

The Senate Fiscal Year 2011 Budget

OVERVIEW

During its budget debate, the Senate added about two-tenths of 1 percent to the budget's bottom line. The Senate did not adopt any new taxes or appropriate money from the stabilization fund. The modest increases approved were paid for by identifying revenues that are expected to be available but were not counted on in the Senate Ways & Means proposal (for example, the final Senate budget, relying on recent trends, assumes that revenue from the lottery will be approximately \$21 million higher in Fiscal Year 2011 than had been anticipated).

The largest amendments approved by the Senate were in education and health care. The Senate adopted a \$6.7 million amendment for full-day kindergarten (bringing the total spending on that initiative back up to the FY 2010 level) and a \$13.3 million amendment for the special education circuit breaker program that provides reimbursements to districts with very high special education costs for particular students. In health care, the Senate adopted an amendment to provide \$10 million to acute-care hospitals that are facing "extreme financial distress." The Senate also adopted an amendment that addresses a number of issues regarding eligibility for state programs and hiring by various businesses, primarily relating to undocumented immigrants. Provisions of that amendment are discussed in the relevant program sections of this *Monitor*.

On tax policy, the Senate did not adopt any tax increases or decreases, but did adopt an amendment that will make it easier for the state to examine the effectiveness of a number of tax credits. The amendment requires the recipients of specific tax credits to report on jobs created and other benefits. It also requires the state to publish reports describing which firms receive the credits, how much they receive, and how well the overall objectives of each credit are being met. These published reports would include overall jobs data, but not specific data on how many jobs may have been created by each firm.

As the Senate was debating the budget, news from Washington threatened to create a significant new set of challenges for state budget writers. In the stimulus law (the American Recovery and Reinvestment Act, or ARRA), the federal government temporarily increased the share of Medicaid costs it would pay. For Massachusetts, ARRA increased the Medicaid reimbursement rate (FMAP) from 50 percent to about 62 percent, providing the state with about \$1.3 billion a year. This provision had been scheduled to end in December 2010 -- half way through state fiscal year 2011.

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Recognizing that this sharp reduction in state fiscal relief would be harmful to the national economy (it has been estimated that if states are required to close their FY 2011 budget gaps with only budget cuts and tax increases those actions could cost the nation 900,000 jobs), the U.S. House and Senate approved separate legislation extending the enhanced FMAP rates to the end of fiscal year 2011. That provision has not, however, been included in legislation that has passed both houses of Congress. During the week before Memorial Day, Congress was expected to enact legislation with this extension, but failed to do so. There is now a significant danger that this funding may not be approved - which would create a new FY 2011 budget gap of \$600 million to \$700 million for the Commonwealth, requiring additional cuts, new taxes, or the spending down of remaining reserves.

HOW TO READ THE TABLES

The tables included at the beginning of each section provide an overview of the funding for each category and how it compares to funding in FY 2010. Here is an explanation of each item presented in these tables.

FY 2010 GAA: The level of funding that was approved in the enacted budget for FY 2010.

FY 2010 Current: This amount includes any subsequent additions or reductions to the approved funding level in the GAA, including supplemental budgets and any cuts that were made by the Governor in October of 2009 through the 9C process. (For more information on 9C cuts, see here: <http://massbudget.org/doc/632>)

FY 2011 Senate Final: This is the funding amount proposed by the Senate for FY 2011.

FY 2011 Senate Final (Adjusted): In order to allow for accurate comparisons of FY 2011 budget proposals to FY 2010 budget totals, *MassBudget* “adjusts” budget totals when the FY 2011 proposal recommends departmental reorganizations. These adjustments allow the user to differentiate between changes in funding due to proposed cuts or expansions in funding, rather than due to organizational shifts.

Specifically, in this *Budget Monitor*, the FY 2011 totals reflect the following adjustments (a detailed explanation is provided at the end of this report):

ACCOUNT	ACCOUNT NAME	Senate Adjustment
1108-5200	Group Insurance Premium and Plan Costs	(68,334,380)
8910-0000	County Correctional Programs	36,623,886
	Off-budget adjustment	31,710,494
1599-1970	Mass. Turnpike Authority Contract Assistance	(100,000,000)
1595-6368	Mass. Transportation Trust Fund	100,000,000
2210-0105	Toxics Use Retained Revenue	(1,657,449)
7100-0200	University of Massachusetts	1,657,449
4590-0915	Public Health Hospitals	1,011,168
7004-0102	Homeless Individuals Assistance	(1,011,168)
2001-1001	Environmental Affairs Data Processing Service Fee Retained Revenue	55,000
1790-0151	Data Processing Service Fee Retained Revenue	(55,000)
2000-1700	Energy and Environment Information Technology Costs	70,000
1790-0150	Geographic and Environmental Information	(70,000)

EDUCATION

FY 2010 GAA	\$6,711,429,032
FY 2010 Current	\$6,651,188,551

FY 2011 Senate Final	\$6,557,396,683
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FY 2011 Senate Final (Adjusted)*	\$6,559,054,132
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Increase (decrease) from FY 2010 GAA	\$(152,374,900)
<i>Percent Change from FY 2010 GAA</i>	<i>-2.3%</i>
Increase (decrease) from FY 2010 Current	\$(92,134,419)
<i>Percent Change from FY 2010 Current</i>	<i>-1.4%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The Senate Fiscal Year (FY) 2011 budget proposal provides \$6.6 billion for education, a 1.4 percent, or \$92 million, decrease from FY 2010 current amounts. The Senate Ways and Means budget initially proposed more dramatic cuts, but \$30.3 million in spending was restored through the Senate's amendment process. The cut of up to 4 percent for school districts, as proposed by the House FY 2011 budget, is maintained in the Senate FY 2011 budget. Early education and care programs are reduced by 1.7 percent, whereas elementary and secondary education (not including Chapter 70 aid) is increased by 3.8 percent. Compared to the House FY 2011 budget, which cut higher education by 13 percent, the Senate proposes more modest cuts to higher education, totaling 4.5 percent.

This category includes Chapter 70 aid, Early Education & Care, Elementary & Secondary Education, Higher Education, and School Building Assistance.

CHAPTER 70

The Senate FY 2011 budget provides \$3.9 billion for Chapter 70 aid to municipal and regional school districts, which is \$116 million, or 3 percent, less than FY 2010 current and General Appropriations Act (GAA) amounts. This total includes \$48 million in funding from the American Recovery and Reinvestment Act (ARRA), in addition to state funds. The final Senate FY 2011 budget for Chapter 70 aid is identical to the Senate Ways and Means FY 2011 budget as no changes were made during the amendment process.

Although the overall cut to the Chapter 70 appropriation is 3 percent, the proposal actually calls for a cut of *up to* 4 percent. This means that the cut impacts districts differently. If the full 4 percent cut would bring districts below their foundation level, the cut would be reduced in order to maintain all districts at the foundation budget amounts, as calculated by the Senate.¹ Thus, some districts would receive a smaller reduction while others would receive the full 4 percent cut, resulting in a net reduction of 3 percent.

¹ Like the Governor's FY 2011 proposal, the Senate budget does not use foundation budgets that properly account for inflation. The law outlines that Chapter 70 aid should be calculated using the inflation rate for the four quarters ending September 30 in the prior year. In FY 2010, an inflation rate for a different time period was used that was lower than the period outlined in the statute. This resulted in the omission of a high-inflation quarter in FY 2010 from the Chapter 70 calculation, making foundation budgets artificially low. The House and Governor's proposals do not correct for this skipped inflation quarter. For a full discussion of this issue, see the *Budget Monitor* for the Governor's FY 2011 proposal at <http://massbudget.org/doc/720>, and *Budget Brief: Chapter 70 Funding Options for K-12 Education* at <http://massbudget.org/doc/613>.

In FY 2009 and FY 2010, ARRA funding was used in combination with state funds in order to offset potential cuts to Chapter 70 aid. In FY 2011, however, ARRA funds are significantly reduced, requiring the state to contribute more of its own funds toward Chapter 70 aid. In FY 2010, \$172 million of ARRA funding was used for Chapter 70; the Senate budget uses only \$48 million in FY 2011. The House final FY 2011 budget proposal included the same amount of overall funding for Chapter 70, but had allocated a greater amount of ARRA funding for Chapter 70 (\$75 million), balanced by a smaller contribution of state funding.

EARLY EDUCATION & CARE

The FY 2011 final Senate budget proposal includes \$511.7 million in funding for the Department of Early Education and Care (EEC) and the services it administers. The Senate's final budget recommendation is \$9.1 million, or 1.7 percent, below current FY 2010 budget levels. Compared to FY 2011 budget proposals submitted thus far, the final Senate recommendation for EEC funding falls \$5.8 million below the final House proposal and \$9.1 million below the Governor's proposal.

The Senate floor debate resulted in the adoption of a few amendments to the Senate Ways & Means proposal for Early Education and Care, including a \$5 million increase in funding for income eligible child care subsidies over Senate Ways & Means recommendation and line item language changes for child care for children with active cases at the Department of Children and Families (DCF) and Quality Program Supports, as detailed below.

The final Senate proposal offers \$446.6 million in total funding for child care subsidies. During floor debate, the Senate increased the Senate Ways & Means funding recommendation for income-eligible child care by \$5 million. With that amendment, the Senate's total funding recommendation for child care subsidies falls \$9.4 million below current FY 2010 budget levels. When compared to FY 2011 budget proposals thus far, the Senate proposal for child care subsidies falls \$4.1 million below the final House proposal and \$4.6 million below the Governor's proposal. Like the final House proposal, the final Senate budget prioritizes funding for the two child care entitlement accounts in order to address caseload increases and anticipated FY 2010 budget shortfalls while decreasing funding for income-eligible child care.

In terms of child care subsidies, the final Senate budget proposal more specifically:

- Increases child care funding for children with active cases at the Department of Children and Families (DCF) by \$7.9 million, or 10 percent, over current FY 2010 budget levels. This increase is the result of anticipated FY 2010 budget shortfalls in this account as well as caseload demands. As with the final House proposal, line item language introduced during Senate budget debate allows this appropriation to fund child care services during a six-month period following closure of a child's DCF case to facilitate transition of services.
- Increases child care funding for families served by or transitioning from Transitional Aid to Families with Dependent Children (TAFDC) by \$11.1 million, or 9.6 percent, over current FY 2010 budget levels. This increase is the result of anticipated FY 2010 budget shortfalls in this account as well as caseload demands.
- Reduces child care funding for income-eligible families by \$28.4 million, or 11 percent, below current FY 2010 budget levels. The Senate Ways & Means proposal initially recommended a \$33.4 million reduction in funding for this program; however, an amendment introduced during floor debate increased this appropriation by \$5 million. Regardless, the total proposed

reduction in income-eligible child care when compared to current budget levels will likely continue or even exacerbate long waiting lists for income-eligible families.

- Like the final House proposal, does not adopt the Governor's recommendation to consolidate these three child care subsidy line items into one line item without earmarks.

Other notable aspects of the Senate Ways & Means budget proposal include:

- \$750,000 in funding for the Early Childhood Mental Health program, \$250,000, or 25 percent, below current FY 2010 budget levels.
- Level-funding state grants to Head Start Programs and Universal Pre-Kindergarten grants when compared to current FY 2010 budget levels.
- Level-funding for Family Support and Engagement programs compared to current FY 2010 budget levels, with specific mention of the Massachusetts Family Networks, Parent-Child Home, and Reach Out and Read programs.
- Level-funding for Quality Program Supports when compared to current FY 2010 budget levels. During floor debate, an amendment was adopted which adds line item language to include the funding of grants for supplemental services for children with Individualized Education Programs (IEPs) from this appropriation.

ELEMENTARY & SECONDARY EDUCATION

In addition to Chapter 70 funding for cities and towns, the final Senate budget recommends spending \$448.1 million on public elementary and secondary education. This level is \$251,000, or 0.1 percent, below funding in the FY 2010 GAA and \$16.5 million or 3.8 percent above the current budget in FY 2010. The budget proposed by the Senate is \$14.1 million higher than the House final budget and \$11.2 million more than the Governor's proposal. In inflation-adjusted dollars, funding for these programs has fallen by \$175.8 million, or 28.2 percent, since FY 2001.

