



City of Boston

Michelle Wu, Mayor

Operating Budget Fiscal Year 2023

Capital Plan Fiscal Years 2023-2027

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CITY OF BOSTON

MAYOR MICHELLE WU

June 13, 2022

TO THE BOSTON CITY COUNCIL

Dear Councilors:

I respectfully return to your Honorable Body the City's Fiscal Year 2023 (FY23) Budget for the City of Boston. Thank you for your continued collaboration, starting with our joint budget listening sessions this past winter and through the robust public process this spring including over 30 hearings and working sessions. In this moment of urgency and opportunity for our city, our amended \$4 billion FY23 Operating Budget and \$3.6 billion FY23-FY27 Capital Plan sets a foundation for our future, connects our communities, and delivers on the details of city services across our neighborhoods. Through sound fiscal management, this budget is a roadmap for investing critical resources to build a more connected city for everyone.

This returned budget is responsive to the advocacy and legislative intent of the City Council, while recognizing the importance of fiscal stability. Many proposed amendments were accepted, though most at reduced amounts in recognition of existing resources or anticipated start-up timing. In partnership with the City Council, the returned budget includes enhanced funding for youth jobs, housing vouchers, neighborhood clean up, and valuable programming for historically underserved communities including immigrants, LGBTQ+ residents, and returning citizens. As required, the City Council's proposed additions to the budget were offset by reductions in other areas. While the City is pleased to be able to slightly increase the FY23 Operating Budget at this time due to net state aid revenue adjustments in the House budget passed this spring, that funding alone is not enough to accommodate the entirety of the Council's suggested additions, and it is still subject to the legislature's budget reconciliation process and final approval. After careful review, this returned budget partially accepts some suggested Council reductions that can be taken without harming city services or transparent budget practices.

I'm proud that the first budget of our administration comes in the first year of a new balance of budgetary power with the City Council, and we have reshaped this process to reflect direct community engagement and City Council collaboration from the very beginning. For the first time, public feedback guided budget drafting from the start as residents highlighted community needs and priorities through listening sessions co-hosted by City Councilors, a citywide survey in 12 languages, and direct engagement over the last three months. Our recommended budget reflects the clear call for transformative action to support our people, our neighborhoods, and our City services.

Even as Boston continues to absorb the impacts of a lingering pandemic, our City's fiscal health has paved the way for a strong public health response and citywide recovery. This spring, the City of Boston received AAA credit ratings for the eighth year in a row. These top credit ratings not only highlight solid financial management and policies embedding fiscal responsibility, but also secure the most favorable rates for our infrastructure investments to support equity, affordability, and resiliency in every neighborhood.

To maintain the City's strong fiscal health and to support honest, transparent dialogue with community members about how taxpayer dollars are put to use, we must be clear about planned expenditures. The City Council unanimously voted to present a proposed budget to the administration that would secure a collective \$10 million increase for various initiatives through a reduction to the Boston Police Department's overtime line item by that amount. As we are all aware, due to state laws that require payment of all public safety overtime hours worked—regardless of the size of a budgeted line item—this would set up the City to repeat the pattern over several years of overspending on this line item and dipping into needed reserves from other areas to cover that. Therefore, I cannot include a false reduction to the budget that would create unpredictability elsewhere. We will continue to work through leadership, organizational improvements, and collective bargaining to rein in overtime. However, in recognition of the unanimous advocacy and intent of the City Council, a total of \$1.2 million in reductions to the Police Department have been identified: \$1 million in the reduction to the Police Department's personnel line is retained as a reduction to the permanent employee line, which will delay the next recruit class by two months; and a \$200,000 reduction to the department's equipment line is included. Should net state revenues come in higher than currently budgeted over the next few months as the state budget is finalized, this will be a top priority to restore and accelerate our recruit class.

This returned budget also includes most of the City Council's proposed investments and our team has tremendous respect for the Council's advocacy and representation of communities across our neighborhoods. While the Mayor's Administration is charged with the executive and administrative duties of city government, the valued partnership with the Council is critical to ensure that City government meets the needs of our residents. Directives about how to staff or execute public work within a departmental budget category constitute executive action, which is reserved to the Mayor under the City Charter, and are not within the City Council's legislative authority to amend appropriations. Therefore, the intra-departmental transfers set forth in the appendix to the City Council's amended budget is a non-binding narrative of priorities that I cannot formally accept as appropriations. However, the intra-department portion of the appendix highlighted some key community priorities that our returned budget dedicates funding toward, such as arts grants and pest control.

