The State of the State and its Impact on Stoughton

Senator Brian A. Joyce
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**Economic Outlook 2011**

- *International Business Times*, US Economic Outlook, expects growth in the 3.5% to 4% range for 2011.

- 2010 saw the stock market record solid gains with the S&P 500 rising about 12%, the Dow gaining more than 10% and Nasdaq advancing around 16%.

- The first manufacturing report of the year showed activity accelerating to the fastest level since 2004.

- “For the first time in this recovery, the underlying economy looks independently strong, unaided by government stimulus or cyclical factors.” - The Economist
Unemployment fell to 8.9% in February from 9.0% in January.

Private-sector hiring has accelerated recently.

Private firms added 187,000 workers in January, and 247,000 in December.

This is up substantially from the average increase of only 52,000 over the previous six months.
Unemployment fell to 8.2% in February, down from 8.3% in January.

During the second quarter of 2010, payroll employment in Massachusetts expanded at a 4.5% annual rate – over twice as fast as the nation’s during that period, the fastest quarterly growth in the past 25 years.

From September 2009 to September 2010, Massachusetts added 23,400 jobs.

Massachusetts’ bond rating was recently raised by Standard and Poor’s, to “AA with a positive outlook,” up from “AA with a stable outlook.”
What We Pay For With State Taxes –

Total Budget: 28.2 Billion

- Health Care: 32%
- Education: 19%
- Human Services: 16%
- Local Aid: 3%
- Infrastructure: 6%
- Economic Development: 1%
- Public Safety: 7%
- Debt Service & Pension: 16%
Revenue collections faltered in February as preliminary figures totaled $933 million, down $70 million or 7% from last February.

Through March 15th, month-to-date tax collections totaled $842 million, up $87 million from March 2010. However, it is still too early to project what the final revenue numbers will be for March.
Governor’s FY12 Budget

- Total Budget: $30.5 billion – a reduction of 1.8% or $570 million from FY2011

Notable Spending:
- $3.99 billion for Chapter 70 State Education Aid, an increase of $139 million from FY11.
- $213 million for Special Education Circuit Breaker, an increase of $80 million over FY11.
Governor’s Proposed Cuts

Notable Spending Cuts:
- $65 Million in Non-Chapter 70 local aid
- $45 million for counsel to indigent persons
- $16.4 million for Department of Mental Health hospitals
- 2% cut to all constitutional officer’s administrative budgets
The Town of Stoughton
Governor’s Budget Proposal: Stoughton

- Total Chapter 70 funding of $3.99 billion.

- For Stoughton, that means Ch. 70 funding of $12,860,747, an increase of 5% from FY11.

- 7% reduction in unrestricted general government aid, resulting in unrestricted aid of $2,512,733.

- Stoughton’s total state aid for FY12 would be $15,894,613.

- A modest increase of $503,837 from FY11.
$213 million for Special Education Circuit Breaker, an increase of $80 million over FY11.

DOE estimates that this SPED Circuit Breaker funding will result in a 65% reimbursement.
FY11 State Aid Accounted for 18% of Town Revenue
Stoughton Property Tax Revenue Breakdown

- Residential: 67%
- Commercial: 8%
- Industrial: 5%
- Personal: 20%
Stoughton Local Aid

Governor’s Proposed Budget
Stoughton Chapter 70 Funding

- Includes ARRA funding
- Governor’s budget proposal

Funding by Fiscal Year (FY):
- FY01: $8,788,658
- FY02: $9,415,846
- FY03: $8,543,084
- FY04: $8,578,007
- FY05: $9,954,565
- FY06: $11,464,540
- FY07: $11,464,540
- FY08: $12,923,139
- FY09: $12,923,139
- FY10: $12,860,747
- FY11: $12,860,747
- FY12: $12,860,747
The governor’s proposal is the first step in the budget process.

**Next steps:**

- The House of Representatives will formulate, debate and approve their proposed budget in mid-April.
- Senate formulates, debates and approves their budget in late May.
- A conference committee is appointed to resolve the differences between the two proposed budgets with final budget approval to be expected in mid-June.
Discussion