

# The State of the State and its Impact on Stoughton

**Senator Brian A. Joyce**

**Representative William C. Galvin**

**Representative Louis L. Kafka**



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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*

# The National Economy

- 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.

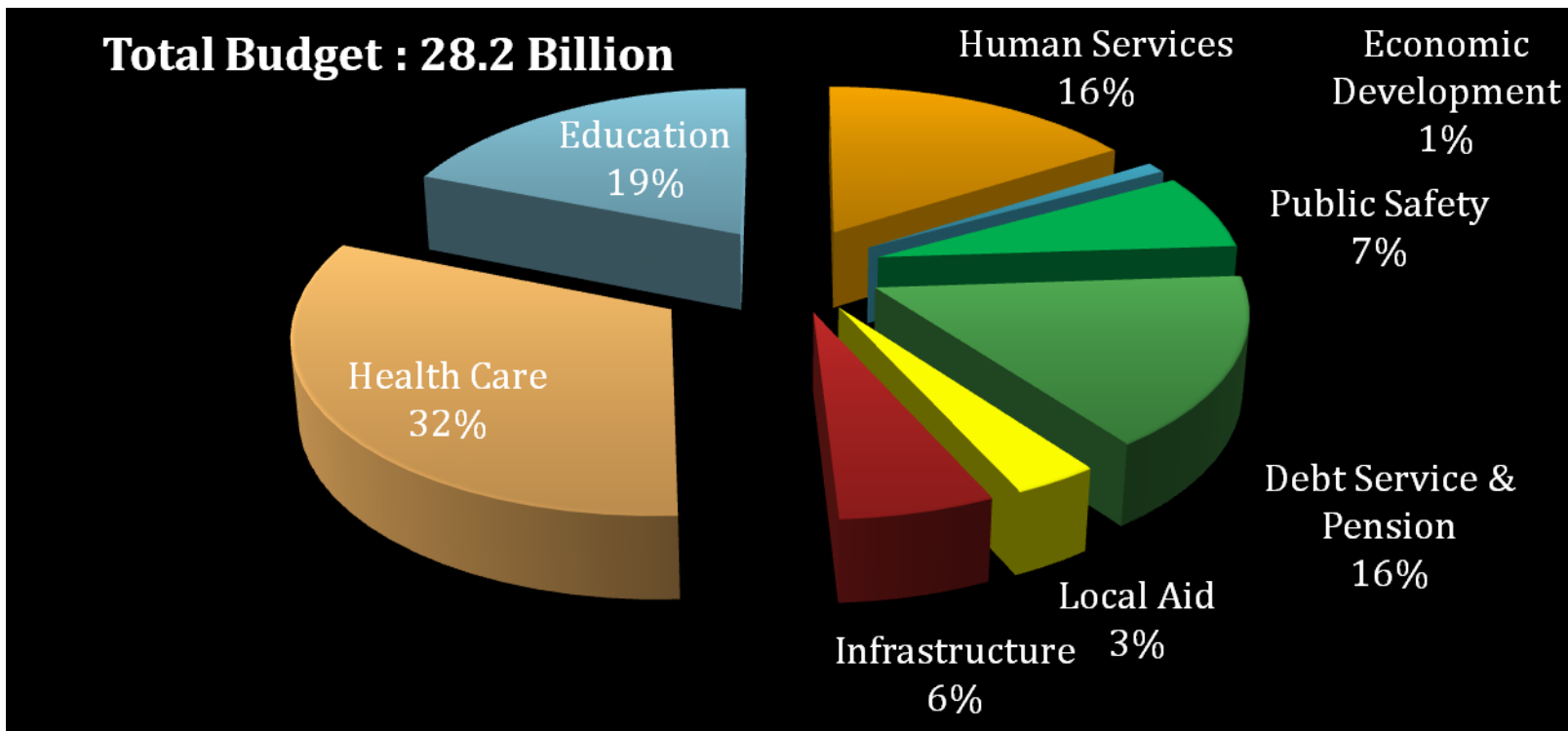
# Massachusetts



# Massachusetts Economy

- 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 –



# FY 2011 TAX REVENUES

- Revenue collections faltered in February as preliminary figures totaled \$933 million, down \$70 million or 7% from last February.
- Through March 15<sup>th</sup>, 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



