[DOCUMENT 62 — 1902.]


# MESSAGE OF THE MAYOR

TRANSMITTING

## REPORT OF HARVEY S. CHASE, EXPERT ACCOUNTANT, ON THE FINANCIAL CONDITION OF THE CITY AND THE OPERATIONS OF THE SEVERAL DEPARTMENTS.

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MAYOR'S OFFICE,
BOSTON, MASS., February 10, 1902.

*To the City Council:*

I transmit herewith a report submitted by Harvey S. Chase, an expert accountant, employed by me to make an examination of the financial condition of the city and of the operations of the several departments. The general summary of the facts which Mr. Chase has made, and which appears as part of his report, ought to convince us that there is urgent need for retrenchment and for rigid economy in the public service.

The City Council and the heads of departments should, in my opinion, take into serious consideration the recommendations, suggestions and disclosures which the expert has made.

From time to time there will be submitted to you detailed reports of his findings and conclusions in respect to the condition of the several departments.

Respectfully,

PATRICK A. COLLINS,
*Mayor.*

HARVEY S. CHASE,
PUBLIC AUDITOR AND ACCOUNTANT,
8 CONGRESS STREET, BOSTON,

February 10, 1902.

HON. P. A. COLLINS,

*Mayor of the City of Boston:*

SIR, — In accordance with your instructions, I have undertaken an investigation of the financial conditions in various departments of the City of Boston, beginning with the Public Buildings Department and the Municipal Printing Plant.

These investigations have covered the past year's work in detail, including an audit of the books and accounts at the Printing Plant, and as soon as the year's accounts are closed (probably within ten days) I will submit a special report upon each of these departments, giving the results of the examination and the conclusions to be drawn therefrom. Meanwhile I submit herewith certain general considerations in regard to the expenditures of the City of Boston.

The expenditures of the various departments have been tabulated in order of magnitude. The total expenditures (including permanent construction) are given for the year 1900, and are compared with the like expenditures in New York City, and also with the average of ten other cities, viz.: Chicago, Philadelphia, St. Louis, Baltimore, Cleveland, Buffalo, Milwaukee, Providence, Indianapolis, and Kansas City. The first three of these cities have larger populations than Boston, the next three have about the same populations as Boston (somewhat smaller), and the last four were selected because, first, their populations added to the first six give almost exactly ten times the population of Boston (or an average population for the ten cities which is practically identical with Boston) and, second, these last four cities provide statistics which contain the fewest omissions of the departments selected for comparison, and therefore they are the most available.

The figures submitted herewith were drawn in considerable part from the bulletins of the United States Department of Labor, upon "Statistics of Cities," only such changes being introduced as were necessary to cover the points desired, or such as were shown by special investigation to require slight modifications of the bulletin figures.

The comparisons are upon the basis of population (per capita) and in addition to the total expenditures for all purposes (including permanent construction) there are given

tables of the expenditures for operation and maintenance (running expenses) of the cities (excluding expenditures for permanent construction), viz.:

In Table I. are given the total expenditures per capita (including expenditures for permanent construction).

In Table II. are given the expenditures for operation and maintenance of the cities, "running expenses" only (including expenditures for lands, buildings and other capital outlay).

In Table III. are given the expenditures for operation and maintenance (excluding the amounts paid for interest upon the public debts) and the relative ratios of these expenditures in New York and the other ten cities in comparison with those of Boston, which is taken as the standard (100).

From these tables we may deduce the following interesting and important conclusions:

*First.* — That the total expenditures per capita of Boston exceed those of New York by 18½ per cent., and exceed those of the average of the ten cities by 172 per cent.

*Second.* — That the expenditures for operation and maintenance — "running expenses" (omitting permanent construction and other capital outlay) per capita of Boston, exceed those of New York by nearly 8 per cent., and exceed those of the average of the ten cities by 145 per cent.

