

## Mayor's Recommended FY12 Budget

*Health insurance and pensions account for 55.7% of the budget increase*

On April 13th, Mayor Menino presented his FY12 recommended budget of \$2.39B, which represents an increase of \$58.7M or 2.5% over FY11. This budget relies on fewer one-time revenues and calls for less belt-tightening than the previous two budgets. A total \$22M of ARRA funds used for general fund operations in FY11 will no longer be available. The FY12 budget calls for fewer position reductions than in the past two fiscal years at 169FTEs. For this Update, an extraordinary one-time pension payment of \$82M in FY11 is excluded for comparison purposes.

**Revenues --** The net property tax levy of \$66.7M, which includes the 2.5% levy increase of \$38.5M and new growth of \$30M, drives overall revenue growth of \$58.7M.

Account	FY12	Change	%
Net Property Tax	\$1,569.0	\$66.7	4.4%
State Aid	\$367.0	(\$28.7)	-7.3%
Excises	\$132.9	\$27.6	26.2%
All Others	\$280.8	\$11.7	4.3%
<b>Recurring Revenue</b>	<b>\$2,349.7</b>	<b>\$77.2</b>	<b>3.4%</b>
<b>Non-Recurring Revenue*</b>	<b>\$36.5</b>	<b>(\$18.5)</b>	<b>-33.6%</b>
<b>General Fund Revenues</b>	<b>\$2,386.2</b>	<b>\$58.7</b>	<b>2.5%</b>

\*Excludes extraordinary one-time revenue of \$82M in FY11.

Net state aid (revenues less assessments) is cut by \$37.1M for the fourth consecutive year of reductions. Excises, fueled by strong regional economic growth, are projected to increase by \$27.6M or 26.2%. Growth in meals (9.9%), motor vehicle (19.4%), jet fuel (9.8%), and hotel/motel room (50.7%) revenues all drive the overall

increase in excise revenues. Non-recurring revenue of \$36.5M is \$18.5M or 33.6% less than FY11.

**Expenses --** The bulk of the recommended budget increase of \$58.7M comes from health insurance and pension increases at \$32.7M or 55.7% of the total budget increase.

**Boston FY12 Selected Spending**  
*in millions*

Department	FY12	Change	%
School	\$738.0	\$2.8	0.4%
Fire	181.6	5.2	2.9%
Police	268.6	-2.3	-0.8%
Public Health*	72.9	3.1	4.4%
Other Dept'l	323.6	1.1	0.35%
<b>Total Dept'l</b>	<b>\$1,595.4</b>	<b>\$12.1</b>	<b>0.8%</b>
<b>Non Dept'l</b>	<b>12.2</b>	<b>0.7</b>	<b>5.8%</b>
Health Ins.**	309.8	16.2	5.5%
Pensions	126.5	16.5	15.0%
<b>Total General Fund Spending</b>	<b>\$2,386.2</b>	<b>\$58.7</b>	<b>2.5%</b>

\*Includes Public Health Commission's health insurance and pension expenses, which drive the 4.5% increase. The Commission's departmental spending actually drops by 1% in FY12.

\*\* Includes School Department health insurance

Meanwhile, departmental spending grows by \$12.1M or 0.8%. The Fire Department has the largest FY12 increase at \$5.2M or 2.9%, due to collective bargaining wage increases and a new class of firefighters that will replace retirees who left in FY10 and FY11. The \$35M recommended payment toward retiree health benefits (OPEB) is level-funded from FY11. The Bureau has recommended that the City increase this appropriation by a minimum of \$5M each year.