

Boston's Spending Plan Set: Property Tax Revenues Lead Growth

The FY23 \$3.99B budget is the Wu Administration’s first budget and the City’s first experience navigating the new budget process approved by voters last November. The City Council’s efforts to amend the budget using its new budgetary powers resulted in reallocation of \$9.9M, 0.6% of appropriations that City Council can amend. The adopted budget priorities are similar to the FY22 budget and [Mayor Wu’s proposed FY23 budget](#).

Revenues - Revenues are projected to be \$222.5M (5.9%) more than FY22, mainly due to growth in property tax revenue. Local revenue is expected to grow, most notably an estimated 36.7% (\$42.3M) increase in excise tax revenue from FY22, though not to pre-pandemic levels. State aid is budgeted to increase by \$23.2M (4.8%).

Expenditures - Personnel costs continue to be the biggest expenditure at 66.4% of total spending. In FY23, the City budgeted personnel costs at \$2.7B, an increase of 5.5% since FY22. As of April 2022, the City’s workforce was projected to increase by 430.1 FTEs to total 18,145.0 FTEs in January 2023.

The biggest departments still absorb the lion’s share of the budget. The Boston Public Schools budget (net of health insurance) is \$1.2B, an increase of \$35.8M (3.1%) from FY22. It makes up 30.1% of the City’s total planned departmental spending. The Police Department budget totals \$395.1M, decreasing by \$5.4M (1.3%), mostly due to a high attrition level and a \$1.2M reduction to increase other departmental budgets. The Fire Department budget increased by \$1.1M (0.4%) to \$276.9M.

Small departmental budget changes reflect the city’s priorities, including increasing affordable housing, implementing the new budget process and supporting specific groups such as Black men, LGBTQ+ people, immigrants and young residents.

The Mayor’s Office of Housing received a significant \$8.9M (25.2%) budget increase, totaling \$44.3M for FY23. The additional funding includes resources for the city housing voucher program and a pilot for housing stipends for young people ages 19-24. Additionally, the City Council budget grew by \$1.6M (25.3%) to \$7.7M. It includes funding to increase staff wages and add personnel to modernize and improve operations. The City Clerk budget increased by \$346.4K (24.2%), which includes funding for an additional employee and recodification services. The operating budget also includes \$2.0M for the new Office of Participatory Budgeting once it is formally established.

Conclusion and What to Watch - Even with the broader problems caused by COVID, the FY23 operating budget increases funding for nearly all departments. The next budget season will reveal impacts of the investments in City Council budgeting. This year, departments reported having difficulty hiring employees in this competitive labor market, which is exacerbated by high housing costs and the City’s residency requirement. A key component of city government service delivery is challenged when the City struggles with vacancies.

