FY26 and FY27 the use of Budgetary Fund Balance for OPEB expenses is projected to be level at \$40 million.

Federal Relief: The City discontinued the use of ARPA funds for revenue replacement in FY24 and no additional revenue replacement funds are projected for FY26 and FY27.

These estimates are based on conservative revenue assumptions and are reflective of persistent uncertainty in the post-pandemic economy.

Expenditure Trends

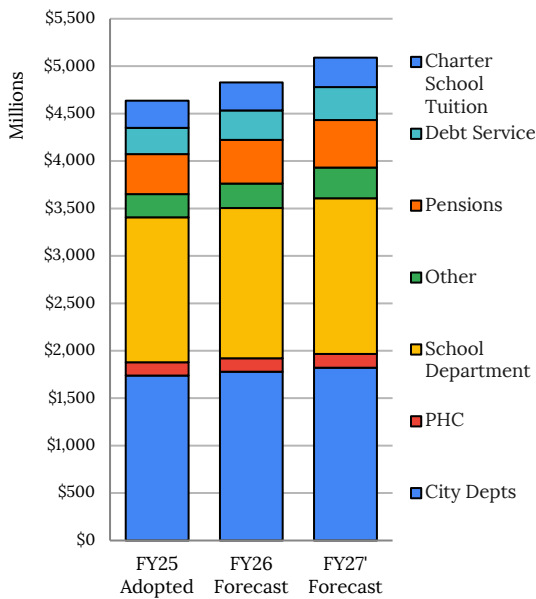
The expenditure chart displays the allocation of expenditures projected for FY26-FY27.

As the City examines projected expenditures for FY26 and FY27, expenditures are anticipated to grow at a faster rate than the City's revenue growth, leading to projected shortfalls for FY26 and FY27. Fixed costs alone are projected to grow significantly due to increases in debt service and charter school costs under the existing cap, along with upward adjustments in the City's pension schedule.

In addition, the City continues to project considerable appropriations growth due to rising employee-related costs.

Appropriations: Inflationary and other increases have been estimated in FY26 and FY27 for expenditures such as health insurance and other personnel cost growth. At the School Department, estimated inflationary increases for health insurance and other personnel cost growth have been projected for FY26 and FY27.

Due primarily to the factors referred to above, appropriations are estimated to increase by a total of \$105.9 million or 3.0% in FY26 and cumulatively increase by \$271.2 million or 7.7% in FY27.



**Figure 8 - Expenditures
FY25 Budget, FY26 & FY27 Projected**

Fixed Costs: In FY26 fixed costs are expected to increase by 7.8% and cumulatively increase by 16.7% in FY27. These increases can be attributed to several factors including: increasing debt service to support the capital budget, the continued growth of charter school tuition costs, and scheduled pension cost increases.

Under these revenue and expenditure assumptions, the FY26 and FY27 budgets

are currently projected to have shortfalls of approximately \$25.1 million and \$144.2 million respectively. For the most part, the projections are based on current operations and the roll out of approved initiatives in FY26 and FY27. As the FY26 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.

Employee hiring must continue to be managed, as the bulk of the projected increase in appropriations is employee-related. New collective bargaining agreements will need to be affordable, given cost and revenue pressures outlined in this forecast. The City, in partnership with its 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. 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 FY26 and FY27.

Planning a Balanced Budget

Multi-year planning is useful because it allows for 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 with monitoring changes in assumptions as new needs or innovations present themselves.

Much of the City's budget remains fairly stable during the year, but a variance of just 1% would equate to a \$46 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 chances of an unmanageable deficit. The City manages position vacancies through a committee comprised of the Chief Financial Officer, the Human Resources Director, and the City's Budget Director. In place for over a decade, the committee serves to strictly control and monitor all hiring. 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.

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 were 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.

MULTI-YEAR BUDGET SUMMARY

(Dollars in Millions)

	FY25 Adopted	FY26 Forecast	FY27 Forecast
REVENUES			
Property Tax	3,328.4	3,466.6	3,603.3
Property Tax Overlay	-33.0	-36.0	-36.0
Excises	282.6	310.2	314.1
Fines	58.3	64.2	64.8
Interest On Investments	100.0	71.8	65.0
Payments in Lieu of Taxes	57.1	59.1	60.4
Urban Redev Chapter 121A	39.5	40.0	38.0
Department Revenue	83.6	92.7	91.9
Licenses & Permits	81.9	83.0	82.9
Penalties & Interest	9.9	13.0	13.3
Intergovernmental Transfers	42.4	42.8	43.2
Available Funds	31.0	31.0	31.0
State Aid	515.2	524.7	534.5
Total Recurring Revenue	4,596.9	4,763.1	4,906.3
Budgetary Fund Balance	40.00	40.0	40.0
Total Revenues	4,636.9	4,803.1	4,946.3
EXPENDITURES			
City Appropriations	1,739.1	1,779.0	1,821.1
Public Health Commission	140.1	141.4	144.9
School Department	1,526.6	1,583.2	1,640.7
Reserve for Collective Bargaining City	96.8	105.0	167.2
Other Post Employment Benefits	40.0	40.0	40.0
Total Appropriations	3,542.7	3,648.5	3,813.9
Pensions	422.5	459.9	500.6
Debt Service	276.4	310.3	347.2
Charter School Tuition	287.3	294.8	311.2
MBTA	97.3	99.7	102.2
Other State Assessments	7.5	7.8	8.2
Suffolk County Sheriff Dept	2.9	2.2	2.2
Reserve	0.4	4.9	5.0
Total Fixed Costs	1,094.3	1,179.6	1,276.6
Total Expenditures	4,636.9	4,828.1	5,090.5
Surplus (Deficit)	0.0	-25.1	-144.2

Numbers may not add due to rounding

Table 10

BUDGET DOCUMENT STRUCTURE

The Operating Budget for FY25 and Five Year Capital Plan for FY25-29 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 on the city's Open Data Portal:

<https://data.boston.gov/organization/office-of-budget-management>

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.

Technical Note

The City of Boston's combined FY25 Budget and FY25-FY29 Capital Plan was published using Microsoft Word. Graphics were generated using Microsoft Excel. Oracle - Hyperion Planning and Microsoft Access were used for data management and analysis.