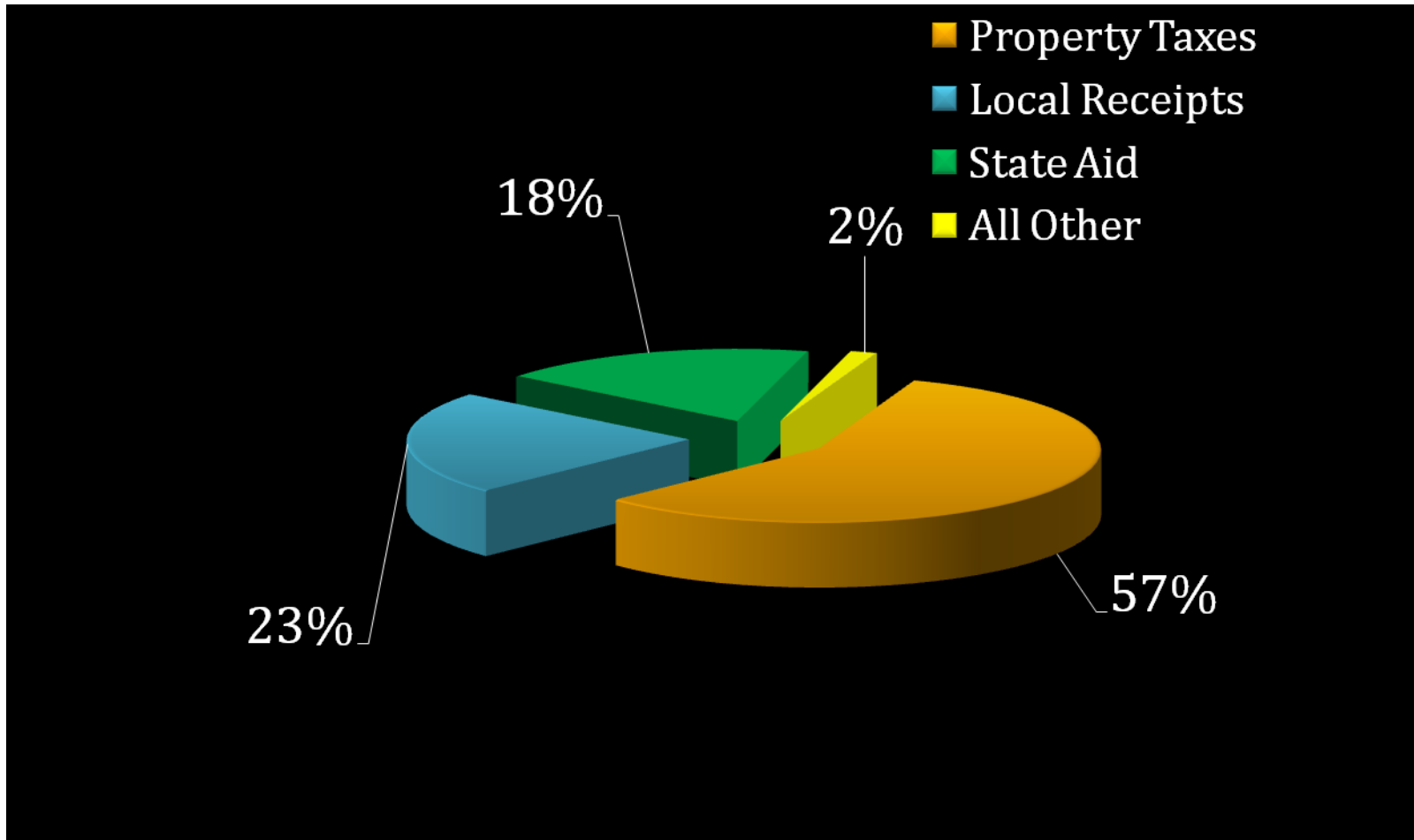
# Governor's Budget Proposal: Stoughton

- ▶ 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.

