

BUDGET MONITOR

The Governor's FY 2009 Budget Vetoes

OVERVIEW

On Sunday, July 13th, the Governor signed the Fiscal Year 2009 state budget, and used his line item veto authority to reduce the total spending amount by \$122.5 million. Because some of the vetoed spending would have generated revenue (for example, the state receives federal revenue to reimburse a portion of Medicaid spending), the vetoes achieved \$93.6 million in net state savings.

Most of the vetoes eliminate “earmarks” which would have provided funding for particular local projects or particular providers. There was also money vetoed in other areas of the budget where the Legislature had proposed spending more than the Governor had initially recommended, including higher education, water and sewer rate relief, and support for community health centers.

Among the areas with the most money vetoed were health care, economic development, higher education and the judiciary. In some of these areas, particularly health care, the percentage vetoed was not large, but a small percentage cut in a large category generates a large dollar cut.

[Clarification: When this *Budget Monitor* was initially published is stated that “when the state closes the books on FY 2008 it

appears that we will be adding to the reserves that will be needed as the economy weakens, rather than beginning to deplete those reserves.” It also included a short discussion of that issue. While the Governor has proposed a \$100 million deposit into the stabilization fund, as well as the use of FY 2008 revenue to create certain reserve funds for FY 2009 and to pay for a deficit in the lottery fund from prior years, it does not appear that the state will be able to add to reserves on net, as the FY 2008 budget still relied on the use of funds withdrawn from the stabilization fund in that year.]

REVENUE

Because spending on the MassHealth/Medicaid program is partially reimbursed by the federal government, the Governor's vetoes of earmarks in the MassHealth program will reduce federal revenue coming in to the Commonwealth by approximately \$25.6 million. Other vetoes will reduce departmental revenues by approximately \$3.3 million.

LOCAL AID

FY2009 Conference Vetoes	\$2,200,000
FY 2009 Post Vetoes	(\$607,500)
	\$1,592,500

The Governor vetoed \$607,500 of the Local Share of Racing Revenue distributed to each city and town in which racing is conducted making the amount consistent with his House 2 recommendation of \$1.6 million. The lower amount reflects lower anticipated racing revenue.

K-12 EDUCATION

FY 2009 Conference	\$ 5,268,489,317
Vetoed	(\$2,990,000)
FY 2009 Post Vetoes	\$ 5,265,499,317

The budget signed by the Governor reduced funding for K-12 Education by nearly \$3.0 million, leaving a final appropriation of \$5.2655 billion. This total includes Chapter 70 aid, other K-12 education aid and \$702.0 million for School Building Assistance (SBA). Unlike most appropriations, which are determined via the budget process using money from the General Fund, SBA has a dedicated revenue stream, 1 percent of the sales tax, determined by statute.

Chapter 70

FY 2009 Conference	\$ 3,948,824,061
Vetoed	\$0
FY 2009 Post Vetoes	\$ 3,948,824,061

Chapter 70 Aid is provided to cities and towns for public education purposes. There were no vetoes to this line item; the appropriation for Chapter 70 Aid remains at \$3.9488 billion.

FY 2009 is the third year of education funding reform, which implemented a new formula for determining Chapter 70 Aid that would be phased in over five fiscal years. (For further discussion, see the *Budget Monitor* for the Governor's budget at: <http://www.massbudget.org/FY09GovProposal.pdf>.)

Other K-12 Education Funding

FY 2009 Conference	\$617,665,256
Vetoed	(\$2,990,000)
FY 2009 Post Vetoes	\$614,675,256

The FY 2009 Conference Committee budget provided \$617.7 million in funding for other K-12 initiatives, including grant programs and administration. The Governor decreased funding for these initiatives by nearly \$3.0 million, leaving a final appropriation of \$614.7 million.

Funding for several line items was reduced to the level recommended by the Governor in the House 2 proposal:

- The budget for school-to-career connecting activities was reduced by \$250,000, for a final total of \$4.1 million.
- Funding for the Leadership Academies decreased by \$1.5 million, for a final appropriation of \$1.0 million.
- The Citizens Schools Matching Grants line item was reduced by \$75,000, for a final total of \$475,000.

The Governor also vetoed two new line items that were created this year, eliminating \$400,000 for a new "low class size" grant program and \$250,000 for a new Bullying Prevention Program.

