

## **GOVERNOR PATRICK WILL USE FEDERAL RECOVERY FUNDS, FURLOUGHS, LAYOFFS, AND CUTS TO CLOSE BUDGET GAP**

To close an immediate state budget gap of \$156 million, Governor Patrick will use a mixture of federal recovery funds, budget cuts and spending controls, mandatory staff furloughs, and the elimination of over 750 additional state positions through layoffs, attrition, and stringent new hiring limits for state agencies.

The Governor's plan includes using \$128 million in federal recovery funds, \$16 million in additional budget cuts and spending controls, and \$12 million in savings from furloughs and workforce reductions. Governor Patrick will work with lawmakers to solve what could be an additional \$400 million gap by the end of the fiscal year.

### **Impact on State Employees**

- The Governor has already significantly cut the Executive Branch workforce by 836 positions, and is on track by the end of this fiscal year to reach the approximately 1,000 positions announced last October. The Governor has suspended merit pay raises for managers and has frozen wages for FY09 in all new collective bargaining contracts.
- Through layoffs, consolidations, attrition, and new hiring limits, the Governor will eliminate approximately 750 positions. While the budgetary impact of these decisions will be limited in FY09, they are expected to save the Commonwealth more than \$40 million in FY10. When fully implemented and combined with October's actions, the state workforce will be reduced by 1,750 positions.
- The Governor has directed 5,000 Executive Branch managers to take furlough days before July 1, and Administration and Finance Secretary Leslie Kirwan will begin negotiations with state collective bargaining units over a full range of potential cost-cutting initiatives to help address the economic crisis going forward.

### **Proactively Managing an Economic Crisis**

- Anticipating the economic downturn, a year ago Governor Patrick began to plan for budget cuts and eventual economic recovery. Since October, the Administration has had to solve a budget deficit of approximately \$3 billion for FY09, while maintaining core services for our most vulnerable citizens.
- Last April, the Governor prepared agencies to make mid-year cuts if necessary. In July, he laid out a five-point management plan that included \$122.5 million in budget vetoes, a request for expanded 9C budget cutting authority and \$140 million in shared responsibility health care solutions.
- In October, the Governor implemented a Fiscal Action Plan including more than \$1 billion in cuts and spending controls and proposed new revenues, while securing unprecedented assistance from the Legislature, the Judiciary, constitutional officers, and independent authorities in identifying additional cuts and savings.
- In January, the Governor announced another solve for a \$1.1 billion gap, and proposed a FY10 budget limiting spending growth to an unprecedented 0.5 percent. The Administration worked with collective bargaining units to secure zero percent pay increases for FY09, saving an estimated \$115 million and helping avoid further reductions in key services.