



CITY OF BOSTON

OFFICE OF FINANCE

March 30, 2026

Dear Honorable Members of the Boston City Council,

Thank you for your continued due diligence as we prepare to file the Fiscal Year 2027 budget amid challenging economic conditions for municipalities across the Commonwealth and nation. We appreciated the opportunity to update the Council at the Committee on Ways and Means hearing on March 23, 2026, where we reviewed the City's fiscal outlook and overall budget picture, including additional expenditure controls implemented on March 13th for the remainder of FY26.

As discussed at that hearing, the City is facing significant external cost pressures that are largely outside of local control. These include high snow removal and hauling expenses due to record snowfall this winter, rising public safety overtime demands, and continued increases in health insurance costs—trends that are not unique to our City and are affecting municipalities across the region and beyond.

Several councilors had questions about the projected scale of the current year budget deficit, and I am writing to follow up with newly finalized information on budget challenges that we will need to address in the current fiscal year.

After the hearing, we finalized revenue and expenditure projections with updated information from the month of February 2026. Based on this information, the City is currently projecting a year-end budgetary deficit of \$48.4 million for FY26, or approximately 1.0% of the Operating Budget.

As outlined in the chart below, this projected deficit reflects slightly stronger-than-expected overall revenue performance and various expenditure savings in certain areas—offset by significant unanticipated costs, most notably in snow removal and public safety overtime. This projection does not include any shortfall identified from Boston Public Schools.

Category	Projected Total Variance as of February 2026
Revenue	
Excises	15.2
Licenses & Permits	(7.3)
Other	5.1
Projected Revenue Surplus/(Shortfall)	13.0
Expenditures	
City Departments	10.5
Fixed Costs	28.2
Snow and Winter Management	(47.1)
Public Safety	(48.7)
Execution of Courts	(4.3)
Projected Expenditure Surplus/(Shortfall)	(61.4)
Total Projected Surplus/(Shortfall)	(48.4)

Despite a series of expenditure controls first implemented in December 2025, the scale of major unforeseen expenses, particularly related to snow removal, has required additional action. The City has well-established strategies for managing a projected year-end deficit, each involving careful decision-making and necessary choices, particularly to guard against challenges in future years. These measures will remain in place through the remainder of the fiscal year to ensure we reduce the deficit as much as possible by June 30.

The City has strengthened expenditure controls for the remainder of the Fiscal Year to further offset this projected deficit and is actively implementing additional measures, such as tightly managing all discretionary expenditures and hiring through the final quarter, which begins on April 1.

We will also continue to monitor and update this projection regularly, incorporating any updated revenue or expenditure projections throughout the remainder of the year, particularly given the number of large-scale events in June and further impacts associated with health insurance costs.

We anticipate that the above steps will reduce the projected deficit by the close of the Fiscal Year on June 30. We are also evaluating the need for a supplemental budget to ensure a responsible and orderly year-end close.

At the same time, as we have previously noted, we are preparing to enter FY27 in an environment of constrained revenue growth. With fewer resources available to absorb rising costs, targeted reductions and careful prioritization will be necessary as we work to deliver a balanced budget. It is critical that we budget responsibly in order to mitigate future risks and ensure the long-term fiscal stability of the City.

Thank you for your partnership and attention to these critical issues. We look forward to continuing our work together to navigate these challenges responsibly.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Groffenberger". The signature is fluid and cursive, with a long, sweeping tail that loops back to the right.

Ashley Groffenberger
Chief Financial Officer, Collector-Treasurer