Observations on the City Manager's FY01 Budget

May 25, 2000

EXECUTIVE SUMMARY

Based on a review of the City Manager's proposed FY01 budget, the Research Bureau makes the following observations:

- The budget has been balanced without identifying funds to pay for collective bargaining agreements that are currently being negotiated. (All non-school employee contracts expire June 30, 2000.)
- In order for the budget to remain balanced, any wage increases would have to be absorbed through productivity improvements and cost containment, or through receipt of additional aid from the state.
- In the absence of such cost saving measures to pay for collective bargaining agreements, taxes would have to be increased. Such increases would be contrary to the commitment of the City Manager and the City Council to reduce taxes.
- Collective bargaining agreements should consider benefits as part of the total compensation package. Total increases in salaries and benefits should be kept at or below the rate of inflation.
- Pension benefits for former city employees cannot be increased without raising additional revenue and increasing property taxes.
- In order to keep spending under control and allow for tax reductions in the future, the City Manager in cooperation with municipal employee unions should engage in fundamental restructuring of the delivery of services. Privatization and competitive bidding of services should be given serious consideration.
- The City should choose the least costly means of providing a service such as disposal of street sweepings and catch-basin materials. Unless the City Manager and the City Council select a site within the City, the cost to the taxpayers of disposing of these materials will be about $1 million each year plus $1 million to construct a transfer station.
- All, rather than part (as the City Manager suggests) of free cash, that is surplus revenues from the previous year, should be allocated to a Rainy Day Fund to build up reserves, improve the City's bond rating, and bring down the cost of borrowing. An improved bond rating could also influence commercial investment decisions.
- In order to maintain their commitment to reducing property taxes, the City Manager and the City Council should develop a multi-year financial plan that would gradually reduce the tax rate for all property owners. It should address very specifically the measures for spurring economic growth in the commercial tax base and managing the budget to keep expenditures at or below the rate of inflation. In order to develop such a plan, the City Manager should appoint a task force consisting of public and private sector managers and labor representatives to identify best practices across a wide variety of public and private organizations that have engaged in reducing expenditures and restructuring operations.

I. INTRODUCTION

For more than a year, the City Council and the City Manager have committed themselves to addressing the City's extraordinarily high tax rate, especially the rate for commercial/industrial property. In FY00, the commercial rate is $36.34 and the residential rate is $18.47. As Table A indicates, these rates are high in comparison with nearby communities and other cities in the Commonwealth. It also shows the impact of the high rates on an average tax bill.

Table A Property Tax Rate and Tax Bill Comparison

City	FY2000 Tax Rates Commercial	FY2000 Tax Rates Residential	Tax[1] Due on a $120,000 Home ($)	Tax[1] Due on a $500,000 Commercial Property ($)	The same property in Worcester costs: Residential	The same property in Worcester costs: Commercial
Worcester	**36.34**	18.47	2,216	**18,170**	**NA**	**NA**
Springfield	36.05	**20.80**	**2,496**	18,025	$ 280 less	$145 more
Boston	34.21	13.15	1,578	17,105	$ 638 more	$ 1,065 more
Marlboro	28.07	16.31	1,957	14,035	$ 259 more	$ 4,135 more
Fitchburg	25.34	18.21	2,185	12,670	$ 31 more	$ 5,500 more
Cambridge	25.16	9.64	1,157	12,580	$ 1060 more	$ 5,590 more
Auburn	24.54	13.32	1,598	12,270	$ 618 more	$ 5,900 more
Fall River	23.84	10.46	1,255	11,920	$ 961 more	$ 6,250 more
Holden	18.28	18.28	2,194	9,140	$ 23 more	$ 9,030 more
Leominister	15.86	15.86	1,903	7,930	$ 313 more	$ 10,240 more
Westboro	15.12	15.12	1,814	7,560	$ 402 more	$10,610 more
Sutton	15.09	15.09	1,811	7,545	$ 406 more	$ 10,625 more
Shrewsbury	13.34	13.34	1,601	6,670	$ 616 more	$ 11,500 more

Prepared by: Worcester Municipal Research Bureau

[1] Tax bills are calculated assuming assessed values of $120,000 and $500,000 respectively.
Note: According to the Warren Group, the median price for a residential home in Worcester was $120,000 as of March, 2000.

