

Beacon Hill Byline by Mary Rogeness

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### **The Fiscal Year is Launched**

Last week Massachusetts finalized the budget for the fiscal year that began in July. We were a month late establishing the spending plan, and the looming deadline imposed by legislative rules was the magic bullet that brought closure to the long budget process. This is the story of our budget.

The budget is created four different times before its final version becomes law. It begins with a governor's budget message in January. Eight months ago, working under the hope and expectation that the economy would soon stabilize and improve, Governor Swift proposed a spending plan with limited growth.

The second version was approved in the House of Representatives in early May, after four more months of falling revenue. That budget imposed new taxes in excess of \$1 billion. When lawmakers faced the alternative of massive cuts, they supported the new taxes, rejecting a Republican alternative plan. Local and school aid retained in last year's appropriations, though many human service programs were reduced. The budget had a \$22.9 billion price tag.

Step three, the Senate budget, was approved in June after that body accepted the House tax plan. Though senate leaders preferred a different combination of tax increases, agreeing to the same revenue sources removed a possible source of disagreement from the negotiating table. The bottom line was similar to the House budget.

Step four was the conference committee; three senators and three representatives charged with merging the house and senate budgets into a single spending plan. In good times, the committee selects items from both budgets and increases the bottom line. This year, they agreed to take the lower appropriation. The result was approved July 19<sup>th</sup> and sent to the governor. I voted against the budget because, in light of current revenue projections, it is unconstitutionally out of balance.

The budget was still incomplete. Though the legislature approved a \$22.9 billion budget, we knew it overspent anticipated revenues by at least \$300 million. We understood that Governor Swift would use her line item veto to reduce the bottom line. She returned a list of rejections totaling \$355 million, line item vetoes the legislature considered the last night of the year's formal session. The governor made difficult choices knowing that each veto caused hardship for someone. The legislature made the equally difficult choice not to challenge most vetoes.

Shortly after midnight on July 31<sup>st</sup> the legislature finalized the override of \$70 million in vetoes. The grueling process is complete, and the budget is now law. The state must now secure the revenue to pay for the \$22.6 billion budget. In the first bright sign this year, July revenue came close to projections, producing only \$6 million less than anticipated. With eleven more months like that, Massachusetts will be on the road to recovery.