

# BUDGET MONITOR

## The FY 2005 Senate Ways and Means Budget

### Overview

On May 3<sup>rd</sup> Governor Romney announced that there would likely be a \$250 million surplus in the Medicaid program (and that tax revenues are exceeding projections). He proposed that most of this money be used for yet another large tax cut. Between FY 2002 and FY 2004, largely to pay for the tax cuts of the 1990s, Massachusetts led the nation in cutting per pupil state support for education. Seeking to close the structural gap caused by over \$3 billion in tax cuts, Massachusetts has also deeply cut important public health services as well as environmental protection efforts, housing programs, and basic safety net protections for low-

income and disabled individuals. Now, as the economy begins to recover, the Governor has chosen to propose an additional tax cut that would make it virtually impossible to restore most of the \$3 billion in public services that have been eliminated during the fiscal crisis.

The Senate Ways and Means budget released on May 12<sup>th</sup> takes a different tack. Noting that if revenues continue to grow at current rates an automatic tax cut will take effect on January 1,<sup>1</sup> the Senate Ways and Means budget uses much of the savings in the Medicaid program to restore basic healthcare services that have been cut, and to avoid making new cuts. For example, this budget provides enough funding to eliminate waitlists for Healthy Start and the Children's Medical Security Plan, programs that provide prenatal and children's healthcare coverage primarily for low- and moderate-income working families.

### Recent MBPC Budget Monitors:

- ***Governor Romney's FY 2005 Budget***
- ***The FY 2005 House Ways and Means Budget***
- ***House Floor Action on the FY2005 Budget***

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<sup>1</sup> Unlike the Governor's proposal, which provides 63 percent of its total benefits to the 20 percent of taxpayers with the highest incomes, the initial phase of the tax cut that could take effect automatically on January 1<sup>st</sup>, 2005 provides 70 percent of its benefits to taxpayers with incomes under \$87,000. While many taxpayers would likely benefit more if this revenue were used to restore cuts to basic services like education and healthcare, the initial phase of the automatic tax cut is not heavily skewed towards the highest income tax payers, as the rate reduction proposed by the Governor would be.

While these programs had been part of the Commonwealth's commitment to provide healthcare coverage for all children, in recent years thousands of children were denied services as enrollment was capped when funding was inadequate to meet needs. The budget also provides full funding for MassHealth Essential, immunization programs, and income supports like TAFDC.

These appropriations, however, only begin to restore the billions cut over the last three years. Under the Senate Ways and Means budget, funding for the Department of Public Health is still 23 percent below where it was in FY 2002. Funding for K-12 education is 8 percent below its FY02 level, the Department of Housing and Community Development is funded at 40 percent below FY02, and funding for the Executive Office of Environmental Affairs has fallen by 23 percent in that time. (All of these figures are adjusted for inflation.)

These cuts are having real impacts across the Commonwealth: larger class sizes in our schools and rising tuitions at our institutions of higher education; reduced disease prevention efforts; greater difficulty in addressing our housing crisis; reduced monitoring of compliance with the Clean Air Act and Safe Drinking Water Act and limited hours and access to state parks, beaches, pools and rinks.

While the Senate Ways and Means budget does not propose significant new revenues to address the deep cuts of the past three years, it does propose a series

of reforms that are likely to increase the efficiency and effectiveness of government services in several areas, including: a dramatic restructuring of the governance of the Commonwealth's transportation agencies to encourage greater efficiency and allow for more effective and coordinated planning; a new Board of Early Childhood Education and Care to prepare the way for universally accessible, high-quality early childhood education, as was initially proposed by the House; and a series of smart growth proposals and other incentives to encourage the production of new housing in appropriate locations.

In addition to the \$3 billion in cuts already made, the Commonwealth still faced a structural gap of over \$1 billion entering this budget cycle. As with the proposals by the Governor and the House, this budget leaves much of that structural gap in place, relying on one time measures and other accounting changes to balance the budget this year. Such measures account for over \$800 million in this budget – a gap that could be closed somewhat by revenue growth, but which most likely will force additional difficult choices in future years.

## How the Budget Balances

In many of its broadest strokes, the response to the FY 2005 budget deficit employed by the Senate Ways and Means Committee is a virtual replica of the approach found in the budget adopted by the House of Representatives on April 30. That is, both budgets would eliminate most of the anticipated FY05 deficit by relying on revenue sources that are either impermanent or were once slated for other uses; as the accompanying table indicates, to help close a budget gap originally estimated to be roughly \$1.2 billion, the Senate

Ways and Means budget uses \$831 million from such sources, precisely the same sum the House would use. The Senate Ways and Means budget does differ in its finer details, however, counting on additional revenue from new enforcement initiatives at the Department of Revenue, offering two new tax breaks, and imposing several new fees and assessments, most notably a \$10.5 million "contribution" from health insurers. Taken together, these smaller changes mean that this iteration of the budget appears to produce \$47 million more in permanent revenue than the one adopted by the House.

<b>RESPONSES TO FY 2005 DEFICIT</b>			
<i>all figures are in millions of dollars</i>			
<b>Projected FY 2005 Deficit (initial estimate)</b>	<b>1,190.0</b>		
	<u>SW &amp; M</u>	<u>HW &amp; M</u>	<u>H. 1</u>
<b>Recurring Revenue</b>	<b>174.0</b>	<b>127.0</b>	<b>160.0</b>
Tax policy and administration	106.5	70.0	70.0
<i>Corporate tax loophole closures</i>	70.0	70.0	70.0
<i>Commuter tax break</i>	(6.5)	-	-
<i>Sales tax rebate for retailers</i>	(7.5)	-	-
<i>Enhanced DoR enforcement</i>	50.5	-	-
Fees and assessments	10.5	-	33.0
<i>Assessment on insurance companies</i>	10.5	-	-
<i>Net new fees</i>	*	*	33.0
Lottery initiatives	57.0	57.0	57.0
<b>Temporary and Other Measures</b>	<b>831.0</b>	<b>831.0</b>	<b>700.0</b>
Stabilization Fund transfer	340.0	340.0	-
FMAP Escrow Fund transfer	270.0	270.0	139.0
Transfers from other funds	28.0	28.0	28.0
Sale of surplus property	25.0	25.0	25.0
Turnpike Authority transfer	-	-	190.0
SBA restructuring	-	-	150.0
Diversion of tobacco settlement payments	168.0	168.0	168.0
<b>Spending Cuts, Maintenance Revisions, &amp; Underfunding</b>	<b>112.0</b>	<b>200.0</b>	<b>378.0</b>

## Healthcare

### **MassHealth Programs**

MassHealth is the state program which provides healthcare coverage and services to low-income and disabled residents of the Commonwealth, as well as nursing home care and other health services not provided by Medicare to low-income seniors. This budget calls for an increase of \$387 million in Mass Health spending from FY04. However, \$95 million of this increase can be accounted for by higher retained revenue projections in FY05; therefore the budget only calls for an actual increase of approximately \$290 million. Since the state receives federal reimbursement for half of its Medicaid expenditures, the increase in costs to the state is around \$145 million. The total MassHealth budget passed by Senate Ways and Means appears to be approximately \$50 million below the level needed to maintain services for FY05. Senate Ways and Means assumes that this difference can be made up through management reforms and efficiency measures. According to expenditures detailed in the Senate Ways and Means budget and outside sections, following are the amounts slated to be spent during FY05 on MassHealth provision.

