

Budget Message

To the Honorable, the City Council,
and the Citizens and Taxpayers of Cambridge:

I herewith present the Annual Budget of the City of Cambridge for the fiscal year that commences July 1, 1981 and ends June 30, 1982. The budget submitted complies with the requirements of Proposition 2½ which was enacted into law by referendum on November 4, 1980. The condition imposed by this legislation are certainly destructive of the Municipal Systems in Massachusetts particularly in the older and larger Cities of the Commonwealth but the requirements of the law must be respected. Every effort should be made to work for changes in the provision of the law that require such massive cuts in municipal revenues without providing alternative revenue sources.

Let me attempt to present in perspective the problems facing Cambridge in the preparation of this Budget, the cuts required to be made, the increases required to be included, the availability of revenue to ameliorate some of the reductions requires, and the procedures followed in the budget design.

Proposition 2½ has provided the City of Cambridge and other communities with a bottom line of available revenues that has no relation to the needs of the Communities or to the services required to be performed. Thus cuts are required that basically should not take place but because of the magnitude of the revenue loss no other alternatives are available. Since the largest budgets in the City are the School Department, Police, Fire, and Public Works and they are primarily supported by property tax revenues, in order to comply with the requirements of the law cuts had to be made in all of these areas. Every effort has been made to keep these cuts to a minimum.

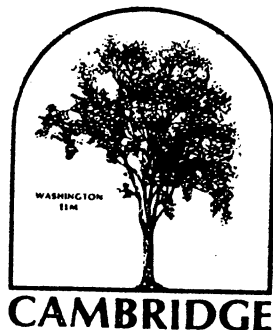
The City of Cambridge last year had a property tax levy of approximately 80 million dollars and under the provision of the property tax reduction required by 15% in year one it must reduce that levy by 12 million dollars to 68 million. In addition the excise tax has been reduced from 66 per thousand to 25 per thousand and the city will lose approximately

Summary: The Budget

1979-80 ACTUAL	1980-81 REVISED	PROGRAM EXPENDITURES	1981-82 BUDGET
17 167 279	17 381 730	general government	17 013 260
18 089 338	18 606 905	public safety	18 135 735
26 159 928	24 916 400	community maintenance & development	23 665 295
28 696 500	30 234 000	human resource development	32 363 825
		education	
<u>90 113 045</u>	<u>91 139 035</u>		<u>91 178 115</u>

1979-80 ACTUAL	1980-81 REVISED	FINANCING PLAN	1981-82 BUDGET
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taxes	38 052 230
license & permits	1 103 975
intergovernmental revenue	14 716 950
charges for service	31 977 465
finances & forfeits	2 040 500
miscellaneous revenue	3 286 995
	<u>91 178 115</u>



2.7 million dollars from that source. Thus in the preparation of the budget there must be an absolute reduction of 14.7 million dollars in taxes from last year levy even though there are inflationary items of increase over which the city has no control.

In order to arrive at an equitable assignment of reduction required, the School Department recapitulation sheet was used to determine the percentage of school costs and city cost in the current budget. Thus in the budget herewith presented the School Department was required to cut 41% of the total of 14.7 million or 6 million dollars and the City was required to cut 59% or 8.7 million dollars.

Once those figures were established the same procedure was followed with respect to the distribution of \$ 3, 862,230 which was included in the 1980-81 budget as a one time item to make up for the deduction from prior revenues of the sums for teacher's summer salaries and the over expenditures in the school department in 1979-80. This distribution was made on the basis of 41% to the School Department and 59% to the city and the following absolute reductions were required.

School 41%	6,000,000	City 59%	8,700,000
% of one time charge	<u>1,583,515</u>	% of one time charge	<u>2,278,715</u>
	4,416,485		6,421,285

Thus the cuts required to be made for budget purposes are \$ 4,416,485 for the School Department and \$ 6,421,285 for the City.

Because of the complication of making the required cuts the School Department has requested additional time in the preparation of their budget and this has been granted.