Amendments approved during floor debate added \$24.7 million to Elementary and Secondary Education programs in the final Senate budget. Some of the larger increases (from amounts proposed in the Senate Ways and Means budget) include:

- \$6.7 million more for grants to schools implementing full-day kindergarten, for a total of \$25.9 million, which represents level-funding from the current FY 2010 budget. This amount is equal to the Governor's proposal and \$23,000 less than the House's recommendation.
- \$849,000 more for METCO, for a total of \$18.5 million, which represents level-funding from FY 2010 current. This amount is equal to the Governor's proposal and \$849,000 above the House's.
- \$13.3 million more for the special education circuit breaker program, for a total of \$146.4 million, a total that is \$13.3 million over FY 2010 current amounts and \$11.4 million higher than both the House and Governor's proposals.
- \$4.1 million more for regional school transportation funding, for a total of \$44.6 million, a total that is \$4.1 million more than both the FY 2010 current budget and the Governor's FY 2011 proposal and is \$2 million more than the House's FY 2011 proposal.

The Senate budget recommends several spending decreases and program eliminations from the FY 2010 current budget, including:

- Eliminating School-to-Work matching grants, which received \$1.6 million in FY 2010. The Governor's budget also proposed eliminating this program and the House recommended \$450,000 in funding for FY 2011.
- Eliminating grants to refund cities and towns for the transportation of pupils who are attending vocational schools outside of their home district. This program received \$500,000 in FY 2010 current and the House recommended \$400,000 in funding for FY 2011.
- Reducing \$500,000 from After-School and Out-of-School Grants for a 25 percent cut from the FY 2010 current funding level of \$200,000. Both the Governor and House propose level-funding.

In addition, the Senate budget recommends cutting funding for Adult Basic Education by \$128,000, which is in line with the proposals recommended by the House and Governor.

In its budget, the Senate includes two new line item accounts:

- \$1.7 million to supplement federal funding for districts that educate students living on military bases. This new line item is also included in the House final budget for FY 2011. This funding used to be provided by the Education Reform Reserve account, which is no longer funded in the budget.
- \$1.3 million for schools of excellence. The Senate recommends replacing the account that provides \$1.3 million to the Worcester Polytechnic Institute's (WPI) Schools of Excellence with this new account. This new account will continue to fund WPI's program.

The Senate recommends slight increases in a number of programs over the FY 2010 current budget, including:

- \$1.5 million for charter school tuition reimbursements for cities and towns for a total of \$71.6 million. This level is \$8.2 million less than the amount appropriation in the FY 2010 GAA. The Department of Elementary and Secondary Education (ESE) estimates that because of budget cuts, school districts have lowered their per pupil spending and therefore send less tuition to charter schools than they have in past years. As a result the state will spend less to reimburse those districts for charter school tuitions.
- \$100,000 for YouthBuild grants for a total of \$1.6 million.
- \$100,000 for school-to-work connection grants for a total of \$2.1 million.

In its budget, the Senate recommends level-funding several programs that provide support to underperforming schools, including:

- \$9.3 million for support for students who receive low scores on the state MCAS exam.
- \$6.9 million for targeted intervention to low-performing schools.
- \$386,000 for programs providing professional development to teachers working with English language learners.

In addition, the Senate budget level-funds \$15.7 million for a program that provides grants to schools to extend their learning day.

HIGHER EDUCATION

The Senate final FY 2011 budget proposal provides \$1.03 billion for higher education, a \$48.1 million, or 4.5 percent, reduction from FY 2010 current budgeted amounts. Most significantly, funding for the University of Massachusetts (UMass) and state and community colleges is reduced by 5.3 percent, or \$51 million. The amount allocated totals \$918.7 million, which includes \$48 million in funding from the American Recovery and Reinvestment Act (ARRA).

During the floor debate, the Senate increased funding for the Massachusetts State Scholarship program by \$2 million (totaling \$89.8 million), and added \$200,000 to funding for the Department of Higher Education to conduct a study on the efficacy and sustainability of the state's community colleges. The Senate, however, reduced funding for the School of Excellence program at Worcester Polytechnic Institute by \$400,000 to a total of \$1.3 million. Also, as with the Governor's and House FY 2011 budgets, the Senate proposes shifting \$1.7 million from the University of Massachusetts to another line item dedicated to the Toxics Use Reduction Act. The Senate Ways & Means proposal had not included this funding shift. This institute had been funded through the UMass general line item in FY 2010 and through its own line item within higher education prior to FY 2010. Though the Toxics Use Reduction Institute would be administered through the Executive Office of Environmental Affairs, because it was included in the appropriation for UMass in FY 2010 and is earmarked for spending at UMass Lowell for FY 2011, it is counted toward the overall proposed appropriation for state and community colleges in this *Budget Monitor*.

The Senate proposal also allows all UMass campuses and state and community colleges to keep any revenues generated from out-of-state tuition. Previously, this revenue would have been paid back to the General Fund. The total amount of this retained revenue is \$19.5 million. *MassBudget* includes this amount in the overall sum for UMass and state and community college funding.

Since FY 2009, total funding for these institutions had been kept at FY 2009 levels (totaling \$969 million) through the use of federal ARRA funding. State and community colleges and universities had been supported by \$53.8 million in ARRA funds (in addition to state appropriations) in FY 2009. As shown in the chart below, in FY 2010 \$230.3 million in ARRA funds will be used. For FY 2011, the House has proposed using \$20.8 million ARRA funds; however, the Senate proposes increasing this amount to \$48 million. The adjustments shown in the chart include the adjustments made by *MassBudget* to provide an accurate comparison of funding between years (see Appendix A). It also includes funding that the Governor included in his FY 2011 total for UMass that would not be paid for through state funds; rather, the Governor sought a commitment from UMass to cover this expense (\$541,000 for the Collins Center for Public Management at the McCormack Graduate School of Policy Studies at UMass Boston). The adjustments also include an amendment made by the House (an increase of \$500,000 for UMass). The result of using greater ARRA funds and allowing for campuses to keep retained revenue is \$78 million, or 9 percent more funding for UMass and state and community colleges in the Senate FY 2011 budget compared to the House proposal.

State & ARRA Funding for UMass, State Colleges, & Community Colleges

	FY 2010	FY 2011 Governor	FY 2011 House	FY 2011 Senate
Appropriation	\$739,438,592	\$871,440,073	\$817,617,747	\$851,250,368
ARRA	\$230,270,712	\$96,070,778	\$20,806,479	\$48,035,396
Adjustments		\$2,198,449	\$2,157,449	\$0
Retained Revenue	\$0	\$0	\$0	\$19,453,108
TOTAL	\$969,709,304	\$969,709,300	\$840,581,675	\$918,738,872

The Governor's FY 2011 budget proposal had included a consolidation of funding for state and community colleges into two line items. Like the House proposal, Senate does not consolidate state and community college line items into two line items; rather, funding for each state and community college remains within distinct line items.

SCHOOL BUILDING ASSISTANCE

The Senate Fiscal Year 2011 budget proposal provides \$644.3 million for the School Modernization and Reconstruction Trust (SMART), an increase of \$64.2 million over the FY 2010 current budgeted amounts. This is the same level as the House final budget for FY 2011 and is \$10.7 million less than the Governor's FY 2011 proposal. Each year the Commonwealth is required to contribute to this trust an amount equal to one penny of the state sales tax. The Governor's FY 2011 proposal had included an extension of the sales tax to candy, soda, and airplanes, making his contribution to the SMART fund greater than Senate's. Thus, the FY 2011 Senate increase reflects anticipated increases in sales tax receipts due to economic growth, but not because of policy changes.

The FY 2010 GAA reflected a transfer of \$607.1 million from the General Fund into the School Modernization and Reconstruction Trust. During FY 2010, the \$607.1 million transfer was reduced by \$27 million to \$580.1 million. The GAA also transferred \$150 million that had been in the trust back to the General Fund. In the FY 2010 *Budget Monitor*, *MassBudget* netted this transfer off of the transfer into the fund, showing it as a reduction in SMART funding. Official documents, however, treat this transfer to the General Fund as new revenue rather than reduced spending. To be consistent with this treatment, the FY 2010 total in this *Monitor* does not reduce the FY 2010 transfer by \$150 million.

ENVIRONMENT & RECREATION

FY 2010 GAA	\$199,734,240
FY 2010 Current	\$202,796,782

FY 2011 Senate Final	\$188,365,478
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FY 2011 Senate Final (Adjusted)*	\$186,833,029
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Increase (decrease) from FY 2010 GAA	\$(12,901,211)
<i>Percent Change from FY 2010 GAA</i>	<i>-6.5%</i>
Increase (decrease) from FY 2010 Current	\$(15,963,753)
<i>Percent Change from FY 2010 Current</i>	<i>-7.9%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The final Senate budget recommends spending \$186.8 million on Environment and Recreation programs in Fiscal Year (FY) 2011. This level is \$12.9 million, or 6.5 percent, less than the FY 2010 GAA, and \$16 million, or 7.9 percent, less than the amount budgeted in FY 2010. The Senate proposal is \$811,127 above the amount in the final House budget, and \$1.1 million more than the amount proposed by the Governor. During FY 2010 the Legislature appropriated \$11 million to help cities and towns recover from a severe ice storm in December 2008. Both the House and Senate final FY 2011 budgets include \$6.3 million to provide the last reimbursement to these cities and towns. Removing these one-time appropriations from the analysis shows that the Senate proposal provides \$180.5 million in ongoing funding for state environment and recreation programs, a reduction of \$19.2 million from the FY 2010 GAA and \$11 million from the current FY 2010 budget. After adjusting for inflation, funding for ongoing environment and recreation programs (not including the one-time assistance for the ice storm) have fallen \$105.5 million, or 36.9 percent, since FY 2001.

During its debate on the budget proposed by the Senate Ways & Means Committee, the Senate made a few changes to Environment and Recreation programs including adding \$150,000 to the account that provides funding to the Executive Office of Energy and Environmental Affairs. The Senate also passed an amendment that would merge all funding for the Toxic Use Reduction Act into a new retained revenue account similar to proposals made by the Governor and included in the House budget (see Environmental Protection for a discussion of this amendment).

The Senate passed an amendment during its budget debate which made changes to the Division of Energy Solutions included in Outside Section 17 of the Senate Ways & Means budget. Instead of creating the new Division within the state's Clean Energy Center, the Senate amendment created four divisions within the Department of Energy (the divisions are for energy efficiency, renewable and alternative energy, energy procurement and green communities). In addition, while the Senate Ways & Means Committee budget allowed the new Division of Energy Solutions to purchase energy in bulk, the Senate amendment does not provide the same permission to the new four divisions created within the Department of Energy.

AGRICULTURE

The Senate final FY 2011 budget proposes spending \$16.1 million on agriculture programs, which is \$18,000 less than current amounts and \$96,000 more than the FY 2010 GAA. The Senate recommendation is in line with the final House budget. The majority of funding for agricultural

programs goes to regional food banks. The Senate budget proposes providing the food banks with \$11.5 million, which is the same as the current budget for FY 2010, the House final budget, and is \$500,000 greater than the amount appropriated in the FY 2010 GAA.

ENVIRONMENTAL ADMINISTRATION

The Senate budget recommends providing \$15.3 million for administering environment and recreation programs overseen by the Executive Office of Energy and Environmental Affairs (EOEEA). This level is \$2.3 million less than the FY 2010 GAA, and \$1.2 million less than the current budget after the Governor made 9C cuts.

During its debate the Senate adopted amendments affecting Environmental Administration including providing an additional \$150,000 to the account that provides funding to EOEEA's administration. In addition the Senate adopted an amendment to merge funding for the Toxic Use Reduction Act and moved \$563,000 in funding from EOEEA to this new account within the Department of Environmental Protection (see below).

The Senate budget proposes consolidating funding for recycling programs managed by EOEEA into the redemption centers account under the Department of Environmental Protection (see below).

ENVIRONMENTAL PROTECTION

The Senate FY 2011 budget proposes spending \$59.1 million on environmental protection programs in FY 2011. This level is \$6.6 million less than the FY 2010 GAA and \$3.8 million less than the current budget after the Governor made 9C cuts.

During its debate, the Senate recommended creating a \$3.1 million retained revenue account for the Toxic Use Reduction Act by merging funding from three separate accounts into this single new account which has also been recommended in the Governor's budget and in the House final budget. In addition to the \$562,000 moved from EOEEA (see above) the new account would also receive \$831,000 from the Toxic Use Reduction Act account currently within the Department of Environmental Protection (DEP). In addition, the amendment moves \$1.7 million provided to UMass Lowell's Toxic Use Reduction Institute from an account funding the University of Massachusetts to this new account. (In order to provide meaningful comparisons of funding, *MassBudget* has kept the \$1.7 million in the totals for the Higher Education Subcategory which includes UMass funding and does not account for that funding in its totals for the Environment and Recreation Category or the Environmental Protection Subcategory.) As mentioned above, the Senate budget recommends merging recycling, redemption and solid waste management into a single account within the DEP and providing \$550,000 in funding. In his budget the Governor also proposed consolidating these efforts into one program within EOEEA. The Governor provided this consolidated account with a significant increase in funding to \$5.3 million. In his budget, the Governor proposed expanding the bottle bill to include water, coffee and other drinks and dedicating some of the revenue raised through that expansion to recycling efforts. The Senate budget, like the House proposal, has not proposed expanding the bottle bill.

