

Home > Media Center > Speeches >

10.15.08 - Fiscal Action Plan Implemented

Governor Deval L. Patrick Confidence in the Commonwealth -- Fiscal Action Plan Implemented October 15, 2008 As Delivered

On October 15, 2008, Governor Patrick today announced tough choices and spending cuts to balance the state budget amid a national economic downturn.

 [Go to the video from this event](#)

Governor Patrick:

Good evening and thank you all for coming.

As you know, the financial turmoil around the world has now hit home here in Massachusetts. The tight credit market, the tumult on Wall Street, and the sharp rise in foreclosures are affecting business activity and consumer confidence. Our economy is slowing down. Just like families all across the Commonwealth, state government is feeling the pinch.

Two weeks ago, I announced that revenue for the first quarter of this fiscal year was short \$223 million. Though that is less than one percent of total projected revenue, and September was the first month in nearly two years when revenues were short, that shortfall, I believe, signals worse news ahead.

I therefore directed the Secretary of Administration and Finance to revise the revenue estimate and my Cabinet to prepare for spending cuts. After conferring with independent economists and other financial experts, Secretary Kirwan now forecasts that the state budget is over \$1.4 billion out of balance.

I have a legal obligation to balance the state budget. I also have a moral obligation to ensure that our state government continues to provide, to the extent possible, the essential services we depend on as a community. We will meet both obligations in the following ways:

First, we will cut state spending by over \$1 billion. The cuts and spending limits are summarized on this chart and specified on a hand-out which will be provided to you. I want to point out that \$50 million of these spending reductions will come from the Legislature, the Judiciary and other Constitutional Officers whose budgets I do not control, but who have agreed to contribute voluntarily. I also want to acknowledge the many quasi-independent agencies that have stepped forward to continue important programs that we otherwise would have had to cut. At a time of upheaval in our state economy, the people of Massachusetts should feel good about the fact that state leaders, all through-out government, have worked collaboratively to meet our challenges.

Second, through the settlement of outstanding tax matters, the use of certain federal funds, and the elimination of an obsolete property tax exemption on telephone poles and wires, we will raise \$168 million in new revenues.

And finally, we will propose to withdraw \$200 million from the "rainy day fund."

This afternoon we are filing an emergency omnibus budget amendment. That bill will ratify the voluntary cuts, and provide me the tools I need to manage through these challenges.

The bill will also extend to December 1st the deadline by which cities and towns can move their municipal workers into the state's less costly health insurance plan, and thereby reduce costs at the local level. And it will renew our proposal to tier state employee contributions to health insurance

SEARCH

Governor's Office

Search

EMAIL & BOOKMARK



SITE FEEDBACK

Can't find what you're looking for? Have a site suggestion? Let us know.

(Please Note: This form is for site feedback for our web team. To contact the governor's office, please visit our '[contact us](#)' page.)

Email address:

Send

premiums so that the highest paid state workers contribute more and the lowest paid state workers contribute less.

We will work with legislative leadership to assure swift passage of this legislation.

In the next few weeks, we will file other legislation to consolidate certain agencies and eliminate a handful of others. Our proposals to reform the state pension system will come nearer to the end of the year, including a plan to dismantle the Mass Turnpike Authority and restructure its debt.

The spending cuts will affect staffing. We estimate that, once the cuts are finally implemented and fully implemented, over 1,000 positions will be affected. The policy of no net new hires without prior approval, which we implemented in March, will remain in effect. Wherever we can, we do intend to work with state employee unions to develop the most effective ways of achieving these targets. However, there will not be a formal early retirement program.

There are no easy choices here. I have received a small mountain of letters and other messages from legislators, advocates, local officials and others, each of them acknowledging the hard choices before us, even urging me to make them - so long as their own project is spared. But the sacrifice must be shared. Many worthy ideas and good people will be affected. Both legislative priorities and my own initiatives will be touched.

I understand that behind the numbers is often somebody's first chance -- or only chance -- at a better life. I have tried to be mindful of that in making decisions, and for that reason have not made cuts in equal measure across the board. Knowing that, in times like these, people will sometimes need to lean on government more rather than less, I have tried to limit the impact on such services as health care, homelessness, domestic violence and hunger programs. I have preserved most funding for veterans, elders and disability services as well. I don't believe that we should ask the most vulnerable to shoulder the load in times like these.

Because I believe an increase in the property tax is the last thing we need right now, I have not proposed any reductions in local aid or in chapter 70 support for public schools.

Now all economies are cyclical and we will cycle out of this downturn. For that reason, I believe that we must continue to invest in our future so that we are as well positioned as possible to take advantage of the upswing when it comes. I have therefore cut only modestly in education, life sciences and clean and alternative energy. In addition, as long as the market for our capital bonds remains available to us, we will continue our investments in road and bridge repair, broadband expansion, public colleges and universities, affordable housing, and other infrastructure projects consistent with our capital plan.

There is a tendency to think of spending cuts as abstractions. They aren't. The state budget is really a compilation of small services and common aspirations. At its best, it reflects the values of our community. But people will feel these cuts in certain services. Expect longer waits at the RMV. Expect less community policing patrols. Expect slower permitting approvals. Expect less frequent maintenance of our parks and open spaces. In the last two years, we have worked very, very hard to take the fat out of state spending.

Whether it's using civilian flaggers in place of police details where that's appropriate, or reducing the number of toll takers on the Turnpike, or introducing competition in auto insurance, we have consistently looked for ways to make government more responsive and efficient, and to save our citizens money. And we will continue to do that. But today's cuts will affect services.

My team has worked very, very hard to help me make these decisions as wisely as I can and I want to thank them. I thank the Lieutenant Governor, all of the Cabinet and their staff for their creativity and thoughtfulness -- in particular, Secretary Kirwan and her budget team who have just been exceptional. I thank the Senate President and Speaker, as well as the Chief Justice and other constitutional officers, the district attorneys, and the various quasi-public agencies for their willing cooperation. And I thank the many human service providers, financial and banking analysts, labor leaders and non-profits who have been partners in this process as well. No one will be happy with all decisions, but everyone should be proud of the spirit of shared sacrifice that each stakeholder has brought to this process.

In the end, state government is only doing its version of what individuals and families are having to do: figure out how in tough times how to get by with less. There is no modern precedent for the economic challenges before us and in this respect; I want to speak directly to the people of Massachusetts: I know you are anxious; there is real cause for concern; but not for panic. My office and your government is here to help, and we will keep governing. I invite you to call the office at 617-725-4005 or visit mass.gov. We will not be able to solve every problem. But we may have answers to your questions about health insurance, home heating assistance, avoiding foreclosure, worker retraining and other ways in which we can offer help in ways you need. Call us. We will do

whatever we can.

No one knows how long this will last or just where the future will take us. Come what may we will confront that future together, as a strong statewide community. My confidence in the future of the Commonwealth and her people is unshaken and unshakable. I intend to stick with you. And I ask you to stick with each other. And together we will get through today's challenges to a brighter tomorrow.

I thank you all for coming.