HIGHER EDUCATION

FY 2009 Conference	\$1,104,981,163
Vetoed	(\$12,202,949)
FY 2009 Post Vetoes	\$1,092,778,214

The Governor reduced the FY 2009 Conference Committee budget for Higher Education by \$12.2 million.

A total of \$6.8 million was eliminated from the budgets of every state and community college, with the Governor decreasing funding to the levels proposed in the House 2 budget for nearly every college.

Approximately \$1.9 million was cut from the state colleges' budgets and \$4.9 million was cut from the community colleges' budgets.

The Governor also reduced funding for the University of Massachusetts (UMass) account by \$4.1 million, for a final appropriation of \$492.3 million, but did not eliminate any of the earmarks within this line item.

The Department of Higher Education account was reduced by \$1.0 million through the \$1.0 million reduction of a \$2.0 million earmark for the Massachusetts Nursing and Allied Health Workforce Development Initiative.

EARLY EDUCATION AND CARE

FY 2009 Conference	\$590,118,235
Vetoes	\$0
FY 2009 Post Vetoes	\$590,118,235

The Governor did not veto any funding in the budget for the Department of Early Education and Care (EEC). The total funding level is \$590.1 million, \$6.1 million more than the budget the Governor initially proposed. Compared to the Governor's initial proposal, the post-veto budget includes \$5.0 million (rather than \$0) for the Child Care Rate Reserve; an additional \$7.6 million for TAFDC child care; an additional \$2.1 million for supportive child care, and an additional \$1.0 million for Head Start programs. The post-veto total for Universal

Pre-Kindergarten, of \$12.1 million, is \$10.0 million below the Governor's initial request.

INCOME SUPPORTS

FY 2009 Conference	\$638,795,610
Vetoes	\$0
FY 2009 Post Vetoes	\$638,795,610

The Governor did not veto any funding for income supports. The funding level is \$638.8 million, \$14.6 million more than the Governor initially proposed, due to higher expected caseloads. The final budget provides \$11.3 million more for Transitional Aid to Families with Dependent Children program, \$3.4 million more for the Emergency Aid to Elders, the Disabled and Children program and \$487,000 more for the Employment Services Program.

HEALTH CARE

FY 2009 Conference	\$ 10,440,923,358
Vetoes	(\$52,924,942)
FY 2009 Post Vetoes	\$ 10,387,998,416

The Governor vetoed \$52.9 million from the \$10.4409 billion health care budget, leaving \$10.3880 billion for these various programs. The Governor's vetoes largely targeted language in the Conference Committee budget providing special reimbursement rates to certain health care providers and certain types of service. These vetoes included:

- \$19.7 million vetoed from MassHealth Managed Care, reducing the total from \$3.1411 billion to \$3.1214 billion. The Governor eliminated \$10.0 million earmarked for pediatric specialty hospitals, \$2.0 million for Holyoke Hospital, and \$6.0 million in special rates for hospitals with a large share of patients receiving publicly-funded health care.

- \$17.5 million vetoed from MassHealth Senior Care, reducing the total from \$2.1759 billion to \$2.1584 billion. This is the amount that the Governor had originally proposed in his House 2 budget. The Governor eliminated language that required that nursing home admission criteria be no more restrictive than they were in January 2004 (i.e. “Score 3”).
- \$14.0 million vetoed from the MassHealth Indemnity/Third Party Liability program, reducing the total from \$1.5498 billion to \$1.5358 billion. The Governor reduced a \$10.0 million earmark for special rates for community health centers to \$4.2 million, and his vetoes also included a \$1.0 million reduction in special rates for the Mass. Eye and Ear Infirmary. The Governor did not eliminate a \$5.0 million earmark for the development of “medical homes” to coordinate care for the chronically ill.
- \$500,000 vetoed from the Division of Health Care Finance and Policy, eliminating the requirement that the division fund a report on factors contributing to health care cost growth.
- \$1.2 million vetoed from a reserve account for Hale Hospital, reducing the total from \$2.4 million to \$1.2 million.

The Governor also vetoed language within the Prescription Advantage line item, in order to eliminate some confusion about the discretion the Department of Elder Affairs has prior to increasing cost-sharing requirements in the program. With the Governor’s veto, the language now states that the Legislature must be given notice for such increases.

