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**Governor
Deval Patrick**

in Governor's
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Governor Patrick moves to close additional budget deficit**Use of federal recovery funds, furloughs, layoffs, and additional cuts planned as potential gap may exceed \$550 million**

View Budget Charts Here:

[Chart 1](#) [Chart 2](#) (if you have trouble viewing these charts please contact our office at the number above)

BOSTON- Tuesday, April 14, 2009 - Amid a continuing national recession, Governor Deval Patrick today outlined a plan for closing an immediate state budget gap of \$156 million, and announced his commitment to working with lawmakers to solve what could be an additional \$400 million gap by the end of the fiscal year.

As part of his plan to close the immediate budget gap, the Governor will use a mixture of federal recovery funds, budget cuts and spending controls, mandatory staff furloughs, and the elimination of over 750 additional state positions through layoffs, attrition, and stringent new hiring limits for state agencies. Additionally, the Governor has tasked Administration and Finance Secretary Leslie Kirwan with beginning negotiations with state collective bargaining units over a full range of potential cost-cutting initiatives to help address the economic crisis going forward.

"The historic downturn is hitting state government especially hard, leaving us with tough choices among miserable options," said Governor Patrick. "We must take these painful but necessary steps today if we are going to position Massachusetts for recovery and long-term economic success."

Specifically, the Governor's plan includes using \$128 million in federal recovery funds, \$16 million in additional budget cuts and spending controls, and \$12 million in savings from furloughs and workforce reductions.

Falling tax revenues and deficiencies in some accounts continue to create budgetary pressure. As tax revenues fall below projections, the Patrick-Murray Administration - working with the Department of Revenue and outside economic experts - estimates the gap could be as much as \$400 million more by the end of the current fiscal year. To close this shortfall, the Governor will work with legislative leaders to identify appropriate solutions, including additional cuts, further reliance on federal recovery funds, and an additional withdrawal from the Rainy Day Fund.

Impact on State Employees

In the spirit of shared sacrifice, the Governor has already significantly cut the Executive Branch workforce by 836 positions, and is on track by the end of this fiscal year to reach the approximately 1,000 positions announced last October. The workforce has decreased from 39,528 budgetary positions when the 9C process began last October, to 38,692 as of March. In addition, the Governor suspended merit pay raises for managers and has frozen wages for FY09 in all new collective bargaining contracts.

Today, the Governor announced that he will further reduce the state's workforce in order to achieve budgetary savings. Through layoffs, consolidations, attrition, and new hiring limits, the Governor will eliminate 750 positions. While the budgetary impact of these decisions will be limited in FY09, they are expected to save the Commonwealth more than \$40 million in FY10. When fully implemented and combined with October's actions, the state workforce will be reduced by 1,750 positions.

To achieve further savings in FY09, the Governor has directed that all of the approximately 5,000 Executive Branch managers take furlough days before July 1. Those managers whose salaries exceed \$75,000 will be required to take five days without pay, while those making between \$50,000 and \$75,000 will be required to take three days.

Proactively Managing an Economic Crisis

One year ago, anticipating the impact of the economic downturn, Governor Patrick began to plan for budget cuts and eventual economic recovery. Since October, when Massachusetts began to feel the impacts of the global and national recession as revenue collections weakened, the Administration has had to solve a budget deficit of approximately \$3 billion for FY09. To do so, the Governor has implemented \$1.24 billion in budget cuts and spending controls; identified \$236 million in new revenues; proposed drawing \$527 million from the Rainy Day Fund; and used \$806 million in enhanced federal Medicaid funds.

Starting last April, the Patrick-Murray Administration directed agencies to prepare to make mid-year cuts if necessary. When the Governor signed the budget in July, he laid out a five-point management plan that included \$122.5 million in vetoes, a request for expanded 9C budget cutting authority and \$140 million in shared responsibility health care solutions. He also implemented cost-savings measures across agencies through spending and hiring controls and the suspension of merit pay raises.

In October, the Governor implemented a Fiscal Action Plan that included more than \$1 billion in cuts and spending controls and proposed new revenues. He also worked to secure unprecedented assistance from the Legislature, the Judiciary, constitutional officers, and independent authorities in identifying additional cuts, savings, and reforms.

As the economy continued a rapid decline in January, the Governor announced another round of 9C reductions and identified new revenues to close a \$1.1 billion gap, and released a budget blueprint for FY10 that held spending growth to an unprecedented 0.5 percent. Additionally, the Administration worked with collective bargaining units to secure zero percent pay increases for FY09, saving the Commonwealth an estimated \$115 million and helping avoid further reductions in key services.

These proactive measures and continued response have allowed the Commonwealth to weather the economic recession, while still providing core services to the state's most vulnerable citizens.

The Governor will detail his budget reductions in the days ahead and will continue to work with lawmakers to ensure a balanced budget for FY09.

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