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CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

March 31, 2003

To the Honorable, the City Council:

In response to Awaiting Report Item Number 03-33, regarding a report on the expected impact of state funding cuts to City services, please be advised that it is not possible at this time to fully analyze these impacts since the only document we have is the Governor's proposed budget, which results in a net loss of \$2.4 million exclusive of grants.

The House and Senate Budgets have yet to be submitted to their respective bodies but early advise from the Ways and Means Committee Chairs are to plan on 15% to 20% reductions in Local Aid. Fifteen percent equals \$4.2 million and 20% equals \$5.9 million loss.

This would be in addition to the \$4.2 million loss suffered in FY2003. The resolution of three different State budget proposals will most likely not be concluded until May or June. Thus, it is extremely difficult to completely respond to this City Council Order.

As to the use of City reserves, as the Council is aware, reserves are best utilized for one time non-recurring items and should not be used for continuing operating items.

The proposed city budget is still be prepared, but the City Council will have more definitive information upon submittal of the City's Manager's budget on either May 5 or 12.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec

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Consent Agenda #7

Awaiting Report Item Number 03-33, regarding a report on the expected impact of state funding cuts to City services.

In City Council March 31, 2003

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