In other environmental protection programs, the Senate proposes a number of cuts from the FY 2010 current budget, including:

- \$1.9 million from the DEP administrative account, to \$26.5 million.
- \$1.5 million from the hazardous waste cleanup account, to \$13.9 million.

- \$426,000 from the brownfields site audit program, to \$1 million.

FISH & GAME

The Senate FY 2011 budget recommends providing \$17.5 million to fish and game programs in the state. This is the same amount recommended by the Senate Ways & Means Committee budget. This is \$293,000 less than the FY 2010 GAA and \$67,000 above the current budget for FY 2010. Like the House final budget and the Governor's proposal, the Senate recommends creating a new account for a saltwater sportfishing license. The Governor recommended providing \$50,000 to this account while both the House and Senate recommend \$102,000 in funding.

PARKS & RECREATION

The Senate budget recommends spending \$78.9 million on parks and recreation programs in FY 2011. This is the same amount recommended by the Senate Ways & Means Committee budget. This is a \$3.8 million, or 4.6 percent, cut from the FY 2010 GAA, and an \$11 million, or 12.2 percent, cut from the current budget for these programs.

As mentioned above (see introduction to Environment & Recreation), the parks and recreation budget includes supplemental funding to cities and towns hit by an ice storm in late 2008. By taking out this one-time funding (\$11 million in FY 2010 and \$6.3 million proposed in the House and Senate budgets for FY 2011) and looking only at ongoing funding for parks and recreation programs, the Senate budget recommends spending \$72.6 million in FY 2011. This is \$10.1 million less than the FY 2010 GAA and \$6.3 million less than current budget. Since FY 2001, ongoing funding for parks and recreation has fallen by \$56.7 million in inflation-adjusted dollars, or 43.8 percent.

Cuts in the Senate proposed budget, as compared to FY 2011 current amounts, for parks and recreation include:

- \$548,000 from the account that funds beaches, pools and seasonal employees for parks and recreation, for a total of \$12.4 million.
- \$3 million from the account that funds state parks, for a total of \$41.9 million.
- \$2.6 million from snow and ice removal from state parkways to \$3.1 million.

In recognition of the extensive flooding after the spring storms earlier this year, the Senate budget does increase funding slightly for two programs:

- The Office of Dam Safety increased to \$289,000. This amount is \$139,000 less than the FY 2010 GAA but is \$287,000 more than the current budget after the Governor made 9C cuts.
- Stormwater management increased to \$391,000, which is \$250,000 over the current budget. This level, however, is \$340,000 less than the amount appropriated in the FY 2010 GAA.

HEALTH CARE

FY 2010 GAA	\$12,658,724,991
FY 2010 Current	\$12,978,429,393

FY 2011 Senate Final	\$14,087,209,966
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FY 2011 Senate Final (Adjusted)*	\$13,743,093,155
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Increase (decrease) from FY 2010 GAA	\$1,084,368,164
<i>Percent Change from FY 2010 GAA</i>	<i>8.6%</i>
Increase (decrease) from FY 2010 Current	\$764,663,762
<i>Percent Change from FY 2010 Current</i>	<i>5.9%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The Senate final Fiscal Year (FY) 2011 budget proposal includes \$13.74 billion for health care, after having added \$15 million during floor debate to the total health care budget. The health care total includes funding for MassHealth (Medicaid) and health reform, mental health, public health and state employee health benefits. This total is 9 percent above funding in the FY 2010 General Appropriation Act (GAA), and a 6 percent increase over the current health care budget in FY 2010. The increases compared to FY 2010 current budget totals are in the costs of the health insurance programs – MassHealth and health reform costs, and in the costs of state employee health benefits – whereas the Senate budget proposals for public health and mental health care are reductions from FY 2010 totals.

MASS HEALTH (MEDICAID) & HEALTH REFORM

During debate, the Senate added \$4 million to the state's pharmacy program for elders, and \$10 million to a fund designated for certain health care providers, bringing the budget for MassHealth and other health programs to \$11.26 billion (see table). Funding for MassHealth and health reform encompasses a number of health programs, the largest of which is MassHealth, the state's Medicaid program. The Senate proposal is 6.3 percent higher than the FY 2010 current budget.

The Senate budget proposal includes \$9.74 billion for MassHealth programs, and \$173.4 million for administration. (Administration includes the operations of the Executive Office of Health and Human Services, as well as the information technology costs for the health and human services agencies.) During floor debate, the Senate added a new provision to the budget that re-creates a special fund known as the Distressed Community Provider Trust Fund. The Senate proposes transferring \$10 million from the General Fund into that new fund. According to the language in the budget, this fund will be available to provide financial relief to certain acute-care hospitals. Similar funds (the Distressed Provider Expendable Trust and the Essential Community Provider Trust) have existed in the past, and were last funded in Fiscal Year 2009.

Included in the Senate budget is language that would require any MassHealth member to be able to document their legal immigration status, based on a federal verification system, unless the administration can document that implementing this immigration verification system would not be cost-effective.

While total funding for MassHealth and health reform is only slightly more than proposed in the final House budget or by the Governor, it represents an increase of 6.3 percent in program costs over the

current FY 2010 amount. The state's Medicaid program provides health insurance to more than 1.2 million low-income or disabled children and adults, and is the single-largest payer of elder long-term care costs. Like in the Governor's and House budget proposal, the Senate assumes that MassHealth enrollment may grow by approximately 3 percent during FY 2011. Even though the percentage of people in Massachusetts without health insurance is very low (Massachusetts still has the highest rate of health insurance coverage in the nation at approximately 97 percent), MassHealth enrollment has been growing during the current recession. When people are out of work and lose employer-based health insurance, they look to the publicly funded health insurance programs such as MassHealth and Commonwealth Care (see below).

One of the biggest increases in MassHealth funding compared to FY 2010 is in funding for the Children's Behavioral Health Initiative, which provides children's mental health services as mandated by what is known as the *Rosie D.* settlement. The Children's Behavioral Health Initiative provides universal mental health screenings for children and adolescents, and then provides services for persons identified with "serious emotional disturbance." In FY 2010, as this program was just getting started, funding totaled \$65.7 million. For FY 2011, the program will move towards full implementation, and like the House, the Senate proposes \$86.7 million, which is \$21.1 million more than the total in the FY 2010 current budget, but \$20 million less than the amount proposed by the Governor. There is language in the Senate budget proposal to ensure that the program continues to expand towards full implementation.

The Senate budget also follows both the Governor and House proposals to restrict adult dental coverage. MassHealth has already informed members that starting on July 1, 2010 (FY 2011), adult dental services will no longer cover fillings, dentures, and other restorative services. There will be coverage only for emergency and preventative services. Adults who are clients of the Department of Developmental Services, however, would continue to be eligible for full dental coverage. Although the Senate anticipates that this will "save" more than \$56 million, this estimate does not account for additional dental costs associated with forgone dental coverage. Moreover, this \$56 million is not actually the amount that the Commonwealth will net back to the General Fund. With \$56 million in reduced program costs for adult dental care, Massachusetts will spend \$21.6 million less in state funds, but the state will also receive \$34.7 million less in federal Medicaid reimbursement (see discussion of Medicaid reimbursement below.)

There is language in the Senate budget proposal for two new initiatives to better coordinate care for MassHealth members with certain chronic health care conditions. The Senate proposes creating a chronic disease management program for MassHealth members enrolled in the primary care clinician program. The intent of this program is to better manage the care of certain chronic health conditions, and thereby using resources more efficiently. The Senate budget anticipates that this program could save MassHealth as much as \$10 million (gross savings, not including lost federal reimbursement.) Language in the budget also includes the creation of a pilot program for children enrolled in the MassHealth program who are at high risk for asthma. This program, in conjunction with the Asthma Initiative at the Children's Hospital in Boston, would provide "global" health care payments to allow for treatment and prevention of asthma. Notably, this program would pay for environmental mitigation of asthma triggers, as well as the direct treatment of patients.

In addition to these provisions which were in the Senate Ways & Means proposal, the full Senate added language creating an advisory committee to investigate different care delivery models for MassHealth,

such as an all-managed care system, a state-contracted chronic disease management program, and patient-centered medical homes.

The Commonwealth Care insurance program provides health insurance to approximately 150,000 people with incomes under 300 percent of the federal poverty line who do not have access to employer-sponsored health insurance, and who do not qualify for MassHealth. The Senate budget proposal does not recommend increasing premiums, but does recommend transferring slightly less than did the Governor or the House into the Commonwealth Care Trust Fund to pay for the program. The Senate budget recommends transferring \$788.3 million, compared to the \$796.9 million recommended by the Governor and the House. These funds, along with existing funds remaining in that Trust, and the designated \$105 million in revenue from a cigarette excise tax, fund the Commonwealth Care program and the state's Health Care Safety Net. The Governor and House assumed that their proposed funding would be sufficient to cover approximately 170,000 eligible adults; presumably, the Senate budget proposal is also sufficient to provide health care coverage to these individuals.

In FY 2010, the Commonwealth created the "Commonwealth Care Bridge" program, to provide health insurance to legal immigrants who have resided in the United States for less than five years and who - due to program changes - are no longer eligible for MassHealth. The Governor's FY 2011 budget had proposed \$75 million for this program, but the Senate - like the House - recommends only \$60 million. There currently approximately 24,000 people in this program, but new enrollment has been restricted, and there may be as many as 13,000 individuals who could be eligible but have been restricted from enrolling. Materials accompanying the Senate budget proposals suggest that \$60 million for this program should allow for some new enrollment.

Other highlights include:

- The Commonwealth will need to remit to the federal government \$70.4 million less than in FY 2010 for what is known as the Medicare "Clawback." Thanks to the enhanced federal reimbursement for Medicaid costs associated with the federal Recovery Act, the state's obligation for this cost is lower than originally estimated.
- The full Senate added language to the Senate Ways & Means budget that would ensure pre-admission counseling for elders (and disabled adults) considering long-term care placement. There are no funds earmarked for this program, which is intended to help elders and disabled adults consider community-based alternatives to nursing home placement.
- \$4 million added on the Senate floor for the Prescription Advantage program, bringing the total to \$35.5 million. This program provides "wrap-around" prescription coverage for elders not covered by Medicare Part D. This total is \$1.2 million more than the FY 2010 current budget total. There is language in the Senate budget specifying that any cost savings that would come to the program because of national health reform would benefit the program, rather than be returned to the General Fund.
- \$21 million for the Division of Health Care Finance and Policy, including funding for the Health Care Quality and Cost Council.
- Language ensuring that the personal needs allowance for low-income elders in nursing homes would remain at \$72.80, but no provision of a nursing home pre-admission counseling program.

The Senate budget anticipates that a variety of initiatives (including the adult dental coverage reduction and the disease management program discussed above, as well as close to \$174 million in

reduced provider rates), could save more than \$270 million, thereby reducing the cost of the MassHealth program to the Commonwealth by approximately \$100 million.

It is also important to keep in mind that the MassHealth program in particular – and other health care programs that are eligible for Medicaid reimbursement – have significant impacts on revenues supporting the Commonwealth’s budget. The Commonwealth receives reimbursement from the federal government for a portion of spending on Medicaid, typically 50 percent. Because of the American Recovery and Reinvestment Act (ARRA, the Recovery Act), for the first half of FY 2011, Massachusetts will receive an enhanced federal Medicaid reimbursement rate. Accordingly, for every dollar spent on Medicaid services during the first half of FY 2011, the Commonwealth will receive on average 62 cents in federal revenues. It is important to understand, therefore, that if the Commonwealth cuts \$100 from a MassHealth program, with this enhance rate, the state treasury only “nets” \$38 in actual savings from that \$100 worth of programmatic cuts.