Line item language vetoed by the Governor also eliminated a guarantee to nursing homes that they would receive \$288.5 million in supplemental payments regardless of whether nursing home utilization declined.

ELDER AFFAIRS

FY 2009 Conference Vetoes	\$ 238,607,460
FY 2009 Post Vetoes	\$ 238,607,460

There were no vetoes in Elder Affairs.

PUBLIC HEALTH

FY 2009 Conference Vetoes	\$ 594,807,780
FY 2009 Post Vetoes	(\$3,889,615)
	\$ 590,918,165

The Governor vetoed \$3.9 million in funding for public health programming, bringing the total to \$590.9 million. The Governor’s vetoes affected six line items, with the majority of the vetoes concentrated in specific earmark reductions.

The Governor vetoed:

- \$2.2 million in specific earmarked grants for agencies working with young people (the so-called “Youth at Risk” grants), bringing the total from \$5.8 million to \$3.6 million.
- \$307,981 from community health centers, for a total of \$7.5 million.
- \$100,000 from the office of health care quality and improvement, eliminating an earmark for the designation of a Massachusetts Primary Stroke Service. Total funding for this office after the veto is \$8.7 million.

- \$360,000 from family health services, including the elimination of a \$50,000 earmark. Total post-veto funding is \$7.3 million.
- \$511,634 from health promotion and disease prevention, including the elimination of a \$75,000 earmark for a phenylketonuria (a metabolic disorder) program. Total funding for this line item after vetoes is \$14.2 million.
- \$390,000 from school health services, leaving a total of \$17.1 million.

\$187.5 million, \$672,000 less than the Governor included in his initial proposal.

- \$600,000 from Community Residential Supports, leaving a total of \$569.0 million, the same amount initially proposed by the Governor.

MENTAL HEALTH

FY 2009 Conference	\$ 685,440,505
Vetoes	\$0
FY 2009 Post Vetoes	\$ 685,440,505

There were no vetoes in Mental Health.

DEVELOPMENTAL SERVICES (FORMERLY DEPARTMENT OF MENTAL RETARDATION)

FY 2009 Conference	\$1,272,887,624
Vetoes	(\$2,601,545)
FY 2009 Post Vetoes	\$1,270,286,079

The Governor vetoed \$2.6 million of the Developmental Services budget passed by the Legislature bringing the spending level to \$1.2703 billion. Despite these cuts, the post-veto funding level is \$2.9 million higher than the Developmental Services budget the Governor proposed in House 2. The Governor's vetoes include:

- \$1 million from the Autism Division, leaving a total of \$5.3 million, \$2.0 million more than the Governor included in his initial proposal.
- \$752,000 from state facilities for the mentally retarded, leaving a total of

SOCIAL SERVICES

FY 2009 Conference	\$836,477,528
Vetoes	\$0
FY 2009 Post Vetoes	\$836,477,528

The Governor did not veto any funding in the budget for the Department of Social Services (DSS). Total spending is \$836.5 million, \$1.5 million less than the budget the Governor initially proposed.

OTHER HUMAN SERVICES

FY 2009 Conference	\$628,990,935
Vetoes	(\$1,045,195)
FY 2009 Post Vetoes	\$627,945,740

The Governor vetoed \$1.0 million from the budget for "Other Human Services." After vetoes, total spending on "Other Human Services" is \$627.9 million, \$2.0 million higher than the Governor's initial proposal.

The category in this *Budget Monitor* called "Other Human Services" includes numerous departments, including Veterans Affairs, the Soldiers' Homes, Mass. Commission for the Blind, Mass. Rehabilitation Commission, Mass. Commission for the Deaf and Hard of Hearing, the Dept. of Youth Services administrative costs for the Department of Transitional Assistance, and certain programs within the Executive Office of Health and Human Services.

The Governor cut funding in two areas:

- \$400,000 from the Massachusetts Rehabilitation Commission (MRC), including \$100,000 from each of the following accounts: vocational rehabilitation, employment assistance, independent living assistance for the multi-disabled and head injury treatment services. Despite these cuts, the post veto total for the MRC is \$546,000 higher than the Governor’s initial proposal, for a total of \$50.0 million.
- \$645,000 in earmarks contained within the family shelters account. The funding remaining is \$86.6 million, which is \$302,000 higher than the Governor’s initial proposal. The funding for this account still includes so-called “tool box” funds to help families move out of shelters and into permanent housing.