<b>FY 2004</b>	<b>\$6,197,025,027</b>
<b>FY 2005</b>	<b><u>\$6,584,399,052</u></b>
<b>Increase (decrease)</b>	<b>\$ 387,374,025<sup>2</sup></b>
<b>Percentage Change</b>	<b>6.3 %</b>

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<sup>2</sup> While the total increase in spending called for in the Senate Ways and Means budget is \$387 million, \$95 million of that can be accounted for by an increase in retained revenue projected for FY05.

The Senate Ways and Means budget assumes the same rate of FY05 enrollment growth as the Governor projected in House 1, which is 7 percent. Enrollment estimates for FY04 have fallen since January, however, such that 50,000 fewer members are enrolled than was anticipated. Accordingly, Senate Ways and Means appropriations for CommonHealth, Medicaid Managed Care and Mass Health Standard are below those called for in either House 1 or the House final budget. MassHealth Essential – the state’s health insurance program for the long-term unemployed, which is supported by off-budget expenditures through the free care pool – is fully funded at \$160 million, \$50 million above the House’s proposal. This appropriation would support a MassHealth Essential enrollment of 36,000 individuals.

In an important step to restoring health coverage to uninsured children in the Commonwealth, the Senate Ways and Means budget fully funds both the Children’s Medical Security Plan (CMSP) and the Healthy Start pre-natal program. Both of these programs had accrued substantial waitlists because of under-funding in FY04. Healthy Start would be supported at \$14.2 million, \$3.6 million more than the House and \$8 million more than the Governor’s proposal. CMSP would receive \$21.4 million, \$7.5 million more than the final House proposal and \$9.5 million more than Governor Romney proposed. However, the Senate Ways and Means budget does not restore benefits to the 9,800 uninsured, low-income legal

immigrants whose benefits were eliminated last year.

This budget also increases funding for the senior pharmacy Prescription Advantage program by \$13.7 million, which would allow it to serve more seniors by re-opening enrollment. Enrollment had not re-opened this past fall despite the existence of a number of qualified seniors. Senate Ways and Means also allocates \$9 million to a separate Prescription Advantage account to reduce the co-payments of seniors living below 188 percent of poverty. Full funding for Mass Health breast and cervical cancer coverage is maintained. Funding for those with HIV/AIDS who qualify for MassHealth (\$8.3 million) is substantially below the FY04 appropriation of \$15 million. This account is expected to have a surplus of more than \$8 million in FY04.

***Off-Budget Healthcare Spending***

Two significant Medicaid-related items are funded such that they are not counted as traditional appropriations, the nursing home assessment and the Uncompensated Care Pool. The nursing home assessment would be unchanged in FY05 if the Senate Ways and Means budget is adopted.

The care pool, which funds the healthcare services that hospitals and community health centers provide to uninsured patients, is supported through a combination of state and federal funding and assessments on hospitals and insurance companies. The state appropriates money into the

Uncompensated Care Pool and receives reimbursements from the federal government for spending by the fund. This budget appropriates \$368 million into the pool this year, \$138 million more the state’s FY04 contribution of \$230 million. The Governor’s budget would have decreased this year’s allocation by close to \$75 million, while the House would have increased it slightly to \$235 million. The Senate Ways and Means plan appears to generate more federal financial participation (FFP) than those of the House or Governor.

**Public Health**

In the Governor’s FY05 budget, state support for the Department of Public Health (DPH) fell for the fourth year in a row. Between FY01 and FY04, the department’s funding fell by over \$133 million, a 26.6 percent decrease (30.9 percent in inflation-adjusted terms). Both the final House budget and the Senate Ways and Means proposal, however, would halt that trend. The Senate Ways and Means budget calls for an increase in DPH funding of \$11.8 million in FY05, \$4.2 million greater than the House final total and \$35.9 more than Governor proposed. If approved, however, this budget still would appropriate 6.4 percent less than FY03 funding levels.

<b>FY 2004</b>	<b>\$373,796,136</b>
<b>FY 2005</b>	<b><u>\$385,613,501</u></b>
<b>Increase (decrease)</b>	<b>\$ 11,817,365</b>
<b>Percentage Change</b>	<b>3.2%</b>

Like the House budget, the Senate Ways and Means budget restores funding to the Community Health Centers' items, appropriating \$6.9 million. It also matches the final House appropriation of \$14.1 million for school health services, indicating an increase of \$1.5 million over FY04. The Governor would have eliminated funding for community health centers as well as school health services. The DPH operations line-item, which mostly supports personnel costs, would remain at its FY04 level of \$18.3 million. The House proposed cutting this expenditure by \$2.4 million, which would have led to lay-offs of 50 staff or more, with a negative impact on service provision for many vital public health programs.

The Senate Ways and Means budget calls for a sizable increase in the immunizations line-item (from \$19.2 million to \$25 million). Of this \$5.8 million increase, \$1.6 million is necessary to cover increases in the cost of the immunizations the department offered in FY04. According to the Massachusetts Public Health Association, the rest of the increase will be enough to restore funding for the adult Hepatitis A, Hepatitis B and Pneumococcal vaccines, which had been cut in FY04. The Senate also proposes the partial restoration of the Hepatitis C line-item, appropriating \$562,876. In FY04, this program had been deeply reduced and transferred to the AIDS Bureau. The division of Family Health Services would also see a sizeable increase from \$4.8 million in FY04 to \$6.8 million in the Senate budget. (House 1 would have cut this allocation

to \$4 million.) Even with the Senate increase, however, this item would still be far below its FY03 appropriation of \$11.3 million.