MassHealth (Medicaid) and Health Reform						
<i>(in Millions of Dollars)</i>						
	FY 2010	FY 2010	FY 2011	FY 2011	FY 2011	FY 2011
	GAA	Current	Governor	House	SWM	Senate
MassHealth (Medicaid)						
MassHealth	8,923	9,190	9,788	9,758	9,731	9,731
MassHealth administration	184	178	183	178	173	173
Sub-Total	9,107	9,368	9,971	9,936	9,905	9,905
Health Reform and Health Safety Net						
Pharmacy Program	40	34	32	32	32	36
Health Care Finance & Other Initiatives	20	20	19	23	23	23
<i>Commonwealth Care Trust</i>	592	632	797	797	788	788
<i>Commonwealth Care Trust (pre-budget)</i>	105	105	120	105	105	105
<i>Medical Assistance Trust</i>	399	399	393	393	393	393
<i>Medical Security Trust</i>	0	30	0	0	0	0
Sub-Total	1,156	1,220	1,360	1,349	1,340	1,344
Total	10,263	10,588	11,331	11,285	11,245	11,249

MENTAL HEALTH

The Senate includes a total of \$631.7 million for mental health services. This is just under FY 2010 current funding totals, and is \$10.2 million more than in the House budget. The Senate budget brings mental health funding in some areas close to what is estimated would be necessary to continue funding services at the FY 2010 level, taking into account that over the course of FY 2010, \$10.3 million has been cut from mental health services. The FY 2011 Senate budget – like the House budget – redirects funding to reflect the continuation of a philosophical shift: less funding for facility-based care, and more funding for community services. Nevertheless, the full Senate added language to the Senate Ways & Means budget proposal that would require the Department of Mental Health to study the impact of reducing certain inpatient programs.

Highlights of the Senate mental health budget include:

- Adult mental health services receive a total of \$388.2 million. This total is \$22.2 million more than in the FY 2010 current budget, a 6 percent increase, and is the same as the House budget

proposal and the Governor's proposal, and is approximately \$1 million less than what is estimated to maintain current services.

- Children's mental health services are funded at the same level as in FY 2010 (not adjusting for inflation), receiving \$72.2 million in the Senate proposal. This is the same as in the proposals from the Governor and the House. Unlike the House, the Senate budget proposal includes references to funding the Child Psychiatry Access Project and funding juvenile court clinics, but there are no specifically earmarked funds for either of these services.
- Mental health facilities receive \$143.9 million. This is \$9.9 million more than in both the Governor's budget proposal and in the House budget proposal, but is still a 14 percent cut from current FY 2010 funding. The Senate proposal does not include language added by the House that would have directed the Department of Mental Health to hold public hearings prior to closure of a psychiatric facility. There is language that was in the House budget proposal that states that individuals may be moved out of psychiatric facilities and into the community, but only if the residents can be guaranteed an equal or better level of care. The Governor's budget proposal did not include this language.

It is important to note that a significant portion of the Commonwealth's mental health services for children are funded through the MassHealth program in what is known as the Children's Behavioral Health Initiative (often referred to as the *Rosie D.* program.) This relatively new program mandates universal pediatric screening for mental health disorders and treatment for children with "serious emotional disturbance," and will continue to expand towards full implementation in FY 2011. Funding for this program is included in the "MassHealth (Medicaid) and Health Reform" section of this *Budget Monitor*.

PUBLIC HEALTH

The Senate budget includes \$502.6 million for public health services. During floor debate, the Senate added a total of \$1 million to the Senate Ways & Means budget proposal, adding \$300,000 for teen pregnancy prevention and close to \$750,000 for public health hospitals. The Senate total is a \$3.5 million reduction from the FY 2010 GAA, and a \$4 million reduction from the FY 2010 current budget. The Senate budget proposal includes \$161.5 million for public health hospital services, and \$341.1 million for community and other services. The Senate budget proposal directs more funding into the public health hospitals than either the Governor's or House proposals. Because the FY 2011 budgets propose shifting a homelessness assistance program from the Lemuel Shattuck public health hospital into a homelessness services program within the Department of Housing and Community Development, to allow for better year-to-year comparisons, this *Budget Monitor* adjusts the public health totals by adding the funding (\$1 million in the Senate budget) for this program back into the public health hospital account.

Highlights of the Senate public health budget include:

- \$35.6 million for AIDS/HIV prevention and treatment. This is approximately \$1.2 million less than in the FY 2010 current budget.
- \$27 million for early intervention. This is 9 percent less than in the FY 2010 current budget.
- \$4.7 million for family health services, level-funding with FY 2010. During floor debate, the Senate added language providing that this funding might also go to a program for monitoring birth defects.

- \$6.3 million for a variety of health promotion and disease prevention programs, including language for multiple sclerosis prevention and screening, and for the Betsy Lehman Center for Patient Safety. This is similar to the amount recommended by the House, and the amount in the current FY 2010 budget.
- \$51.1 million for immunizations, a \$1 million reduction from FY 2010 budget totals. The Senate budget does not include funding for the administration of the rotavirus vaccine. The Senate budget also includes language that would create a statewide immunization registry
- \$11.7 million for school health services. This total does not restore cuts that had been made mid-year in FY 2010, but the full Senate added language that funding for school nurses would be at the same level as in FY 2010, and that funding could be made available for the Mass. Model of Community Coalitions.
- \$9.4 million for sexual assault and domestic violence prevention services, close to \$1 million more than in the current FY 2010 current budget. Although not included in this total, there is also \$21.3 million in the Senate budget for support services for people at risk of domestic violence within the Department of Children and Families.
- \$86.8 million for substance abuse services, \$2.6 million more than in FY 2010.
- \$4.5 million for smoking prevention, level with FY 2010, but a 14 percent cut from the Governor's recommendation and what would be necessary to continue funding services at the level provided in FY 2010.
- With the addition of \$300,000 made during floor debate, the Senate budget includes \$2.4 million for teen pregnancy prevention, a 7.6 percent reduction from FY 2010 current totals.
- \$2.9 million for a variety of youth violence prevention programs. This is \$633,000 less in total funding than in FY 2010. In FY 2010, the "Youth-at-Risk" grants received \$1.5 million within the Executive Office of Health and Human Services, and the Senate funds them at \$1.4 million but moves these grants to the Department of Public Health. The Senate also recommends \$1.5 million for other violence prevention grants, for which the House recommended \$3 million.
- The Senate proposes funding for the academic detailing program to promote cost-effective use of prescription medications (\$93,000) and a primary care loan forgiveness program (\$157,000). The loan forgiveness program received \$250,000 in FY 2010, and academic detailing last received funding in FY 2009 (\$250,000).

The Senate budget does not follow the Governor's recommendations for significant reorganizations within public health, so it is difficult to make direct comparisons between the Senate budget proposal and the Governor's budget proposal. Adjusting for the Governor's proposed consolidations, the most significant differences between the Senate budget recommendations and the Governor's recommendations are that the Senate proposes 8 percent more than the Governor for addiction control services, 3 percent more for health promotion, violence prevention and workforce expansion, and 3 percent more for health care safety and quality programs.

The Senate budget creates a new fund – the Substance Abuse Prevention and Treatment Fund – by dedicating existing sales tax revenues from the sale of alcoholic beverages. This fund would then be the source of funding for substance abuse programming. The Senate budget does not, however, follow the Governor's recommendation to eliminate the sales tax exemptions on cigars or smokeless tobacco, or on sales of sodas and candy.

Like the House, the Senate proposal includes the creation of a pilot public health program for children with asthma, in conjunction with the community Asthma Initiative at Children's Hospital in Boston (see discussion in MassHealth (Medicaid) and Health Reform above).

STATE EMPLOYEE HEALTH INSURANCE

The Senate budget proposal (like the Governor and House proposals) reorganizes the budget for certain employee health insurance costs, so it is not possible to make accurate year-to-year comparisons of state employee health insurance costs without making several adjustments. With these adjustments (see discussion below), the Senate budget proposes \$1.35 billion for state employee health insurance. This total includes funding for the Group Insurance Commission (GIC), as well as additional state funding for employee health benefits. The total also includes funding transferred from the General Fund to a special State Retiree Benefits Trust designated to fund health care costs for retirees. The FY 2011 Senate budget proposal incorporates costs that had in prior years been paid for elsewhere. For example, the Senate budget transfers to the GIC \$36.6 million from the county sheriffs' offices to pay for the health insurance costs of their staff. In FY 2010, these costs had been incorporated into the county sheriff appropriations. Similarly, the Senate budget transfers \$24.1 million from the MBTA to cover the costs of health insurance for MBTA employees, and \$7.6 million from the Massachusetts Turnpike Authority to cover the costs of health insurance for their employees – costs which in prior years had not been included in budgeted appropriations at all, as they were directly covered by these transportation authorities. In order to allow for accurate year-to-year comparisons, the Senate (Adjusted) totals in this *Budget Monitor* subtract these FY 2011 health care costs from the state employee health insurance totals (see Appendix A, "What are the 'adjustments' made to the Senate budget proposals?" at the end of this *Monitor*.)

The total state employee health insurance costs are a function of the number of anticipated employees, and expected health care cost growth. The Senate budget maintains the current retirement health insurance contribution schedule.

It is also important to note that this state employee health insurance total also adjusts for the fact that more municipalities are opting to participate in the state's Group Insurance Commission health care plans. These increased costs in the Group Insurance Commission do not actually increase the state's health insurance costs, because they are reimbursed by the participating municipalities. The FY 2010 budget includes approximately \$203.7 million in fully-reimbursed municipal health care costs, and the FY 2011 budget includes approximately \$276.8 million in reimbursed municipal health care costs. In order to avoid an artificial distortion in the budget for state employee health insurance due to the increasing number of municipalities participating in the state's Group Insurance program, the totals in this *Budget Monitor* remove the full amount of these municipal health care costs.

After all of these adjustments, the Senate state employee health insurance totals are 8 percent above the current FY 2010 total. This is slightly less than the House proposed total.

HUMAN SERVICES

	\$3,361,492,631
FY 2010 GAA	
FY 2010 Current	\$3,329,977,848
<hr/>	
FY 2011 Senate Final	\$3,349,458,477
FY 2011 Senate Final (Adjusted)*	\$3,349,458,477
Increase (decrease) from FY 2010 GAA	\$(12,034,154)
<i>Percent Change from FY 2010 GAA</i>	<i>-0.4%</i>
Increase (decrease) from FY 2010 Current	\$19,480,629
<i>Percent Change from FY 2010 Current</i>	<i>0.6%</i>

* In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.

The Fiscal Year (FY) 2011 final Senate budget proposal includes \$3.35 billion in funding for Human Services. This recommendation is \$19.5 million above current FY 2010 budget levels. Compared to other FY 2011 budget proposals, the Senate recommendation for Human Services is \$27.8 million above the final House proposal and \$2.4 million above the Governor's proposal.

The Senate amendment process did not introduce significant changes to Senate Ways & Means recommendations for Human Service funding. Appropriation changes only included \$100,000 in additional funding for Elder Services and approximately \$151,000 in additional funding for a few programs included in Other Human Services. These changes are detailed the Elder Services and Other Human Services sections below.

Although the FY 2011 Senate final budget proposal offers more overall funding for Human Services than both the House and Governor's proposals, funding recommendations, for the most part, still fall short of the amount needed to maintain FY 2010 service levels, particularly for services for people with disabilities. Additionally, the final Senate proposal recommends reductions to the Department of Children and Families (DCF) and the Department of Youth Services (DYS), funding levels most likely insufficient for maintaining current FY 2010 service levels.

In this analysis "Human Services" include services for children and families, transitional assistance for low-income families, services to the adults with developmental disabilities, and Other Human Services detailed below. For information about Mental Health services, please see the Health Care portion of this *Budget Monitor*.

CHILDREN & FAMILIES (FORMERLY DEPARTMENT OF SOCIAL SERVICES)

The FY 2011 final Senate proposal provides \$764.8 million in overall funding for the Department of Children and Families (DCF), \$7.8 million below current FY 2010 budget levels and \$18.9 million below the FY 2010 GAA. The Senate amendment process did not result in any significant changes to DCF when compared to the Senate Ways & Means proposal.

Although the final Senate proposal for DCF falls below current budget levels, it is \$20.1 million above the FY 2011 final House budget proposal and \$4.9 million above the FY 2011 Governor's budget proposal. In all, each proposal thus far falls below the funding levels needed to maintain services for children and families in FY 2011.

