



CITY OF BOSTON - MASSACHUSETTS

KIM JANEY
MAYOR

June 18, 2021

TO THE CITY COUNCIL

Dear Councilors:

I retransmit herewith my Fiscal Year 2022 (FY22) Recommended Budget for the City of Boston. After over 36 City Council hearings and Working Sessions and significant public dialogue and discussion, I am confident that this year's fiscally responsible \$3.76 billion FY22 Operating Budget and \$3.3 billion FY22-FY26 Capital Plan provides the resources for the City's continued robust public health response to COVID-19 and sets the stage for our shared equitable recovery. COVID-19 has brought on unprecedented health, economic and social change to our City, and this budget proposal meets that moment and makes targeted investments to ensure that we emerge from this public health crisis more equitably because we can't go back, we can only go better.

While prior to COVID-19 our City had a growing economy and was attracting more residents and businesses every year, too many were being left behind and unable to take part in that shared prosperity. COVID-19 has deepened that divide and revealed the stark inequalities that have existed in our City for too long. That's why equity lives at the heart of this budget proposal and informs everything from how we are allocating our new resources, to ensuring that those resources are spent with local organizations, especially businesses of color. This budget is one important part of our shared goal of making Boston a more equitable city for all.

The COVID-19 pandemic has brought on tremendous economic disruption to all sectors of our local economy, big and small, including our own city budget. But thanks to years of shared fiscal responsibility, Boston entered this pandemic as one of the best prepared local governments in the country. We have had 7 years in a row of triple A bond ratings and took decisive action over the past year to ensure we had a balanced budget despite large losses in local revenue. Fiscal responsibility remains the foundation of this year's Operating Budget and Capital Plan proposals, and in turn will help accelerate the City's overall recovery from the pandemic.

Thanks to continued strength in the local economy and a significant infusion of federal funding from the American Rescue Plan, the Recommended FY22 Operating Budget proposes a year-over-year increase of \$152 million or 4.2% over FY21. Even with weakness in certain sectors of the economy, property tax revenue has proven resilient over the past year, though we are mindful and cautious on projecting the effect that COVID-19 will have on new development in the City. Other local revenue sources like excise taxes and department revenue will rebound slightly as the economy reopens fully, but will remain below pre-pandemic levels.

The most significant new resource that will support this year's budget is the recently passed American Rescue Plan Act that will provide hundreds of millions in federal funding to the City, the Boston Public Schools and other local organizations over the next five fiscal years. As you know we have launched a formal process to allocate over \$500 million in direct federal funding in partnership with the City Council

through the Equitable Recovery Coordinating Committee. To date the City has received \$212 million in funding and has proposed to use a portion of this amount by:

- Allocating \$50 million to immediate emergency relief to fund urgent COVID-19 response efforts to stop the spread of the virus and bring the pandemic under control, strengthen support for vital public services for those most impacted by COVID-19 and help support immediate economic stabilization for households and businesses.
- Utilizing \$55 million to support the FY22 operating budget by replacing local revenue losses related to the economic impact of the pandemic, as well as, to make near term investments to expand and create vital city programs to ***Reopen, Recover and Renew*** our City post COVID-19.

This fiscally responsible budget will also fully fund our long-term liabilities, like pensions and debt service, enabling investment in our City's largest Capital Plan in history. The Capital Plan touches all neighborhoods and supports capital projects, including schools and libraries, and annual programs, such as Vision Zero transportation efforts and street tree plantings. The proposed FY22 budget also fulfills the second year of the City's three-year \$100 million commitment to the Boston Public Schools. \$36 million in new investments will go into schools and classrooms to facilitate a safe return to our school buildings and support our students and school communities through post-COVID-19 recovery. Total public education spending, including support for our charter school students, will increase by \$66 million, representing 43% of all new city funding.


This budget charts a course for an equitable recovery and builds on the substantial public health programs and services expanded or established in response to COVID-19. In the past year alone, we have stood up food centers, built field hospitals and transitioned our school system from in-person, to online, and back again. New investments will provide needed assistance for our most vulnerable and training and support for those individuals and industries most hard hit during the pandemic. The Boston Public Health Commission will build sustainable capacity in its infectious disease bureau and invest in services and programs to address substance misuse. As we reopen our city, we'll address immediate needs and expand services for post COVID-19 programming including in Arts, Parks, Youth, and Age Strong.

This budget is also centered on renewal and working towards a more equitable future for us all. Significant funding will support housing and homelessness efforts to prevent displacement and expand housing opportunities for families of every income in every neighborhood. Important investments to begin the work to heal racial divides include new funding for the Equity and Inclusion Cabinet, the Office of Police Accountability and Transparency, and alternative policing.

The FY22 budget recognizes and meets the challenges of the moment while remaining grounded in fiscal responsibility and avoiding layoffs, furloughs or service reductions. As we move forward towards a safe reopening and recovery, we must continue to focus on renewing all parts of our city.

I thank the Council for your work throughout the budget process, and the thoughtful engagement on new ideas and adjustments contained within the Resubmitted Budget. I believe this proposal reflects our shared values for Boston in the next fiscal year and I respectfully request your favorable action on the FY22 Operating Budget and the FY22-FY26 Capital Plan.

Sincerely,



Kim Janey
Mayor of Boston