McCormack Institute Researchers Claim State's Structural Deficit Is At Least $1 Billion

The McCormack Institute has issued a report on the current fiscal condition of the Commonwealth titled "Fiscal Smell Tests: A Mid-Term Reality Check of Massachusetts Finances." The authors of the 59-page report, which measures the state's financial health against performance indicators referred to as "fiscal smell tests," are senior fellow Joseph S. Slavet and visiting fellow Joseph R. Barresi. The report's major conclusions:

1. Although the Commonwealth's financial condition deteriorated when measured according to the statutory accounting basis, it was deteriorating more seriously when measured by GAAP [Generally Accepted Accounting Principles].

2. Although the state's financial condition seems to be on the mend, the situation is not as good as it should be.

3. In terms of public perception, when the state's finances collapsed, conditions in fact were worse than people thought, and as they have improved, they are hardly as favorable as people think.

4. The Commonwealth's structural deficit, at least a billion dollars according to GAAP, is attributable to two major factors:
   a. Unlike the eighties, in which a robust economy was generating an unprecedented treasure of tax revenue collections, the state's relatively weak economic recovery is generating only modest increases in tax collections, and the state's tax base is being eroded by a greater volume of tax refunds, abatements and uncollectible taxes driven by the economic vicissitudes of taxpaying corporations and individuals.
   b. When the Commonwealth's spending obligations are measured according to GAAP, they show that such big-ticket budget busters as Medicaid, MBTA/regional transit, pensions and debt service, and such unrecorded and/or under-stated obligations as employee vacations/sick leave and legal judgments, are chiefly responsible for the massive negative end-of-year budget balances, and for prolonging the structural deficit.

5. Although down-sizing, restructuring and budget reforms ended a five-year string of consecutive operating deficits, averted financial collapse and temporarily resolved the Commonwealth's cash flow problems, the meager margin of budget balance in the Governor's message for FY 94 and concerns that there are glaring examples of under-funding in this budget strongly suggest that Massachusetts has not yet achieved fiscal structural balance, and that much more needs to be done before the state can claim that it passes the smell tests in this report.

Boston Gallery Features Alumni Artists -- Ten graduates of the University's art program are showing their works at the Artists Foundation Gallery at City Place from May 4 to June 5. The alumni include Mary Behrens '88, Betsy Connors '74, Carlos de Martini '87, Damien DiBona '81, Constance Preston Dinion '92, Robert J. Fata '82, Joel Jean-Pierre '92, Robert MacDonald '90, Laura Montgomery '84, Toru Nakanishi '92, Olga Solamita '84, and Irene Valencius '78. The exhibition is sponsored by the University's Art Department.
Calendar Items  • 6 p.m., May 3, University Club: The McCormack Institute Alumni Association presents “The Clinton Budget Plan: What It Means for You!” with political economist Barry Bluestone; Richard Manley, former director of the Massachusetts Taxpayers’ Association; Boston Globe columnists David Nyhan and Robert Turner; and Marjorie Arons-Barron, WCVB-TV editorial director.  11:30 a.m., May 4, Snowden Auditorium: CPCS debate on the “Privatization Dilemma” with Senator Marc Pacheco; Barbara Rhuda, president of the Alliance for the Mentally Ill; Secretary Mark Robinson of the Executive Office of Administration and Finance; and Leo Sarkissian of Arc Massachusetts.  • 2:30 p.m., May 4, Wheatley Hall 4th Floor Student Lounge: The Student Senate and the Center for the Improvement of Teaching invite campus to “Student Empowerment Workshop,” with case scenarios on difficult racial and ethnic issues. Facilitators: Elsa Casas (University Advising Center) and Estelle Disch (Sociology).  • 3:30 p.m., May 5, Chancellor’s Conference Room: Rick Ginsberg, finalist for a senior position in the Graduate College of Education, leads a seminar on “Dimensions of Persistence and Change in Urban Schools.”  • 12 p.m., May 6, Healey Library, 10th floor, Room 010: Gaston Institute presents Ralph Rivera (CPCS) on “Work, Family, and Health of Latina Women in the United States.”  • 12 p.m., May 13, Healey Library, 10th floor, Room 010: Gaston Institute presents Director Edwin Melendez on “Latino Community Economic Development and Public Policy.”

Campus Notes  • Junior Frank A. Pryor III, assistant coordinator of the James E. Blackwell Mentorship Program, and Senior Logan A. Ritchie II, director of the Black Student Center, represented UMB students of color at a panel discussion of “Minority Retention in Higher Education” held in Boston on April 16 by the Education Writers Association. Also appearing on the panel was Chancellor Sherry H. Penney.  • Garrison Wilkes (biology) has been asked to contribute to the production of a one-hour documentary, “The Seed Savers,” on how the loss of genetic diversity in agriculture threatens the world’s future food security. The documentary is being produced by Oregon Public Broadcasting, which plans to come to the campus on May 17 to interview Wilkes and videotape some of his classes as well as University laboratories.  • The Division of Continuing Education was recognized with an award of excellence by the National University Continuing Education Association Marketing and Promotion Division in its recent competition. A bronze award in the general catalogs/tabloid category was given to Burton Holmes, Continuing Education’s associate director for marketing; Jeffrey Mitchell, director of publications; Dick Lourie, publications editor; and Nina Pattek, publications design manager.  • On April 17 faculty and students from the Doctoral Program in Environmental Sciences, the Biology Department, the greenhouse, the Geography and Earth Science department, and research computing services joined forces with industry, citizens and environmentalists to educate visitors to the campus about compelling environmental concerns. Besides sharing ideas through interactive exhibits, students and citizens collected an unprecedented nine tons of recyclable materials. The day was sponsored in celebration of Earth Day by the Urban Harbors Institute and coordinated by Madeleine Walsh. Station WUMB-FM covered the activities, including a concert saluting the environment.

A funeral mass was held on April 29 in Sacred Heart Church, Quincy, for Eileen M. Campbell, 23, a CAS senior at who was to receive her degree at Commencement ceremonies in June. Campbell, who majored in psychology, died April 24 in Quincy Hospital after having been hit by a car. A securities technician at State Street in North Quincy for ten years, she was a 1988 graduate of Quincy High School. Donations in her memory may be made to the American Heart Association, 33 Fourth Avenue, Needham, MA 02192.