More specifically, the final Senate budget provides:

- \$205.4 million for Group Care Services, approximately \$14 million below current FY 2010 budget levels. During floor debate, additional line item language was introduced to include intensive in-home support and stabilization in this program.
- \$10.9 million for regional lead agency administration, \$3.9 million above current FY 2010 budget levels. The FY 2011 final House budget eliminated this line item.
- \$295.3 million for the Services for Children and Families account, which funds family stabilization, unification, permanency, guardianship and foster care. This recommendation is \$1.8 million above current FY 2010 budget levels. The Senate proposal does not adopt the House's recommendation to separate Family Support and Stabilization services from the larger Service for Children and Families account and create a distinct account. Altogether, the Senate proposal is \$2.2 million above the House's proposal for the same services.

In addition, an Outside Section of the Senate budget proposal amends the law governing DCF's responsibilities to children in and aging out of foster care. This proposal would allow certain youths aging out of foster care to access DCF services and/or receive transition planning up until age 22.

The final FY 2011 Senate proposal, like the final House budget proposal, does not adopt the Governor's recommendations to consolidate the following:

- Group care for children in the state's custody, juvenile offender placement and sexual abuse intervention network, into the broader Services for Children and Families line item.
- Social worker case management, DCF regional administration and foster care review into the central DCF administration line item.

DEVELOPMENTAL SERVICES (FORMERLY THE DEPARTMENT OF MENTAL RETARDATION)

The FY 2011 final Senate budget proposal provides \$1.26 billion in funding for the Department of Developmental Services (DDS), \$9.4 million above current FY 2010 budget levels. The Senate amendment process did not result in any significant changes for Developmental Services, when compared to the Senate Ways & Means proposal.

Despite offering funding recommendations which are slightly above current FY 2010 budget levels, the final Senate proposal for DDS funding remains below the funding level required to maintain services in the next fiscal year. Compared to other FY 2011 budget proposals, the final Senate recommendation is \$4.8 million above the FY 2011 House budget proposal but \$6.5 million below the FY 2011 Governor's proposal.

Some specific aspects of the final Senate budget proposal include:

- A total of \$866.3 million for community-based and state-operated residential supports, \$28.9 million, or 5 percent, above current FY 2010 budget levels. The final Senate budget proposal does not consolidate community- and state-sponsored residential supports into one line item, as the Governor and House proposals recommend. Altogether, the final Senate's total recommendation for these programs is \$4.5 million above the House recommendation but \$6.5 million below the Governor's recommendation.

- \$150.2 million in funding for state institutional care, \$11.4 million, or 7 percent, below current FY 2010 budget levels. Similar to the final House proposal, the final Senate budget language includes provisions which restrict the ability of the department to close state-operated facilities.
- \$62.9 million in funding for DDS administration, \$2.9 million, or 4.5 percent, below current FY 2010 budget levels. The FY 2011 final Senate recommendation is the same as the Governor's recommendation and \$5.7 million above the final House recommendation.
- \$116.3 million in funding for community day and work programs, \$3.7 million, or 3 percent, below current FY 2010 budget levels.
- A \$1.5 million, or 3 percent, reduction in respite and intensive family supports when compared to current FY 2010 budget levels.
- Level-funding for transitional services for adults (turning 22) when compared to current FY 2010 budget levels. The House and Governor's proposals also recommended level-funding for this program.

Further, the final Senate budget proposal does not adopt the Governor's recommendation to consolidate line items for community day and work programs for adults, transportation services, and respite and intensive family supports into one "Community Programs for the Intellectually Disabled" line item.

ELDER SERVICES

The Senate budget proposal includes \$225.4 million for elder services, having added \$100,000 to funding for congregate housing. This total is \$4.3 million more than in the FY 2010 GAA, and is \$5.8 million more than FY 2010 current budget totals. (For funding for the Prescription Advantage program, funding for nursing homes, and funding for MassHealth Senior Care, see the "MassHealth (Medicaid) and Health Reform" section of this *Budget Monitor*.)

- The elder home care program, which provides community-based long-term care services allowing elders to remain in the community and helps keep them from moving into nursing homes, receives a total of \$140.4 million in the Senate budget. This is 3 percent more than in the FY 2010 current budget. The enhanced home care program for more frail elders receives \$45.8 million, level with the Governor's and House proposals and level with FY 2010 current budget totals. There are currently close to 2,500 elders waiting for home care services, and with these funding levels it is possible that some elders will be able to move off the waiting list and receive services.
- The protective services program, which provides services for elders at risk of neglect or abuse, receives \$16.7 million in the Senate budget. In the FY 2010 GAA, protective services were funded at \$16.3 million, but there were 9C cuts of \$1 million during the fall.
- Elder housing programs, including funding for homeless elders, receive \$1.6 million in the Senate Ways & Means budget proposal. This is 9.4 percent more than FY 2010 current budget levels. In addition to adding \$100,000 to the congregate and shared housing program, during floor debate the Senate added language that these dollars could also be used to support what are known as "naturally-occurring retirement communities," which are coordinated community-based support service networks that allow elders to age in place.

TRANSITIONAL ASSISTANCE

The FY 2011 final Senate recommends \$771.1 million in funding for the Department of Transitional Assistance (DTA) and the programs it administers, \$10.9 million above current FY 2010 budget levels. The Senate amendment process did not result in any significant changes for Transitional Assistance, when compared to the Senate Ways & Means proposal.

The final Senate budget recommendation falls \$5.7 million below the final House budget recommendation and \$2.3 million below the Governor's budget recommendation.

Some notable aspects of the final Senate budget proposal include:

- \$16 million for the Employment Services Program (ESP), which represents a \$5 million reduction when compared to current FY 2010 budget levels. Also, the final Senate proposal, like the House and Governor's proposals, does not include a line item that existed in FY 2010 which allowed DTA to expend approximately \$950,000 in federal retained revenue for employment services.
- \$316.2 million for TAFDC grant payments, \$9.2 million, or 3 percent, above current FY 2010 budget levels. However, the final Senate recommendation falls \$3 million below both the final House and Governor's budget recommendations for this account.
- Elimination of the Supplemental Nutritional Program, a small nutritional benefit program for working families which supplements the federal Supplemental Nutrition Assistance Program (SNAP) program. This program currently receives \$800,000 in the FY 2010 budget. The final House proposal also eliminates this account.
- \$88.2 million for Emergency Aid to Elders, the Disabled, and Children (EAEDC), \$4.7 million, or 5.6 percent, above current FY 2010 budget levels. The final Senate recommendation for this account is \$3.6 million more than the final House recommendation but approximately \$581,000 below the Governor's recommendation

In addition, an Outside Section of the Senate budget proposal allows DTA to amend the state's SNAP Outreach Plan to apply for federal reimbursement for application assistance efforts implemented by community-based organizations and similar agencies and channel most of these reimbursements back to such agencies.

OTHER HUMAN SERVICES

The FY 2011 final Senate budget recommends \$326 million in funding for Other Human Services, \$1 million above current FY 2010 budget levels.

"Other Human Services" includes numerous departments and services, such as the Department of Youth Services, services for Veterans, the Massachusetts Commission for the Blind, the Massachusetts Rehabilitation Commission, and the Massachusetts Commission for the Deaf and Hard of Hearing.

During Senate floor debate, only small appropriation changes were introduced, including:

- Adding \$80,000 in funding for a Housing Registry for the disabled under the Massachusetts Rehabilitation Commission. The Senate Ways & Means proposal did not include this program.
- Increasing the Department of Veterans Services Administration by \$25,000.

- Increasing funding for the Agawam and Winchendon Veterans' Cemeteries by approximately \$46,000.

The FY 2011 final Senate budget includes:

- \$144.7 million in funding for the Department of Youth Services, \$3.4 million below current FY 2010 budget levels. The final Senate recommendation is \$1.4 million more than the final House proposal and \$1 million more than the Governor's proposal.
- \$4.8 million in funding for home care for the multi-disabled, 6.5 percent below current FY 2010 budget levels. The final Senate proposal falls short of the funding needed to maintain the same level of services in FY 2011.
- \$10 million in funding for vocational rehabilitation for the disabled, approximately \$391,000, or 4 percent, below current FY 2010 budget levels. Both the final House and Governor's proposals provide similar funding recommendations for this program. All proposals fall short of the funding needed to maintain the same level of services in FY 2011.
- \$36.9 million in funding for veterans' benefits, \$7 million above current FY 2010 budget levels. This increase reflects the estimated costs for maintaining benefits in FY 2011 and increases in caseload.
- \$19.4 million in funding for the Soldier's Home in Holyoke, \$500,000 below current FY 2010 budget levels. The final Senate recommendation matches the Governor's recommendation and is approximately \$505,000 above the final House proposal.

The FY 2011 final Senate proposal, like the final House proposal, does not adopt the Governor's recommendations to consolidate the following:

- Annuities to Qualified Disabled Veterans and Gold Star Parents and Spouses into the Veterans' Benefits line item.
- Line items pertaining to veterans' shelters and veterans' outreach centers into a dedicated line item.
- Community Services for the Blind, transition into adult services, and Vocation Rehabilitation for the Blind into the Massachusetts Commission for the Blind Administration line item.
- Employment assistance for the disabled, independent living for the multi-disabled, transition into adult services, and home care services for the disabled into the Massachusetts Rehabilitation Commission administration line item.

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

FY 2010 GAA	\$1,625,366,862
FY 2010 Current	\$ 1,686,451,826

FY 2011 Senate Final	\$1,538,151,028
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FY 2011 Senate Final (Adjusted)*	\$1,637,139,860
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Increase (decrease) from FY 2010 GAA	\$11,772,998
<i>Percent Change from FY 2010 GAA</i>	<i>0.7%</i>
Increase (decrease) from FY 2010 Current	\$(49,311,966)
<i>Percent Change from FY 2010 Current</i>	<i>-2.9%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The Senate Fiscal Year (FY) 2011 budget proposal provides \$1.64 billion for infrastructure, housing, and economic development programs and services. This is a 2.9 percent, or \$50 million, decrease from FY 2010 current amounts, but is 0.7 percent, or \$11.2 million, greater than the FY 2010 GAA amount.

The Senate final proposal makes significant changes in economic development programs by recommending the creation of two new entities: the Massachusetts Marketing Partnership and the Office of Business Development. The Senate budget also provides slightly more funding for housing programs than both the House and Governor's proposals in an effort to help homeless families move into permanent housing and out of shelters including hotels and motels.

This category includes Economic Development, Housing & Community Development, Transportation, and Workforce & Labor programs.

ECONOMIC DEVELOPMENT

The Senate final FY 2011 budget provides \$22 million for economic development programs, a \$16.7 million, or 43.2 percent, reduction from the FY 2010 current budgeted amounts. The Massachusetts Life Sciences Investment Fund, which is funded through budget surpluses, could receive \$10 million in the course of FY 2011; however, because it is not an appropriation and is contingent on surpluses, there is no funding currently allocated for this fund for FY 2011.

The Senate final proposal creates a new Massachusetts Marketing Partnership to coordinate trade, travel, tourism, and entertainment in the Commonwealth. This is funded through three separate line items within the Executive Office of Housing & Economic Development. The first consolidates funding for the Massachusetts International Trade Council into a new line item for the Massachusetts International Trade Office. It shifts these accounts from the Executive Office of Labor & Workforce Development to the Executive Office of Housing & Economic Development and reduces funding from \$125,000 (FY 2010 current amounts) to \$100,000.

The second account in the Marketing Partnership consolidates the Massachusetts Office of Travel & Tourism and the Sports & Entertainment Commission into a new line item for the Office of Travel & Tourism. Funding for these accounts is reduced by 67 percent, or \$4.4 million to \$2.2 million. The Senate has called for the Massachusetts Convention Center Authority to contribute an additional \$5 million for the Office of Travel & Tourism; however, because this would not be state funding,

MassBudget has not included it in the sum of funding for this account. These accounts are also shifted from the Executive Office of Labor & Workforce Development to the Executive Office of Housing & Economic Development.

The third account within the Marketing Partnership is for the Massachusetts Cultural Council. However, funding for this Council does not appear in *MassBudget* totals for economic development programs because *MassBudget* had not previously defined the Cultural Council as primarily an economic development expense and had categorized it as an administrative line item. The Council is currently an independent entity with funding totaling \$9.7 million. The Senate budget proposes to shift this account into the Executive Office of Housing & Economic Development as well, with funding reduced to \$6.2 million. The committee has also called for outside funding for this account – an additional \$3 million from the Massachusetts Development Finance Authority. Again, because this would not be a state appropriation, *MassBudget* does not include this in the sum of funding for this account.