Similar to the final House budget, substance abuse treatment programs would experience a notable increase of \$2.4 million, or 7.2 percent, from \$33.8 million to \$36.2 million. (This funding level is 14 percent higher than the Governor's proposal – he would have cut funding by 6 percent.) Smoking cessation would be increased from \$2.5 million in FY04 to \$3.75 million. This amount is \$46.8 million below the \$50.5 million appropriated in FY01. At a time when illegal sales to minors have increased dramatically in communities which have cut their tobacco control and education programs, cuts could have lasting effects on our healthcare system for years to come, as most regular smokers begin in adolescence.<sup>3</sup>

The HIV/AIDS line-item would be essentially level-funded at \$31.5 million. Although this total is roughly \$500,000 less than was appropriated in FY04, this difference can be accounted for in the transfer of the Hepatitis C program to its own line-item. By contrast, the House and Governor would have cut the HIV/AIDS Bureau by \$1.7 million. In this budget, prostate cancer prevention and treatment remains at \$1 million (House 1 would have eliminated this item). Suicide prevention funding would

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<sup>3</sup> Tobacco Free Mass reports that since the state tobacco program was cut in 2002, communities that have experienced a large reduction in their tobacco control funding have seen an average 74 percent increase in the illegal sales of tobacco products to minors.

increase to \$250,000 from \$125,000 in FY04 (House 1 and the final House proposal would have cut this program). Teen pregnancy prevention would be level-funded at \$990,000. The Governor proposed \$450,000 and the final House budget would have allocated \$825,000, although much of that money was earmarked to a handful of programs.

**Education: Chapter 70 and Grants**

In the Governor’s FY05 budget, funding for Chapter 70 Aid and the Department of Education’s grants programs increased by \$112.8 million, or 3.2 percent. The Senate Ways and Means proposal calls for an increase of \$179.7 million, or 5.1 percent. However, this level of funding remains \$68 million (1.8 percent) below original FY03 levels.

**Total Education Spending<sup>4</sup>**

<b>FY 2004</b>	<b>\$3,501,934,249</b>
<b>FY 2005</b>	<b><u>\$3,681,605,730</u></b>
<b>Increase (decrease)</b>	<b>\$ 179,671,481</b>
<b>Percentage Change</b>	<b>5.1%</b>

***Chapter 70 Aid***

<b>FY 2004</b>	<b>\$3,111,124,259</b>
<b>FY 2005</b>	<b><u>\$3,186,162,654</u></b>
<b>Increase (decrease)</b>	<b>\$ 75,038,395</b>
<b>Percentage Change</b>	<b>2.4%</b>

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<sup>4</sup> The numbers in this section do not include appropriations or debt service for the School Building Assistance program. Figures for grants and reimbursements include support for the Office of Educational Quality.

Chapter 70 Aid is the unrestricted local aid that serves as the largest single transfer of revenue from the state to municipalities for the funding of public education. The Senate Ways and Means FY05 budget calls for an increase in Chapter 70 Aid of \$75 million – \$5.4 million more than the Governor proposed – 2.4 percent higher than in FY04. This level of support would leave Chapter 70 funding 2.2 percent below what it was in FY03.

***Grants and Reimbursements***

<b>FY 2004</b>	<b>\$390,809,990</b>
<b>FY 2005</b>	<b><u>\$495,443,076</u></b>
<b>Increase (decrease)</b>	<b>\$104,633,086</b>
<b>Percentage Change</b>	<b>26.8%</b>

In this budget, state spending on Department of Education administered K-12 grants programs is \$104 million higher than in FY04. Senate Ways and Means allocates \$61 million more to these items than the Governor, though their total is \$22 million below that of the House.

Senate Ways and Means matches the House’s \$2 million increase in the METCO program, from \$13.6 million in FY04 to \$15.6 million in FY05. It also accepts an \$80 million increase in funding for the special education circuit-breaker program, from \$121 million to \$201 million. Also similar to the House, Senate Ways and Means does not restore most of the cuts made in FY04 to the following:

- MCAS remediation programs (\$14 million in FY05 compared with \$50 million in FY03);
- Class size reduction for lower grades (funding was \$18 million in FY03 before the program was eliminated);
- Early literacy programs (funding fell by almost 80 percent, from \$18.3 million to \$3.9 million, in FY04 and would only increase by \$100,000 in this budget);
- Non-regional school transportation (funded at \$51.8 million in FY03, but not supported in FY04 or in this budget).

Senate Ways and Means rejects the House’s proposal to increase substantially reimbursements to traditional public school districts that lose students to charter schools. This item is left at \$13 million, \$24.7 million less than the \$37.7 million proposed by the House. Although this item was unfunded in the FY03 budget, it had been \$32.8 million in FY02 and \$37.8 million in FY01; the Department of Education estimates that to fully fund this program in FY05 would cost upwards of \$50 million. Senate Ways and Means did not include a charter school moratorium in its budget, though the subject is likely to come up during the floor debate. Like the House, Senate Ways and Means would reject the Governor’s proposed “Legacy of Learning” initiative, which included several targeted educational grant programs.

The day before the budget’s release, Senate Ways and Means announced its early childhood education and care plan.

The House had also released an early education plan last month. The goal of this initiative is to ensure universal accessibility to pre-school for the Commonwealth’s 3-5 year olds. The Senate proposal adopts many features of the House plan, while changing the number of board members and adding a pilot program initiative in the 2004-2005 school year. The pilot program initiative has a budget of \$200,000 to set up eight early education programs to test the feasibility of the new system in communities around the state. In total, Senate Ways and Means proposes an appropriation of \$600,000 to support this initiative.

### **Higher Education**

State spending on higher education includes operations support for the University of Massachusetts and the state and community college systems. Higher education funding also includes student financial aid and scholarship programs. The budget for higher education fell by 19 percent from FY01-FY04.

<b>FY 2004</b>	<b>\$862,437,905</b>
<b>FY 2005</b>	<b><u>\$902,118,621</u></b>
<b>Increase (decrease)</b>	<b>\$ 39,680,716</b>
<b>Percentage Change</b>	<b>4.6%</b>

Senate Ways and Means would increase higher education funding above both the Governor’s proposal and the House final budget. The total funding allocated to higher education in this budget is \$902.1 million, \$8.7 million more than House 1 and \$7.6 million more than the final

House proposal. When existing contracts with employees are included in the campus totals, Senate Ways and Means would increase funding this year for state colleges by 3.0 percent, while support for community colleges would rise by 1.4 percent and the budget for the University of Massachusetts would go up by 7.3 percent over FY04 levels.

This budget essentially level-funds financial aid for students at the University of Massachusetts and at state and community colleges. The House would have reduced support by 4 percent, or \$3.2 million below FY04 funding levels. Funding for library reference materials, eliminated in FY04, is not restored. Tuition and fees have risen substantially over the past few years, while financial aid has remained static. This has led to an increase in the costs borne by students in the higher education system.

**Cash Assistance**

The Senate Ways and Means Committee essentially level-funds cash assistance programs at \$601.3 million. The proposed funding appears sufficient to maintain current caseload levels for Transitional Assistance for Families with Dependent Children (TAFDC) as well as Emergency Aid for the Elderly, Disabled, and Children (EAEDC).

