

The Patrick-Murray Administration: A Record of Strong Fiscal Management, Cost-Savings and Reforms

In partnership with the legislature, the Patrick-Murray Administration has achieved over \$11B in savings to date, and will achieve over \$30B in additional savings over the next 30 years for the state, cities, and towns, through responsible fiscal management, cost-savings and reforms

- **Balanced Budgets:** From FY09-FY13, during the worst of the global economic recession, the Administration implemented a balanced set of budget solutions that relied primarily on cuts and savings totaling \$11.131B.
- **Highest Credit Ratings in State History:** Thanks to the strong fiscal management of the Patrick-Murray Administration, the Commonwealth now has the highest credit ratings in state history – AA+ from all three agencies, which has already saved taxpayers \$100M in interest costs over the next 30 years. Additionally, the Commonwealth has among the largest Rainy Day Fund balance in the country.
- **Long-term Fiscal Policy:** The Administration developed and published a long-term fiscal policy framework to ensure budgetary decisions were informed by long-term financial forecasts and policies that support fiscal stability.
- **Addressing Long-Term Liabilities:** The Administration has tackled the Commonwealth's long-term liabilities and met our generational responsibility to put the state on solid fiscal footing through pension reforms that make the system sustainable and save the state and municipalities \$5B over the next 30 years. We have also proposed to increase retiree health benefit contributions in order to save the state and municipalities \$20B over the next 30 years.
- **State Workforce Reductions:** The Administration has eliminated over 6000 jobs in state government, saving approximately \$1.2B from FY09-FY13. We have also asked employees to take furloughs, contribute more to their health care and negotiated unprecedented concessions from state employee unions, resulting in over \$250M in savings through FY13.
- **Controlling Health Care Costs:** Health care cost containment initiatives – including those targeted at state employee health insurance programs - have resulted in over \$1.6B in savings, with an additional \$200M in savings from Municipal Health Reform.
- **Reforming Transportation:** The Patrick-Murray Administration has made great progress in addressing the deficiencies in the state's transportation system. Through significant steps such as consolidating agencies and modernizing employee benefits, the Commonwealth has saved over \$500M to date. Transportation procurement reforms have yielded \$50M in savings.
- **Controlling Energy Costs:** The Accelerated Energy Program will save more than \$1B over 30 years.

Supportive Statements

Standard & Poor's 'AA+' Ratings

“The upgrade reflects Massachusetts' ongoing progress in improving financial, debt, and budget management practices, while at the same time implementing cost-control and reform measures associated with its long-term liabilities. The upgrade also reflects the commonwealth's commitment to its stabilization fund. Formalized policies relating to debt affordability, capital investment planning, financial planning, and enhanced funding of the stabilization fund are key improvements from a credit standpoint. Other factors supporting the 'AA+' rating, are the commonwealth's relatively strong budget performance through the recent recession, with swift action to restore balance after identifying revenue shortfalls and a focus on structural solutions to budget balance and a commitment to maintaining and more recently growing the budget stabilization fund balances, which provide flexibility to manage any budget volatility.”

Moody's Investors Service Rating Aa1

“The rating and reflects the commonwealth's demonstrated willingness to cut spending and raise revenues to close budget gaps...effective management during economic downturns, with a willingness and ability to promptly identify and close gaps through use of both new revenues and spending reductions and strong reserves going into current recession due to rapid reserve replenishment following 2001-02 recession.”

Fitch Ratings

“Massachusetts' 'AA+' rating reflects considerable economic resources and a record of prudent financial management. The Commonwealth has benefited from conservative budgeting and sound financial practices over time.”

Deirdre Cummings, MASSPIRG

“Massachusetts has moved to the head of the class when it comes to providing the public with easy-to-use, one-stop, comprehensive and timely information about how government spends our tax dollar.”

Geoffrey Beckwith, Massachusetts Municipal Association

“This is the most powerful reform law to benefit cities and towns in at least 30 years. The results of the past year demonstrate that municipal health insurance reform is a major success in every corner of Massachusetts, saving taxpayers millions of dollars and preserving essential local services.”

James Stock, Harvard University

“The Commonwealth's Long Term Fiscal Policy Framework represents a significant step forward in the process of long term budgeting. The tools and methods developed in this Framework represent a careful and thoughtful implementation of state-of-the-art professional methods for long term budget forecasting that will provide periodic updates and ongoing reviews of the Commonwealth's long-term fiscal health.”