Specific accepted and partially accepted amendments include the following.

- Accepted amendments at reduced amounts in recognition of existing resources or expected start-up timing: \$3.5 million for youth jobs (offset by grant funding), \$1.85 million for housing vouchers, \$500,000 for Main Streets technical assistance, \$544,000 for tree and urban wilds maintenance, \$482,000 for neighborhood clean-up (hokeys) and waste reduction positions, \$300,000 for Office of Returning Citizens, and \$200,000 for the Office of Black Male Advancement.

- Accepted amendments at full amounts proposed by City Council: \$250,000 for the Mayor's Office of Immigrant Advancement programming and events, \$150,000 for the Office of LGBTQ+ Advancement, additional positions to support the 311 system, increased burial assistance, a new position to expand capacity at the office of the City Clerk, Graffiti Busters grants to help small businesses restore their storefronts, programming for older adults, increased support for the Boston Groundwater Trust, and additional funding for City Council staffing.
- A total of \$1.5 million in partially accepted reductions that can be taken without harming city services or transparent budget practices: \$1 million in Police personnel line by delaying recruit class two months, \$200,000 from Police equipment line, and \$300,000 from the Fire Department equipment line.

The returned FY23 Operating Budget proposes a year-over-year increase of \$219 million or 5.8% over FY22, coordinated to target impact in key areas, including:

- Focusing on housing affordability, including creating and acquiring new affordable units, housing stability services, and an expanded voucher program. Over the next three years, new commitments in the Operating and Capital Budgets paired with federal recovery funds will infuse an unprecedented \$365 million into affordable housing, supportive services, and public housing preservation and creation.
- Moving fast on a Boston Green New Deal, with a greener City vehicle fleet, improvements for mobility and active transportation, the first citywide composting program, new leadership for food justice and urban agriculture, and investments in our tree canopy and open space.
- Investing in public safety grounded in public health, with a new Center for Behavioral Health to elevate mental health as a citywide priority, a coordinated crisis response program, specialized supports for older adults, and pathways for greater representation of Boston residents and people of color in public safety jobs.
- Accelerating an equitable economic recovery by more than doubling investments in our Main Streets districts to support our small businesses; creating an innovative Legacy Business Fund; funding the new Office of Contract Services that will help tie city contracting to wealth-building opportunities for BIPOC- and women-owned local businesses; expanding workforce development for immigrant professionals, young people, and city residents; and investing in neighborhood placemaking, arts, and culture.
- Amplifying all voices, with a major expansion of our language access capacity, investments in immigration legal services, wraparound supports for returning citizens, and resources to grow our new Office of Black Male Advancement and Office of LGBTQ+ Advancement.
- Empowering youth and families, with a significant commitment to the Boston Public Schools through \$40 million in Operating Budget growth paired with over \$100 million in federal ESSER funding to support students and school communities, strengthen academics, and improve facilities and operations; a new Office of Early Childhood; and funding for 6,000 youth summer jobs and 1,000 full-year jobs.

The operating budget works in concert with the City's proposed budget for allocation of \$349.5 million in unallocated federal resources from the American Rescue Plan Act (ARPA), intended to accelerate a Green New Deal for Boston. These funds represent a once-in-a-generation set of

transformational investments that will create lasting impact. I ask the City Council to act with urgency and put these resources to work for Boston residents.

Informed by community-driven visioning and guided by the urgency for bold change, our proposed investments include \$206 million for affordable housing and homeownership, \$34 million for economic opportunity and inclusion, \$31.5 million to advance climate resilience and improve mobility for all Bostonians, \$20 million to strengthen arts and culture in both downtown and our neighborhood communities, \$20 million to ensure an equitable response to the ongoing pandemic, \$18 million to support behavioral and mental health, \$15 million to focus on our early education and childcare system, and \$5 million for administration, evaluation and data transparency.

It will take time for the city's economy to fully regain its footing, and we are planning carefully around the uncertainty from viral variants, geopolitical events, and macroeconomic pressures. This fiscally responsible, balanced budget fully funds our long-term liabilities, such as pensions and debt service, enabling investment in the largest Capital Plan in our City's history. The Capital Plan supports capital projects across all our neighborhoods, from healthier schools and beautiful libraries, to safer streets, street trees, and dog parks.