<b>FY 2004</b>	<b>\$595,927,196</b>
<b>FY 2005</b>	<b><u>\$601,266,193</u></b>
<b>Increase (decrease)</b>	<b>\$ 5,338,997</b>
<b>Percentage Change</b>	<b>0.9%</b>

The Senate Ways and Means Committee rejects the Governor and the House’s proposals to restrict eligibility for EAEDC and preserves current benefit levels for low-income elderly and disabled individuals. The Governor proposed to eliminate benefits for approximately 1,800 legal immigrants by narrowing the eligibility criteria for non-citizens to the federal SSI standard. The House 1 budget would have further removed many disabled individuals from the caseload by both narrowing the disability standard to the federal SSI standard as well as removing automatic coverage for clients of the Massachusetts Rehabilitation Commission (MRC). The House rejected the proposal to narrow the disability criteria to the federal SSI standard, but adopted the Governor’s proposal to narrow eligibility criteria for immigrants to the federal SSI standard and was aligned with the Governor in stopping automatic coverage for MRC clients. The Senate Ways and Means budget does not adopt any of these measures, and provides sufficient funding to maintain current benefit levels.

The Senate Ways and Means budget proposes to increase funding for TAFDC from \$315.0 million to \$316.6 million. This increase is enough to maintain the current level of benefits and accounts for likely growth in the caseload. Like the House, Senate Ways and Means rejects the Governor’s proposal to eliminate benefits for disabled individuals who do not meet the federal SSI standard. The Senate Ways and Means Committee follows the House in rejecting these

additional proposals included in the House 1 budget:

- Eliminating the \$150 annual September clothing allowance;
- Permitting DTA, at the landlords' request, to deduct rent from the monthly benefits;
- Allowing DTA to cut benefits at any time during the year if appropriations are thought to be insufficient.

All three of the budgets proposed for fiscal year 2005 propose new work requirements for eligible parents receiving TAFDC. Currently, parents with children older than 2 years of age are required to work 20 hours per week. Parents with children between 2 and 5 years of age can meet the work requirement by participating in education or training programs. The Governor's budget proposed to require parents with children between 2 and 5 years of age to work 24 hours per week, and parents with school age children to work 30 hours per week. Senate Ways and

Means adopted the work requirements proposed by the House. Both budgets require parents of children between 2 and 5 years of age to work 20 hours per week, the same amount as under current law. Parents of school age children are divided into two subsets: those with children between 5 and 9 years of age and those with children older than 9. The former group would be required to work 24 hours per week, and the latter group would be required to work 30 hours per week. Additionally, all parents would be allowed to meet their work requirement by participating in education and training activities—under current law this option is only extended to parents with pre-school aged children. Additional activities that would count toward meeting work requirements include community service and housing searches for individuals residing in emergency shelters.

<b>Proposed Changes in Eligibility for TAFDC</b>			
<b>Proposal</b>	<b>House 1</b>	<b>House</b>	<b>SWM</b>
➤ Imposing time limits, work requirements, and reducing benefit levels for disabled individuals who do not meet the federal SSI standard for disability	✓	✗	✗
➤ Eliminating the \$150 annual September clothing allowance	✓	✗	✗
➤ Allowing DTA to cut benefits at any time during the year if appropriations are thought to be insufficient	✓	✗	✗
<b>Proposed Changes in Eligibility for EAEDC</b>			
<b>Proposal</b>	<b>House 1</b>	<b>House</b>	<b>SWM</b>
➤ Eliminating benefits for disabled individuals who do not meet the federal SSI standard for disability	✓	✗	✗
➤ Eliminating benefits for legal immigrants who do not meet the non-citizenship criteria for the federal SSI standard	✓	✓	✗
➤ Removing automatic coverage for MRC clients	✓	✓	✗

The Employment Services Program, which provides job search assistance to current and former TAFDC recipients, is funded at \$23.2 million in the Senate Ways and Means budget proposal, \$6.3 million above the current appropriation. This amount is higher than the House’s proposed appropriation of roughly \$17.0 million, but less than the Governor’s proposed funding, which totals approximately \$30.0 million.<sup>5</sup>

**Office of Child Care Services**

Under the Senate Ways and Means budget, overall funding for the Office of Child Care Services is relatively unchanged from FY04.

<b>FY 2004</b>	<b>\$365,783,476</b>
<b>FY 2005</b>	<b><u>\$366,591,594</u></b>
<b>Increase (decrease)</b>	<b>\$ 808,118</b>
<b>Percentage Change</b>	<b>0.2%</b>

Funding for subsidized child care for low-income families would decrease from \$281.9 million to \$277.5 million, a \$4.5 million or 2 percent decline. The House proposed to decrease funding for subsidized child care by about \$3.0 million; the Governor’s proposal, which also moved services for teen parents to another account, decreased overall funding for subsidized child care by \$4.0 million.

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<sup>5</sup> In FY04, funding for ESP totaled \$16.9 million dollars after accounting for federal Reed Act funding. The totals proposed for FY05 include \$3.0 million dollars in reimbursements for food stamps recipients.

The Senate Ways and Means Committee adopted the House’s \$5.0 million investment to increase child care providers’ reimbursement rates. This funding will go toward increasing salaries, expanding benefit levels, and providing professional development for child care providers across the state.

The Senate Ways and Means budget provides level-funding for the following:

- Home Visits for at-risk newborns would receive \$12.2 million, which is still \$4.9 million or 30 percent below the initial FY03 appropriation. The House proposed a small decrease in funding, and the Governor’s budget proposed to cut funding by \$6.1 million or 50 percent.
- Child Care Resource and Referral Agencies would receive \$10.0 million. The House and Governor’s budgets proposed to cut funding by \$1.5 million and \$2.0 million respectively.
- Child care services for children in the custody of the Department of Social Services would be funded at \$48.3 million, which is the same amount proposed by the Governor. The House proposed to increase funding by \$1.0 million.

**Social Services**

Senate Ways and Means proposes to increase overall funding for social services. Various services for families would benefit from increased appropriations, including an increase in foster care reimbursement rates. The Senate Ways and Means budget is

aligned with the Governor’s level of funding for domestic violence services. This budget also adopts the Governor’s initiative to provide social workers with cell phones.

<b>FY 2004</b>	<b>\$685,571,761</b>
<b>FY 2005</b>	<b><u>\$704,119,088</u></b>
<b>Increase (decrease)</b>	<b>\$18,547,327</b>
<b>Percentage Change</b>	<b>2.7%</b>

Funding for group services for families and children would increase from \$249.1 million to \$261.8 million in the proposed budget. This increase includes an initiative to increase foster care reimbursement rates as was proposed in the budgets proposed by the House and Governor.

The Senate Ways and Means Committee adopts the Governor’s proposed levels of funding for domestic violence prevention. Currently funded at \$19.2 million, the Governor and Senate Ways and Means proposed to increase funding for shelters and services for survivors of domestic violence by \$60,000. The House budget proposed to increase funding by \$1.0 million.

Senate Ways and Means also adopts the Governor’s \$1.0 investment in cell phones for DSS Social Workers. This initiative was not included in the House’s budget.