The Research Bureau has argued the need to keep municipal spending at or below the rate of inflation and to develop a multi-year plan that will gradually reduce residential and business taxes to a rate more competitive with that of other communities in the region. A lower tax rate is one critical element needed to spur economic development, which has been sorely lagging in Worcester at a time when the state and national economies are very robust. (See Research Bureau report #99-5.) The purpose of this report is to review the City Manager's FY01 budget recently submitted to the City Council, especially in light of the commitment of the Manager and City Council to reduce taxes.

II. REVENUES

The total FY01 tax levy budget recommended by the City Manager is $365.4 million, an $11.1 million or 3.1% increase over FY00.[1] (From July, 1999 to April 2000, inflation for the urban northeast was 2.9%.) There are three major sources of the City's revenues: local aid from the state, property taxes, and local departmental receipts.

A. Local Aid

Local aid in FY01 is projected to be **$198.8 million**, a $7 million increase or 3.6% over FY00. Of that increase, $6.4 million must be spent on public education. The Massachusetts Education Reform Act (MERA) of 1993 requires the schools to spend an amount determined by the formula established under the law. The City is obligated to meet the spending requirement established by the formula. This leaves the City with $0.6 million in new revenues from local aid to spend on other municipal services.

B. Property Taxes

Property taxes are expected to generate **$135.2 million** in FY01, an increase of almost $3.5 million, or 2.5%. This figure does not include revenue generated by new construction, which is expected to be about $1.5 million. The City Manager's budget reflects $7.9 million less in property taxes than the City can legally raise under Proposition 2 1/2 [$6.4 million not raised in previous years and $1.5 million for FY01]. As a result, the single tax rate [2] of $23.51 per thousand in FY00 should drop to $23.21. If the Manager's budget is adopted, this drop should be possible because the total assessed value of the City's property increased during the last fiscal year from $5.6 billion to $5.8 billion. (The City's total assessed value has increased from a low of $5 billion in FY96. Total assessed value had reached a high of $7.1 billion in FY90.)

C. Local Receipts

Local receipts are the funds the City receives from the motor vehicle excise tax, licenses and permits, hotel and motel tax, and other fees. Local receipts are estimated to increase by $1.1 million to **$29.6 million**, largely as a result of increases in motor vehicle excise taxes.

D. Free Cash

Free cash is expected to decrease by $500,000, to **$750,000**. (Free cash is the amount a community has accumulated when actual revenue collections exceed budget estimates used when setting the tax rate and/or actual expenditures or encumbrances are less than appropriations.) Actual free cash in FY00 was $2 million.

TABLE B

REVENUES	FY00 (IN MILLIONS)	FY01	INCREASE (DECREASE)	% CHANGE	% OF TOTAL BUDGET
LOCAL AID	192.8	199.8	7.0	4%	55%
PROPERTY TAXES	131.8	135.2	3.4	3%	37%
DEPARTMENTAL RECEIPTS	28.5	29.6	1.1	4%	8%
FREE CASH	1.25	0.75	-0.5	-40%	
TOTAL	**354.3**	**365.4**	**11.1**	**3%**	**100%**

III. NEW EXPENDITURES

A. Worcester Public Schools

As noted previously, **$6.4 million** of the increase in local aid must be spent on public education, according to the formula established under education reform. (The total budget for the Worcester Public Schools is $202 million including benefits.) Because the City has reached its annual net school spending threshold, and because the formula requires the City to finance public education in direct proportion to the growth of municipal revenues, the City administration will have to add local revenues to meet the requirements of MERA. In FY01, that additional amount is **$1.75 million**. (If local revenues continue to increase as a result of increases in real estate values or in motor vehicle excise revenues, as is currently the case, then additional local revenues of $1.5 - 2.0 million will have to be added to public education in future years as well.)

B. Debt Service

Debt service will increase by **$2.76 million** as a result of construction projects, infrastructure improvements, and capital improvements. (Total debt service for FY01 is $29.3 million.) The projects include school construction, building rehabilitation, road resurfacing and sidewalk repair, and capital equipment.

C. Capital Campaign Account

In 1999 the City Manager developed a financing plan that allows the City to proceed with a $140 capital building campaign. It includes five major building projects: library, senior center, 3 schools: North High, Vocational School and Forest Grove Middle School. This plan sets aside monies in the budget to pay for the local share of the debt service costs for these projects. The City Manager is recommending that an additional $1.3 million be added to this account bringing it up to $3 million. The **$1.3 million** increase is being financed with the state's first year installment of School Building Assistance funds expected to be received in FY01.