Department of Environmental Protection;

- \$410,000 in earmarks from the administrative line-item for the Department of Conservation and Recreation (DCR); and,
- \$1.2 million in earmarks contained within the state parks line-item and another \$300,000 in earmarks from the urban parks account.

The Governor also reduced funding in a number of line-items down to the level he had recommended in his budget including:

- \$107,000 from the Environmental Law Enforcement Account;
- \$200,000 from Department of Marine Fisheries which includes the veto of the account’s only earmark of \$10,000;
- \$150,000 from the stormwater management program; and,
- \$165,000 from funding for the Central Artery parks.

ENVIRONMENTAL AFFAIRS

FY 2009 Conference	\$229,302,960
Vetoes	(\$4,549,000)
FY 2009 Post Vetoes	\$224,753,960

The Governor vetoed \$4.5 million of the environmental affairs budget passed by the Legislature bringing the spending level to \$224.8 million.

The majority of the Governor’s vetoes cut funding for earmarks contained within various accounts in the environmental affairs budget including:

- \$470,000 in earmarks from the administrative line-item for the Executive Office of Environmental Affairs;
- \$432,660 in earmarks from the administrative line-item for the

ECONOMIC DEVELOPMENT

FY 2009 Conference	\$210,125,814
Vetoes	(\$14,445,500)
FY 2009 Post Vetoes	\$195,680,314

The Governor reduced the FY 2009 Conference Committee budget for Economic Development by \$14.4 million, the majority of which was eliminated from two line items.

The Office of Travel and Tourism budget of \$26.4 million was reduced by \$10.7 million, with the Governor eliminating over 50 earmarks and decreasing funding for nearly 60 earmarks.

The following are some of the larger earmarks that were eliminated:

- \$500,000 for the Old Provincial State House; \$300,000 for the Sturbridge Heritage and Preservation Partnership; \$250,000 for the Town of Wakefield Performing Arts; \$225,000 for the Regional Technology Development Corporation of Cape Cod; \$200,000 for the Head of the Charles Regatta; \$200,000 for environmental improvements in Methuen; \$200,000 for the Local Chambers of Commerce on Cape Cod; \$175,000 for economic development in Needham Heights; and \$150,000 for Historical Crocker Field.

In addition to the elimination of the over 50 earmarks, another \$6.2 million was cut from the Office of Travel and Tourism budget by decreasing funding for nearly 60 earmarks. The following are some of the larger reductions that were made:

- \$1.0 million from the MOTT promotional program to enhance international tourism; \$500,000 from the International Education Program; \$175,000 from the Puerto Rican Cultural Center; \$150,000 from the Town of Weston transportation grant; \$150,000 from the Central Square Theater; \$100,000 from the Wilmington Historical Commission; and \$100,000 from the Historic Chevalier Auditorium.

The Governor also reduced funding for Workforce Development Grants by \$3.1 million by eliminating nine earmarks and decreasing funding for another fifteen earmarks. The following earmarks were eliminated:

- \$500,000 for the Commonwealth Corporation; \$250,000 for the Farm Workers' Council; \$250,000 for the AWAKE program in Springfield; \$250,000 for the North Shore Alliance for Economic Development; \$100,000 for the Easthampton Reunion Center and Youth Entrepreneurship Project; \$100,000 for the Work Certified Program at the Greater New Bedford Workforce Investment Board, Inc.; \$50,000 for the Massachusetts Superior Clerks Association; \$50,000 for More than Words in City of Waltham; and \$7,500 for the Girl Scout's Bonnie Brae Camp.