*Third.* — That the expenditures for operation and maintenance in Boston exceed the highest of the ten cities (per capita) by 60 per cent.

*Fourth.* — That if the amounts paid for interest on the public debts be eliminated the remaining expenditures for operation and maintenance of Boston will exceed those of New York (per capita) by 10 per cent., and will exceed those of the average of the ten cities by 145 per cent., and will exceed the highest of the ten cities by 80 per cent.

*Fifth.* — That the relative expenditures for operation and maintenance (excluding interest on the public debts), Boston being taken as standard (100), is as follows:

New York, 91 per cent. of Boston, and the average of the ten cities only 41 per cent. of Boston. The highest of the ten cities being 56 per cent. and the lowest 30 per cent. of Boston.

*Sixth.* — It is evident that the City of Boston is annually making expenditures for municipal purposes which are entirely out of proportion to its population, and two questions immediately arise —

(*A.*) Where does the money which Boston raises in excess of other cities come from? From a high tax rate, or from special revenues like licenses, etc., or from the proceeds of

bonds sold, or what? and (*B.*) Where does the money go to? *i.e.* What departments are spending out of proportion to those of other cities, and how can these expenditures be reduced?

The question of the sources of these revenues will be taken up later in another report.

Your immediate interest as Mayor of Boston is, of course, in the second question — What Departments are spending too much, and how can these expenditures be reduced?

Table II. throws considerable light upon these questions. The heaviest expenditure per capita in Boston is for (*a*) schools $5.31, against $4.74 in New York, and $3.04 in the average of ten cities. That is to say Boston expends for operation and maintenance of schools over 70 per cent. more per head of its population than the average of the ten cities. The reasons for this difference and the possibilities for reduction will be set forth hereafter in a special report upon schools.

The next heaviest expenditure (omitting (*b*) interest) is for (*c*) police. Boston expending $2.38, against $2.03 in the ten cities, an increase of 41 per cent.

Streets (*d*) come next with $2.51 against $0.40 in the ten cities. The problem presented by "streets" and the distinctions between "repairs and renewals" and "permanent construction" is exceedingly complicated and difficult and will be reserved for a later special report. At first glance the difference in these figures, over six to one, would seem to account for quite a portion of the excess in Boston, and offer one of the most promising fields for reduction.

Water (*e*) is fifth with $2.23 against $0.85, nearly three to one. This will be the subject of a special report.

Fire Department (*f*) is sixth with $2.15 against $1.08, or two to one. Hospitals and other charities are $2.12 against $0.31, nearly seven to one.

Garbage removal is three to one.

Street cleaning and sprinkling are three to one.

Sewers are four and a half to one.

Parks are one and a half to one.

Ferries and Bridges are seven to one, etc., etc.

## COMPARISONS OF DIFFERENT YEARS IN BOSTON.

For the purpose of substantiating these figures and in order to show the increase of expenditures per capita in Boston I have taken four different years, 1900, 1897, 1894 and 1892.

The interval is three years except in the earliest period (1892) and this year was selected because the fiscal year 1891 (on which the three-year interval would fall), contained but nine months, May 1, 1891, to Feb. 1, 1892, the change in the fiscal period of the city having taken place at that time.

Table IV. gives the comparisons (per capita) for these years, and we may note the following:

Schools have increased from $4.25 per capita in 1892 to $5.31 in 1900, or 25 per cent.

Police has increased from $2.44 per capita to $2.98, or 22 per cent.

Fire Department has remained about the same.

Hospitals, etc., have increased from $1.80 to $2.12, or 15 per cent.

Parks, from 40 cents to 53 cents, or 32 per cent.

Libraries, from 36 cents to 55 cents, or 53 per cent.

Health, Baths, etc., from 41 cents to 53 cents, or 30 per cent.

Total street expenditures (including construction), from $5.45 to $9.93, or 82 per cent.

