

TRENDLINES

Under Trump, money is about to get tight — and Massachusetts isn't ready

By [Larry Edelman](#) Globe Columnist, Updated October 17, 2025, 10:45 a.m.



Administration and Finance Secretary Matthew Gorzkowicz is hoping for a slowing economy, not a recession. PAT GREENHOUSE/GLOBE STAFF

Welcome to Trendlines. The secret password is [“Who bets on the Jets?”](#)

Today, I explain why the state needs to do more to insulate vital programs from federal spending cuts. Plus: the world's most valuable brands.

The Latest

Massachusetts Department of Transportation Secretary Monica Tibbits-Nutt is [stepping down](#), with MBTA leader Phil Eng filling in on an interim basis.

The state will [reopen bidding](#) for its service plaza contract following the abrupt pullout by Applegreen.

For Boston Sand & Gravel, 700-plus new neighbors is [cause for concern](#).

Budget blues

I see the bad moon a-rising.

What began earlier this year with the Trump administration's cuts to research funding has escalated into a broader fiscal squeeze of tax changes and federal spending reductions that could cost Massachusetts roughly \$3.7 billion over three years, according to [state estimates](#).

The clouds are darkening over Beacon Hill at the same time that local businesses have slowed hiring in reaction to tariffs and what Susan M. Collins, president of the Federal Reserve Bank of Boston, this week called a ["highly uncertain environment."](#)

Yes, we're in for some nasty weather — weaker economic growth, higher unemployment, and potential budget deficits — but forecasters disagree on just how bad it might get. The murky outlook raises a central question: Has the state done enough to batten down the hatches?

The answer is a qualified yes. Governor Maura Healey and lawmakers have taken steps to fortify the state's finances. But more work will likely be needed to protect critical services,

avoid tax increases, and mitigate the economic pain caused by Washington's assault on the region's core health care, education, and science sectors.

The Legislature passed a budget for the current fiscal year that includes about \$800 million in unallocated money that can be used if revenues fall short.

Healey is also making some moves to control spending. She vetoed \$130 million in line-item spending (a little more than half of which was [restored in an House override](#), with the Senate expected to follow suit.) and is withholding \$125 million in local earmarks. Those reductions, plus a small surplus from last year, bring the pot of unspent funds to about \$1 billion.

The governor is also seeking legislative approval for expanded authority to make spending cuts during the fiscal year, which ends June 30, and establish a reserve to "fund necessary costs to the commonwealth and respond to federal policy actions."

These are prudent measures. But the extra money could easily be exhausted.

The Department of Revenue has estimated that changes contained in President Trump's "One Big Beautiful Bill Act" will cost the state \$664 million this year. That hit wasn't known when Healey proposed her supplemental budget in July.

In addition, federal spending cuts could drain more than \$684 million from state programs, the Healey administration estimates, including MassHealth, K-12 education, and FEMA's infrastructure resiliency initiative.

Then there are potential holes in the state's budget.

According to the Massachusetts Taxpayers Foundation, the Legislature may have underfunded MassHealth, transportation programs, and administrative operations by as much as \$950 million.

The business-supported policy group also estimates that tax collections — excluding the surtax on high earners — could miss projections by \$600 million.

Moreover, the state is heavily reliant on the millionaires levy and capital gains tax, both of which would likely drop in an economic downturn. The two categories brought in a combined \$5.4 billion in the year ended June 30, or about 12 percent of [total state revenues](#).

“Everything hinges on the stock market,” said Evan Horowitz, executive director of the Center for State Policy Analysis at Tufts University. “It’s what is holding revenues up. Six months after the music stops, we are in trouble.”

Phineas Baxandall, director of research and policy analysis at the Massachusetts Budget and Policy Center, said that while the income surtax and capital gains revenues are prone to swings, budget projections for both are usually conservative.

He also urged Beacon Hill to opt out of new federal corporate tax rules, a process known as decoupling that the state has used in the past. Dropping the five most costly federal provisions [would preserve \\$463 million in revenue](#) this fiscal year, Baxandall said.

The Healey administration says it’s too soon to panic.

Matthew Gorzkowicz, Healey’s budget chief, [is sticking with the revenue projections](#) built into this year’s budget and not pursuing mid-year spending cuts right now, the Globe’s Matt Stout reported Wednesday.

