

City of Cambridge

MASSACHUSETTS

In City Council May 18, 198 ⁷

AGENDA ITEM NO. 2

RE: ORDER #5 ADOPTED IN FINANCE COMMITTEE REGARDING \$1.8M FOR THE SCHOOL BUDGET & HOUSING FUND. THIS AGENDA ITEM RECOMMENDING AN ADDITION OF \$1,300,000. TO THE EDUCATION BUDGET.

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy				
Mr. Francis H. Duehay				
Ms. Saundra Graham				
Mrs. Sheila T. Russell				
Mr. David E. Sullivan				
Mr. Alfred Vellucci				
Mr. William H. Walsh				
Ms. Alice K. Wolf				
Mayor Walter J. Sullivan				



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

May 18, 1987

RICHARD C. ROSSI
Deputy City Manager

To the Honorable, the City Council:

The issue of the \$1,800,000 difference between the increase in the school budget and the increase recommended by the City Manager presents significant long range financial difficulties. The City Council vote in Finance Committee to fund this difference using "housing fund money" also presents concerns.

The only presently available source of funds for additional monies for the school budget would be by increasing the tax levy. This portends future trouble for the Schools and the City as a whole, for as we move toward the 1990's the gap between the property tax limit under Prop 2 1/2 and the Revenue limitation measure imposed on the Commonwealth will restrict the amount of funds available to the City. Currently, a formally adopted linkage proposal does not exist, and thus, the City could not get approval from the Department of Revenue for a budget that contains a revenue source that it does not have legal authority to raise. Further, whether operating expenses of the School Department would be a valid expenditure from such a plan would depend on the form of State and local legislation.

With the above factors in mind, I am reluctantly recommending an addition to the Education Budget of \$1,300,000 from the property tax. This amount will meet the necessities of Present Level requirements and will not cause major disruption in the educational process. In addition, I have asked the Superintendent to take a further look at the School Budget, in conjunction with the School Committee to identify potential further savings. If this is not possible, then it is my belief that we consider eliminating the School Capital Projects allocation for FY88 (\$500,000). This is not a desirable situation. In effect, we will be mortgaging our future to pay for present operating programs. The result would be the beginning of a deterioration of School buildings.

In any case, after the Superintendent and School Committee have further reviewed the FY88 budget, I will be back to the Council with a final recommendation before we set next year's tax rate.

Very truly yours,

Robert W. Healy
City Manager

RWH/b

Re: Order #5 adopted during the Finance Committee hearings relative to the \$1.8M for school budget & housing fund.

In City Council,

May 18, 1987

*See Agenda # 1
Order Adopted
Roll Call
9-0-0*