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HOUSE . . . . . No. 4536

The Commonwealth of Massachusetts

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LIEUTENANT GOVERNOR

November 20, 2014

To the Honorable Senate and House of Representatives,

Pursuant to Section 9C of Chapter 29 of the Massachusetts General Laws, Administration and Finance Secretary Glen Shor has advised me of a projected budgetary shortfall totaling $329 million in fiscal year 2015.

The reasons for our shortfall are straight-forward.

While our economy is recovering and our revenues have consequently grown, this growth is likely to result in an automatic reduction in the personal income tax rate in January, the third in four years. This will result in a $70 million loss in this fiscal year. In addition, fees and reimbursements are not achieving the levels forecast in the budget. Finally, investments through the economic development act (Chapter 287 of the Acts of 2014) were made with the expectation of even higher revenues than we have actually experienced.

I am therefore proposing reductions in the budget to bring spending and investments in line with available resources. They include $198.1 million in net spending reductions at Executive Branch agencies that I am able to implement under my 9C authority and $10 million of savings from the Massachusetts Department of Transportation. I am also filing legislation proposing 1.5% reductions to spending at most non-executive agencies ($21.8 million), and a reduction to the fiscal year 2014 funding level for unrestricted local aid ($25.5 million).

In addition, we have secured the commitment of several of our quasi-public partners that received funding in the economic development act to return a portion of those funds to the Commonwealth. In most cases, the agencies will continue to implement the aim of the legislation without support from the fiscal year 2015 budget. Additionally, we have found some modest additional federal and departmental revenues to bring the budget into balance. Taken together, these actions contribute $73.6 million to the budget solve.

In crafting spending reductions, we have done our very best to protect investments that are critical to the Commonwealth's future, and to avoid negative impacts to the most vulnerable of our residents. For example, we have not proposed any cuts in Chapter 70 education aid, preserving funding which is once again at its highest level in history. Access to early education and care and scholarship funding for our neediest students are not reduced. We have not cut funding for the Department of Children and Families which, as part of our reforms, needs its significantly increased funding to staff up adequately. We have endeavored more broadly to protect current levels of service across a wide range of programs.

This letter, the attached supporting documents, and the legislation that I am filing with this letter provide detail on the spending reductions and other actions that I have identified to close this shortfall.

Working together, we have built a strong record of fiscal management during unusually challenging times. We have earned the highest bond ratings in the Commonwealth's history by carefully managing the budget throughout the year and taking decisive action when warranted. Consistent with our demonstrated commitment to fiscal responsibility, I am taking the foregoing steps to ensure that the fiscal year 2015 budget remains in balance.

With these reductions, the fiscal year 2015 budget is sound. It invests in broad-based opportunity and prosperity for Massachusetts. It likewise dramatically reduces our net Rainy Day Fund draw and dramatically increases payments towards our long-term pension and retiree health care costs.

I respectfully ask for your support.

Respectfully submitted,

Deval L. Patrick,
Governor

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Message from His Excellency the Governor recommending legislation relative to addressing the fiscal year 2015 budget shortfall.

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act addressing the fiscal year 2015 budget shortfall.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to forthwith address the fiscal year 2015 budget shortfall and to make other changes in law, each of which is immediately needed for important public purposes,, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Non-9C Reductions

SECTION 1. (A) Notwithstanding any general or special law to the contrary, and except as this section provides otherwise, the amounts appropriated for fiscal year 2015 as of November 1, 2014 for departments or agencies not subject to section 9C of chapter 29 of the General Laws shall be reduced by 1.5 per cent, unless within 14 days after the effective date of this act, the department or agency head files with the clerks of the senate and house of representatives, the secretary of administration and finance, and the comptroller, a statement specifying the same total amount of reductions allocated among the items of appropriation for that department or agency or of departmental revenue, in addition to that estimated as of November 1, 2014, approved in writing by the secretary of administration and finance. This statement shall operate as a statutory reduction of the specified appropriations by the specified amounts. For the purpose of this section, the items for the judicial department shall be items 0320-0003 to 0339-2100, inclusive, and the department head of the judicial department shall be the chief justice of the supreme judicial court, the chief justice of the trial court, and the trial court administrator, acting jointly.