In a letter to legislators, Gorzkowicz wrote that “forecasts anticipate a slowing economy rather than a recession.”

That’s true nationally, but the outlook for Massachusetts is dimmer. Unemployment is higher and economic growth lower here than in many parts of the country.

In an April report, finance professor Mark Williams of Boston University's Questrom School of Business [painted a gloomy picture](#) of the state's economic vulnerability. Today, he's even more pessimistic as damage inflicted by Trump and the GOP-controlled Congress piles up.

"Massachusetts could be thrown into a recession by the third quarter of next year," he said, and could deplete its \$8.5 billion "rainy day" stabilization fund within three years unless it finds other sources of revenue and reduces spending.

That's a plausible worst-case scenario. But it's not necessarily the most likely one. Even as the economy slows, a painful recession isn't a foregone conclusion.

"The state has managed its finances through the pandemic and a couple of administrations pretty well," said Doug Howgate, president of the Massachusetts Taxpayers Foundation.

"But acting now to provide greater flexibility is critical," he said.

That means holding the line on spending, giving the governor the leeway to quickly move funds around, and setting priorities before Washington's deep cuts to Medicaid and food assistance start to bite in 2027.

There's no doubt we're in for [nasty weather](#). The state has made contingency plans, but it can't rest easy yet.

Correction: An earlier version of this column misstated the status of the Legislature's effort to restore some of Healey's line-item budget vetoes. The House voted to override the vetoes; the Senate is expected to do so.

“Make no mistake, today, Oct. 15, 2025, is a dark day for press freedom.”

— *The Pentagon Press Association, in a statement after most reporters covering the Pentagon [turned in their press badges](#) rather than accept new Defense Department restrictions on their work.*



Higher Education

[No thanks](#): Brown University president Christina H. Paxson rejected the Trump administration’s demand that the school sign a “compact” in exchange for preferential treatment.



Artificial Intelligence

[AI limits](#): Artificial intelligence isn’t helping hedge funds produce market-beating returns, according to billionaire investor Ken Griffin.



Autos

[Sticker shock](#): The average price of a new car topped \$50,000 for the first time in September, Kelley Blue Book reported.



Federal Shutdown

Please hold: With the government closed, the announcement of the annual Social Security cost-of-living adjustment has been delayed.

Health Care

D.C. fallout: Fenway Health, one of the major providers of gender-affirming care in Boston, will no longer offer hormones or puberty blockers to transgender patients under age 19 following a change to federal funding requirements.

By the Numbers

\$1.6 billion

— Hit to *General Motors' earnings*, mostly due to the drop in the value of plants, equipment, and other assets related to its electric vehicle operations.

The Closer

Success starts at the top: Microsoft cofounder Bill Gates (left), Satya Nadella, the current CEO, and Steve Ballmer, who preceded Nadella as CEO. REUTERS

Talk about staying power.

When consulting firm Interbrand launched its annual ranking of global brands in 1999, Microsoft ranked second behind Coca-Cola.

When [the list was released this week](#), Microsoft was still No. 2. (Apple took the top spot.) The Redmond, Wash.-based tech giant is the only company in the original top five to remain there.

Interbrand's ranking is based on "brand valuation," which it says includes financial performance of branded products or services, the role the brand plays in purchase decisions, and the brand's competitive strength.

Here are the top 5 then and now.

1999

1. Coca-Cola - \$83.8 billion
2. Microsoft - \$56.7 billion
3. IBM - \$43.8 billion
4. General Electric - \$33.5 billion
5. Ford - \$33.2 billion

2025

1. Apple - \$470.9 billion
2. Microsoft - \$388.5 billion
3. Amazon - \$319.9 billion
4. Google - \$317.1 billion
5. Samsung - \$90.5 billion

 Today marks double Dead Head birthdays: Bob Weir is 78, and John Mayer is 48.

 *Thanks for reading. Trendlines will be back on Monday.*

 If someone sent you this newsletter, you can [sign up for your own copy](#).

Larry Edelman can be reached at larry.edelman@globe.com.

[Show 24 comments](#)

©2025 Boston Globe Media Partners, LLC