IMPACT OF PROPOSED FEDERAL FY87 BUDGET ON CAMBRIDGE

Federal Program and President's Proposed FY87 Budget	Current Year FY86 Level of Assistance	Use of Current Year Assistance		Estimated FY87 Level of Assistance	Estimate of Budget Proposal's Impact on City Programs in FY87 and future fiscal years
General Revenue Sharing	1 550 315 (approximately $35,000,000 since inception)	Finance Fire Public Works Health & Hospitals Library Human Services	87 230 72 070 47 600 221 105 131 620 990 690	500 000	It is estimated that the state will reimburse the City for 90% of the loss. Property taxes will make up the difference between the loss and the amount received in reimbursement from the state. For future fiscal years, the loss in revenue sharing, as a result of the program being totally eliminated, will result in either increased taxes or service cuts.
Medicare/Medicaid	11 014 577	To support a wide range of hospital programs		11 862 549	Although the Medicare reimbursement is up from FY86, the increase is not as much as it would have been without the Gramm-Rudman cuts. It is anticipated that there will be additional cuts of 3% to 5% through FY90 which will result in either service service cuts or a further increase in the hospital deficit
Fuel Assistance	2 819 009	Provides fuel assistance to 5 500 low-income families in Cambridge and Somerville		2 819 009	The President's submitted budget includes level funding for the fuel assistance program for FY87. Also, it is not anticipated that FY86 funding will be cut.

Federal Program and President's Proposed FY87 Budget	Current Year FY86 Level of Assistance	Use of Current Year Assistance	Estimated FY87 Level of Assistance	Proposal's Impact on City Programs in FY87 and future fiscal years
Public Health, Mental Health, and Social Service Grants	1 600 000	Immunization Program, Tuberculosis Program, Sexually Transmitted Diseases Program, Womens, Infants, Children Program, Sexual Abuse Program, Social Service Grants	1 500 000	It is anticipated that cuts ranging from 1% to 6% will necessitate the decrease in the number of participants in these programs.
Community Development Block Grant (CDBG) 32% Reduction Proposed	$3 408 000 ($39 209 000 since inception)	Housing 1 553 000 Open Space 322 000 Streets/Sidewalks/Trees 385 000 Neighborhood Facilities 25 000 Architectural Barriers Removal 25 000 Neighborhood Business 30 000 Human Services 390 000 Comprehensive Planning Program 250 000 CDBG Program Management 372 000 Contingency 56 000	2 330 000 (Federal FY86)	Loss of approximately $1.1 million from annual grant will eliminate CDBG-funded improvements in Streets/Sidewalks/Trees; Open Space Acquisition and Development; Neighborhood Facilities; and Architectural Barriers Removal; and will reduce allocations to Housing; Human Services; and Comprehensive Planning. Unless City can provide the lost funding, service reductions and capital improvements cutbacks will result. In constant dollars using the July 1, 1975 grant of $3 708 000 as a starting point, the proposed July 1, 1985 grant constitutes a 69% cut in funding.

Federal Program and President's Proposed FY87 Budget	Current Year FY86 Level of Assistance	Use of Current Year Assistance	Estimated FY87 Level of Assistance	Estimate of Budget Proposal's Impact on City Programs in FY87 and future fiscal years
Urban Development Action Grant Eliminate Program	$1 800 000 ($13.9 million since inception)	The current-year $1.8 million grant total consists of $1 million for the U.S. Trust development in Area Four, and $800 000 for expansion of Bio-Technica. Overall, the City has successfully utilized UDAG grants to stimulate economic development in critical redevelopment areas of the City. The program has created jobs for low/moderate income residents, enhanced the City's tax base, and generated program income for other CDBG programs such as housing, etc.	-0-	The elimination of this program will reduce available sources of funds to continue the City's economic programs and the subsidiary benefits those programs provide to low and moderate income persons.
Section #312 Rehabilitation loan Program Eliminate Total Program. (Specifically, both discontinue new funding and prevent re-use of already-appropriated funds coming back each year as loan repayments.)	$119 000 000 available nationwide. City's draw on this not yet determined City has received $2 716 200 since 7-1-76, and has rehabilitated 164 dwelling units	Will be used to rehabilitate multi-family structures	-0-	Total loss of this valuable tool for rehabilitating multi-family buildings
HoDAG (Housing Development Action Grant) Eliminate Program	$4 250 000	Loan to developer for construction of 85-unit apartment complex (Magazine and Franklin Streets) with 23 low-income and 5 moderate-income subsidized units. (Loan repayments will provide funds for recycling into additional housing projects, or for adding to the 28-unit subsidy funding, as necessary)	-0-	Loss of opportunity to receive further major assistance this new program offered.