Funding for the following earmarks within the Workforce Development Grants line item was reduced:

- The Urban League of Massachusetts earmark was cut in half, from \$500,000 to \$250,000;
- The \$350,000 Access Program of Boston earmark was reduced to \$100,000;
- Funding for the Massachusetts Career Development Institute was cut in half, from \$250,000 to \$125,000;
- The \$300,000 earmark for the Radius Specialty Hospital was cut in half, to \$150,000;
- The Outer Cape Health Services earmark was reduced from \$250,000 to \$100,000;
- Funding for the Technology Centers of Excellence was cut in half, from \$250,000 to \$125,000;

- The \$200,000 1199SEIU Training and Upgrading Fund was cut in half, to \$100,000;
- The \$165,000 Arlington Community Trabajando earmark was reduced to \$100,000;
- The \$150,000 earmark for a job training program at the Lazarus House was reduced to \$100,000;
- The \$150,000 earmark for the Centros Las Americas was reduced to \$100,000;
- The \$100,000 Inquilinos Boricuas en Accion Pathways to Technology earmark was reduced to \$75,000;
- The \$100,000 earmark for the Massachusetts Latino Chamber of Commerce in Springfield was cut in half, to \$50,000;
- Funding for the Workforce Investment Association of MA was cut in half, from \$100,000 to \$50,000;
- The \$84,000 earmark for the Community Service Agency, Inc. was reduced to \$50,000; and
- The \$75,000 earmark for the Massachusetts School of Professional Psychology was reduced to \$50,000.

HOUSING

FY 2009 Conference	\$150,194,681
Vetoed	(\$1,815,000)
FY 2009 Post Vetoes	\$148,379,681

The Governor vetoed \$1.8 million dollars in funding from the Housing budget passed by

the Legislature bringing the spending level to \$148.4 million.

The \$1.8 million in vetoes for housing programs all came from earmarks within the Department of Housing and Community Development account. Within this account, the governor eliminated some earmarks altogether and reduced the amount of funding for other earmarks.

PUBLIC SAFETY & CORRECTIONS

FY 2009 Conference	\$ 1,575,498,399
Vetoed	(\$5,700,517)
FY 2009 Post Vetoes	\$ 1,569,797,882

The budget signed by the Governor reduced funding for Public Safety & Corrections by \$5.7 million. The Governor eliminated \$2.3 million from the state sheriffs' budget, reducing the following line items to the level of funding proposed in the House 2 budget:

- The Middlesex Sheriff's Department budget was reduced by \$825,748, for a total appropriation of \$70.0 million.
- \$224,175 was eliminated from the Worcester Sheriff's Department budget, for a total appropriation of \$45.5 million.
- Funding for the Hampshire Sheriff's Department was decreased by \$159,435, for a total appropriation of \$13.1 million.
- The Berkshire Sheriff's Department budget was reduced by \$79,702, leaving \$16.2 million.
- \$64,133 was eliminated from the Essex Sheriff's Department budget, for a total appropriation of \$50.3 million.

While the Governor reduced funding for these sheriffs' departments as well, the final appropriation was still higher than proposed in the House 2 budget:

- The Governor eliminated \$635,521 from the Franklin Sheriff's Department, leaving \$9.3 million. This is \$225,000 more than was proposed in the House 2 budget.
- The Hampden Sheriff's Department budget was reduced by \$272,870, leaving \$73.7 million. This is \$88,000 more than was proposed in the House 2 budget.

The Governor also eliminated \$3.4 million in earmarks from the Public Safety & Corrections budget:

- The Department of Fire Services budget was reduced by more than \$3.0 million as a result of the elimination of several earmarks: \$1.8 million for the Boston Fire Department training academy, \$1.2 million for the Boston, Cambridge and Everett Fire Department Hazardous Material Response Teams, \$100,000 for the Norfolk County Regional Fire & Rescue Dispatch Center, and \$28,812 for the Hampshire/Franklin juvenile fire setters intervention program.
- Funding for the Department of State Police Operations budget decreased by \$220,121; the Governor vetoed a \$150,000 earmark for the State Courts Against Road Rage program and a \$90,121 earmark for a training seminar for the Massachusetts State Police Bomb Squad.

- The Executive Office of Public Safety and Security budget was reduced by \$170,000 after the Governor eliminated two earmarks: \$100,000 for the youth violence and street crimes unit of the Randolph police department and \$70,000 for the Hubbardston town emergency shelter.

TRANSPORTATION

FY 2009 Conference	\$ 919,035,501
Vetoed	\$0
FY 2009 Post Vetoes	\$ 919,035,501

There were no vetoes in Transportation.