D. Health Insurance

The City will have to pay an additional **$439,000** in health insurance premiums because of rate increases, greater utilization of health care benefits by employees, and the benefits for public safety recruit classes. (The total health insurance budget for non-school employees is $12.6 million.) E. Debt Service on Pension Obligation Reserve Fund

E. Debt Service on pension Obligation Reserve Fund

As a result of restructuring the City's pension obligation two years ago with pension obligation bonds, the City must put money into a reserve fund until the fund reaches $3.5 million. The total put in reserve in FY01 will be **$468,000**.

While the above-mentioned expenditures add **$4.9 million** to the FY01 budget, the City was able to reduce the retirement account from last year by **$1.6 million** because $1.1 million was added to last year's budget to fund one-time bonuses to 2,600 municipal retirees, and the City's retirement assessment was reduced by $500,000. Therefore, total new expenditures for "fixed costs" and public schools will be **$11.54 million**. Since total new revenues were **$11.1 million**, the remaining departmental expenditures had to be reduced by **$435,000**.

TABLE C

NEW EXPENDITURES (Figures have been rounded)

	Fixed Costs	
A.	Public Schools	$8,200,000
B.	Debt Service	2,700,000
C.	Capital Campaign	1,300,000
D.	Health Insurance	439,000
E.	Pension Obligation Bond expenses	468,000
F.	Other (Workers Comp.)	83,000
Contributory retirement		-1,680,000
Sub total-Fixed Costs		3,348,000
Total New Expenditures		$11,535,000
Offset by new revenues		11,100,000
Net reduction from other accounts		$435,000

IV. NEW PRIORITIES

In order to balance the FY01 budget, the City Manager chose to reduce the funding levels of some departments by $2 million which will cover $435,000 in obligatory new expenditures plus several new priorities. He eliminated 29 positions for a savings of $1 million. These included seven non-public safety positions. In addition, 22 authorized public safety positions were not funded. He reduced expenses by $1 million through various operational improvements and as a result of the completion of various projects such as open space acquisitions and Y2K computer upgrades. The new priorities include the following:

1. 41 public safety positions. Cost = **$850,000**.
The City Manager intends to establish a 25-member police recruit class and a 16 member fire recruit class during FY01.

2. Environmental initiatives. Cost = **$266,000**
This includes $123,000 to pay for mandated higher emission standards for waste-to- energy plants. The remainder of the funds will be dedicated to increases in the costs of Worcester's recycling program.

3. Urban forest. Cost = **$140,000**.
These funds will be used for a tree trimming program, new forestry personnel, and the creation of a tree farm incubator.

4. Senior Center operations. Cost = **$110,000**.

5. Other costs = **$260,000**.
Higher costs of fuel; summer pools and recreation programs; police ordinary maintenance (OM); addition of legislative liaison in City Managerïs office.

The total cost of these new initiatives is **$1.62 million**.

TABLE D

NEW PRIORITIES (Figures have been rounded)

1	Public Safety positions	$850,000
2	Environmental initiatives	266,000
3	Urban forest	140,000
4	Senior Center	110,000
5	Other	260,000
Total new priorities		**$1,626,000**
Mandatory expenditures in excess of new revenues		**435,000**
Funded by reductions		**$2,061,000**

V. OBSERVATIONS

The City ManagerÍs long-term goal, with the concurrence of the City Council, is to avoid taxing Worcester's businesses and homeowners to the maximum allowed by Proposition 2 1/2, and to provide adequate funds for all municipal services with special emphasis on public safety and public education. The City Manager's FY00 budget has been prepared by restricting the increase in tax levy revenues to be raised to the percentage increase in property values. It is the ManagerÍs stated intention to follow this plan in future years as well. For example, if total property values were to increase by 2%, then property tax revenues as a whole would increase by 2%. According to this plan, linking the growth in revenues with the growth in property values each year would prevent the tax burden for city residents and business owners from increasing as it has in the past. This plan would prevent Worcester from hitting the Proposition 2 1/2 tax levy ceiling of $25 per thousand of assessed value. (The projected tax rate for FY01 is $23.21 per thousand.) The Manager has succeeded (and he merits commendation) in balancing the FY01 budget based on these goals. As the City Manager himself notes in his budget message however, the balance is somewhat precarious. There are a number of issues that must be addressed as quickly as possible.

