

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

Handwritten initials/signature

EXECUTIVE DEPARTMENT

JOHN H. CORCORAN

City Manager

JAMES L. FARRELL

Assistant City Manager

March 25, 1974

~~To the Honorable City Council:~~

I do hereby transmit this communication in an effort to respond to the City Council Sub-Committee on Health and Hospital on their order that the City Manager take any and all action to provide a sum of money to the Hospital which would sufficiently correct the current financial shortages with the view to balance all accounts by June 30, 1974.

You can be assured that the intent of your order of February 25, 1974 not only has been implemented but had been the operative policy of the City Manager since October 1973 when the budget situation at Cambridge Hospital first came to light. At that time, I indicated to the City Council that I had directed that the Director of Budget-Personnel together with Mr. MacLeod, Mr. Libitz and Mr. McNamara to monitor the fiscal operation of the Hospital and to recommend appropriate action including transfers as provided by ordinance.

At that time it was indicated by Mr. MacLeod that the City Hospital, based upon the rate of expenditure at that time, would require an additional \$1,194,229.00 over and above the Fy 73-74 authorized level in order to balance accounts on June 30, 1974. Contrary to the representations made in the minutes of the sub-committee meeting this projected deficit was due to cost increases, unpaid bills of previous years and questionable administrative practices which will be outlined at a later date.

You will recall that prior to the adoption of the hospital budget last year I authorized preliminary appropriations in the amount of \$514,540.00 which meant that I had cut the Hospital recommendation by only \$477,781. and not the \$800,000. as the committee report of February 24, 1974 stipulates and of this figure \$300,000 is represented by outages which were calculated and agreed upon by the Hospital administrators and myself when compiling the budget. Therefore, the record will show that there was an insignificant decrease in the city budget for the Hospital compared with the requested amount. The fact is that the fiscal situation represents a rate of spending above the amount requested by the Cambridge Hospital for the Fy 73-74 budget.

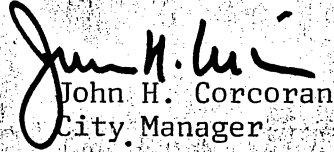
Regardless of these facts, however, we remain confronted with a budget crisis which is being dealt with cooperatively by the Director of Budget-Personnel and the Director of the Hospital with the other administrative and financial officers at City Hall and the City Hospital.

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To date we have executed transfers, both administratively and via the City Council, in the amount of \$640,212.10 which has reduced the deficit amount to a more manageable level. We are now preparing current expenditure reports in all codes which will give us a clearer understanding of our actual financial condition. Once reviewed by the Director of Budget-Personnel a transfer shall be submitted to Your Honorable Body in the critical codes next Monday at which time I will submit a more thorough and detailed report indicating the course of action to be taken which will result in the complete implementation of your order.

We fully expect to balance the accounts of the Cambridge Hospital and all city departments by close of business June 30, 1974 so that for the first time in the history of Cambridge government we will begin the fiscal year with a clean slate.

Yours truly,


John H. Corcoran
City Manager

JHC:v

Fiscal situation at the Cambridge Hospital.

3/25/74

Referred BACK
to
the City Manager
ON MOTION OF
Chairman - FOR MORE
ANSWERS TO QUESTIONS

In City Council,

March 25, 1974

raised and input
from

All sides concerned
with the problem -

4/1/74

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