

April 23, 2003

Highlights from the House Ways & Means Budget

The budget filed by the House Ways & Means Committee totals \$22.5 billion. The House budget eschews the use of accounting tricks and unworkable proposals included in the Governor's proposal (such as a transfer of state land to pay for a portion of pension funding and an assessment on insurance companies that has now been withdrawn as unworkable). Thus, needing to fill a larger budget gap and making the decision to do so without new taxes, House budget writers rely on deep and severe cuts to core education and healthcare programs and other essential services.

K-12 Education and Local Aid

- Cuts unrestricted local aid by \$187.2 million compared to the FY03 appropriation (before 9C cuts), a 15 percent cut.
- Cuts Chapter 70 Education Aid by \$150.8 million. Since the estimated cost of maintaining current services for all districts was \$75 million over the FY03 appropriation, this represents an effective cut of \$225.8 million.
- The total cut in Chapter 70 and unrestricted local aid is \$338 million, or 12 percent compared to the pre-9C FY03 appropriation.
- Other funding for K-12 programs is cut by a net amount of \$44.7 million (excluding ongoing debt payments for school projects). Cuts include:
 - the elimination of \$18 million in funding for class size reduction,
 - a cut of \$10 million for the Community Partnerships early education program,
 - An 80 percent, or \$40 million cut, in funding for MCAS remediation programs.

In a move similar to one by the Governor, the House spending plan cuts funding for school transportation by 67.2 million. The budget does appear to fully fund a "circuit breaker" plan designed to assist communities with high special education costs.

Health Care

- Eliminates Prescription Advantage program that provides prescription drug coverage to 80,000 senior citizens and disabled people.
- Proposed Medicaid spending appears to be about \$600 million lower than the amount projected to be necessary to fund the FY04 cost of maintaining current service. This reduced appropriation level will require significant restructuring of current programs, leading to a loss of health coverage for some people and greatly reduced services for others.

Human Services

- Includes maintenance funding for Department of Mental Retardation community residential services (the largest share of DMR spending) and allows the state to address waiting lists in accordance with legal decisions, however some crucial services will be cut, including transportation programs, adult day and work programs, and family support services.
- Decreases Department of Mental Health funding by \$18.3 million, including cuts to community mental health centers and services for homeless mentally ill.
- Cuts overall funding for the Office of Child Care Services by \$19.6 million, or five percent. Funding for low-income child care subsidy and voucher programs is cut by \$5.6 million, which could lead to the loss of as many as 1,000 child care slots.

Restructuring & Reform

The House budget appears to adopt a number of reform measures, including merging the MDC with the Department of Environmental Management, cutting funding for the Quinn bill, and restructuring health and human service programs. As has been previously noted, while these reforms may be desirable, they do not produce significant short-term savings.