A. Collective Bargaining Agreements

All non-school collective bargaining agreements expire June 30, 2000, and the City Manager's budget does not include any revenues for increases in salaries. Salaries, pensions and health benefits represent 67.4%, or $105 million of the non-school budget. A one percent increase in salaries adds $850,000 to the budget. It should be noted that as a result of the last round of negotiations, the incomes of municipal employees grew in real dollars. During 1997-2000 inflation averaged 6.8% in the urban northeast, while wages increased by 10.5%, totaling more than $7 million over the same three-year period. (Appendix A shows that between FY95-FY99, inflation was 9.1% while non-school expenditures increased by 37.7%.

The City's share of health insurance will increase by $439,000 in FY01 for non-school employees. (The total increase including school employees will be over $900,000.) A recent Research Bureau report (#00-3) indicates that Worcester is contributing a higher percentage toward all managed care plans than any of 19 communities surveyed in Central Massachusetts and 36 cities and towns of varying sizes and wealth surveyed outside Central Massachusetts. It contributes the second highest percentage of all communities surveyed toward the indemnity plan.

In order to finance any new collective bargaining agreements, the City will have to raise property taxes, receive more state aid (if the lottery distribution is greater than anticipated), and/or reduce departmental programs and the positions supporting them.

B. Minimum Contribution Requirements to Public Education

As noted earlier, the funding formula under the Education Reform Act of 1993 requires the City to contribute to public education in direct proportion to the growth of City revenues. In FY01, the City is adding $1.75 million to the Worcester Public Schools (WPS) budget in order to meet this requirement. Continued increases in real estate values and motor vehicle excise revenues incorporated in the FY01 budget will mean adding $1.5-2.0 million to the WPS budget in FY02 and beyond. This requirement reduces revenues available to finance municipal operations and fixed costs, and complicates the goal of lowering property taxes in the future.

C. Limiting Borrowing

Since FY95, the City's share of debt service, excluding reimbursements received from the state for new school construction or urban renewal (such as landtakings for the Worcester Medical Center), has increased from $5.9 million to $18 million in FY01, a 300% increase. The City Manager is now recommending an annual cap of $10 million for all new debt unless there is an identifinable revenue stream to pay the debt service. This restriction will allow the City to pay off more debt than it borrows, thereby annually reducing the CityÍs debt service. Not included in this scheme, however, is the CityÍs obligation to finance $14.8 million in new loans authorized for the Worcester Medical Center land assembly. The City will borrow this sum during the next two years, adding $1.3 million to debt service costs annually. This additional expense will hinder the ManagerÍs intention to further reduce property taxes.

D. "Rainy Day" Fund

It is essential to have a Rainy Day Fund to have monies available for unforseen expenses (such as the settlements with the family of Christino Hernandez and the parents of the special education students of Halina Suitum at City View School), for reductions in local aid and any downturn in the economy. If the funds were at least 3% of revenues or $12 million, it might improve the CityÍs bond rating from Baa to A and lower borrowing costs. A higher bond rating would likely require a surplus of least 5% of revenues. The City Manager is again recommending that at least half of any surplus be put in a Rainy Day Fund, and the balance toward non-recurring expenses.

E. Expanding Worcester's Tax Base

Worcester's total real estate values are expected to increase by about 4%. About 3% of that growth will come from residential property, and only 1% from commercial property. The value of commercial property appears stagnant at best. The office vacancy rate in the Central Business District is still close to 20%. This disparity in growth between the two sectors will have an impact on setting a tax rate for each class of property. Since a greater increase in value means higher taxes, there will be considerable reluctance on the City Council's part to shift the burden further onto residential property owners in order to address the extraordinarily high tax rate on commercial property. Yet without lower taxes on commercial property, it will be difficult for the City to attract new investments.

F. Local Aid

The City has become increasingly reliant on local aid from the state to fund municipal operations. Whereas in FY94, property taxes constituted 46% of the City's revenues and local aid was 44%, in FY01, local aid represents 55% of WorcesterÍs revenues and property taxes constitute 37%. Any downturn in the stateÍs economy will have a substantial impact on local aid (as it did in the early 1990s when the City's share of local aid was reduced by $15 million in one year), and therefore on the City's ability to finance its operations.

