

AN INTRODUCTORY NOTE FROM THE CITY MANAGER

The second year of Proposition 2½ requires the City to reduce its tax levy by another 11.9 million dollars. We cannot assume that the law will be amended or that tax reform will be addressed by the State Legislature. Nor can we count on any additional State aid in FY 83, particularly in light of recent statements by the Governor. The City will also feel the impact of Federal reductions next year with the impending cut of general revenue sharing funds.

In the FY 83 budget process, each department must be treated individually. Another across-the-board 25-30% cut, imposed on top of FY 82 reductions, would render many City departments ineffective. Careful consideration must be given to departmental needs, size, service priorities and potential for alternative revenue sources. Therefore, for the FY 83 budget process, each department has been assigned a tax limit which it must not exceed when submitting its budget and financing plan to the City Manager. This procedure encourages alternative revenues, allows for program priorities and prevents smaller departments from complete elimination. These tax targets will be provided at a later date by the Budget staff.

All departments will share in this year's reductions. Revenue-producing departments, who escaped last year's budget cuts, will be required to budget a portion of their employee benefit costs in FY 83. This will serve to shift the heavy tax burden of employee benefits to self-supporting, non-property tax departments. All revenues, especially new or increased, will be examined closely, as there are no supplemental funds for revenue deficits. Department heads are asked to justify revenue estimates and prepare detailed backup for revenue sources.

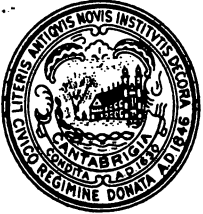
The FY 83 budget must include contract settlements for each employee. Any suggestions for departmental revenue sources are welcomed. Any deviations or requests for extensions must be sent in writing to the City Manager. This budget process will be an exceedingly trying one. Deeper service cuts and widespread employee layoffs, predicted for FY 82, will not be avoided in FY 83. The full cooperation of all City personnel during this difficult process is absolutely necessary.

Very truly yours,



Robert W. Healy

City Manager



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

December 7, 1981

To the Honorable, the City Council:

Enclosed please find copy of my message to the Departments
Heads relative to preparation of the FY 83 Budget.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda, Item Number Eighteen

Re: copy of message to all Department Heads in
regard to the preparation of the Fiscal Year
1983 Budget.

In City Council,
December 7, 1981

12/7/81

Placed on File -