The Senate FY 2011 budget also creates a new Office of Business Development to centralize business development services. This would consolidate the line item for the Department of Business & Technology (currently in the Executive Office of Labor and Workforce Development, totaling \$392,900) and off-budget spending for small business assistance grants into a new line item for the Office of Business Development in the Executive Office of Housing & Economic Development. The Senate proposes \$1.8 million in funding for this new line item. It also seeks a commitment of \$700,000 from the Massachusetts Development Finance Authority for the small business grants, which are also not included in *MassBudget* totals.

Other noteworthy elements of the Senate’s economic development proposal include:

- Funding for the state’s 12 regional economic development corporations, councils and partnerships is restored, totaling \$800,000. This funding had been eliminated through the Governor’s 9C cuts. The Governor and House proposals had not restored any of this funding.
- Funding for District Local Technical Assistance Fund is eliminated. It had been funded at \$2 million in FY 2010.
- Level-funding for Individual Training Grants (\$750,000) compared to FY 2010 current budgeted amounts and the FY 2010 GAA.
- Funding for the Commonwealth Zoological Corporation is reduced by 43 percent, or \$1.5 million, to \$2 million, as compared to FY 2010 current budgeted amounts.
- Funding for Local Tourist Councils is increased by \$2.3 million to \$4.5 million, or 100 percent, from FY 2010 current amounts.
- The State Office of Minority and Women Business Assistance is merged into a new line item for the Supplier Diversity Office, with funding reduced by \$63,700, or 9 percent.

During the floor debate, the Senate also created a provision that would require the head of the administering agency for each tax credit program to submit an annual report to the Commissioner of Revenue detailing each tax credit recipient, the amount of tax credits awarded, the aggregate number of jobs created, and the impact of the tax credit program on the specific industry it is geared toward. This is discussed in more detail in the “tax revenue” section of this *Budget Monitor*.

HOUSING & COMMUNITY DEVELOPMENT

The Senate final budget recommends spending \$279.3 million on housing programs for FY 2011. This level is \$30.9 million more than the FY 2010 GAA, but is \$36 million below the current budget for FY 2010. The Senate final budget is also \$8.9 million higher than the Governor's FY 2011 budget proposal and \$2.7 million higher than the House's final budget. In inflation-adjusted dollars, funding for housing programs has fallen \$36.5 million or 11.6 percent since FY 2001.

During its debate the Senate adopted two series of amendments affecting housing programs. The first group of amendments affects public housing administered by the Department of Housing and Community Development (DHCD) including:

- Preventing undocumented immigrants from receiving priority over permanent residents or documented immigrants for public housing.
- Codifying regulations that the Department of Housing and Community Development uses to determine an applicant's eligibility for public housing.

The other amendments slightly increased funding for the state's homelessness programs and adopted new requirements for the administration of homelessness services. These amendments include \$269,000 in additional funding for caseworkers who assist homeless families and individuals, makes changes to the Emergency Assistance (EA) account, and protects families who receive temporary housing subsidies to stay on the priority list for permanent state subsidies (see below). The Senate final budget is larger than the proposals offered by the Governor and passed by the House, because it increases funding to programs that provide housing assistance to help homeless families move into permanent housing.

The recent economic crisis has greatly increased the need among low-income homeless families for shelter and services.² The Senate FY 2010 budget moved homelessness assistance programs from the Department of Transitional Assistance (DTA) to DHCD in an effort to provide homeless families and individuals with access to affordable housing and to reduce the need for shelters and services. The Senate final FY 2011 budget recommends \$117 million for the EA program, which provides shelter and services to homeless families living at or below 115 percent of poverty. During the floor debate, the Senate adopted a number of amendments affecting the EA program, including:

- Increasing time that DHCD must notify the Legislature before it makes any changes to eligibility or regulations from 45 to 60 days. The current budget recommends 90 day notification.
- Requiring that DHCD use the 2009 federal poverty guidelines, or later issued standards that are higher, to determine eligibility for the program. The purpose of this amendment is to make sure that families do not lose their eligibility for EA because deflation may cause the guidelines to be lowered in future years.³
- The Senate Ways & Means Committee budget had recommended including a \$3.5 million earmark to place families in housing in order to reduce their reliance on hotels and motels. The Senate final FY 2011 budget adopted an amendment requiring that this funding be used to find homeless families permanent sustainable housing quickly. Instead of adding supplemental

² DHCD information on homeless individual and homeless family caseloads is available [here](#).

³ A family of 4 living at 115 percent of poverty in 2009 earns \$25,358 per year. Department of Health and Human Services information on 2009 Federal Poverty Guidelines is available at: <http://aspe.hhs.gov/poverty/09poverty.shtml>

funding to EA, the final House budget included a new \$4 million line item on flexible housing that would be used to move families out of hotels and motels quickly.

- Requiring DHCD to end the practice of placing homeless families in hotels and motels unless there is insufficient space in shelters. The amendment further requires that within 10 days of placing a family in a hotel or motel, DHCD must provide housing assistance to that family. Finally, the amendment includes language requiring that the hotel or motel provide cribs for children under 3 years old. The House budget requires cribs for any child under 4.

Funding for Emergency Assistance in the Senate final FY 2011 proposal maintains the level proposed in the Senate Ways & Means Committee's budget. While \$25.4 million higher than the FY 2010 GAA, this is \$34.7 million less than the current budget for EA. During the course of FY 2010, as the need for family shelter increased, the Legislature provided \$60.1 million in supplemental funding to meet this demand. The Senate budget recommendation is \$3.5 million more than the Governor's FY 2011 budget proposal. In Outside Sections 13 and 14, the Senate budget proposes moving language that has traditionally been included in the line item into the General Laws. This language includes requiring that DHCD:

- Provide up to 30 days of shelter while families gather the information they need to prove their eligibility.
- Work to ensure that children moving to shelters can continue attending the schools in the communities where they had lived.
- Provide EA services only to U.S. citizens and to immigrants who are legally residing in the United States.

During the floor debate, the Senate agreed to provide \$269,000 funding above the amount recommended by the Senate Ways & Means Committee for the account that funds caseworkers who provide assistance to homeless families and individuals. This amendment brings the Senate total to \$5.3 million which is about the same as the House proposal.

The Senate final FY 2011 budget recommends providing the same level of funding in FY 2011 for other homelessness services as they received in the current FY 2010 budget including:

- \$36.3 million for assistance to homeless individuals. While the Senate recommends \$37.3 million for this program, its proposal transfers \$1 million from health care services previously provided to homeless individuals through a public hospitals account to this account. To allow for meaningful comparisons between years, this *Monitor* adjusts total spending for this account and keeps the \$1 million within the Public Health subcategory within the Health Care. The Governor also recommended transferring \$1 million, while the House recommended a \$1.3 million transfer.
- \$1.2 million for the Home and Healthy for Good program.

The Senate final budget includes an amendment that requires that households, which receive temporary housing assistance through the federal American Recovery and Reinvestment Act, not lose priority for permanent housing subsidies offered by the state. In its budget the Senate recommends increases over the current FY 2010 budget for several housing programs that can help homeless families find additional housing, including:

- \$2 million in additional funding for subsidies to public housing authorities for a total of \$64.5 million. New language in the Senate final budget requires that \$2 million be spent on rehabilitating family units that have been vacant for more than 60 days because of repair needs. The Senate budget is \$2 million larger than both the House and Governor's FY 2011 proposals.
- \$2.3 million more for the Massachusetts Rental Voucher Program (MRVP) for a total of \$35.2 million. The Senate proposal is \$5.2 million over the FY 2010 GAA as well as \$2.5 million more than the FY 2011 amount proposed by the Governor and \$200,000 less than the House proposal. Outside Section 116 of the Senate budget also directs MassHousing to contribute \$2.7 million to MRVP which is the same amount that the Governor proposed in his budget and is \$200,000 more than the amount MassHousing contributed in FY 2010. (The FY 2011 House budget did not include a contribution from this quasi-public agency in its proposal.) While *MassBudget* does not include this funding in its total for housing programs, MassHousing's contribution combined with the Senate's recommendation of \$35.2 million will allow the state to continue funding existing vouchers to low-income renters.
- \$840,000 in additional funding for Residential Assistance for Families in Transition (RAFT) for a total of \$1 million. While this amount is larger than the current FY 2010 budget (\$840,000 greater), the House budget (\$740,000 greater), and the Governor's (\$940,000 greater), it is \$2.1 million below the FY 2010 GAA. This is because the Governor had transferred most of the RAFT funding to MRVP when he made 9C cuts in October 2009. The state is using the Homelessness Prevention and Rapid Rehousing funding, included in the federal American Recovery and Reinvestment Act, for FY 2010 and a portion of FY 2011, to provide short-term assistance to homeless families and to families at risk of becoming homeless. Once the federal assistance is spent by February 2011, the state will have to reassess its funding level for RAFT.

The Senate budget recommends the same level of funding as the current FY 2010 budget for certain programs, including:

- \$4 million for rental vouchers for people with disabilities.
- \$3.5 million in vouchers for Department of Mental Health clients.
- \$1.5 million in funding for centers that provide housing information to consumers.

Finally, while the Senate does not provide funding for the Soft Second Loan program in the budget, it does require in Outside Section 116 that the Massachusetts Housing Partnership (MHP) provide \$2 million to this program. This is the same level as the FY 2010 GAA. (As with the MassHousing contribution to MRVP above, *MassBudget* does not include MHP's contribution in its total for housing programs.)

TRANSPORTATION

The Senate final FY 2011 budget proposes \$1.24 billion for transportation funding, representing a 1.5 percent increase from FY 2010 current amounts. This includes \$200 million for the newly formed Massachusetts Transportation Trust Fund (MTTF), \$160 million for the Massachusetts Bay Transportation Authority (MBTA), \$15 million for Regional Transit Authorities (RTA), and \$767.1 million in tax revenues set aside for the MBTA.

The 1.5 percent increase is due to an increase in funding for transportation programs and services, which were funded by individual line items in FY 2010 but are consolidated under the new

Massachusetts Department of Transportation (MassDOT) in FY 2011. In the FY 2010 GAA, state transportation funding consisted of \$275 million from the Commonwealth Transportation Fund, in addition to \$194.7 million in individual line items for various transportation agencies and programs. These line items were cut by \$13.6 million, or 6 percent, through the Governor's 9C reductions. The current funding amount for these line item appropriations is now at \$182 million. In the Senate Ways & Means proposal for FY 2011, funding for these transportation line items increased to \$200 million (the amount allocated for the MTTF). The MTTF funds would be administered through MassDOT, which would then distribute funding to the various programs and agencies. It is important to note, however, that \$17.2 million of this increase will be for fringe and other indirect costs that the transportation department had previously not been responsible for, but will be assessed on MassDOT. Thus, the remaining amount for former transportation line items (\$182 million) is level with FY 2010 current amounts and would essentially maintain the Governor's 9C reductions.

As previously mentioned, the Commonwealth Transportation Fund totaled \$275 million in FY 2010. In the FY 2011 Senate budget proposal, \$160 million and \$15 million of this amount would be allocated to the MBTA and RTAs respectively. The remaining \$100 million of the Commonwealth Transportation Fund was contract assistance payments to the Massachusetts Turnpike Authority in FY 2010. The Senate proposal shifts this \$100 million to a different line item administered by the Department of Administration and Finance. However, this *Budget Monitor* counts the \$100 million for the Turnpike Authority within the overall funding for transportation. This is reflected as an adjustment to the MTTF and is incorporated in the Senate Final Budget Adjusted number for this section.

WORKFORCE & LABOR

The Senate final FY 2011 budget proposal provides \$45 million for Workforce and Labor programs, a 22 percent (\$12.7 million) reduction from FY 2010 current amounts, but a 12.2 percent (\$5 million) increase from FY 2010 GAA.

The Senate FY 2011 budget provides \$15 million for the Workforce Training Fund, a \$5 million increase from the FY 2010 GAA. It had also received additional funding in October 2009 (\$11.1 million) and in May 2010 (\$9.5 million) that increased the funding level to \$30.6 million. Each year, funds remaining at the end of the year are made available for use in the following year to fund ongoing obligations, such as multi-year contracts that are approved in one year but are paid out over two or three years. It is expected that, as in previous years, funds from FY 2010 will be made available for use in FY 2011, which would mean that the total funding for the Workforce Training Fund will be higher than the current appropriation. This fund is also set to expire at the end of calendar year 2010.

One-Stop Career Centers had been funded at nearly \$5 million in the FY 2010 GAA, but had been reduced to \$3 million after the Governor's 9C cuts. The Senate proposal restores funding for One Stop Career Centers by providing \$5.5 million, which is \$2.5 million (or 84 percent) greater than FY 2010 current budgeted amounts.