V. CONCLUSIONS AND PROPOSALS

All the observations noted above confirm the point that the FY01 budget is balanced precariously. In the absence of identifiable funds for collective bargaining agreements it is not possible to determine whether the City Manager's proposed FY01 budget is actually balanced or whether the tax rate will be reduced. In order for the budget to remain balanced, any wage increases negotiated through collective bargaining will have to be absorbed through productivity improvements and cost containment or through receipt of additional local aid. Otherwise, taxes would have to be increased, which would be contrary to the commitment by the City Manager and the City Council. There are several other measures that should be considered to keep spending under control and allow tax reductions in the future.

A. Multi-year Financial Plan

For the last few years, the Research Bureau has urged the City Manager and the City Council to develop a multi-year plan that would gradually reduce the tax rate for all property owners. Such a plan should address very specifically the measures for spurring growth in the commercial tax base and managing the budget to keep expenditures at or below the rate of inflation. If existing and prospective businesses know approximately what to expect for the next 5-10 years, that in itself may provide some incentive to invest in Worcester. While growth in the FY01 budget as submitted to the City Council is about the same as the rate of inflation, the disbursement of any additional revenues from local aid or surpluses would probably raise spending above inflation. In order to develop such a plan, the City Manager should appoint a task force consisting of public and private sector managers and labor representatives to identify best practices across a wide variety of public and private organizations that have engaged in reducing expenditures and restructuring operations.

B. Collective Bargaining Agreements

Collective bargaining agreements should consider benefits as part of the total compensation package. Increases in both salaries and benefits should be kept at or below the rate of inflation. If, for example, health insurance premiums increase by 10%, then the contribution method should be changed so that the CityÍs share of the increase is no more than the rate of inflation.

C. Pension Benefits

The FY01 budget does not include any increases in the pensions of former city employees requested by those retirees under Ch. 32, Section 90 A,C,D,E because there were insufficient revenues to provide an increase to 50% of the current pay of those former employees while reducing the tax rate. (It should be noted that as a result of the City's having issued Pension Obligation Bonds two years ago, all retired Worcester public employees receive an annual 3% increase in pensions, subject to annual approval of the Retirement Board.) The Worcester Retirement System ended the year with a $20 million surplus as a result of growth in the assets of the investment portfolio. The anticipated interest on that surplus, however, is being used to reduce the City's expenditure by $1.6 million in FY01 for normal pension costs, that is, the contributions required to provide for benefits accumulated during the current year. If pension benefits to retirees are increased, thereby increasing liabilities and reducing the surplus, interest income will be reduced. The City's budget would have to increase by the amount of interest income lost. In conclusion, no funds are available to increase pension benefits without raising additional revenue.

D. Restructuring Delivery of Services

Developing and adhering to a long-term plan that addresses the most fundamental problems facing the City's financial health will require that the City Manager in cooperation with the municipal employee unions engage in fundamental restructuring of the delivery of services. Salary increases should be tied to real productivity gains. Privatization and competitive bidding of services should be given serous consideration. Surveys compiled by the International City/County Management Association (ICMA) indicate that between 1988 and 1997 privatization and managed competition continued to grow as management tools in cities across the United States, while local officials are adopting policies designed to soften the impact of changes in service delivery on public employees. The percentage of cities reporting services provided entirely or in part by in-house employees declined in 60 of 64 service categories during that 10-year period.

One example of a service that could be privatized is fleet management. In its recent report (#00-2), the Research Bureau proposed that the administration of all municipally owned vehicles be centralized through a common software system under the control of a single administrator. Based on the experience of private-sector companies and other municipalities, this change would result in greater efficiency of purchasing and maintaining vehicles. The Research Bureau urged the City to consider privatizing fleet services because of the time and effort required to centralize fleet administration, install and train staff on a single software system, and establish a vehicle replacement fund.

E. Cost Avoidance

The City should choose the least costly means of providing a service. When the Ballard Street landfill is closed and capped in the year 2000, Worcester will have to dispose of its street sweepings and catch-basin materials elsewhere. Since Massachusetts allows few options aside from sending these materials to a private landfill, Worcester will face the prospect of paying up to $1 million a year in disposal costs for its street sweepings and catch-basin materials. In addition, a transfer station for storing the materials would have to be constructed at a cost of up to $1 million. WorcesterÍs Department of Public Works (DPW) has proposed a plan to avoid these costs by using the former Greenwood Street landfill. As part of this plan, DPW has proposed that the City provide certain amenities to the neighborhood to mitigate the effects of this inconvenience on the neighborhood. While it is not legally possible to add the costs of mitigation into the sewer rate as orginallly proposed, the City can set aside tax levy funds for that purpose. This would be far less costly than the alternative.