It is evident that the continuance of such an increase of expenditures in Boston (per head of the population) must result in still greater city debts, and in much heavier tax rates unless the increase of assessed property (per capita) is at practically the same ratio as the increase of these expenditures, but Table V. shows that this is not the fact in Boston.

The increase of total expenditure per capita for operation (including street construction) being 23 per cent., while the total increase of valuation per capita was only 5¼ per cent. As it is thus evident that the money paid out for these increased expenditures did not come from taxes (for the tax rate was only slightly increased, $12.90 to $13.10) it must therefore have come from loans, and this is clearly shown by Table VI. which gives graphical representations of the increase of debt per capita during the eight years (1892–3 to 1900–1) and strikingly points out the danger of continuing to increase expenditures at a more rapid rate than the increase of either wealth or population will justify.

## REDUCTION OF EXPENDITURES.

To prove, as has been done above, that expenditures for operation and maintenance in Boston are excessive, and should be reduced, is not very difficult, but to point out the particular and practical reductions which must be made is quite a different question, while to make the actual reductions, after

they are pointed out, will be found to be a still more serious matter. Each of the heads of departments with whom I have conferred appears to believe firmly that there is excessive expenditure in many other departments, but that in his particular department there is urgent necessity for "slightly" increasing the expenditures by the employment of another clerk or two, or for additional office furnishings or repairs.

In order to accomplish any immediate and practical results, there must be a clear understanding and positive belief in the departments that this administration means business, and will insist on having expenditures cut down, not only in "other departments" but in each department.

The tabulations appended hereto prove conclusively that nearly every department has been increasing its expenditures faster than the increase of population or of wealth in Boston will justify, and this increase should be immediately stopped.

It is apparent from my examinations in Boston and other cities that in the majority of cases the bulk of the actual work done in any department falls upon the shoulders of one, or two, or three, or possibly more, good men, — good workers, active and conscientious. In fact, without such men no department could be carried on. The remaining employees, however, may do more or less than their duties require, but generally they do less — much less!

It has been estimated by careful accountants that, taking the year together, the average clerk in commercial business houses does from twice to three times the actual work done by the clerk in municipal offices.

This statement is not made in disparagement of individual clerks, but to contrast the systems, and this difference of system has to be practically reckoned with, and allowance made therefor in all considerations of municipal expenditures.

In subsequent reports your examiner will endeavor to point out in the several departments, the practical opportunities for reductions of expenditures, after thoroughly acquainting himself with the detail work in each of these departments, and also after making comparisons of present expenditures with the expenses of these departments in previous years, when the per capita cost was less; and further by comparisons with detailed expenditures in other cities where corresponding work is done at greatly decreased cost.

Very respectfully,

HARVEY S. CHASE,
*Public Accountant and Auditor.*

**Table I.—Total Expenditures, including Permanent Construction.**

| | Boston. | New York. | Average of Ten Cities. |
|---|---|---|---|
| *a.* Interest and Sinking-Funds | $8.24 | $4.30 | $2.20 |
| *b.* Streets | 7.21 | 2.52 | 1.48 |
| *c.* Schools | 7.05 | 6.24 | 3.64 |
| *d.* Police and Courts, etc | 5.27 | 3.57 | 2.31 |
| *e.* Sewers | 3.00 | .42 | .58 |
| *f.* Water Works | 2.96 | 2.20 | 1.48 |
| *g.* Hospitals, etc | 2.30 | 1.54 | .33 |
| *h.* Fire | 2.20 | 1.58 | 1.14 |
| *i.* Parks and Gardens | 1.43 | 1.27 | .57 |
| *j.* Ferries and Bridges | 1.36 | .30 | .17 |
| *k.* Municipal Lighting | 1.30 | .77 | .73 |
| *l.* Garbage removal | 1.09 | .33 | .33 |
| *m.* Street Cleaning and Watering | .92 | 1.30 | .37 |
| *n.* Libraries, Museums, etc | .55 | .54 | .17 |
| *o.* Health, Baths, Cemeteries and Markets | .54 | .35 | .18 |
| *p.* All other | 4.41 | 14.81 | 2.62 |
| Total | 49.83 | 42.04 | 18.30 |

The ten cities are: Chicago, Philadelphia, St. Louis, Baltimore, Cleveland, Buffalo, Milwaukee, Providence, Indianapolis, and Kansas City. (See page 2 of the report.)

