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September 8, 2011

The Honorable Patty Murray
Co-Chairman
Joint Select Committee on
Deficit Reduction
U.S. Senate
Washington, D.C. 20510

The Honorable Jeb Hensarling
Co-Chairman
Joint Select Committee on
Deficit Reduction
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Murray and Chairman Hensarling:

As you work to meet the Committee's charge, I urge you to take steps to ensure that the Committee's eventual product promotes the job growth we need to get our economy back on track.

I strongly caution you against proposals that would cut the federal deficit simply by shifting the federal government's red ink to state balance sheets. Not only does cost shifting fail to produce the discretionary spending and entitlement reform necessary to get federal deficits back to sustainable levels, it hurts our national economic growth and costs jobs.

A recent National Association of State Budget Officers report notes that state revenues have not recovered to prerecession levels. As a result, states across the country are cutting investments in local and higher education, public assistance, infrastructure, and aid to cities and local governments. The result? According to the

Commerce Department, state and local government subtracted .41 and .34 percentage points from first and second quarter GDP respectively. By way of context, in the first quarter of this year, the negative effect from state and local governments on national GDP equaled that quarter's entire GDP growth.

As I noted in the attached letter previously sent to Congressional Leadership, options for real reform exist. Further, I believe that through a balanced approach to deficit reduction, achievable savings can exceed the Committee's charge. These additional savings could then be reinvested into education, innovation, and infrastructure, areas critical both in reenergizing our economy immediately as well as in ensuring our country's long term global economic success.

In Massachusetts, our balanced budget approach and targeted investments have yielded impressive dividends. We are creating jobs faster than all but 5 other states; our state GDP is growing at twice the national rate; rating agencies have strengthened our bond rating and given us a positive outlook; and consumer and business confidence is relatively high.

We are where we are today because of the choices we made. Instead of indiscriminately slashing state spending, we enacted real reforms, which streamlined state services and made government more efficient. Instead of cutting our budget on the backs of our neediest populations, we achieved necessary savings through a balanced approach: cutting spending, reducing our state workforce, raising the sales tax, using stimulus funds, and drawing down from our rainy day account. Then, to create jobs and position our state economy for future growth, we made a series of targeted investments. Despite the worst economy in living memory, we funded public schools at historic levels, supported biotech and clean tech start-ups, and invested more in our infrastructure than any other time in 40 years.

I believe the success we have had in Massachusetts can be replicated at the federal level. Through real reform, balanced cuts, and targeted investment, the Joint Committee has an incredible

opportunity to spur job growth and kick our economic engine back into high gear. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Walker". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

cc: The Honorable Max Baucus
The Honorable John Kerry
The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey
The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James Clyburn
The Honorable Fred Upton
The Honorable Chris Van Hollen