LAW & PUBLIC SAFETY

FY 2010 GAA	\$2,141,956,951
FY 2010 Current	\$2,408,265,080

FY 2011 Senate Final	\$2,270,388,693
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FY 2011 Senate Final (Adjusted)*	\$2,307,012,579
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Increase (decrease) from FY 2010 GAA	\$165,055,628
<i>Percent Change from FY 2010 GAA</i>	<i>7.7%</i>
Increase (decrease) from FY 2010 Current	\$(101,252,501)
<i>Percent Change from FY 2010 Current</i>	<i>-4.2%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The Senate Fiscal Year (FY) 2011 budget provides \$2.3 billion for line items included in the *MassBudget* category of Law and Public Safety. It provides \$101.3 million (or 4.2 percent) less than current FY 2010 appropriations.

Amendments approved during the floor debate added \$10.8 million to the final FY 2011 Senate budget, compared to the Senate Ways & Means proposal. Some of the larger increases (from amounts proposed in the Senate Ways and Means budget) include:

- \$3.7 million more for Department of State Police Operations (resulting in total funding that is 0.1 percent below current FY 2010 appropriations).
- \$2.5 million more for gang violence prevention grants (Shannon Grants).
- \$1.1 million more for the Office of Community Corrections (resulting in a 2.6 percent increase over current FY 2010 appropriations).

Significant elements of the final Senate FY 2011 budget include increased funding for public defenders in order to reduce state payments to private lawyers for their work on behalf of indigent defendants and continuation of the changes that will bring state funding for all county sheriff departments "on budget."

The Law and Public Safety category includes funding for an array of departments and programs, including courts, public defenders and other legal assistance for indigent persons, district attorneys, the Attorney General, the Department of Public Safety, law enforcement, prisons, probation, parole and the state's military division.

COURTS & LEGAL ASSISTANCE

No significant amendments were made during floor debate to line items or statutory language related to courts or legal assistance.

The final Senate FY 2011 budget provides \$598.7 million for courts and legal assistance. This is \$36.7 million (or 5.8 percent) less than appropriated in the current FY 2010 budget. Some of the significant elements include:

- The final Senate budget makes cuts to most of the state courts. These cuts generally range from 3 percent to 5 percent from current FY 2010 funding levels and include cuts to the District Courts, Land Court, Housing Court, Boston Municipal Courts, and Probate and Family Court.
- The final Senate budget increases funding for public defenders (by \$5.6 million, or 19.5 percent) in combination with a decrease in funding to pay private counsel (by \$32.9 million, or 21.9 percent) relative to current FY 2010 appropriations. The documents accompanying the Senate Ways and Means budget state that the additional dollars will allow the Commonwealth to hire 105 public defenders, reducing the need to pay private counselors to represent indigent defendants in criminal and civil cases, thereby saving the state \$1.8 million.
- The final Senate budget, like that of the House, does not follow the Governor's recommendation to consolidate funding for district courts into a single line item. Instead, the final Senate budget continues to provide funds directly to the district courts through individual line item appropriations.
- Unlike either the House budget or the Governor's recommendations, the final Senate budget continues to provide authority to the Chief Justice for the Trial Courts to expend \$53 million in retained revenues in FY 2011. Both the House and Governor eliminated this authority in their budgets. While the House reallocated \$39.1 million of this funding directly to individual trial court line items, the Governor's proposal consolidates most trial court funding into the single line item for the Office of the Chief Justice for Administration and Management. While each of the three budgets allocates resources differently, total proposed FY 2011 funding for departments and programs related to the courts and legal assistance varies by less than 2 percent among the House, Governor, and final Senate budgets.

LAW ENFORCEMENT

During floor debate, the Senate amended appropriation amounts for several Law Enforcement accounts:

- The Senate amended the Senate Ways & Means budget to provide an added \$3.7 million for the Department of State Police Operations, bringing total funding for this line item to \$234.8 million, essentially flat-funding the department relative to current FY 2010 appropriations. Accompanying the increase in funding, language in the final Senate budget specifies that the State Police shall utilize technologies that reduce fuel consumption in patrol cruisers while they are idling. The department must use this technology in at least 100 cruisers and report back to the Legislature about the effectiveness of these measures.
- The Senate added \$2.5 million to the \$4 million proposed in the Senate Ways & Means budget for the Shannon Grant program. The final Senate budget, like the House budget, provides \$6.5 million for gang violence prevention grants (Shannon Grants), an amount equal to that appropriated in the FY 2010 GAA. The \$6.5 million total is \$2.5 million (or 44.4 percent) more than current FY 2010 appropriations, and \$2 million more than proposed by the Governor.
- The Senate added \$400,000 to the retained revenue account of the Chief Medical Examiner, bringing the final Senate total to \$2.1 million or 23.5 percent more than current FY 2010 appropriations.

Overall, the final Senate FY 2011 budget provides \$328.7 million for departments and programs within the *MassBudget* category of Law Enforcement. This represents a \$5.4 million (or 1.6 percent) reduction from current FY 2010 appropriations. In addition:

- Like the House, Governor's, and Senate Ways & Means budgets, the final Senate budget provides only \$5 million for the Quinn Bill, a program that offers salary enhancements to police officers who acquire advanced degrees. This is a \$5 million reduction from the \$10 million appropriated in the current FY 2010 budget. The Senate budget also proposes establishing a special commission to study the effectiveness of police career incentive programs.⁴
- Relative to current FY 2010 appropriations, additional funds have been provided in the final Senate budget for some law enforcement line items including \$489,000 (or 23.1 percent) more for the Criminal History Systems Board, and \$190,000 (or 8.3 percent) more for the Municipal Police Training Committee.

PRISONS, PROBATION & PAROLE

Amendments to the Senate Ways & Means budget approved during floor debate make changes to statutory language pertaining to the Office of the Commissioner of Probation. These changes include:

- Limiting the term of the Commissioner of Probation to five years.⁵
- Making hiring and firing decisions at the probation department dependent on approval of the chief justice for administration and management of the trial courts.⁶
- Creating a task force to consider the feasibility and advisability of transferring authority over the Office of Probation, the Office of Community Corrections, and the Parole Board either to the chief justice for administration and management or to the Executive Office of Public Safety and Security.⁷

There are several other amendments included in the final Senate budget. These include amendments that would:

- Allow the Commissioner of Corrections and the county sheriffs to charge inmates certain fees for services provided while incarcerated.⁸ The services include basic daily custodial care, medical sick call visits, provision of prescription eyeglasses, and provision of pharmacy prescriptions. The fees would be deducted from the prisoner's wages earned either while in custody or after release. The specific fee amounts are not included in the amendment language.
- Allow the chief justice for administration and management to transfer funds among line items within the trial court system during a period ending April 29, 2011.⁹
- Provide \$1.1 million more for the Office of Community Corrections than did the Senate Ways & Means budget. The final Senate budget increases funding for this office \$601,000 (or 2.6 percent) above current FY 2010 levels.

In total, the final Senate FY 2011 budget provides \$1.2 billion for prisons, probations, and parole. This represents a reduction of \$39.1 million, or 3.2 percent, relative to current FY 2010 funding levels, though the final Senate budget provides about \$14 million more than either the House or Governor's budgets.

⁴ Final Senate FY 2011 budget, Outside Sections, Section 302

⁵ Final Senate FY 2011 budget, Outside Sections, Section 214

⁶ Final Senate FY 2011 budget, Outside Sections, Section 183 and 213

⁷ Final Senate FY 2011 budget, Outside Sections, Section 326

⁸ Final Senate FY 2011 budget, Outside Sections, Section 166

⁹ Final Senate FY 2011 budget, Outside Sections, Section 264

- The final Senate budget makes no mention of establishing a special commission to investigate adoption of capital punishment in the Commonwealth, as did the House budget.
- As with both the House and Governor's budgets, the final Senate FY 2011 budget continues changes begun in FY 2010 to bring "on budget" the state funding for seven county sheriff's departments which previously had taken place "off budget" (the other seven county sheriff departments have been funded "on-budget" for many years). Proposed appropriations in the final Senate FY 2011 budget for each of the 14 county sheriff departments appear identical to the amounts proposed by both the House and the Governor.
- Unlike the House or Governor's budgets, the final Senate budget funds a reserve account from which \$10.3 million may be distributed in FY 2011 to any of the 14 county sheriff departments as additional operating expenses arise. Under the final Senate budget proposal, the Executive Office of Administration and Finance would be charged with determining need and allocating these resources.
- The final Senate FY 2011 budget provides \$500.2 million, or \$14.4 million less for Department of Corrections Facility Operations than the current FY 2010 budget, a reduction of 2.8 percent. At the same time, the final Senate budget provides \$3.4 million in additional, new funding to the Department of Corrections for substance abuse treatment, prevention, and testing services, offsetting some of the \$14.4 million loss. Another \$6.6 million is made newly available in the final Senate budget for substance abuse programs within the probation and community corrections departments. Proceeds from the recent extension of the sales tax to include alcoholic beverages will provide the revenues for this additional funding.

PROSECUTORS

No significant amendments to the Senate Ways & Means budget related to prosecutors were adopted by the Senate during floor debate.

Relative to current FY 2010 appropriations, the final Senate FY 2011 budget makes small reductions in funding for many of the line items pertaining to prosecutors. In total, the final Senate budget would provide \$131.1 million, or \$1.4 million (1.1 percent) less than current FY 2010 funding levels. Some of the more notable changes include:

- A \$790,000 (50 percent) reduction in funding for the District Attorney's Association.
- A \$100,000 (52 percent) reduction in funding for the Witness Protection Board.
- A \$748,000 (3.2 percent) reduction in funding (compared to current FY 2010 appropriations) for the Office of the Attorney General Administration, which will receive \$22.7 million in FY 2011.
- An increase of \$348,000 (or 10 percent more) for the Medicaid Fraud Control Unit.

OTHER LAW & PUBLIC SAFETY

During floor debate, the Senate amended the Senate Ways & Means budget by increasing appropriations for several accounts related to the *MassBudget* category of Other Law and Public Safety. The most significant of these changes was a \$1.5 million increase in retained revenues for elevator inspections, bringing the total to \$5.5 million, or \$3 million more than current FY 2010 appropriations. The final Senate budget provides \$48.4 million for departments and programs within this *MassBudget* category. Deducting the \$21 million in one-time, federal Recovery Act dollars made available to the Executive Office of Public Safety and Security in FY 2010 (which raised total FY 2010 appropriations in

the Other Law and Public Safety category to \$67.0 million), the final Senate budget provides somewhat more (\$2.3 million, or 5.1 percent) state-level funding than appropriated for FY 2010.¹⁰

- The Final Senate FY 2011 budget makes substantial cuts to the Department of Public Safety (a reduction of \$517,000, or 27.2 percent, compared to current FY 2010 funding), and the Division of Inspectors (a reduction of \$869,000, or 19.7 percent, compared to current FY 2010 funding).
- Cuts also are made to the Military Division (\$1.6 million, or 17.2 percent, less) and the Massachusetts Emergency Management Agency (\$182,000, or 12.6 percent, less).
- The final Senate budget increases funding for the Department of Fire Services Administration by \$2.5 million (or 17.4 percent).

¹⁰ Current FY 2010 is \$67.0 million. Deducting \$21 million in federal ARRA funding from this total leaves \$46 million in state-level funding for FY 2010. This figure is \$2.3 million (with rounding) below the final Senate FY 2011 budget appropriation of \$48.4 million.

LOCAL AID

FY 2010 GAA	\$964,825,140
FY 2010 Current	\$964,886,803

FY 2011 Senate Final	\$927,212,293
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FY 2011 Senate Final (Adjusted)*	\$927,212,293
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Increase (decrease) from FY 2010 GAA	\$(37,612,847)
<i>Percent Change from FY 2010 GAA</i>	<i>-3.9%</i>
Increase (decrease) from FY 2010 Current	\$(37,674,510)
<i>Percent Change from FY 2010 Current</i>	<i>-3.9%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

The Senate Fiscal Year 2011 budget provides \$927.2 million in local aid to cities and towns, a reduction of \$37.7 million, or 4 percent, from FY 2010 current amounts. This category includes the unrestricted aid provided to cities and towns to fund their municipal budgets, not including Chapter 70 and other local education aid. The primary cut occurs through a 4 percent, or \$37 million, cut in the unrestricted aid to municipalities, which totals \$899 million in the Senate budget. Since FY 2001, total funding for local aid has decreased significantly by 42 percent, or \$679 million (after adjusting for inflation).