(B) Subsection (A) shall not apply to the following appropriation items: (i) state school aid, item 7061-0008; (ii) debt service, items 0699-0005, 0699-0014, 0699-0015, 0699-0018, 0699-2005, and 0699-9100; (iii) the center for health information and analysis, items 4100-0060

and 4100-0061; (iv) sheriffs, items 8910-0102 to 8910-8810, inclusive; (v) treasury items 0610-2000, 0611-1000, and 0612-0105; and (vi) the appropriation items for the University of Massachusetts, the state universities, and the community colleges, items 7100-0200, 7100-0207, 7100-0700, 7109-0100, 7110-0100, 7112-0100, 7112-0101, 7113-0100, 7113-0101, 7114-0100, 7115-0100, 7116-0100, 7117-0100, 7118-0100, 7502-0100, 7503-0100, 7504-0100, 7504-0102, 7505-0100, 7506-0100, 7507-0100, 7508-0100, 7509-0100, 7509-0125, 7509-0140, 7510-0100, 7511-0100, 7512-0100, 7514-0100, 7515-0100, 7515-0121, 7516-0100, 7518-0100, 7100-4000, 7066-1400.

(C) (1) Item 1233-2350 of section 2 of chapter 165 of the acts of 2014 is hereby amended by striking out the figure "$945,750,001" and inserting in place thereof the following figure:- $920,230,293.

(2) The unrestricted general government aid appropriated to each municipality in section 3 of said chapter 165 shall be reduced by 2.698 per cent.

(D) Item 1233-2401 of section 2 of said chapter 165 is hereby amended by striking out the figure "$500,000" and inserting in place thereof the following figure:- $436,743.

(E) Item 1595-6368 of section 2E of said chapter 165 is hereby amended by striking out the figure "$390,361,636" and inserting in place thereof the following figure:- $382,457,119.

(F) Item 1595-6369 of said section 2E of said chapter 165 is hereby amended by striking out the figure "$136,552,622" and inserting in place thereof the following figure:- $134,504,333.

(G) Section 2A of chapter 287 of the acts of 2014 is hereby amended by striking out items 7100-0801, 7100-0802, and 7118-0101.

Transfers to and from the General Fund

SECTION 2. (a) Upon certification by the executive office for administration and finance, the comptroller shall transfer from the General Fund to the Commonwealth Care Trust Fund an amount up to the amount of federal financial participation funds received for spending by the Commonwealth Health Insurance Connector Authority for the Commonwealth Care program. To accommodate the timing of federal revenue receipts after June 30, 2015, transfers may be made through the fiscal year 2015 accounts receivable period.

(b) The amount required to be transferred under subsection (c) of section 94 of chapter 194 of the acts of 2011 shall instead be transferred to the General Fund.

Adult Long Term Residential Services

SECTION 3. (A) Item 5920-2000 of section 2 of chapter 165 of the acts of 2014 is hereby amended by striking out the figure "$1,006,339,270" and inserting in place thereof the following figure:-

1,048,839,270.

(B) Said item 5920-2000 of said section 2 of said chapter 165 is hereby further amended by adding the following words:-

Community First Trust Fund 1.29%

REAL ID Compliance

SECTION 4. Section 8 of chapter 90 of the General Laws, as amended by section 76 of chapter 38 of the acts of 2012, is hereby further amended by striking out the seventeenth paragraph and inserting in place thereof the following paragraph:-

A license or any renewal thereof shall be valid from the date of issuance and shall expire on a date determined by the registrar but not to exceed 60 months. An applicant for the renewal of a license who is 75 years of age or older shall apply for a renewal in person at a registry branch office.