Federal Program and President's Proposed FY87 Budget	Current Year FY86 Level of Assistance	Use of Current Year Assistance	Estimated FY87 Level of Assistance	Estimate of Budget Proposal's Impact on City Programs in FY87 and future fiscal years
Rental Rehabilitation Eliminate Program	$180,000 ($183,000 in FY'85)	From total $363,000 FY'85 and '86 grants. $280,000 in loans already committed or inprocess for rehab of 61 dwelling units.	-0-	Loss of valuable help with problem of improving condition of City's rental stock.
Section 108 Loans Eliminate Program	$222,500,000 available nationwide	No planned use at program in current year. City has not yet directly used this program (which provides loans of up to amount of CDBG annual grant amount at below-market interest rate). However, its availability has been of value in preparing financial packages for development projects	-0-	Loss of valuable financing resource.
Economic Development Administration (EDA)	-0-	N.A. EDA has been used in the past for both economic development planning and for infrastrucure improvements implemented as criticial components of the City's revitalization efforts, specifically in Alewife.	-0-	Elimination of EDA's programs in conjunction with other programs utilized for supportive infrastructure makes it much harder to both stimulate future investment by the private sector and to deal with the impacts of existing development.
Weatherization				
D.O.E.	$197 718	Full-scale weatherization of 118 dwelling units	Cut of 5%	Reduction of 20 dwelling units to be weatherized
H.H.S.	$116 829	Full-scale weatherization of 69 dwelling units	No cut anticipated	N.A.

Federal Program and President's Proposed FY87 Budget	Current Year FY86 Level of Assistance	Use of Current Year Assistance	Estimated FY87 Level of Assistance	Estimate of Budget Proposal's Impact on City Programs in FY87 and future fiscal years
HUD/Solar Bank Loan	$232 000	Comprehensive weatherization with emphasis on solar hot-water heating for 138 dwelling units	$150 000	Reduction in annual number of dwelling units weatherization
D.O.E. Multi-Family Loan Program	$220 000	Energy-related weatherization loans for multi-family buildings. From 35 to 50 dwelling units total.	Unknown	Indeterminate

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

February 24, 1986

To the Honorable, the City Council:

I am submitting this report in response to Council Order No. 1 of December 30, 1985 relating to the effects of the Gramm-Rudman Bill on the City of Cambridge. The report provides information on the current level of assistance, the use of that assistance, the estimated FY87 level, and the impact on City programs in FY87 and future fiscal years. This report concentrates on programs which are the direct responsibility of City departments. It should be noted that the large number of Federal programs which are either administered directly by the Federal government or pass through the State will also be affected and will have a significant impact on the citizens of Cambridge.

I have listed below the programs which will be affected and the loss of funds which can be anticipated during FY87. As can be seen from this chart, total losses of up to $8,951,659.00 can be expected during FY87. This number can be somewhat misleading, however, as it includes some grants which would not occur on an annual basis. The report also does not contain numbers for the School Department. The School Administration is preparing a report for the School Committee and I will forward a copy to the City Council once I have received it.

Revenue Sharing	$1,050,315
Medicare/Medicaid	131,344
Fuel Assistance	0
Hospital Grants	100,000
Community Development Block Grant	1,078,000
Urban Development Action Grant	1 800,000
Section 312 Rehabilitation Loans	270,000
Housing Development Action Grant	4,250,000
Rental Rehabilitation Program	180,000
Economic Development Administration	0
Weatherization Programs	92,000
	$8,951,659

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda Item No. 13 5-118

Re: effects of the Gramm-Rudman Bill on the City of Cambridge.

In City Council,

February 24, 1986

2/24/86

Placed on File