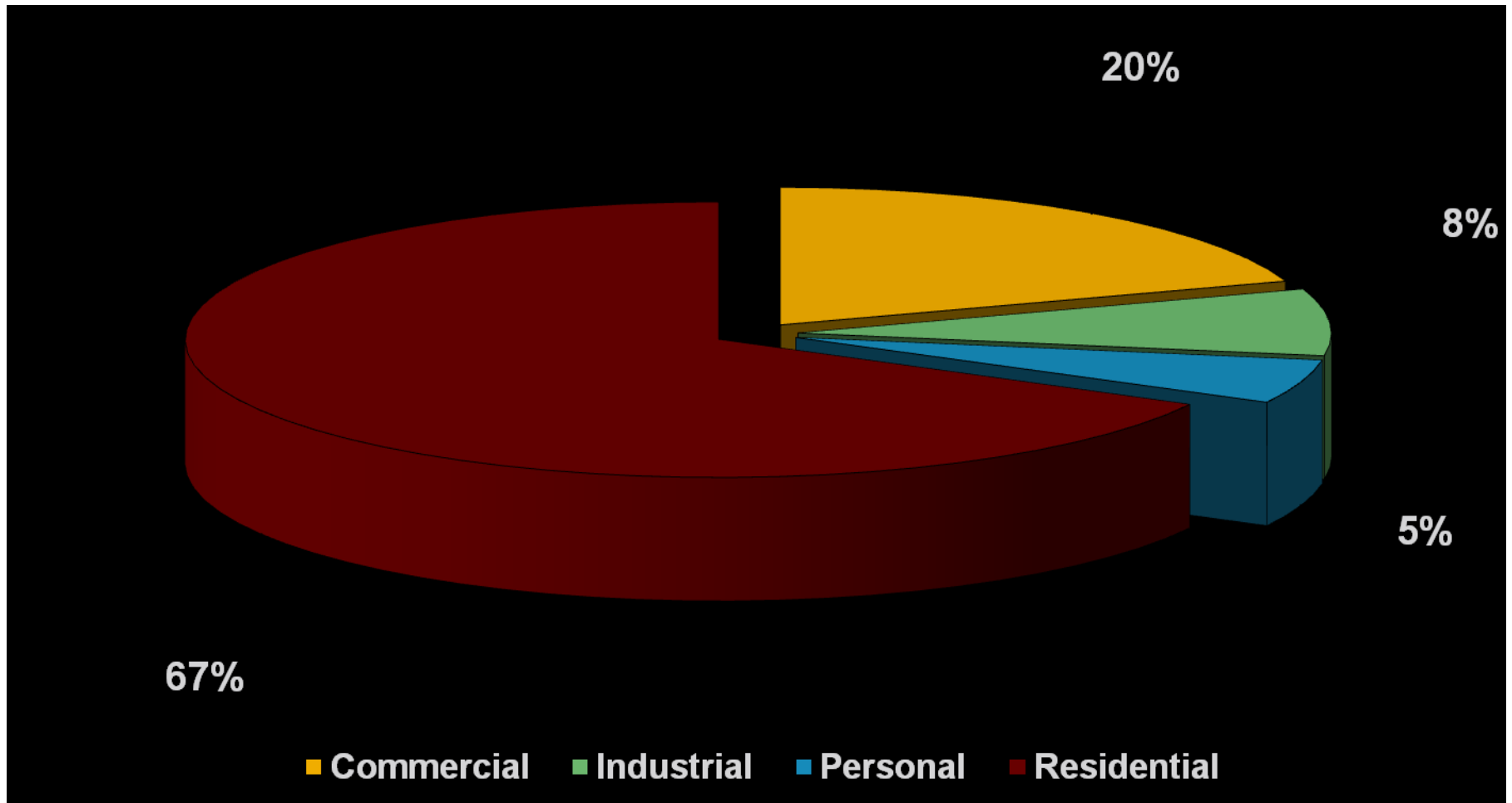
# Governor's Budget Proposal: Stoughton

- \$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.

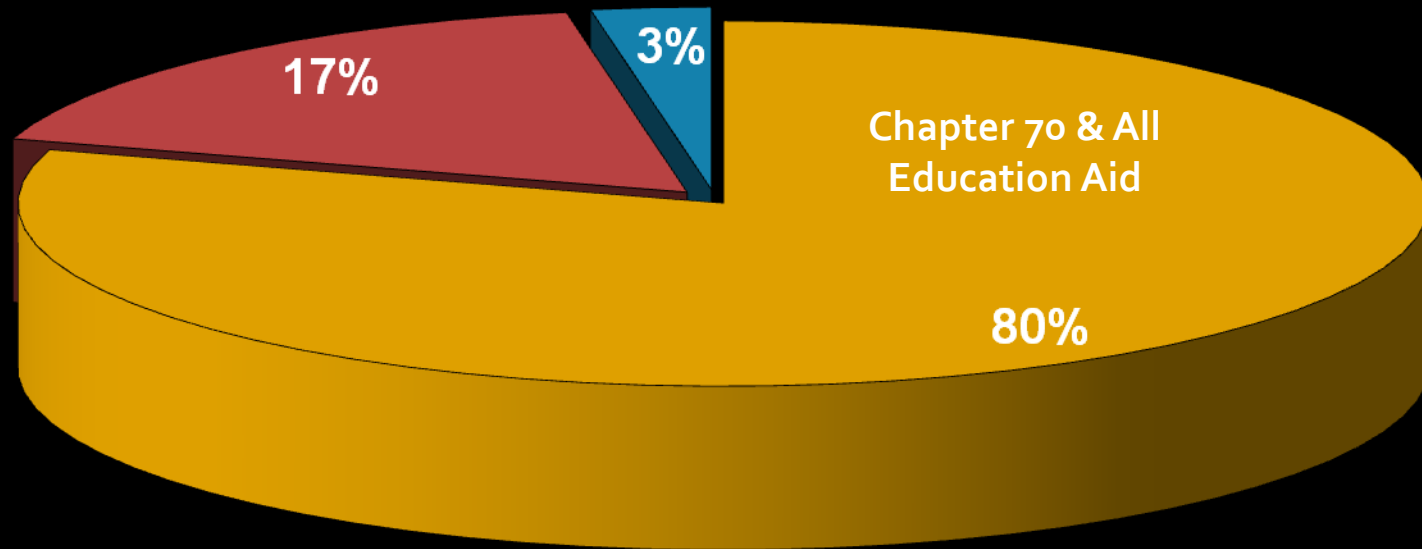
# FY11 State Aid Accounted for 18% of Town Revenue



