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CAMBRIDGE CITY COUNCIL

Timothy J. Toomey, Jr.
City Councillor

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Madame Clerk,

I would like to submit the following article, regarding the House leadership's proposed budget, which will be released next week, as a communication to my colleagues.

Sincerely,

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STATE HOUSE
NEWS SERVICE

MURPHY'S BUDGET WILL CUT MORE THAN $1B

By Jim O'Sullivan
STATE HOUSE NEWS SERVICE

STATE HOUSE, BOSTON, APRIL 5, 2010..... The House leadership budget due for release next week will impose over $1 billion in cuts and not rely on any withdrawals from the state's main reserve account or contain any earmarks, budget chief Charles Murphy said.

While the final budget's bottom line will likely rise from the current fiscal year's, as caseload demands and fixed costs continue to climb, Murphy warned of an earmark-free spending plan with heavy reductions to discretionary accounts.

"The budget that comes out - we're going to cut over a billion dollars," Murphy said in a News Service video interview. "A billion dollars. I mean, that's some serious cuts."

As state policymakers scramble to turn around the local economy, Murphy said accounts like workforce development and training grants would likely be "maintained."

The Burlington Democrat, writing his second budget after Speaker Robert DeLeo tabbed him as a surprise choice for House Ways and Means chair last year, hinted the state could rely on gambling licensing fees for midyear revenue plugs in the event that casinos and racetrack slot machines win approval, although the House will not count gambling receipts for its initial budget.

"If that presents itself somewhere during the fiscal year ... we can deal with it then," he said.

House and Senate budget authors agreed with Gov. Deval Patrick in January that state tax collections would increase 3.2 percent during fiscal 2011 over projections for the fiscal year that ends June 30.

Through the first nine months of the current fiscal year and despite a series of tax increases, overall state tax collections of $13.18 billion are down $222 million or 1.7 percent from the same period a year ago and are $9 million below the fiscal year benchmark. Collections have picked up slightly in recent months.

Patrick in January proposed a $28.2 billion blueprint, up from the $27.5 billion the state expects to spend this year.

The state's shaky fiscal balance could tip further in fiscal 2012, when officials are anticipating the stream of federal stimulus aid will evaporate. This year, the state is leaning on about $1.5 billion in American Recovery and Reinvestment Act assistance.

Murphy said that expected drop-off renders all the more important efforts to preserve the so-called Rainy Day Fund, which once sat healthily at $2.3 billion but has declined to roughly $700 million. He acknowledged that continued weakness in tax collections would likely prompt the reserve to dip further.

"At some point it's going to go below that. Our trick is to maintain it as long as we can," Murphy said.

"My goal is just to set that aside, leave it alone," he said. "If we can keep at $700 million going into FY '12, at least that's something we can utilize for the FY '12 budget, because we don't anticipate the stimulus to be there."

Similarly, he cautioned against expectations of earmarks, long a favored means for lawmakers to tote local spending or bankroll preferred line items.

"I'm not against earmarks," Murphy said. "Earmarks work well because state reps know their districts and they know where money needs to go, so I've got no problem with earmarks, it's just the economic reality we're up

against at the moment just doesn't allow them."

He said, "We're cutting budgets and programs and line items so bad, for us to then go in and earmark the money that's left, you're just handcuffing the agencies to be able to do their job. So we can't do that."

Echoing DeLeo, Murphy reiterated House leadership's resistance to new revenue streams in the budget. He sounded a similar theme heading into last year's budget debate, but any reluctance to asking taxpayers for more disappeared during floor debate and subsequent House-Senate deliberations, when the Legislature imposed roughly $1 billion in new taxes. This year, Murphy said, members appeared less amenable to new taxes.

"We're not raising revenue, we're not eliminating exemptions ... we're going to make do with what we've got," he said, referring to the committee draft slated to emerge April 14, with floor debate set to start the week of April 26. "The speaker's been pretty clear on that, and the membership's been pretty clear on that."

Murphy, one of several House members who earlier this year watched hopes to succeed Attorney General Martha Coakley through legislative appointment go up in smoke after she lost the special U.S. Senate election to former colleague Scott Brown, said speculation about the successor to his Senate counterpart, Steven Panagiotakos, would likely enliven the capitol's east wing.

"It'll be interesting to see who takes over, and that's going to be the parlor game, I think, for the next six or seven months over in the Senate, to see who succeeds him," Murphy said.

He also predicted that, with more than two dozen House members already officially ruling out reelection bids, "We could have 30 to 40 new reps, so that'll be an issue in and of itself, just getting those folks acclimated."

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