On the City side, in order to comply with the requirements for an overall 15% reduction and since some items could not be reduce such as debt and interest and pensions etc., each department was requested to submit a budget that cut approximately 25% from their previous operating budget. Once these cuts were made the City had reduced more than the required amount of \$ 6,421,285 and the additional revenue reductions of approximately \$ 1,000,000 dollars was distributed evenly to the Police and Fire Departments.

The budgets have been so prepared that if any relief or additional aid comes from the Commonwealth of Massachusetts the Council will be able to restore monies to the budgets on a priority basis.

The following are the reductions in personnel and funding required in the budget presented in order to have a bottom line reduction of \$ 6,421,285.

	General Government	
	Personnel Reduction	Tax Reduction
City Council	1	35,495
Mayor	0	37,100
City Clerk	0	37,655
Election	0	70,335
City Manager	2	34,380
Law	1	51,735
Finance	6	411,005
Employee Benefits	1	+ 1,013,220
General Services	1	+ 22,570
Animal Commission	0	10,040
Public Celebration	0	114,005
	<u>12</u>	<u>+ 234,040</u>

	Public Safety	
Fire	25	571,950
Police	29 patrolmen 17 civilian 23 traffic supervisor	1,315,150
Building	0	67,350
Civil Defense	1	9,535
License	0	157,400
Weights & Measures	1	14,785
Traffic & Parking	0	-
Electrical	3	101,900
	<u>99</u>	<u>2,238,070</u>

Community Maintenance & Development

Personnel Reduction		Tax Reduction
Public Works	82	1,719,885
Community Development	0	206,410
Conservation Commission	0	2,280
Historical Commission	0	13,405
Rent Control	0	396,105
Debt Service	0	+ 339,135
Cable T.V.	0	-
	<u>82</u>	<u>1,998,950</u>

Human Resource Development

Health & Hospital	10	766,770
Women's Commission	0	9,185
Library	13	249,185
Veteran's Benefits	3	106,260
Human Services	<u>2</u>	<u>311,905</u>
	28	1,443,305

Unallocated Raise Distribution 975,000

Summary

Personnel Reductions		Tax Reductions
General Government	12	+ 234,040
Public Safety	99	- 2,238,070
Community Maint. & Dev.	82	- 1,998,950
Human Resource Dev.	<u>28</u>	<u>- 1,443,305</u>
Unallocated Raise Dist.	-	- 975,000
	<u>221</u>	<u>- 6,421,285</u>

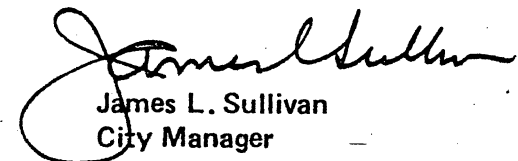
In some instances the tax reductions in the budgets reflect the recommendations for an increase in fees. In most cases the reductions are based on reductions in appropriations.

It should be pointed out that the budget complies with the known current requirement of Proposition 2½. About two weeks ago the City received a preliminary "Cherry Sheet" that further reduces available funds by \$ 2,342,451,41. The charges from the Commonwealth were up by \$ 1,106,601.41 and the estimated receipts were reduced by \$ 1,201,701 essentially in aid to education. The budget presented does not reflect these reductions required to be made if no changes are made in the distribution of revenue and charges from the Commonwealth. If the State Government does not at least level fund these obligation further reductions must be made. The Legislature and the Governor must be made to respond to the plight of the Cities.

The preparation of this budget has been one of the most difficult and painful tasks that I have had to perform in my years of public service. Somehow reason and need has been eliminated from the public budgeting process. A law has passed that requires Cities and Towns to dismantle their governmental structures. It is not fat, or waste, or inefficiencies that are required to be cut but employees and service functions that serve the people of the communities.

I recommend this budget to the City Council for adoption not because it reflects the needs of this community but because it complies with the mandate of the law that was passed last November. No one can be satisfied that such a requirement is necessary.

Respectfully submitted,



James L. Sullivan
City Manager

Agenda # 11

-112

Submission of the budget for FY 82.

In City Council,

April 13, 1981

4/13/1981

Prepared for
the
Finance Committee
for
Hearings and Report