# Stoughton Property Tax Revenue Breakdown

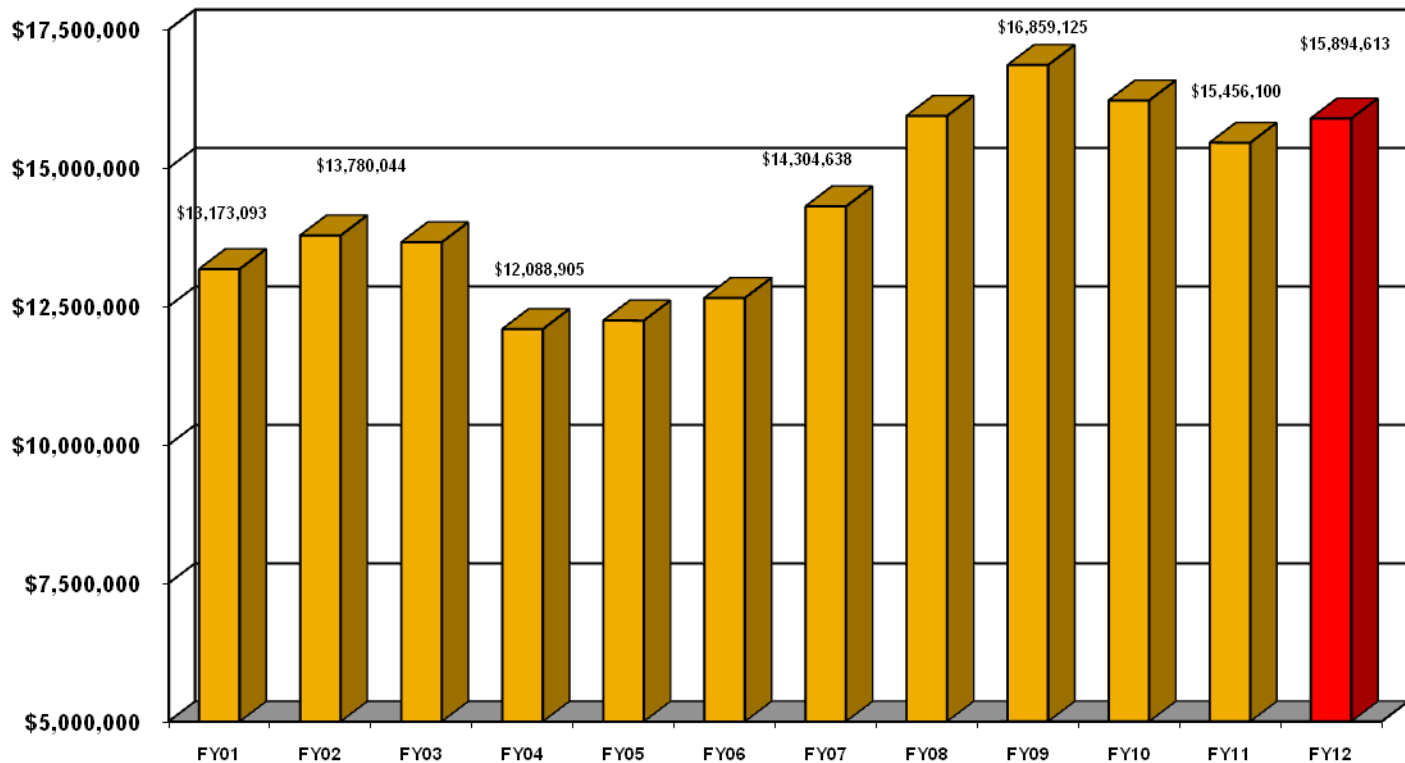


# Stoughton Local Aid Breakdown



- Chapter 70 & All Education Aid
- General Government Aid
- All Other: addn'l assist., vet's benefits, etc.

