

Baker Outlines Vision for “Pretty Decent” FY22 Budget

Guv Sees Post-Election Stimulus Push as Likely

Katie Lannan | 10/28/20 3:28 PM

OCT. 28, 2020.....Gov. Charlie Baker, while still hoping that lawmakers will deliver him an overdue fiscal 2021 state budget by the end of November, looked ahead to next year on Wednesday, forecasting a "pretty decent" spending plan for fiscal year 2022.

"I really do think that for me, the big thing is we have a big rainy day fund that can help us this year and next year, and I do think the feds will get around eventually to at least agreeing on the things they all agreed on previously and just couldn't pass, and if they just do that and our economy continues to get modestly better, I think we'll be OK," Baker said in conversation with Providers' Council President and CEO Michael Weekes.

Baker filed a revised \$45.5 billion fiscal 2021 budget earlier this month and has said he wants it done by Thanksgiving so that he can begin work on next year's budget proposal, due to be filed in January.

Massachusetts government has been operating under temporary budgets since this fiscal year began in July, and lawmakers haven't indicated their timeline for debating and passing a full budget to cover the rest of the year. A \$5.4 billion budget that Baker signed Monday authorizes spending through the end of November.

The governor's \$45.5 billion plan is built around the expectation that tax revenue collections will be \$3.6 billion lower than originally anticipated. The major elements that Baker's plan relies on to close that gap are the use of up to \$1.35 billion from the state's rainy day fund and \$1.8 billion in federal relief money.

The rainy day or stabilization fund has a balance of about \$3.5 billion, and Baker's intended withdrawal would leave approximately \$2.2 billion for use in future years.

"Now, if tax revenue turns out to be a little better or the feds get around to just enacting the things they've already agreed on, we probably won't need to use all 1.3 billion, which would mean

there would be more available for 2022," he said.

Baker has voiced frustration that Republicans and Democrats in Washington, D.C. have been unable to reach a deal on another coronavirus stimulus package, despite some areas of common ground. The U.S. Senate this week adjourned until Nov. 9, meaning any legislative action will not come until after next week's election.

On Wednesday Baker said that while the federal government "has demonstrated an extraordinary inability to sort of follow through on some things," the first three COVID-19 relief bills "turned out to be incredibly valuable and important to all of us in sort of weathering the storm here."

"There are still many items that if you actually look at what was in the Senate proposal and the House proposal and what the administration was talking about, they've all agreed on, and for the life of me, I don't understand why -- when there are so many elements of this thing that would have represented, frankly, to Massachusetts, billions of dollars -- why when they had agreement on a bunch of these things, they couldn't just sort of accept the fact that they had agreement and enact it," he said.

Baker said it is "impossible for me to imagine that they won't come back to the table to at least deal with" items where consensus exists, and suggested that could happen either "post-election or in January."

"This is something I really do believe they'll do, and if you presume just the things they've agreed, plus what we have in our rainy day fund, plus what our current trends look like, I think we can build a pretty decent FY '22 budget proposal for January," he said. "And as we start to get into the second half of this fiscal year, I do think you're going to start to get vaccines both being manufactured and distributed, I think the testing tools are going to get cheaper, better and more prevalent."

The fiscal 2022 budget will be outlined and debated in the first half of next year, when Baker could be enmeshed in a reelection campaign if he decides to pursue a third term in the Corner Office.

The coronavirus will "continue to be part of our world," Baker said, but over time there will be a greater "ability to manage it and deal with it in a more strategic way."

Baker's comments came as he addressed the Providers' Council virtual annual conference, and he noted that he's thankful for tools like Zoom and WebEx that make it possible to still hold versions of such events in a way that complies with guidance for mitigating the spread of COVID-19.

Under an emergency order from Baker, indoor in-person gatherings are capped at 25 people.

"I miss the face-to-face stuff," he said. "I miss the intimacy of those gatherings and I know my gathering rules basically make it impossible for anybody to do that, and I think they're the right thing, but there's definitely something we lose without having the opportunity to read an audience, read a community, read a face when you're having a conversation with somebody about something, and I'm actually looking

forward to having a chance to do that again, and hopefully by the time this event takes place again next year, we'll be doing it in-person."

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