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Governor Patrick Moves to Responsibly Address FY'10 Budget Shortfalls**Process to identify potential solutions already underway, will update FY'10 revenue estimates by October 15th**

BOSTON - Friday, October 2, 2009 - Responding to a Department of Revenue (DOR) report that September state revenue collections fell \$243 million below budget estimates, Governor Deval Patrick today announced that his cabinet has already begun to identify potential emergency cuts to the Fiscal Year 2010 budget and will begin the process of adjusting tax revenue estimates for the remainder of the fiscal year. Year-to-date revenues are \$212 million below benchmark.

"Our Cabinet has effectively managed through a \$7 billion gap already through a series of spending cuts, layoffs and strict hiring controls, voluntary contributions from constitutional officers and quasi-independent agencies, the use of federal recovery funds and rainy day funds, and new revenues. But today's news means we have more to do," said Governor Patrick. "Secretary Kirwan and her team have been working with other Cabinet members and their agencies across state government to prepare for further spending cuts and other solutions. I have directed the Secretary and Undersecretary Gonzalez to work with the Department of Revenue, my Council of Economic Advisors and other financial experts over the next two weeks to update the tax revenue estimates for the rest of this fiscal year. Within two weeks after that is announced, we will announce our plan to close the gap."

Massachusetts, like other states, is still dealing with the effects of an unprecedented national recession. At least 47 other states are experiencing budget shortfalls - in most cases more severe than the Commonwealth's. Additionally, about half the states have already had to revise their revenue projections downward for the current fiscal year, indicating that this has been a very difficult recession to forecast.

The Governor noted that the state's economy is showing early signs of recovery. Recent reports chronicling increases in business investment, growth in the labor force and an uptick in housing starts demonstrate that Massachusetts is poised to emerge from the recession faster than other states. The Governor's commitment to investing for the long-term in areas such as education, life sciences, clean energy, and infrastructure have created jobs today and laid the foundation for strong growth in the future.

"State revenue always recovers more slowly than the private sector economy. As people start to go back to work and some of the stress on families is relieved, as businesses take advantage of new opportunities in the capital markets, and as the housing and commercial real estate markets strengthen, state government's fiscal situation will improve, too," said Governor Patrick. "In the meantime, we have more work to do, and we will get it done as we have in the past: by being tough-minded about the tough choices in front of us, and by being mindful that these are not just numbers on a balance sheet we're dealing with, but people whose vital services and livelihood are at stake."

The Governor noted that his team has already developed a number of scenarios to address the Fiscal Year 2010 shortfall. Today, he called on state employee unions, vendors, advocates, and members of the legislature to use the time over the next few weeks to work with the Cabinet to refine those plans in order to achieve the maximum savings and efficiencies with the least impact on people and public services.

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