

Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
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**REPRESENTATIVE
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CHAIRMAN
Committee on Ways and Means

June 2, 2009

Honorable Members of the House of Representatives,

In my comments to the membership at the close of our recent budget debate, I referred to the new economic reality that we face as a Commonwealth. Unfortunately, over the past four weeks that economic reality has become increasingly dire. The \$3.5 billion dollar budget gap that we anticipated while preparing and debating the House budget has ballooned to over \$5 billion. Despite the difficulties of our budget week in terms of cutting programs to reach a balanced budget, it is apparent that the greatest adversity lay ahead.

It is my understanding that never before has there been a time when the budgets passed by the House and Senate reflected such disparate bottom lines. Looking at on-budget items, the Senate's budget is over \$795 million lower than the one passed in the House. When one then considers that the Senate budget also relies on a draw of \$299 million from our rainy day account as well as additional revenue options, in effect the difference between our two budgets is well over \$1 billion.

Closing a gap of this magnitude will take great resolve. To produce a balanced budget within this new financial paradigm, we will need to reassess each and every line item. With this reassessment, it is inevitable that a number of programs receiving support in the House will find their line items reduced or eliminated. It is clear that tax revenues will simply not support the same depth and breadth of government services as we have become accustomed.

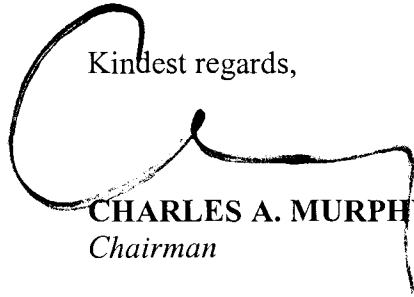
I understand that great faith is placed in budget conferees to advocate on behalf of their respective chamber's interests. This year, with the economy continuing to spiral downward over the course of the past several weeks, that responsibility is critically important and we are cognizant of that duty. We will be very mindful of the House's actions and will work diligently to preserve the core principles of our engrossed budget.

As I have said to many of you in the past months, the new economic realities we are facing as a Commonwealth are forcing each of us to recalibrate our expectations as we move forward. The tax receipts that are expected to come in next year, coupled with the additional revenue that will be generated in the new budget, will simply not be enough to cover the anticipated shortfall. As such, the stark choices before us, and the

consequences of those choices, will be adversely felt by many citizens who have come to expect a certain level of support from the Commonwealth.

Better economic times are undoubtedly ahead of us, however, until such time that the economy rights itself to some degree, we have no choice but to move forward and adapt to the circumstances in which we live.

Kindest regards,

A handwritten signature in black ink, appearing to read 'C. A. Murphy', with a large, stylized initial 'C'.

CHARLES A. MURPHY
Chairman