



City of Boston

Thomas M. Menino, Mayor

Operating Budget Fiscal Year 2008
Capital Plan Fiscal Years 2008-2012

Volume I - Overview of the Budget

Thomas M. Menino, Mayor

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Boston
Massachusetts**

For the Fiscal Year Beginning

July 1, 2006

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Boston for its annual budget for the fiscal year beginning July 1, 2006.

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

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

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CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

June 19, 2007

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2008 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.3 billion is \$137.4 million, or 6.4%, more than the Fiscal Year 2007 Budget. The budget before you continues the City's commitment to strong, safe neighborhoods.

My resubmission includes the funding for a new Youth Development Network. This comprehensive public health initiative is designed to take a systemic approach to reaching and serving our young people most at-risk in priority neighborhoods. Under the supervision of the Public Health Commission's Adolescent Unit, Youth Development Specialists with clinical backgrounds will lead teams that include other PHC staff as well as youth workers from both City and nonprofit organizations, educators, employment training specialists, and family support providers. This collaborative effort will focus on coordinating public and private programs to provide direct counseling, specialized services and referrals to adolescents identified as high-risk or potentially high-risk. This budget also supports the hiring of six additional streetworkers in Boston Centers for Youth & Families, an expansion of hours at Community Centers, and an increase in the summer jobs program.

Continuing our investment in young people of all ages, the budget includes innovative new programming for families and children under 5 years old, as well as the City's ongoing effort to close the achievement gap through the Boston Public Schools' dedication to teaching and learning. In addition, the FY08 budget contains funding to address forthcoming recommendations expected from the Parthenon Group's study of over-age and off-track youth in the City of Boston which will cover issues such as truancy, drop-outs and alternative education.

Streetscape improvements funded in this budget, including new trees, lighting improvements, sidewalk repairs, road resurfacing, and improved traffic signals continue my support of neighborhood assets. Also, the recent and imminent hiring of police officers will significantly strengthen community policing. Please note that the resubmitted budget before you includes adjustments to both individual departments and the collective bargaining reserve to reflect the current status of contract negotiations.

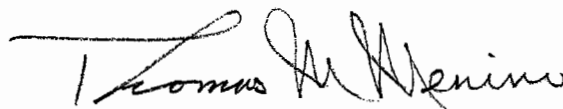
As we experienced last year, just under two-thirds of the spending growth is due to increasing personnel costs including health benefits, the impact of collective bargaining increases, and employee growth in the areas of public safety, education and youth development. We must remain mindful that the total annual spending increase needed to meet the City's commitments continues to outpace our rate of revenue growth. The City's FY08 budget assumes a moderate allocation of reserves to support ongoing expenses and to mitigate the effects of no growth anticipated in state aid.

Health insurance costs continue to rise at significant rates. In an effort merely to slow this trend, the City has negotiated a reasonable and gradual increase in employee health insurance contributions with employee unions. Additionally through a separate order, the FY08 Budget takes a first step to acknowledge the real, yet unfunded cost of providing health insurance to retirees, benefits that I am committed to preserving, by establishing a modest "other post employment benefits" stabilization fund.

Property tax and other local revenues are projected to have healthy growth. However, the City's net allocation of aid from the Commonwealth is expected to remain level - for FY08, net state aid remains \$66.2 million less than it was six years ago in FY02. The City continues to be challenged by our over-reliance on property taxes to fund services, and we will continue fighting to close telecommunications loopholes and to diversify our revenue streams by levying a local option meals tax. If both of these measures are successful in the coming year, the City will return those revenues to the people of Boston in the form of property tax relief.

I wish to thank the City Council for a thoughtful and deliberative budget review process. The Recommended Budget for Fiscal Year 2007 is soundly balanced within the City's available resources. I respectfully request your favorable action on the FY08 Operating Budget and the Five-Year Capital Plan for FY08 to FY12.

Sincerely,

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

Thomas M. Menino
Mayor of Boston



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

April 10, 2007

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2008 Recommended Budget for the City of Boston. The Recommended Operating Budget totaling \$2.3 billion is \$134.7 million, or 6.2%, more than the Fiscal Year 2007 Budget.

The FY08 budget represents the City's commitment to strengthening neighborhoods and focusing on public safety. It reflects our belief that safe neighborhoods require strong community policing and investments that foster hope. This budget supports and improves neighborhood assets by expanding hours at community centers, adding street workers, and improving the streetscape with new trees, lighting improvements, sidewalk repairs, road resurfacing, and improved traffic signals. Planned hiring of police officers, in combination with officers slated to graduate this spring are projected to bring our uniformed force to its highest staffing level since FY00. The City strengthens our investment in the young people of Boston through an expansion of the summer jobs program, innovative new programming for families and children under 5 years old, as well as the City's ongoing work to close the achievement gap through the Boston Public Schools' dedication to teaching and learning.

As in FY07, just under two thirds of the spending growth is due to increasing personnel costs. These costs include health benefits, the impact of collective bargaining increases, and employee growth in the areas of public safety and education. The total annual spending increase needed to meet the City's commitments continues to outpace our rate of revenue growth. The City's FY08 budget assumes a moderate allocation of reserves to support ongoing expenses and to mitigate the effects of no growth in state aid.

Health insurance costs continue to rise at significant rates, consistent with national trends. In an effort merely to slow this trend, the City has negotiated a reasonable and gradual increase in employee health insurance contributions with employee unions. In addition, through a separate order, the FY08 Budget takes a first step to acknowledge the real, yet unfunded cost of providing health insurance to retirees, benefits that I am committed to preserving, by establishing a modest "other post employment benefits" stabilization fund.

Property tax and other local revenues are projected to have healthy growth. However, the City's net allocation of aid from the Commonwealth is expected to remain level based on the local aid resolution passed by the House and the Senate on April 4, 2007. For FY08, net state aid remains \$66.2 million less than it was six years ago in FY02. The City remains challenged by our over-reliance on property taxes to fund services, and we will continue to fight to close the telecommunications loopholes and to diversify our revenue streams by levying a local option meals tax. If both of these measures are successful in the coming year, the City will return those revenues to the people of Boston in the form of tax relief.

I look forward to working with you during the budget review process and I respectfully request your favorable action on the FY08 Operating Budget and the Five Year Capital Plan for FY08 to FY12.

Sincerely,

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

Thomas M. Menino
Mayor of Boston