JUDICIARY

FY 2009 Conference	\$824,589,660
Vetoed	(\$13,878,786)
FY 2009 Post Vetoes	\$810,710,874

The Governor vetoed \$13.9 million in the Judiciary budget, reducing funding to the level recommended in the House 2 budget for the following line items:

- The Conference Committee's appropriation of \$142.4 million for the Commissioner of Probation was reduced by \$7.6 million to \$134.7 million.
- Funding for the Court Security Program was decreased by approximately \$900,000, for a final appropriation of \$65.3 million.
- Approximately \$500,000 was eliminated from the Committee for Public Counsel Services budget, reducing the appropriation from \$29.3 million to \$28.8 million.

- Funding for the Massachusetts Correctional Legal Services was decreased by \$145,824, for a final appropriation of \$840,000.
- The Governor vetoed \$100,000 in the Suffolk County Social Law Library line item, for a final appropriation of \$2.1 million.
- The budget for the clerk's office of the Suffolk County Supreme Judicial Court was reduced by approximately \$54,000, decreasing the appropriation to \$1.2 million.

The Governor also reduced funding for the following line items:

- The budget for Trial Court Additional Expenses was reduced by \$2.8 million, decreasing the final appropriation from \$21.2 million to \$18.5 million.
- The Governor vetoed \$1.7 million in the Office of Community Corrections budget, reducing funding from \$7.8 million to \$6.1 million.
- Approximately \$200,000 was eliminated from Community Corrections Programs, reducing the budget from \$19.3 million to \$19.1 million.

DISTRICT ATTORNEYS

FY 2009 Conference	\$102,183,303
Vetoed	(\$612,499)
FY 2009 Post Vetoes	\$101,570,804

The budget signed by the Governor eliminated \$612,499 from the District Attorneys and reduced funding for 10 of the 11 district attorney offices. For some line items, the Governor decreased funding to the level recommended in his previous proposal:

- The Eastern District Attorney budget was reduced by \$42,900, for a total appropriation of \$8.7 million.
- The Norfolk District Attorney budget was reduced by \$41,810, for a total of \$8.5 million.
- The Governor decreased funding for the Hampden District Attorney by \$(40,828, for a total appropriation of 8.3 million.
- \$25,421 was eliminated from the Northwestern District Attorney budget, leaving \$5.2 million.
- The Cape and Islands District Attorney budget was reduced by \$18,447, leaving \$3.7 million.
- \$17,968 was eliminated from the Berkshire District Attorney, for a final appropriation of \$3.6 million.

The Governor also decreased funding to the amount projected to be necessary for the following line items:

- The Governor reduced funding for a \$230,000 earmark within the Suffolk District Attorney budget by \$115,000, leaving \$115,000 for the cost of rent increases and property taxes at One Bulfinch Place. This reduction decreased funding for the Suffolk District Attorney budget to \$16.5 million.

- The budget for the Bristol District Attorney was reduced by \$165,000, leaving an appropriation of \$7.5 million.
- \$100,000 was eliminated from the Plymouth District Attorney, for a final appropriation of \$7.3 million.
- The Middle District Attorney budget was decreased by \$45,125, leaving an appropriation of \$9.2 million.

ATTORNEY GENERAL

FY 2009 Conference	\$ 43,576,710
Veto	\$0
FY 2009 Post Vetoes	\$ 43,576,710

The final budget for the Attorney General includes \$43.6 million; the Governor did not veto any line items within the Attorney General budget.

GROUP INSURANCE COMMISSION (GIC)

FY 2009 Conference	\$1,299,729,152
Veto	\$0
FY 2009 Post Vetoes	\$1,299,729,152

There were no vetoes to the FY 2009 Conference Committee budget for the GIC; the total appropriation remains at \$1.2997 billion.

DEBT SERVICE

FY 2009 Conference	\$1,982,899,000
Veto	\$0
FY 2009 Post Vetoes	\$ 1,982,899,000

The Governor did not reduce funding for the Debt Service budget; the total appropriation remains at \$1.9829 billion.

OTHER ADMINISTRATIVE

FY 2009 Conference	\$755,486,608
Veto	(\$5,011,066)
FY 2009 Post Vetoes	\$750,475,542

The Governor eliminated slightly more than \$5.0 million from administrative line items, including a \$5.0 million veto for water and sewer rate relief.