It is important to remember that when the City Council voted not to accept Norton CompanyÍs offer to build a resource recovery plant that the City could use free of charge for its solid waste, or to build one anywhere else in the City, the plant was built in Millbury. Since 1985, when the Wheelabrator plant opened, the City has paid $14.7 million in tipping fees to dispose of solid waste.

F. Snow Removal Account

The snow removal account is consistently funded at $1.171 million and always incurs a deficit even when there is a modest amount of snowfall in a given season. In order to obtain a more accurate picture of municipal expenditures and plan appropriately, the City Manager should increase the snow account to an average of actual expenditures during the previous five fiscal years.

G. Free Cash

All, rather than part (as the City Manager suggests) of surplus revenues from the previous year should be allocated to a Rainy Day Fund to build up reserves and bring down the cost of borrowing. An improved bond rating could also influence commercial investment decisions.

Given that the City's financial resources are being strained in a time of national prosperity, and that the City is increasingly dependent on local aid, the City is particularly vulnerable to the effects of a downturn in the economy. A long-term financial plan that is committed to a gradual reduction in the tax rate, specific measures to spur commercial growth, and prudent management of the City's financial resources is essential.

FOOTNOTES

1. When the enterprise accounts are included, the increase in spending is 4.3%, or 1.4% above inflation.

2. One tax rate for both commercial/industrial and residential property.

APPENDIX A **NON-SCHOOL EXPENDITURES, FY95-FY99**

Inflation from FY95 to FY96 was 2.80%

Inflation from FY96 to FY97 was 2.40%

Inflation from FY97 to FY98 was 1.40%

Inflation from FY98 to FY99 was 2.10%

Inflation from FY95 to FY99 was 9.10%

GENERAL FUND	FY95	FY96	FY97	FY98	FY99	FY98-99 (% CHANGE)	FY95-99 (% CHANGE)
DEPARTMENTAL APPROPRIATIONS							
LEGISLATIVE & EXECUTIVE	2,064,379	2,153,297	2,497,285	2,374,728	2,704,697	13.90	31.02
GENERAL GOVERNMENT	7,120,497	8,536,371	8,864,668	8,129,078	8,310,294	2.23	16.71
PUBLIC SAFETY	41,721,407	44,799,846	47,250,057	47,439,736	58,069,267	22.41	39.18
HEALTH & HUMAN SERVICES(1)	3,610,269	3,302,335	4,177,099	4,572,906	4,886,121	6.85	35.34
PUBLIC WORKS(2)	11,504,051	15,909,563	13,272,278	12,886,690	13,638,694	5.84	18.56
LIBRARIES	3,879,559	4,044,715	4,155,222	4,030,276	3,755,213	-6.82	-3.21
RECREATION/CULTURE	1,905,612	2,793,970	3,338,939	3,513,947	3,397,123	-3.32	78.27
DEPARTMENTAL TOTAL	71,805,774	81,540,097	83,555,548	82,947,361	94,761,409	14.24	31.97
STATE COUNTY REGIONAL CHARGES	2,023,894	2,043,408	1,968,588	2,042,906	1,970,924	-3.52	-2.62
FIXED CHARGES							
DEBT SERVICE	13,727,458	16,158,456	18,801,436	21,222,948	22,272,853	4.95	62.25
PENSIONS	13,144,074	14,398,463	14,411,060	16,425,918	22,391,414	36.32	70.35
HEALTH INSURANCE	9,858,196	10,261,449	10,229,140	10,808,518	11,265,980	4.23	14.28
WORKER'S COMPENSATION	914,884	957,680	809,715	729,965	1,021,695	39.96	11.67
UNEMPLOYMENT COMPENSATION	123,440	68,564	61,901	47,942	32,214	-32.81	-73.9
FIXED CHARGES TOTAL	37,768,052	41,844,612	44,313,252	49,235,291	56,984,156	15.74	50.88
GENERAL FUND TOTAL	111,597,720	125,428,117	129,837,388	134,225,558	153,716,489	14.52	37.74

(1) The increase in FY97 is the result of transferring $566,112 for repayment of Worcester City Hospital Debt from the debt service to the Health and Human Services account.
(2) The increase in FY96 is due to record snowfall that fiscal year.

Sources: City Auditor's Year End Financial Reports, FY95-FY99
Bureau of Labor Statistics (Inflation figures)
Prepared by: Worcester Municipal Research Bureau