The Senate Ways and Means budget proposes to level-fund the administrative account for the Department of Social Services at \$64.5 million. The Governor’s budget provided a \$1.8

million increase, and the House budget proposed to cut funding by roughly \$860,000.

### **Department of Mental Health**

Overall, funding for the Department of Mental Health is reduced slightly. Funding for adult inpatient facilities as well as emergency mental health services would be reduced in the Senate Ways and Means budget.

<b>FY 2004</b>	<b>\$592,826,152</b>
<b>FY 2005</b>	<b><u>\$590,179,441</u></b>
<b>Increase (decrease)</b>	<b>(\$ 2,646,711)</b>
<b>Percentage Change</b>	<b>-0.4%</b>

The Senate Ways and Means budget proposes to decrease funding for adult inpatient facilities for mentally ill individuals. The reduction in funding would cut the appropriation from \$156.8 million to \$149.3 million—a \$7.4 million reduction—as was also proposed in the Governor’s budget. The House budget proposed a smaller cut totaling \$4.8 million. The reduction in funding for state psychiatric hospitals coincides with a increase in funding for adult mental health support services. The Senate Ways and Means budget proposes to increase funding from \$271.6 million to \$274.4 million, a \$2.7 million increase. The budgets proposed by the House and Governor would result in such small increases—\$520,617 and \$970,825—that this account would essentially be level-funded.

Funding for acute emergency mental health services is reduced from \$31.0 million to \$30.0 million, a 3 percent reduction. The Governor's budget proposed a reduction of the same amount. The House's budget proposed to increase funding to \$31.5 million.

Services for children and adolescents would increase from \$65.7 million to \$68.3 million, which would result in a \$2.5 million increase. House 1 proposed a \$1.7 million increase. The amount of funding proposed by the House would provide relatively stable funding.

**Department of Mental Retardation**

Overall, the Senate Ways and Means budget increases funding for the Department of Mental Retardation by \$48.3 million, roughly 5 percent.

<b>FY 2004</b>	<b>\$1,014,330,235</b>
<b>FY 2005</b>	<b><u>\$1,062,647,473</u></b>
<b>Increase (decrease)</b>	<b>\$ 48,317,238</b>
<b>Percentage Change</b>	<b>4.8%</b>

This budget would increase funding for respite services for mentally retarded individuals and their families. Senate Ways and Means proposes to increase funding from \$46.8 million to \$48.8 million. The Governor proposed a smaller increase totaling \$1.4 million. The House budget proposed to level-fund these services.

Senate Ways and Means proposes to increase funding for day and work programs for mentally retarded

individuals. In contrast to the House 1 budget, which proposed to cut funding by \$9.4 million, the Senate Ways and Means budget would increase funding by \$2.7 million. The House budget proposed a slightly smaller increase of \$2.1 million.

Funding for transportation to day and work programs would be level-funded at \$13.2 million under the Senate Ways and Means budget. The House budget proposed to increase funding by \$543,000; the Governor's budget proposed to cut funding by \$4.3 million or 48 percent.

The Boulet Settlement, which requires the Department of Mental Retardation to provide interim services for individuals on the waitlist for residential placements, is funded at \$70.0 million in the Senate Ways and Means budget. This amount meets the funding requirement for FY05, and matches the amount proposed in the House 1 budget. The House proposed to fund these services at \$60.0 million.

**Elder Affairs**

Funding for Elder Affairs is held constant in the Senate Ways and Means budget. The majority of programs would receive level-funding in this budget.

<b>FY 2004</b>	<b>\$191,182,677</b>
<b>FY 2005</b>	<b><u>\$194,639,194</u></b>
<b>Increase (decrease)</b>	<b>\$ 3,456,517</b>
<b>Percentage Change</b>	<b>1.8%</b>

The Senate Ways and Means Committee provides level-funding for the following services and programs:

- Enhanced home care services, which provides intensive supports to enable elders to live in their homes, is funded at \$37.5 million; the budgets proposed by the Governor and House also level-funded these services.
- Congregate and shared housing programs would be funded at \$1.3 million. The Governor and House also provided level-funding in their budget proposals. A separate line-item for the Elder Residential Assessment and Placement Program (ERAPP) was not funded in this budget. The Governor’s budget did not provide funding, but the House budget included \$50,000 for ERAPP. Funding for this program totaled \$250,000 in FY03, and was unfunded in FY04.
- Elder protective services, which enables the state to investigate and to intervene on behalf of elders being neglected, abused, or financially exploited, is level-funded at \$9.6 million. The Governor also level-funded these services; the House, however, proposed to increase funding by \$900,000.

Senate Ways and Means adopts the House’s proposal to increase funding for privately contracted home care services for elderly individuals. Currently, \$129.1 million is appropriated for these services. The Senate Ways and Means budget would increase funding to \$131.9, a \$2.8 million increase. House 1 proposed to transfer \$9.2 million from Community Choices (a MassHealth

program for elders) to fund these contracts. The budgets proposed by the House and Senate Ways and Means do not adopt this proposed transfer.

Senate Ways and Means also adopts the House’s proposal to increase funding for Local Councils on Aging. These community-based centers provide a variety of services to elders, including meals, health screenings, and recreation programs. The proposal would increase funding from \$5.9 million to \$6.5 million, a \$600,000 or 10 percent increase. The Governor proposed to level-fund Local Councils on Aging.

### **Other Human Services**

Funding for other human services would increase by \$42.3 million or 9 percent. Specific increases include funding for the human service providers’ salary reserve, the Targeted Cities Program, and a new initiative to help families at risk of homelessness.

<b>FY 2004</b>	<b>\$476,664,379</b>
<b>FY 2005</b>	<b><u>\$518,985,817</u></b>
<b>Increase (decrease)</b>	<b>\$ 42,321,438</b>
<b>Percentage Change</b>	<b>8.9%</b>

Senate Ways and Means adopts the House’s proposal to reinstate the salary reserve for human service providers. This funding, which was not included in the Governor’s proposal, would provide \$20.0 million to provide raises to workers earning less than \$40,000 annually. Half of this appropriation would fund salary increases for

individuals earning less than \$25,000 per year; the other half would fund salary increases for providers earning between \$25,000 and \$40,000 per year.

The Senate Ways and Means Committee also adopts the House’s proposal to fund the Targeted Cities Program. This program—which aims to reduce high juvenile delinquency, teen pregnancy, and high school dropout rates—was funded at \$455,000 in FY03, down from a \$1.4 million appropriation in FY02. The Senate Ways and Means budget proposes \$1.1 million for FY05, roughly \$630,000 less than the House’s appropriation. The Governor did not fund this program in House 1.

