



# Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES  
STATE HOUSE, BOSTON, MA 02133-1054

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CHAIRMAN  
Committee on Ways and Means

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To the Honorable Members of the Massachusetts House of Representatives:

In this document the House of Representatives Committee on Ways and Means presents its recommendations for the Commonwealth of Massachusetts' Fiscal Year 2010 General Appropriations Act. At a time of falling revenues and rising demand for services, we have put forward a budget based on a fundamental belief in fiscal prudence and shared responsibility.

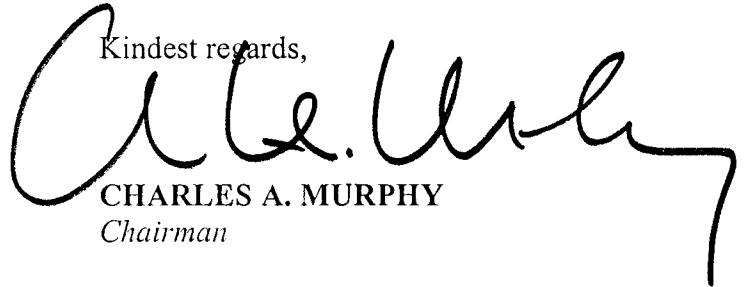
Our Commonwealth and our nation face economic uncertainties not seen since the Great Depression. Consumer confidence is down, as is consumer spending. Our unemployment rate continues to grow, while our tax base continues to shrink. Earlier this year, in an effort to halt this downward spiral, President Obama signed the \$787 billion *American Recovery and Reinvestment Act*, directing between \$6 and \$9 billion into the Massachusetts economy over the next two years. It remains to be seen if the federal government's actions will be enough to sufficiently stimulate the economy.

The attached spending proposal relies on approximately \$1.06 billion in additional Federal Medicaid Assistance Percentage monies. These funds are crucial to ensuring Massachusetts' continued commitment to protecting the neediest amongst us. While monies from the federal government will certainly help to replace lost revenues, due to the size of our projected shortfall it can only be part of our solution. To close the remaining gap, this document relies on over \$1.8 billion in cuts to state programs and services. It is impossible to make budget cuts of this magnitude without adversely affecting wide portions of our society. While difficult, these cuts are necessitated by the drop-off in capital gains, corporate, and personal income taxes, none of which are expected to return to healthy levels for several years.

The budget recommendation before you was drafted to be both intellectually honest and fiscally sound. We recognize that the economic crisis we face today is likely to be a multi-year event and we are planning with that in mind. We also understand that support from the federal government is only assured through fiscal year 2011. Accordingly, preparations must be made today to ensure a more stable tomorrow. In keeping with this belief, the budget we place before you has been balanced without a draw on the state's rainy day fund. It is imperative that the Stabilization Fund be available to supplement revenues once the federal stimulus monies disappear.

In crafting this budget, the Committee was faced with an array of distasteful choices as a result of the global fiscal crisis. The projected tax revenue collection for FY10 simply will not allow a continuation of the state's role as we are accustomed. Each and every dollar spent needs to be scrutinized to ensure it is being spent in the most efficient manner, and for the most significant impact. The Commonwealth of Massachusetts, along with at least forty-five other states, finds itself at a crossroads of sorts. Our choice is as simple as it is stark: we can either ignore fiscal realities and avoid the tough decisions that will be required to deliver a balanced budget, or we can make the extremely difficult choices before us this year with the hope that future years will be somewhat less challenging. This budget represents the latter of the choices before us.

Kindest regards,

A handwritten signature in black ink, appearing to read "C. A. Murphy". The signature is fluid and cursive, with a long horizontal stroke at the end.

**CHARLES A. MURPHY**  
*Chairman*