PENSIONS

FY2009 Conference	\$1,465,000
Veto	\$0
FY 2009 Post Vetoes	\$1,465,000

The Governor returned, with amendment, the Legislature’s proposed increase in pension payments for current and future state retirees. Citing a need to limit this benefit given the size of the Commonwealth’s unfunded retirement liability, his amendment restricts the increase to only those retirees whose annual pension payments are below \$40,000. This does not impact the overall appropriation for pensions in FY2009.

The increase for state retirees would come from a change in the pension income level used to determine their cost of living adjustments (COLAS). (For more information on pensions, see the Senate *Budget Monitor* at: <http://massbudget.org/article.php?id=634.>)

The Governor maintains language from the Conference Committee budget that pushes these costs into the future. This would be accomplished by extending the current payment schedule the state is following in order to fully fund its pension system. Currently, the state is required by law to make increasing payments each year to pay down its unfunded liabilities for current and future state retirees' pensions by 2023. The Conference budget would extend this schedule out to 2026 to cover the increased liability resulting from this proposal.

Budget by Program Area

(in Millions of Dollars)

Program Area ¹	FY 2008		FY 2009				Amount of Vetoes	
	GAA	Current	House	Senate	Conference	Post-Vetoes		
Budgeted Appropriations	28,234.6	29,099.3	30,084.7	30,151.4	30,130.2	30,007.7	(122.5)	-0.4%
Line-Item Appropriations	25,873.1	26,509.0	27,262.0	27,155.8	27,297.7	27,175.2	(122.5)	-0.5%
Outside Section Appropriations	2,361.5	2,590.3	2,822.7	2,995.6	2,832.5	2,832.5	0.0	0.0%
Pre-Budget Transfers from General Fund²	2,789.3	2,789.3	3,109.6	2,935.0	3,109.6	3,109.6	0.0	0.0%
TOTAL APPROPRIATIONS AND TRANSFERS	31,023.9	31,888.6	33,194.3	33,086.4	33,239.8	33,117.2	(122.5)	-0.4%
Local Aid - Lottery	935.0	935.0	935.0	935.0	935.0	935.0	0.0	0.0%
Line-Item Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Outside Section Appropriations	935.0	935.0	935.0	935.0	935.0	935.0	0.0	0.0%
Local Aid - Additional Assistance & PILOT	410.3	410.3	412.3	409.7	412.3	411.7	(0.6)	-0.1%
K-12 Education (Chapter 70)	3,725.7	3,725.7	3,948.8	3,948.8	3,948.8	3,948.8	0.0	0.0%
K-12 Education (non-Chapter 70)	1,212.1	1,214.9	1,310.7	1,311.5	1,319.7	1,316.7	(3.0)	-0.2%
Line-Item Appropriations	577.4	580.2	608.7	609.5	617.7	614.7	(3.0)	-0.5%
Pre-Budget Transfer to School Building Assistance	634.7	634.7	702.0	702.0	702.0	702.0	0.0	0.0%
Higher Education	1,054.7	1,091.1	1,098.3	1,103.8	1,105.0	1,092.8	(12.2)	-1.1%
Early Education and Care	536.5	551.2	589.7	588.8	590.1	590.1	0.0	0.0%
Income Supports	598.9	620.2	641.8	637.5	638.8	638.8	0.0	0.0%
Health Care ³	9,371.4	9,643.0	10,386.2	10,400.1	10,440.9	10,388.0	(52.9)	-0.5%
Line-Item Appropriations	8,300.9	8,355.3	8,720.0	8,711.6	8,752.8	8,699.9	(52.9)	-0.6%
Outside Section Appropriations	1,070.4	1,287.8	1,491.6	1,688.6	1,513.6	1,513.6	0.0	0.0%
Pre-Budget Transfer to Commonwealth Care TF	0.0	0.0	174.6	0.0	174.6	174.6	0.0	0.0%
Elder Affairs	232.3	232.9	237.6	237.7	238.6	238.6	0.0	0.0%
Public Health	554.4	561.6	581.9	583.1	594.8	590.9	(3.9)	-0.7%
Mental Health	667.4	667.4	683.8	685.2	685.4	685.4	0.0	0.0%
Mental Retardation/Developmental Services	1,226.4	1,229.4	1,272.8	1,267.6	1,272.9	1,270.3	(2.6)	-0.2%
Social Services	800.1	807.6	836.2	830.6	836.5	836.5	0.0	0.0%
Other Human Services ⁴	603.9	614.6	627.0	624.2	629.0	627.9	(1.0)	-0.2%
Environmental Affairs	216.7	225.8	227.5	218.5	229.3	224.8	(4.5)	-2.0%
Economic Development	190.1	223.5	227.2	180.5	210.1	195.7	(14.4)	-7.4%
Line-Item Appropriations	177.3	210.7	205.6	180.5	198.2	183.8	(14.4)	-7.9%
Outside Section Appropriations	12.8	12.8	21.6	0.0	11.9	11.9	0.0	0.0%
Housing	128.1	149.6	148.7	147.2	150.2	148.4	(1.8)	-1.2%
Transportation	907.1	999.5	919.5	917.3	919.0	919.0	0.0	0.0%
Line-Item Appropriations	151.1	243.5	151.5	149.3	151.0	151.0	0.0	0.0%
Pre-Budget Transfer to MBTA	756.0	756.0	768.0	768.0	768.0	768.0	0.0	0.0%
Public Safety & Corrections	1,463.4	1,609.6	1,581.1	1,569.4	1,575.5	1,569.8	(5.7)	-0.4%
Judiciary	770.3	819.9	821.7	819.3	824.6	810.7	(13.9)	-1.7%
District Attorneys	96.1	101.7	101.3	101.8	102.2	101.6	(0.6)	-0.6%
Attorney General	41.2	41.2	43.2	43.7	43.6	43.6	0.0	0.0%
Libraries	32.5	32.9	34.3	33.8	34.3	34.1	(0.3)	-0.7%
Group Insurance	1,174.7	1,217.1	1,305.1	1,307.8	1,299.7	1,299.7	0.0	0.0%
Line-Item Appropriations	831.4	862.4	930.6	935.8	927.7	927.7	0.0	0.0%
Outside Section Appropriations	343.2	354.7	374.5	372.0	372.0	372.0	0.0	0.0%
Other Administrative	724.0	812.1	756.1	735.6	755.5	750.5	(5.0)	-0.7%
Debt Service	1,952.1	1,952.1	2,001.6	1,982.9	1,982.9	1,982.9	0.0	0.0%
Pensions	1,398.6	1,398.6	1,465.0	1,465.0	1,465.0	1,465.0	0.0	0.0%
Line-Item Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Pre-Budget Transfer for Pensions	1,398.6	1,398.6	1,465.0	1,465.0	1,465.0	1,465.0	0.0	0.0%
Total Appropriations and Other Uses	31,023.9	31,888.6	33,194.3	33,086.4	33,239.8	33,117.2	(122.5)	-0.4%
Total with accounting adjustment ⁵			33,099.3	32,991.4	33,144.8	33,022.2	(122.5)	-0.4%