Homelessness services for individuals and families are essentially level-funded. Shelters for individuals are level-funded at \$30.0 million in the Senate Ways and Means and Governor’s budgets. The House provided a slightly lower amount of \$29.7 million. Homelessness services for families are about the same as the FY04 appropriation of \$75.6 million. The Senate Ways and Means Committee adopts the House’s proposal to provide financial assistance to families at risk of homelessness. Rental Assistance for Families in Transition (RAFT) would provide up to \$3,000 to help families pay for utilities, security deposits, rent, or moving expenses. The House proposed \$2.0 million for this program as a program run by the Department of Housing and Community Development. Senate Ways and Means proposes \$4.0 million and also maintains that the program would be run by DHCD, yet the funding is earmarked in DTA’s family

shelter account. The Governor did not include this program in the House 1 budget proposal.

The Senate Ways and Means budget also includes the House’s escrow account proposal for families residing in shelters. Under the plan, families whose income exceeds program eligibility for shelter assistance (federal poverty level), would be permitted to remain in the shelter up to six months, and, upon departure, the surplus income could be used to transition to permanent housing. The Governor’s budget did not include this initiative.

### **Environmental Affairs**

The Senate Ways and Means FY05 budget proposes to fund the Executive Office of Environmental Affairs at \$177.2 million. It appears that the budget proposes to transfer \$8.2 million that is used for Watershed Management off-budget. If this amount is included with all other budget appropriations, EOEА would be essentially level-funded at \$185.3 million.

<b>FY 2004</b>	<b>\$183,319,839</b>
<b>FY 2005</b>	<b><u>\$185,347,570</u></b>
<b>Increase (decrease)</b>	<b>\$ 2,027,731</b>
<b>Percentage Change</b>	<b>1.1%</b>

Although overall funding is relatively stable, this budget does propose to reduce funding for the Department of Environmental Protection’s operations as well as for hazardous waste clean up. The budget proposes to reduce funding

for DEP's operations from \$28.1 million to \$25.6 million, a \$2.5 million reduction. The Governor proposed the same amount; the House proposed to cut funding by \$1.6 million

<b>FY 2004</b>	<b>\$139,892,844</b>
<b>FY 2005</b>	<b><u>\$ 92,454,228</u></b>
<b>Increase (decrease)</b>	<b>(\$47,438,616)</b>
<b>Percentage Change</b>	<b>-33.9%</b>

Hazardous waste clean up, which is currently funded at \$15.3 million, would also experience a reduction in funding. To date, each of the FY05 budget proposals would reduce funding to \$14.2 million.

Senate Ways and Means proposes to restructure transportation agencies under a new Executive Office of Transportation. Some of these changes include:

The following were level-funded in the Senate Ways and Means budget:

- Recycling is funded at \$3.5 million. The Governor also proposed to level-fund recycling. The House proposed to cut funding by nearly \$1.0 million.
- The Clean Air Act is funded at \$2.9 million in the Senate Ways and Means and House 1 budgets. The House proposed to cut funding by roughly \$290,000.
- The Safe Drinking Water Act is funded at \$1.5 million. Each of the budgets proposed for FY05 appropriated this amount.

- Transfer of responsibility for operating and maintaining former MDC roadways and bridges from the Department of Conservation and Recreation to the Massachusetts Highway Department;
- Massachusetts Turnpike Board Members serving unpaid terms, saving \$100,000 annually;
- Restructuring all agencies to report to the Secretary of the Executive Office of Transportation.

### **Transportation**

The Senate Ways and Means budget includes a proposal to restructure transportation agencies in the Commonwealth. The budget assumes that these changes will lead to administrative efficiencies, but it is not apparent how these financial savings will be realized.

The Senate Ways and Means budget also appears to underfund snow and ice removal, providing \$15.0 million for such purposes. Fiscal year 2004 appropriations total \$50.0 million, which includes \$35.0 million in supplemental funding. The House funded snow and ice removal at \$20.0 million, and the Governor proposed \$50.0 million.

### **Housing**

Senate Ways and Means proposes to increase funding for housing by \$9.3 million or 14.0 percent. These totals reflect the proposal to transfer \$2.0 million from the General Fund to the Affordable Housing Trust Fund.

<b>FY 2004</b>	<b>\$66,660,641</b>
<b>FY 2005</b>	<b><u>\$76,003,352</u></b>
<b>Increase (decrease)</b>	<b>\$ 9,342,711</b>
<b>Percentage Change</b>	<b>14.0%</b>

The Senate Ways and Means Committee—like the House—rejects the Governor’s proposal to freeze vouchers upon turnover for the Massachusetts Rental Voucher Program (MRVP), which would reduce the total number of vouchers available. This initiative would have decreased funding from \$22.7 million to \$20.1 million. Senate Ways and Means and the House provide \$24.3 million for MRVP to maintain the program at its current level.

Funding for community-based housing services, which includes Housing Consumer Education Centers, would increase from \$421,925 to \$821,925 under the Senate Ways and Means FY05 budget. This increase is smaller than the one proposed by the House (a \$541,000 increase), but larger than the one proposed by the Governor (approximately \$120,000 increase).

To date, all of the proposed FY05 budgets would increase funding for Local Housing Authorities. Appropriations for operating subsidies would increase from \$25.4 million to \$30.3 million, a \$4.9 million or roughly 20 percent increase.

Neither the Senate Ways and Means Committee nor the House adopted the Governor’s \$500,000 initiative to re-establish the rent escrow program for public housing residents. This initiative

would provide partially matched funding to residents who deposit a portion of their rent into an escrow account with the intent of ultimately moving into private housing. The program was last funded at \$132,650 in FY03; the House 1 appropriation equals the FY01 funding level.

**Public Safety**

This budget would increase funding for public safety by \$22.8 million or approximately 2 percent.

<b>FY 2004</b>	<b>\$1,263,636,855</b>
<b>FY 2005</b>	<b><u>\$1,286,470,387</u></b>
<b>Increase (decrease)</b>	<b>\$ 22,833,532</b>
<b>Percentage Change</b>	<b>1.8%</b>

Two new proposals that are aligned with the House 1 budget include: two new State Police Classes (funded at \$11.0 million) and the establishment of an anti-terrorism unit within the Department of State Police. The Senate Ways and Means budget would also increase funding for the Chief Medical Examiner’s Office by \$2.2 million.

This budget also includes an increased commitment to forensic services by establishing an Undersecretary of Public Safety and Forensic Services as well as a Forensic Sciences Advisory Board. These actions will likely lead to improvements in the utilization of resources and the delivery of criminal forensic science services.

## Judiciary

The Senate Ways and Means Committee proposes to fund the Judiciary at \$574.8 million, \$21.7 million or 3.6 percent less than FY04. Although the total funding level for the Judiciary appears higher in House 1 than in the Senate Ways and Means Budget (refer to the table on the last page), this is due to higher retained revenue authorizations in House 1. Senate Ways and Means proposes \$538.8 million in General Fund resources, and \$36.0 million in retained revenue. House 1 proposed \$501.6 million in General Fund resources and \$84.0 million retained revenue. The retained revenue amounts would be available for expenditure only if those amounts of revenue are generated by the courts, and it is unclear if they will be.

