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SEARCH

<a href="#">The Administration</a>	<a href="#">Constituent Services</a>	<a href="#">Press Office</a>	<a href="#">Agenda</a>	<a href="#">Legislation &amp; Executive Orders</a>	<a href="#">Get Involved</a>
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[Home](#) > [Press Office](#) > [Press Releases](#) >DEVAL L. PATRICK  
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For Immediate release - March 30, 2010

**PATRICK-MURRAY ADMINISTRATION DETAILS PLAN FOR CLOSING MID-YEAR BUDGET GAP****\$195 million gap is low-end of original estimate; Solve includes spending reductions, transfers of surplus funds**

BOSTON - Tuesday, March 30, 2010 - Governor Deval Patrick today released his plan for closing a \$195 million mid-year budget gap resulting from increased demand for state services and certain unanticipated, event-related expenses incurred since the fiscal year 2010 budget was enacted last July.

To close the gap, the Governor is proposing to reduce funding in certain programs; transfer surplus funds from a state transportation account and redirect some savings from recent Medicaid decisions.

"In these challenging economic times, it is critical we maintain our safety net services for residents most in need," said Governor Patrick. "Our plan for closing this budget gap ensures that we can continue to provide vital services like health care and shelter while managing state resources in a fiscally responsible way."

"As we continue to manage the budget and remain good fiscal stewards, we look for more opportunities to promote efficiencies in an effort to close the budget gap while maintaining critical state programs," said Lieutenant Governor Timothy Murray.

In the course of its regular budget review with Executive Branch agencies this month, the Executive Office for Administration and Finance (A&F) announced that it had preliminarily identified a new estimated gap of \$195 million to \$295 million, caused primarily by caseload increases in MassHealth and other safety net programs and unavoidable costs like the special U.S. Senate election held in January.

After completing its review this week, A&F has determined that a significant portion of this gap can be managed by agencies internally, resulting in a budget gap of \$195 million. Because much of this new spending would be reimbursed by the federal government, the portion of the budget gap that must be closed using state resources is \$118 million.

"The steps we are taking today will responsibly close the gap and preserve funding for critical programs and services," said Secretary Jay Gonzalez. "This is another example of the prompt and proactive budget management that the Governor has exercised to ensure fiscal stability in the face of the unprecedented fiscal challenges facing the Commonwealth."

The Secretary of A&F sent a letter to legislative leaders today requesting they include the budget fixes in a supplemental budget currently pending before the Senate. Specifically, the Governor is seeking authorization to reduce spending in 10 accounts by \$38 million and transfer \$50 million in surplus funds from the Commonwealth Transportation Fund to the General Fund to support certain transportation spending.

Additionally, the Governor will use \$30 million in Rainy Day funds. Those funds are part of an estimated \$80 million in Medicaid "clawback" savings the Governor announced earlier this month. The remaining \$50 million will provide a cushion for the remainder of the fiscal year in the event that revenues fall short of benchmarks.

As directed by the Governor, A&F will also further tighten spending controls to ensure the state budget remains balanced for the remainder of the year.

As he has throughout this global economic downturn, the Governor will continue to manage the budget and the challenges facing the Commonwealth. The Governor's proactive and prudent fiscal management to date has resulted in continued affirmation of the state's strong AA bond rating, allowing the state to make critical investments, while saving taxpayers money.

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