**Table II. — Expenditures for Operation and Maintenance, excluding Permanent Construction.**

| | Boston. | New York. | Average of Ten Cities. |
|---|---|---|---|
| *a.* Schools | $5.31 | $4.74 | $3.04 |
| *b.* Interest | 3.81 | 4.15 | 1.54 |
| *c.* Police | 2.98 | 3.25 | 2.03 |
| *d.* Streets | 2.51 | .58 | .40 |
| *e.* Water | 2.23 | 1.02 | .85 |
| *f.* Hospitals, etc. | 2.12 | 1.47 | .31 |
| *g.* Fire | 2.15 | 1.48 | 1.08 |
| *h.* Lighting | 1.30 | .77 | .73 |
| *i.* Garbage | 1.09 | .33 | .33 |
| *j.* Street Cleaning and Watering | .92 | 1.30 | .37 |
| *k.* Ferries and Bridges | .70 | .12 | .10 |
| *l.* Sewers | .64 | .23 | .14 |
| *m.* Library | .55 | .18 | .14 |
| *n.* Parks and Gardens | .54 | .54 | .36 |
| *o.* Health, etc. | .53 | .33 | .18 |
| *p.* All other | 6.69 | 11.13 | 2.30 |
| Total | $34.07 | $31.62 | $13.90 |

The ten cities are: Chicago, Philadelphia, St. Louis, Baltimore, Cleveland, Buffalo, Milwaukee, Providence, Indianapolis, and Kansas City. (See page 2 of the report).

**Table III.**

| CITY. | "Running Expenses" (Excluding Interest) per capita. | Relative Standing, Taking Boston at 100. |
|---|---|---|
| Boston | $30.26 | 100 |
| New York | 27.47 | 91 |
| Average of following ten cities | 12.36 | 41 |
| Providence | 16.86 | 56 |
| Buffalo | 15.11 | 50 |
| St. Louis | 14.28 | 47 |
| Philadelphia | 13.93 | 46 |
| Baltimore | 12.29 | 41 |
| Milwaukee | 11.08 | 37 |
| Chicago | 10.72 | 35 |
| Cleveland | 10.40 | 34 |
| Kansas City | 10.23 | |
| Indianapolis | 9.08 | 30 |

## Table IV. — Operation and Maintenance.

| BOSTON. | 1892-3. | 1894-5. | 1897-8. | 1900-1. |
|---|---|---|---|---|
| Population | 468,000 | 487,000 | 523,000 | 561,000 |
| Schools | 4.25 | 4.31 | 4.75 | 5.31 |
| Interest on Debt | 3.61 | 3.00 | 3.73 | 3.81 |
| Police | 2.44 | 2.70 | 3.21 | 2.98 |
| Water Works | 2.89 | 2.95 | 2.90 | 3.27 |
| Fire Department | 2.11 | 2.14 | 2.45 | 2.15 |
| Hospitals | 1.80 | 1.84 | 1.88 | 2.12 |
| Municipal Lighting | 1.24 | 1.18 | 1.19 | 1.30 |
| Garbage Removal | 1.00 | .96 | .94 | 1.09 |
| Street Cleaning and Sprinkling | .81 | .81 | .89 | .92 |
| Parks and Gardens | .40 | .43 | .46 | .53 |
| Ferries and Bridges | .75 | .73 | .69 | .70 |
| Sewers | .98 | .62 | .57 | .64 |
| Libraries | .36 | .36 | .50 | .55 |
| Health, Baths, Markets and Cemeteries | .41 | .44 | .44 | .53 |
| All other (except streets) | 5.42 | 5.60 | 6.24 | 5.86 |
| | 28.47 | 28.07 | 30.84 | 31.76 |
| Total Street Expenditures (including Construction) | 5.45 | 4.70 | 8.78 | 9.93 |
| | 33.92 | 32.77 | 39.62 | 41.69 |
| Schools, Net expense per scholar | $28 32 | $28 00 | $29 91 | $32 96 |

