November 2008 Newsletter Legislative Section:

All of us have been reading, watching and feeling the events of the past few weeks. We are all aware of the state of the current economy. The Mortgage crisis coupled with signs of a recessionary economy has created an unprecedented financial crisis that has no comparison in Global economic history. We are waiting to feel the effects of a congressional bailout package that as of this writing is unclear how the average person will be positively affected. The crisis has affected the Commonwealth dramatically. Two weeks ago Governor Patrick announced sweeping and dramatic cuts to the state's FY 09 Budget. These cuts include state employee lay-offs and spending reductions among other actions. Looming on Election Day is also The Question 1 ballot initiative which seeks to abolish the state income tax. These times are truly challenging for the average family but more so for the vulnerable. How is Massachusetts doing given the crisis and what should we be doing about it?

Massachusetts is in better standing than other states in making it through these tough times due to pre-emptive actions taken by the legislature. Our budget shortfall is relatively low in comparison to other states. For example, California is currently facing a 22% budget shortfall ($22.2 Billion) while Arizona is facing a 19.9% ($2 Billion) budget shortfall; At this point in the crisis Massachusetts is facing a 3.8% shortfall (1.4 Billion Dollars).

Mitigating actions taken by the legislature include building up a $2.25 billion stabilization fund balance heading into fiscal year 2009 (the highest of 41 other states). We have also allowed municipalities to save money by joining the GIC (State Employees Health Insurance) and enter the state's pension system, as well as sustaining $66 million of the Governor's vetoes, more than any year in recent history. Additionally we have also passed legislation gaining the Commonwealth $460 million through various revenue enhancements. This past Thursday the House and Senate approved a supplemental budget filed by the Governor that will help plug the budget shortfall. Please read on in the legislative/budget update below for more information on the specifics of the legislation.

Going forward we must protect the revenue sources that we have. Prognosticators are suggesting we should count on 30-50 percent less from capital gains taxes. If we were to lose the one progressive form of taxation that Massachusetts has, the income tax under the passage of Ballot Question 1, the results would be catastrophic. For example, right now we are seeing budget cuts as high as 12% that will directly result in the loss of police officers on our streets, the maintenance of our parks and parkways, and a decrease in significant government services. If Question 1 passes, $12.5 billion out would be cut right out of the state budget, we would face cuts as high as 71%.

While the future seems unclear as to where the Commonwealth's fiscal condition will be I am optimistic and I will continue to work with all sectors of our communities to come together in the face of adversity through activism and engagement to weather the storm we are adrift in. We must continue to work hard as a community to make sure that the gains of the past aren't compromised by the problems of the present. We must also assure that Question 1 is soundly defeated.

Lastly, I would encourage everyone to vote this coming Tuesday. In tough times such as these it is more important than ever that citizens take an active role in their government so that we can work on solutions and face this crisis together.

Legislative Update

This past Thursday we in the legislature approved a supplemental budget filed by the Governor that will provide an additional $373.6 million to the General Fund. Coupled with the painful but necessary 9C cuts executed two weeks ago, this legislation will meet the expected $1 billion FY09 budget shortfall head-on. The measures listed below are extraordinary in scope but these are difficult times that require far-reaching measures. By acting now, at the beginning of the fiscal year, to balance the FY09 budget, we can mitigate the effects and length of the financial crisis' impact on Massachusetts in the future.

The measures adopted by the legislature and sent to the Governor's desk for a signature include:

1.) Extending the Pension funding schedule two years from 2023 to 2025, saving an estimated $100 million;

2.) Extending the deadline for municipalities to notify the Group Insurance Commission of their intention to join the GIC health insurance coverage from October 1 to December 1, hopefully allowing for hundreds of millions of dollars in direct savings to cities and towns throughout the Commonwealth;

3.) Permitting the Massachusetts Highway Department and the Department of Conservation and Recreation to spend up to $50 million for Fiscal Year 2009 for emergency snow and ice removal, if authorized by the Secretary of Administration and Finance in consultation with the Secretary of Transportation and the State Comptroller, in order to accommodate for timing discrepancies between the need for snow removal and the availability of funds;

4.) Allowing transferability within the Executive Office that is restricted to be within secretariats, capped at 5 percent of the original appropriation, require a report to the Legislature by the Executive Branch and sunsets at the end of Fiscal Year 2009;

5.) Creating the mechanism that allows for the voluntary spending reductions that nonexecutive entities have agreed to provide, which, combined with the 10 percent voluntary reduction of $9.1 million already returned by the Legislature, totals $41.1million;

6.) Cutting $32.5 million in allocations to the e-Health Institute Fund, the Massachusetts Alternative and Clean Energy Investment Trust, the Massachusetts Life Sciences Investment Fund and Commonwealth Corps;

7.) Providing a two month tax amnesty program to infuse the state with revenue that might otherwise not be collected or remain uncollected until a much later date; and

8.) Authorizing the Comptroller to transfer up to $200 million from the Stabilization Fund to the General Fund.