<b>FY 2004</b>	<b>\$596,510,619</b>
<b>FY 2005</b>	<b><u>\$574,775,313</u></b>

<b>Increase (decrease)</b>	<b>(\$21,735,306)</b>
<b>Percentage Change</b>	<b>-3.6%</b>

The Senate Ways and Means budget appears to underfund counsel pay, which compensates private attorneys assigned to criminal and civil cases. The current appropriation is \$82.5 million, and Senate Ways and Means proposes \$67.4 million. The current total includes \$16.0 million in supplemental funding passed earlier this year.

Senate Ways and Means also proposes to consolidate funding for court operations. Proposed consolidations involve merging operations funding for: Superior, District, Family, Probate, and Juvenile

courts. The House 1 FY05 budget also proposed to consolidate the courts' funding.

## Recurring Revenue Proposals

On January 28, Governor Romney filed legislation, House No. 4485, to close a variety of loopholes in the corporate excise and sales and use taxes. Among its recommended changes, the legislation would create a distinction between business income (that is, profits arising from the normal course of business) and non-business income (profits that do not arise from everyday operations, such as those derived from the sale of assets). This distinction would enable the Commonwealth to exercise its legal authority – reaffirmed in a 1992 U.S. Supreme Court decision – to tax such non-business income in full in Massachusetts, rather than continuing to apportion such income among other states. Massachusetts does not take advantage of this authority under current law, thus reducing state tax revenues and permitting corporations to earn millions of dollars in profits that are not subject to taxation in any state. It is expected that, if enacted into law, House No. 4485 would generate \$70 million in FY05. House 1, the House's version of the budget adopted April 30, and, now, the budget proposed by Senate Way and Means all rely on this \$70 million, but the bill has not yet become law.

While the Senate Ways and Means budget fails to address the Commonwealth's structural budget deficit by repealing any of the tax cuts

that helped to create that deficit, it does contain two new tax cuts.

- **Commuters' Deduction:**

According to the Chairwoman's Executive Summary, the Senate Ways and Means budget aims to provide "...much-needed toll and fare relief for commuters ..."

Accordingly, if enacted into law, this budget would permit taxpayers to deduct any commuting expenses in excess of \$150 (up to a maximum deduction of \$750) from their incomes in determining the taxes they owe; commuting expenses would include all MBTA bus, subway, and commuter rail passes as well as tolls paid for through a FastLane account. Thus, an individual who bought a monthly MBTA bus pass (which cost \$31 per month) for the entire year would receive a tax break of \$11.77; an individual who purchased a monthly MBTA subway pass (\$44 per month) for the entire year would receive a tax break of \$20.03; and anyone using a monthly MBTA commuter rail pass (all of which cost more than \$106 per month) would receive the maximum tax break of \$39.75. To earn the maximum break, an individual commuting to work by car on a daily basis would need to pay tolls in excess of \$1.80 per trip. This deduction would only be available in 2004 and is expected to reduce revenue in FY05 by \$6.5 million. It is unclear, however, given the other "smart-growth" initiatives contained in the budget, why Senate Ways and Means chooses to provide the same subsidy to individuals who

choose to drive long distance each day as it offers to those who elect to use public transportation.

- **Sales Tax Rebate for Retailers:**

If enacted, the Senate Ways & Means budget would allow all vendors collecting sales taxes to retain 2 percent of those taxes or \$750 (whichever is lower). Thus, any vendor making taxable sales in excess of \$750,000 per year would receive the maximum rebate of \$750. (Taxable sales of \$750,000 would result in sales tax collections of \$37,500 [ $750,000 \times 5.0\%$ ], which in turn would yield a rebate of \$750 [ $37,500 \times 2.0\%$ ].) This provision appears to be an attempt to aid small businesses, but it is uncertain how much of the total tax break they would receive, just as it is unclear why small retailers should receive treatment preferential to other small businesses or to any other segment of the Massachusetts economy. It is expected that this provision would result in a FY05 revenue loss of \$7.5 million.

Another aspect of tax policy on which the Senate Ways and Means budget relies is improvements in administration and enforcement. This version of the budget anticipates that the continuation of enhanced auditing efforts at the Department of Revenue, initiated last year, will bring in an additional \$50.5 million in FY05. As the Office of the Inspector General has indicated, additional auditing resources can be an exceptionally productive investment, yielding, on average, ten dollars for

every dollar spent. The Senate Ways and Means budget essentially maintains funding for the Department of Revenue's administrative accounts; it raises funding for the retained revenue account that supports the above enforcement initiative from its FY04 level of \$2.64 million to \$4.64 million, but reduces funding for other administrative activities at the Department from \$115.28 million in FY04 to \$113.80 million in FY05.

In addition, outside sections of the Senate Ways and Means budget would impose some new fees and assessments while repealing several existing charges. For instance, this budget would increase licensing fees for tobacco wholesalers and retailers to such a level that they would generate an additional \$3.75 million in FY05. It would also empower the Department of Public Health to require health insurers to contribute an aggregate amount of \$10.5 million to the Commonwealth in FY05; each individual insurer would contribute in proportion to its share of total health insurance premiums written in Massachusetts. At the same time, the Senate Ways and Means budget would repeal fees, initially created as part of the FY04 budget, that blind individuals were required to pay in order to receive identification cards or certificates of blindness. The Senate Ways and Means budget does not offer any indication of the net effect of this set of changes.

Finally, in releasing House 1, the Romney Administration indicated that it expected the Massachusetts Lottery to generate an additional \$57 million in FY05, due to more extensive marketing

and to a new scratch ticket game; it is assumed that the Senate Ways and Means budget counts on these funds as well.

### **Non-Recurring Revenue Proposals**

Just as the House-passed version of the budget would do, the Senate Ways and Means budget would transfer \$340 million from the Commonwealth Stabilization Fund to the General Fund in order to support FY05 spending; that amount represents two-thirds of the \$510 million balance in the Stabilization Fund as of the end of February. Likewise, the Senate Ways and Means budget would move \$270 million from the Federal Medicaid Assistance Percentage (FMAP) Escrow Fund, established last year to hold fiscal relief funds received from the federal government, into the General Fund. The House budget takes the exact same amount out of the FMAP Escrow Fund. So too does Senate Ways and Means follow the House's lead in transferring balances from a number of smaller funds into the General Fund. Those transfers would total \$28 million and would consist of the following: \$7 million from the Debt Defeasance Fund, \$17 million from the Renewable Energy Trust Fund, and \$4 million from the Massachusetts Housing Finance Agency. Lastly, like the Governor's and the House's versions of the budget, the Senate Ways and Means budget would use \$25 million from the sale of surplus land and property in order to help support FY05 spending.