As we continue to emerge from the pandemic, this budget points the way toward an equitable recovery and charts the course for our brightest future. Thank you for your many hours of analysis, community outreach, and thoughtful discussion. I look forward to the continued partnership of the City Council in this budget process and beyond. I respectfully request your favorable action on the FY23 Operating Budget, the FY23-FY27 Capital Plan and the ARPA orders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michelle Wu', with a stylized flourish at the end.

Michelle Wu
Mayor of Boston



CITY OF BOSTON - MASSACHUSETTS

MICHELLE WU
MAYOR

April 11, 2022

TO THE BOSTON CITY COUNCIL

Dear Councilors:

I transmit herewith my Fiscal Year 2023 (FY23) Recommended Budget for the City of Boston. In this moment of urgency and opportunity for our city, our \$3.99 billion FY23 Operating Budget and \$3.6 billion FY23-FY27 Capital Plan sets a foundation for our future, connects our communities, and delivers on the details of city services across our neighborhoods. Through sound fiscal management, this budget is a roadmap for investing critical resources to build a more connected city for everyone.

Even as Boston continues to absorb the impacts of a lingering pandemic, strong fiscal health has paved the way for a strong public health response and citywide recovery. Last month, the City of Boston received AAA credit ratings for the eighth year in a row. These top credit ratings not only highlight solid financial management and policies embedding fiscal responsibility, but also secure the most favorable rates for our infrastructure investments to support equity, affordability, and resiliency in every neighborhood.

I'm proud that the first budget of our administration comes in the first year of a new balance of budgetary power with the City Council, and we have reshaped this process to reflect direct community engagement from the very beginning. For the first time, public feedback guided budget drafting from the start as residents highlighted community needs and priorities through listening sessions co-hosted by City Councilors, a citywide survey in 12 languages, and direct engagement over the last three months. Our recommended budget reflects the clear call for transformative action to support our people, our neighborhoods, and our City services.

The Recommended FY23 Operating Budget proposes a year-over-year increase of \$216 million or 5.7% over FY22, coordinated to target impact in key areas, including:

- Focusing on housing affordability, including creating and acquiring new affordable units, housing stability services, and an expanded voucher program. Over the next three years, new commitments in the Operating and Capital Budgets paired with federal recovery funds will infuse an unprecedented \$365 million into affordable housing, supportive services, and public housing preservation and creation.

- Moving fast on a Boston Green New Deal, with a greener City vehicle fleet, improvements for mobility and active transportation, the first citywide composting program, new leadership for food justice and urban agriculture, and investments in our tree canopy and open space.
- Investing in public safety grounded in public health, with a new Center for Behavioral Health to elevate mental health as a citywide priority, a coordinated crisis response program, specialized supports for older adults, and pathways for greater representation of Boston residents and people of color in public safety jobs.
- Accelerating an equitable economic recovery by more than doubling investments in our Main Streets districts to support our small businesses; creating an innovative Legacy Business Fund; funding the new Office of Contract Services that will help tie city contracting to wealth-building opportunities for BIPOC- and women-owned local businesses; expanding workforce development for immigrant professionals, young people, and city residents; and investing in neighborhood placemaking, arts, and culture.
- Amplifying all voices, with a major expansion of our language access capacity, investments in immigration legal services, wraparound supports for returning citizens, and resources to grow our new Office of Black Male Advancement and Office of LGBTQ+ Advancement.
- Empowering youth and families, with a significant commitment to the Boston Public Schools through \$40 million in Operating Budget growth paired with over \$100 million in federal ESSER funding to support students and school communities, strengthen academics, and improve facilities and operations; a new Office of Early Childhood; and funding for 6,000 youth summer jobs and 1,000 full-year jobs.

To lay a foundation for the future, this operating budget works in concert with the federal resources of the American Rescue Plan Act (ARPA) to accelerate a Green New Deal for Boston. Of Boston's nearly \$560 million ARPA allocation, \$110 million has been previously earmarked for revenue replacement from FY22 to FY24 to support the City's annual operating budget and vital public services through the economic uncertainty of the pandemic. The City also previously appropriated \$90 million for an emergency relief package, financial support for small businesses, and a two-year fare-free bus pilot—leaving \$349.5 million for once-in-a-generation, transformational investments that must create lasting impact. Informed by community-driven visioning and guided by the urgency for bold change, our proposed investments include:

- \$206 million for housing stability, affordable homeownership and financial assistance to first-generation homebuyers, strategic acquisitions to combat displacement, and deeply-affordable housing creation on City-owned land; a nation-leading pilot to advance energy efficiency in triple deckers and other multi-family homes while maintaining affordability; and upgrades to public housing units across five sites for air quality, energy efficiency, and health;
- \$34 million for economic opportunity and inclusion, to grow BIPOC-owned businesses, further invest in our Main Street business districts, expand tuition-free community college and workforce training programs, and create a commercial rental rebate program to support small business recovery and build wealth in our neighborhoods;
- \$31.5 million for climate-focused investments, including expanding the Green Youth Jobs program, creating walking and biking infrastructure, growing and preserving our

urban tree canopy, strengthening our local food systems, and supporting electrification of the City vehicle and school bus fleet;

- \$20 million for transformative arts and culture investments that will facilitate placemaking and strengthen both downtown and our neighborhood communities;
- \$20 million to ensure an equitable response to the ongoing pandemic by support critical COVID-19 vaccination efforts, ongoing testing, community engagement, and continued collaboration with community-based organizations and community health centers;
- \$18 million to tackle behavioral health and substance use disorder challenges;
- \$15 million for investments in our early education and childcare system, including growing the early educator workforce and streamlining access and enrollment for Boston families; and
- \$5 million for evaluation and equitable administration, to support language access, establish an equity framework, and ensure strong compliance with federal guidelines.

These ARPA investments are paired with the Operating and Capital Budgets to jumpstart solutions to long-term challenges; coordinate across departments and sectors to deliver equity, climate resiliency, jobs, and health as the foundation for a Boston Green New Deal; and prioritize financial sustainability beyond ARPA. Along with coordinated housing investments, engineering and planning positions funded in the Operating Budget support ARPA-funded projects to make Boston more bikeable and walkable, as well as an expanded capital project for the Blue Hills Multimodal Corridor. A new Office for Early Childhood and a new Behavioral Health Center in the Operating Budget are complemented by significant infusions of ARPA funding to immediately scale impact.

It will take time for the city's economy to fully regain its footing, and we are planning carefully around the uncertainty from viral variants, geopolitical events, and macroeconomic pressures. This fiscally responsible, balanced budget fully funds our long-term liabilities, such as pensions and debt service, enabling investment in the largest Capital Plan in our City's history. The Capital Plan supports capital projects across all our neighborhoods, from healthier schools and beautiful libraries, to safer streets, street trees, and dog parks.

As we continue to emerge from the pandemic, this budget points the way toward an equitable recovery and charts the course for our brightest future. I look forward to the continued partnership of the City Council in this budget process and beyond. I respectfully request your favorable action on the FY23 Operating Budget, the FY23-FY27 Capital Plan and the forthcoming ARPA orders.

Sincerely,



Michelle Wu
Mayor of Boston



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Boston
Massachusetts**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

Executive Director

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer

**Office of Budget Management
James Williamson, Director**

**Johanna Bernstein, Deputy Director, Operating Budget
John Hanlon, Deputy Director, Capital Planning**

Operating Budget and Capital Planning Staff

Lydia Chim
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Gabriella Germanos
Era Kaplan
Erin Mooney
Kevin Monahan
Joseph Morrissey
Marianne Regan
Todd Swisher
Eliza Salmon
Mohammed Uddin

Central Office Staff

Conor Kenney
Joanne Olivares

Special Acknowledgement

Ellen Hatch
Gail Hackett
Sonya Harris

Budget Document Structure

The Operating Budget for FY23 and Five Year Capital Plan for FY23-27 are presented in three volumes. Volume I is an overview of the City's financial position and policy direction.

Volumes II and III, which are organized by cabinet, present the budget detail for each department's operating budget and capital projects. Please refer to the chapter on Budget Organization and Glossary in Volume I for an illustration of the City's organizational chart.

The City's budget is built at the program level for each department, which is the basis for budget planning. However, line item budget detail is only provided in this budget document at the department level. Program line item detail is available upon request.

In addition to program budgets, Volumes II and III provide a mission statement, key objectives, as well as past and promised performance levels for each departmental program. For those departments with capital projects, a project profile is provided for every capital project. The project profile includes authorization information as well as planned spending levels.

Definitions of the terms used throughout the budget document are presented in the glossary, which can be found in Volume I in the chapter titled Budget Organization and Glossary.