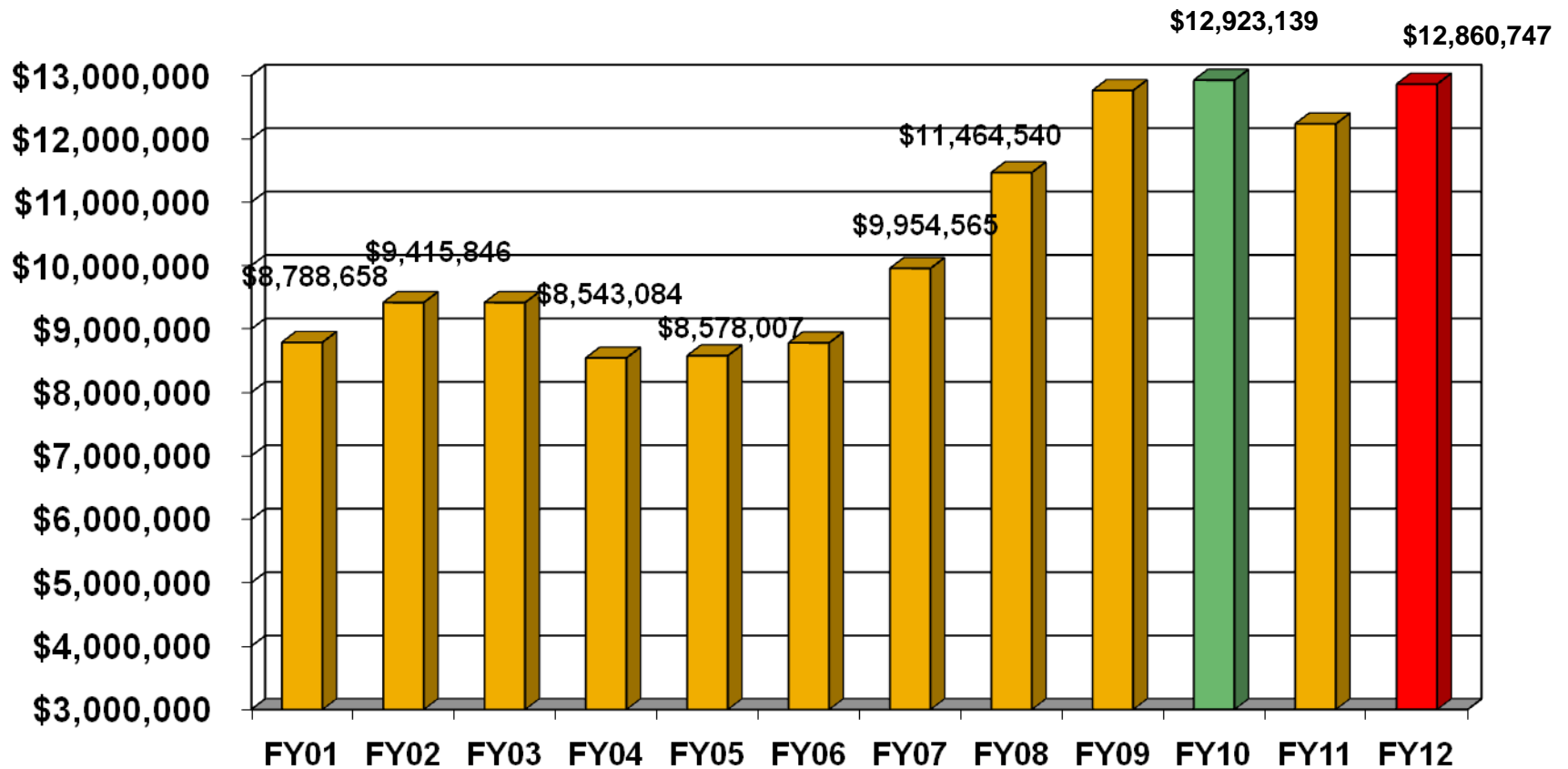
# Stoughton Local Aid



Governor's Proposed  
Budget



# Stoughton Chapter 70 Funding



Includes ARRA funding

Governor's budget proposal

# The Budget Process

- 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

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