## **Other Proposals**

The Senate Ways and Means budget would transfer to the General Fund the full amount of the FY05 payment that Massachusetts is scheduled to receive as part of the master tobacco settlement agreement. Under current law, 70 percent of that payment is required to be deposited into the Health Care Security Trust for funding health related services generally and tobacco control and reduction programs specifically. For FY05, the total payment is projected to be \$240 million; therefore, in spending that full amount, the Senate Ways and Means budget uses \$168 million that existing law would have set aside for future use. The Senate Ways and Means budget, like Governor Romney's House 1 recommendations, would use 100 percent of the annual tobacco settlement payments for current spending not just in FY05, but in every year thereafter. In contrast, the House version of the budget, while it would use 100 percent of the FY05 payment, would return to current law by FY 2008. The Senate Ways and Means budget does not, however, take up the House's proposal to use, in each of the next three fiscal years, a larger portion of the annual investment earnings of the Health Care Security Trust for current expenditures.

## SPENDING BY PROGRAM AREA

PROGRAM	FY04 - Current	House 1	House	SWM	SWM vs. House	SWM vs. H1	SWM vs. FY04	%Chg SWM vs. FY04
Debt Service	1,609,915,318	1,785,535,468	1,753,766,468	1,753,766,468	0	-31,769,000	143,851,150	9%
Pensions <sup>1</sup>	849,625,766	1,234,226,766	1,217,436,000	1,217,436,000	0	-16,790,766	367,810,234	43%
MassHealth/Medicaid <sup>2</sup>	6,427,625,027	6,860,407,167	6,885,030,872	6,952,399,052	67,368,180	91,991,885	524,774,025	8%
Cash Asst.	595,927,196	584,007,566	591,474,385	601,266,193	9,791,808	17,258,627	5,338,997	1%
Group Insurance	811,131,373	839,159,672	830,745,587	830,885,587	140,000	-8,274,085	19,754,214	2%
K-12 Educ (non Ch 70)	390,809,990	434,031,829	514,469,020	495,443,076	-19,025,944	61,411,247	104,633,086	27%
School Building Debt Asst <sup>3</sup>	405,150,327	251,019,076	418,019,076	418,019,076	0	167,000,000	12,868,749	3%
Local Education Aid (Ch. 70)	3,111,124,259	3,180,748,022	3,186,162,654	3,186,162,654	0	5,414,632	75,038,395	2%
Unrestricted Local Aid	390,267,936	390,267,936	392,267,936	394,767,936	2,500,000	4,500,000	4,500,000	1%
Lottery Aid	661,378,162	661,378,162	661,378,162	661,378,162	0	0	0	0%
Higher Education <sup>4</sup>	862,437,905	893,434,007	894,534,961	902,118,621	7,583,660	8,684,614	39,680,716	5%
Child Care Services	365,783,476	357,999,293	367,233,518	366,591,594	-641,924	8,592,301	808,118	0%
Public Health (DPH)	373,796,136	337,881,129	381,402,905	385,613,501	4,210,596	47,732,372	11,817,365	3%
Social Services (DSS)	685,571,761	702,397,410	700,043,189	704,119,088	4,075,899	1,721,678	18,547,327	3%
Mental Health (DMH)	592,826,152	587,653,558	587,123,295	590,179,441	3,056,146	2,525,883	-2,646,711	0%
Mental Retardation (DMR)	1,014,330,235	1,044,318,458	1,051,473,604	1,062,647,473	11,173,869	18,329,015	48,317,238	5%
Elder Affairs	191,182,677	191,250,572	195,406,671	194,639,194	-767,477	3,388,622	3,456,517	2%
Senior Pharmacy Program	96,372,765	96,372,765	110,000,000	119,000,000	9,000,000	22,627,235	22,627,235	23%
Other Health & Human Services	476,664,379	497,884,299	507,117,273	518,985,817	11,868,544	21,101,518	42,321,438	9%
Environmental Affairs <sup>5</sup>	183,319,839	190,617,196	182,972,244	185,347,571	2,375,327	-5,269,625	2,027,732	1%
Transportation <sup>6</sup>	139,892,844	128,180,676	98,454,228	92,454,228	-6,000,000	-35,726,448	-47,438,616	-34%
Housing & Community Dev. <sup>7</sup>	66,660,641	69,951,248	76,183,151	76,003,352	-179,799	6,052,104	9,342,711	14%
Judiciary	596,510,619	585,552,589	580,925,500	574,775,313	-6,150,187	-10,777,276	-21,735,306	-4%
Exec. Office of Public Safety	1,263,636,855	1,251,139,203	1,258,595,175	1,286,470,387	27,875,212	35,331,184	22,833,532	2%
Economic Dev	106,003,767	112,441,198	115,103,983	117,233,776	2,129,793	4,792,578	11,230,009	11%
District Attorneys	76,857,589	76,777,126	76,073,470	78,984,558	2,911,088	2,207,432	2,126,969	3%
Attorney General	33,478,910	36,091,482	35,933,616	35,852,310	-81,306	-239,172	2,373,400	7%
Libraries	25,500,525	25,158,714	27,020,644	25,750,525	-1,270,119	591,811	250,000	1%
Other administrative	699,681,290	701,996,567	680,454,882	674,366,653	-6,088,229	-27,629,914	-25,314,637	-4%
<b>Total</b>	<b>23,103,463,719</b>	<b>24,107,879,154</b>	<b>24,376,802,469</b>	<b>24,502,657,606</b>	<b>125,855,137</b>	<b>394,778,452</b>	<b>1,399,193,887</b>	<b>6%</b>

**Notes:**

- (1) Off-budget pension funding in FY04 is \$832.3 million; the House, House, and Senate Ways and Means budgets propose \$1.216 billion.
- (2) The FY04 MassHealth/Medicaid total includes \$160.0 million in additional retained revenue as well as \$230.0 million for the Uncompensated Care Pool. The House 1, House, and Senate Ways and Means MassHealth/Medicaid numbers include Uncompensated Care Pool allocations of \$156.0 million, \$235.0 million, and \$368.0 million respectively. The text portion of this document does not include these figures from the Uncompensated Care Pool. The Governor proposed to transfer \$9.24 million from Medicaid to Elder Affairs. These figures do not include this transfer to facilitate year to year comparisons.
- (3) The House and Senate Ways and Means budgets propose to reduce available revenue by \$418 million to cover the costs of School Building Assistance.
- (4) The higher education totals include \$30.6 million tuition revenue retained by the campuses.
- (5) Senate Ways and Means proposes to transfer \$8.2 million off-budget, which is included in this total to enable comparisons to FY04 as well as to FY05 budget proposals.
- (6) Transportation figures for House 1 do not include the \$274.9 million that would be brought on budget as a result of the proposed Turnpike merger.
- (7) Senate Ways and Means proposes to transfer \$2.0 million from the General Fund to the Affordable Housing Trust Fund. This amount is included in the total above.