1. The comparisons account for changes associated with consolidations or moving programs from one department to another.

2. By law, prior to the appropriations process, the state allocates certain shares of revenue to the state pension fund, the school building assistance fund, and the Massachusetts Bay Transit Authority. The House, Conference, and Post-Veto budgets also presume that revenues raised from increases in the cigarette tax would go directly to the Commonwealth Care Trust Fund to pay for health reform.

3. Health Care includes Medicaid/MassHealth, other state health programs, the elder pharmacy program, health care finance, the Health Safety Net and other costs associated with health reform. See also pre-budgeted transfer of tobacco tax dollars into Commonwealth Care Trust Fund. The FY 2009 budgets include \$95 million for which there is no net state cost.

4. Other Human Services includes numerous departments, including Veterans Affairs, Mass. Commission for the Blind, Mass. Rehabilitation Commission, Mass. Commission for the Deaf and Hard of Hearing, the Soldiers' Homes, the Dept. of Youth Services, administrative costs for the Department of Transitional Assistance, and certain programs directly within the Executive Office of Health and Human Services. The FY 2008 GAA includes the total for the human service rate reserve, but the FY 2008 Current figure distributes that amount among the various human service agencies.

5. As explained in note 3, this adjustment subtracts increased health transfer that has no net state cost from the FY 2009 budget totals.