## Table V. — City of Boston.

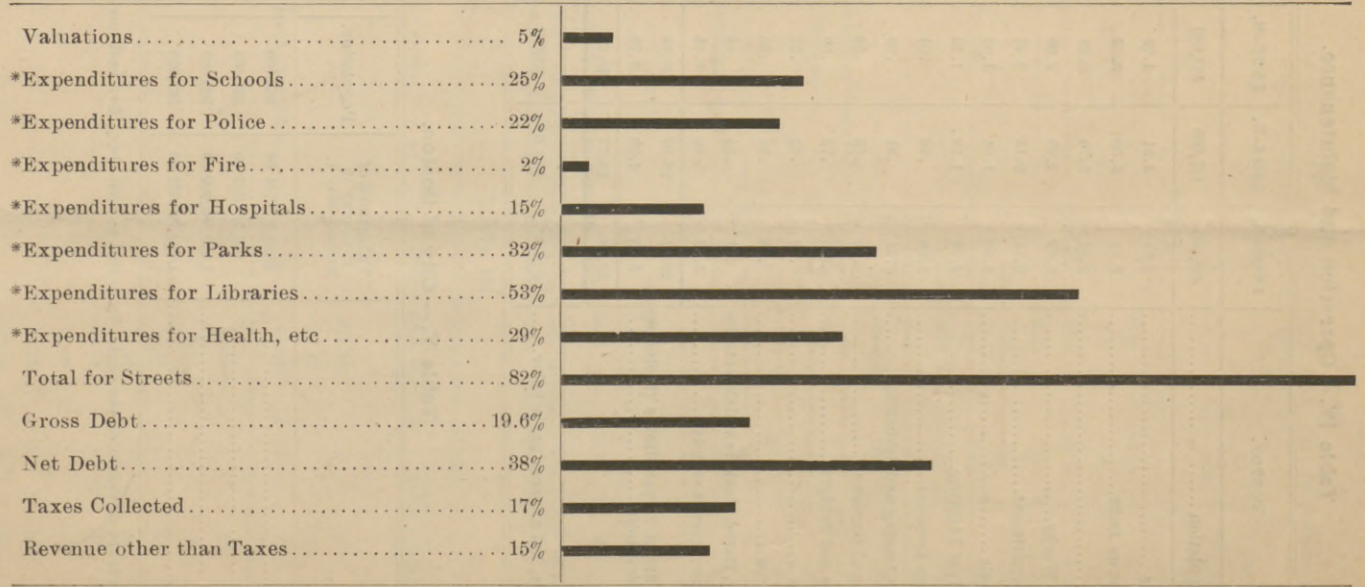
| | Valuations of Property in Boston May 1. | Population. | Valuation per capita. |
|---|---|---|---|
| **1892** | $893,975,704 00 | 468,000 | $1,910 00 |
| **1894** | 928,109,043 00 | 487,000 | 1,906 00 |
| **1897** | 1,012,582,209 00 | 523,000 | 1,936 00 |
| **1900** | 1,129,175,832 00 | 561,000 | 2,013 00 |

Increase of valuation per capita from 1892 to 1900 about five and one-quarter per cent.

## Table VI.

Graphical representations of the increase of valuations, debts, expenditures, etc., per head of the population, in the past eight years in Boston, viz.: 1892–3 to 1900–1.

*Per cent. of Increase per head of the Population.*




Items marked (*) exclude expenditures for permanent construction.