

RECOMMENDATIONS

MassINC offers the following recommendations as a way to jumpstart a state-wide conversation on how to get the Commonwealth's finances back on track:

- Minimize the effects on the state's budget of capital gains tax revenues, which are, by their nature, highly volatile;
- Consider broadening the base of the tax revenue. While the broadening can be made revenue neutral by simultaneously reducing rates, such a change would inevitably shift a portion of the burden from some taxpayers to others. That said, tax increases in one area could be offset in another to ensure that no one group bears a disproportionate burden. This is a politically complicated option, and one that will take leadership, consensus building and compromise;
- Improve the transparency of Medicaid spending. While this federally-matching program has been leveraged strategically in certain instances, the state needs a better understanding of the cost drivers, given its size and impact on the state budget;
- Develop specific criteria for withdrawals from the reserve fund and limit the amount of withdrawals;
- Bring greater transparency to all government spending. Today's large amount of off-budget spending obscures the picture and prevents revenues and spending from being reviewed together; and
- Create a greater urgency around outcome measurement; eliminate duplication; and end programs that have outlived their purpose. While public policy experts agree that the structural imbalance cannot be solved through administrative reforms and greater efficiencies alone, it is imperative that the state foster a sense of responsibility and accountability through regular outcome measurement.