

Research Bureau Opposes Amendment to Change Budgetary Powers in Boston

Testimony of the Boston Municipal Research Bureau Before the
Boston City Council's Committee on Government Operations

Regarding: Docket #0851, *order for an amendment to the Boston City Charter pursuant to G.L. c. 43B, §10(b)*.

Good Morning. My name is Pam Kocher, I am the President of the Boston Municipal Research Bureau. I am also a city resident. Thank you Chair Edwards and members of the Committee for this opportunity to speak to Docket #0851 regarding an amendment to the City Charter to change the process for creating and approving a budget in the City of Boston.

The Research Bureau's mission is very much focused on sound city finances and policy, so that Boston has the resources to do what it needs to do and wants to do, now and in the future, for all who live, work, and learn in our city. I am here to speak in opposition of Docket #0851, a proposal to change the process for creating and approving the operating and capital budgets in the City of Boston. Promoting the City of Boston's financial health is a priority of the Research Bureau and the budget process is an important part of maintaining the City's fiscal stability.

The City of Boston is a \$6.61 billion municipal corporation, with a budget process that continually develops during the course of a fiscal year with ample opportunity for the City Council to shape the priorities of the City. This change in the budget process, in an attempt to give equal budget authority to the Mayor and Council, will not be in the best interest of the City as a whole and will bring uncertainty to the City's fiscal future.

The Research Bureau opposes Docket #0851 for the following reasons:

Legal Issues - Docket #0851 utilizes chapter 43B of the Mass General Laws to create an amendment to the Charter. This section of the law is an alternative to establishing a new Charter, and grants Boston the ability to make "minor amendments" to its Charter and not major revisions. This point is reinforced in the Research Bureau's 2014 [City in Transition](#) report, and the Boston Foundation's 2007 [Boston Bound](#) report by Frug and Barron. Docket #0851 completely changes the budget process, approval and authority of the Mayor and School Committee – this is not a minor amendment but a major revision to the City Charter and would require a Home Rule Petition.

One purpose stated for the charter change is to enable the City Council to amend the School Department budget. However, such authority would be in direct conflict with MGL Chapter 71, section 34 which authorizes only the School Committee to "determine expenditures within the total appropriation."

Fiscal Uncertainty - Docket #0851 would lead to fiscal uncertainty and instability in Boston that the City cannot afford. The City has an obligation to develop and manage its FY21 \$3.61 billion operating budget and \$3.0 billion capital budget so that annual expenditures stay within available revenues. This order jeopardizes that obligation by granting the City Council, among other things, the ability to increase the operating and capital budgets including the school budget, originate a new budget at ANY time and amend the appropriation order in whole or in part without regard to affordability or future impact. Giving the authority to the City Council to originate a budget at a time of its choosing, would cause major disruption and lack of accountability for Boston's finances. The City Council would also be able to override any budget amendments made by the Mayor in response to the City Council's original actions.

The rating agencies consistently cite Boston's strong management, conservative fiscal policies and budgetary performance as reasons for the City's AAA bond ratings. This in turn allows Boston to continue funding a capital plan that addresses the many needs of residents from housing and parks to public buildings and infrastructure at a sustainable cost.

The City's record of successful financial management going back decades, as evidenced by consecutive operating surpluses, AAA bond ratings since 2011 and easy access to debt markets even in difficult fiscal times, was made possible through the current structure of budgetary authority that also provides for a checks and balance procedure that is important to the stability of the City. Dividing budgetary responsibility among Council and Mayor injects uncertainty in Boston's fiscal management which threatens the City's financial stability and bond ratings, and thus the City's ability to fund capital projects. Boston needs to continue with strong financial management to maintain its fiscal health, deliver basic services and be prepared and flexible to deal with the changing needs of residents as well as downturns in the economy. This proposed charter change is ill-advised, especially during the fiscal uncertainty of the current pandemic.

Limited Capacity of the City Council - Docket #0851 would challenge the capacity of the City Council to originate and propose a combined \$6.61 billion budget that can meet our community's needs in a fiscally responsible way and support long-term fiscal stability. Boston's operating and capital budgets are being developed long before the April budget deadline for presentation to the City Council. At \$6.61 billion, this process is complex and involves hundreds of employees, financial experts and the financial teams in Administration & Finance, Budget Management, Auditing, Assessing, Treasury, BPDA, Retirement Board, Law, Intergovernmental Relations and in every department, board, committee and commission to develop revenue estimates and determine the amount of non-discretionary expense that will be required in order to create guidelines for developing individual departmental budgets. The City Council structure and central staff is not prepared to execute this type of analysis and evaluation or forecasting.

RECOMMENDATIONS:

The Research Bureau recommends that Docket #0851 be rejected. The City Council should exercise its current powers and responsibilities to impact the City's budget and priorities and ensure that the process is participatory. Boston's operating and capital budgets are living documents that change and are updated constantly throughout the fiscal year. The City Council has many opportunities to impact the policy goals and direction of the City as well as establish a more inclusive or participatory process with the public.

- **An Interactive and responsive budgetary process.** To improve public engagement, the City Council should set up hearings before the budget season inviting public input from residents on where they would like to see more City appropriations and considerations for tailoring

the budget to residents' needs. This could better inform the Councilors' understanding of how to guide budget discussions with the Mayor and departments. This September, the Council intends to hold a hearing on the potential of participatory budgeting as another opportunity for community engagement. Participatory budget processes typically set aside a small portion of city resources for the coming year for residents to propose and vote on projects or initiatives for funding in the budget.

- **The City Council has the power to reduce spending for Departments.** This is a powerful avenue that is not often employed by Councilors during the budget process but could help them make progress in advancing policy goals and holding the Mayor accountable.
- **City Council approval and review is key.** The City Council must approve all spending in the City, including items like collective bargaining contracts that occur outside of the regular budget process. The City Council may not be at the bargaining table, but it does have the power and responsibility to reject a contract and push for reforms and accountability. There are numerous opportunities through the fiscal year for the City Council to impact goals and provide a different perspective than the Administration and involve residents.