In FY 2010, the two major categories of Local Aid, lottery aid (the revenue generated by the state lottery that is distributed to cities and towns) and additional assistance, were combined into a new category called Unrestricted Government Aid. This consolidation continues for FY 2011 in both the Governor's and House budget proposals.

OTHER

FY 2010 GAA	\$4,029,673,779
FY 2010 Current	\$3,986,046,753

FY 2011 Senate Final	\$4,047,030,425
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FY 2011 Senate Final (Adjusted)*	\$3,946,905,425
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Increase (decrease) from FY 2010 GAA	\$(82,768,354)
<i>Percent Change from FY 2010 GAA</i>	<i>-2.1%</i>
Increase (decrease) from FY 2010 Current	\$(39,141,328)
<i>Percent Change from FY 2010 Current</i>	<i>-1.0%</i>

** In cases where the Senate has shifted line items between categories, we have made an adjustment to reflect FY 2010 categories in order to provide an apples-to-apples comparison.*

DEBT SERVICE

The Senate Fiscal Year (FY) 2011 budget follows the proposal shared by both the Governor and the House to reduce FY 2011 debt service costs by \$300 million. The Senate budget relies on refinancing a portion of the state's debt, reducing FY 2011 debt service costs from \$2.16 billion to \$1.86 billion. While this approach achieves a reduction in FY 2011 debt service obligations, this plan would shift these repayment costs into future years.

As the Governor's budget documents explain, the refinancing plan is comprised of two separate transactions. The first transaction would refinance \$200 million of FY 2011 debt, helping to smooth a one-time spike in debt service costs occurring in FY 2011, spreading that \$200 million cost across the next seven years when the state's anticipated debt service obligations will be significantly lower. This transaction would bring FY 2011 debt service costs down to the level required in FY 2010.

The second transaction would refinance an additional \$100 million of FY 2011 debt should the state's October revenue estimates suggest that further budgetary relief will be required. This second transaction would drop FY 2011 debt service costs to \$1.86 billion, or well below FY 2010 levels. Again, these costs would be shifted into future years. The Governor's, House, and Senate budgets all assume that both transactions will occur, and that total debt service for FY 2011 will be \$1.86 billion.

PENSIONS

There were no changes made to pension accounts during floor debate.

The final Senate FY 2011 budget appropriates \$1.4 billion to the Pension Reserves Investment Trust Fund. This is the same amount as the House and Governor have recommended, and is \$65.2 million (or 4.7 percent) more than the current FY 2010 appropriation. This annual appropriation is in accordance with the 1988 state law that requires the Commonwealth to set aside money in the present in order to fund the future pension costs of public employees.

For many years prior to 1988, the Commonwealth failed to fund adequately future public employee pension costs, ultimately accruing a significant unfunded liability estimated by the Public Employee

Retirement Administration Commission at \$22.1 billion as of January 2009 (the most recent valuation).¹¹ Current law requires the Commonwealth to reduce this liability to zero by no later than June 30, 2028 (though the state has been budgeting such that this obligation will be zeroed out by June 30, 2025).¹² In order to achieve this goal, every three years the Secretary of Administration and Finance produces a schedule of contributions the state will need to make annually in order to fund these future liabilities. The figure of \$1.442 billion is the amount stipulated for FY 2011 under the most recent set of estimates (February 2009) produced by the Secretary of Administration and Finance.

These estimates, however, were produced using the state's unfunded liability valuation as of January 2008 (\$12.1 billion),¹³ not the more recent January 2009 estimate (\$22.1 billion). The deep recession of the last several years has resulted in a steep decline in the value of the state's pension investments, thus markedly increasing the state's unfunded liability. The annual contributions that now would be required to close a gap much larger than \$12.1 billion (while still meeting the June 30, 2025 goal) would be significantly higher than those produced by the Secretary of Administration and Finance in February 2009. Discussions of how to respond to this dramatic change in the state's unfunded pension obligations are ongoing and include extending the period for zeroing out the liability beyond the statutorily required 2028 date.

LIBRARIES

The FY 2011 Senate budget recommends spending \$21.1 million on libraries, which is \$3.8 million less than the FY 2010 GAA and \$3.5 million less than the current FY 2010 budget. In inflation-adjusted dollars, funding for libraries has fallen \$22.4 million, or 51.4 percent, since FY 2001.

The Senate budget is identical to the Governor's proposal and \$24,000 less than the House final budget for FY 2011. The Senate budget requires that local aid to regional libraries be cut by \$3.5 million from the current budget to \$8.8 million. This funding will require the consolidation of the regional library system. During its debate the Senate adopted an amendment, similar to the requirement in the House budget, that this account fund at least two regional library systems, one serving eastern Massachusetts and the other serving the western part of the state. In addition to aid for the regional library systems, the state budget also provides aid to local public libraries, for which the Senate recommends level-funding of \$6.8 million.

¹¹ Massachusetts Official Statement, Bond Prospectus, March 2010:

http://www.mass.gov/Ctre/docs/debt/bondarchive/GOOS08_09/2010OS/Series2010ASIFMA.pdf

¹² Massachusetts Public Employee Retirement Administration Committee, 2009 Report:

<http://www.mass.gov/perac/report/stateofpension2009.pdf>

¹³ Massachusetts Official Statement, Bond Prospectus, November 2008:

http://www.mass.gov/Ctre/docs/debt/bondarchive/GOOS08_09/2008%20OS/Series2008ARef.pdf

While the valuation looks at liabilities as of January 2008, the official Public Employee Retirement Administration Commission (PERAC) report itself is not issued until the following September. Thus, when the FY 2011 contribution amount was determined by ANF in February of 2009, the newer valuation for liabilities (as of January 2009) was not yet available from PERAC.

REVENUE

TAX REVENUES

In the floor debate, the Senate approved an amendment aimed at increasing transparency in nine of the state's economic development tax credit programs. These programs include the film tax credit, brownfields credit, the dairy farmer credit, the U.S.F.D.A user fee credit, the medical devices credit, the life sciences credit, the historic rehabilitation credit, the low-income housing credit, and the refundable research credit.

The approved amendment requires that tax credit recipients in these nine programs annually make available to the agency head administering their tax credit program data that the Secretary of Administration and Finance deems relevant to assessing the effectiveness of these programs, including the number of jobs created. In turn, each agency head will use the data to provide an annual report to the Commissioner of Revenue. These agency head reports to the Commissioner will include:

- The identity of each taxpayer authorized by the administering agency head to receive a tax credit.
- The amount of total tax credit awards and issued tax credit for each taxpayer in each credit program.
- The number of jobs created as a result of the tax credit awards. However, data relating to job creation would be aggregated for each tax credit program, not broken out to show job creation by each individual tax credit recipient.
- Analysis of the broader effects each program is having on its related industry sector.

As the final Senate budget language directs, the Commissioner would make this information publicly available by posting it on a government website.

The final Senate FY 2011 budget proposes no new taxes. It does, however, adopt several of the revenue enhancing proposals forwarded by the House and the Governor. These include:

- Making administrative improvements to tax collection and child support collection at the Department of Revenue, changes that are expected to raise an additional \$30.5 million in FY 2011.
- Improving oversight in order to limit fraud, waste, and abuse throughout government agencies, thereby saving what the Administration has estimated as \$15 million annually. As part of this effort, agencies charged with providing oversight/auditing functions - including units within the State Auditor's and Attorney General's offices - will receive additional funding in FY 2011 under the final Senate budget (and under the House and Governor's budgets as well).
- Drawing on the \$5 million in savings made available as a result of the Administration's earlier decision to place a cap on FY 2011 Life Sciences Credit awards.

NON-TAX REVENUE

The Senate budget counts on \$2.51 billion¹⁴ in departmental revenues (fees, assessments, etc.) and \$9.06 billion in federal revenue. The Senate budget counts on a total of \$67.5 million more in non-tax

¹⁴ This total excludes \$256.4 million in departmental revenues that are assessments paid by municipalities to cover the costs of their employees' health care costs within the state's Group Insurance Commission. This *Budget Monitor* does not include the municipal health

revenues than the budget proposed by Senate Ways & Means. Among the revenue increases anticipated by the Senate compared to Senate Ways & Means are:

- Close to \$29 million associated with lottery revenues.
- \$11 million more in interest earned by the state's investments (the same amount originally anticipated by the Governor).
- \$7.4 million more in revenues from abandoned property.

In departmental revenues, like the Governor's and House budgets, the Senate counts on \$15 million from expanded efforts to recover funds from fraud and abuse efforts. As part of this effort, agencies charged with providing oversight and auditing functions – including units within the State Auditor's and Attorney General's offices - receive additional funding in FY 2011 under the Senate budget (and under the House and Governor's budgets as well).

The Senate budget (like the House and Governor's budget) increases an assessment on managed care organizations (\$18.3 million). The Senate budget does not expand the bottle bill, but does count on approximately \$12 million from the expanded sales or use of state property.

For federal revenues, the Senate budget – like the Governor's budget – counts on more than \$1.6 billion in anticipated increased federal revenue. The bulk of this anticipated increased federal revenue is from the American Recovery and Reinvestment Act (ARRA) and from pending federal legislation that could extend Recovery Act funding. The anticipated increased federal revenue includes:

- \$687.8 million in enhanced federal reimbursement for the Medicaid program during the first half of the fiscal year. In general, the federal government reimburses Massachusetts for 50 percent of Medicaid spending. The Recovery Act increased that reimbursement rate to approximately 62 percent through December 2010.
- \$687.8 million in enhanced federal reimbursement for the Medicaid program for the period January 2011 through June 2011. The Recovery Act's enhanced Medicaid reimbursement rate expires December 2010, but there is pending federal legislation that could extend this reimbursement enhancement through the end of the state fiscal year.
- \$96 million in Recovery Act education funds. In addition to enhanced Medicaid reimbursement, the Recovery Act provided billions of dollars to states for "state fiscal stabilization," largely to target education spending. The Senate budget counts on the remainder of these funds, \$96 million. Massachusetts has already spent \$892.2 million of these funds.
- \$25.5 million in Recovery Act funds for transitional assistance for needy families (TANF) and adoption and foster care assistance.
- \$160 million in additional federal funds, assuming that the federal government will reimburse the state for health care costs for certain recipients of Social Security Disability Insurance (SSDI), who had been paid for by the Massachusetts Medicaid program over the years, rather than the federal Medicare program. The Governor's and House budget proposals also included this estimate, but it is not certain that this reimbursement will be forthcoming.

insurance costs in the totals for the Group Insurance Commission within the state employee health insurance sub-category, so the revenues associated with those costs are not included in the departmental revenue totals either.

Like the House, the Senate budget does not count on withdrawing money from the Commonwealth Stabilization Fund (the “Rainy Day Fund”). The Governor had proposed at first a \$175 million withdrawal, which he then reduced to \$146 million. The Senate budget – like the House – does, however, count on funds “swept” from unused trust funds. The Senates estimates \$56.8 million from unused trust dollars, the House estimates \$52.8 million, and the Governor’s budget proposal captured \$35 million from unused trusts.

APPENDIX A: What are the “adjustments” made to the Senate budget proposal?

In order to allow for accurate comparisons of FY 2011 budget proposals to FY 2010 budget totals, *MassBudget* “adjusts” budget totals when the FY 2011 proposal recommends departmental reorganizations. These adjustments allow the user to differentiate between changes in funding due to proposed cuts or expansions in funding, rather than due to organizational shifts.

Specifically, in this *Budget Monitor*, the FY 2011 totals reflect the following adjustments:

HIGHER EDUCATION

7100-0200: University of Massachusetts. The FY 2011 Senate budget funds the Toxics Use Reduction Institute in an account at the Department of Environmental Protection (2210-0105). In FY 2010, the Toxics Use Reduction Institute had been funded within the University of Massachusetts (7100-0200). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted totals add \$1.7 million in funding for the institute back into the University of Massachusetts, and removes it from the environmental protection account.

ENVIRONMENTAL ADMINISTRATION

2001-1001: Environmental Affairs Data Processing Service Fee Retained Revenue. The FY 2011 Senate budget funds environmental data processing within centralized data processing the Data Processing Service Fee Retained Revenue account (1790-0151). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2001-1001). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total for the Senate budget adds \$55,000 in funding back into environmental administration, and removes it from centralized information technology.

ENVIRONMENTAL PROTECTION

2000-1700: Energy and Environment Information Technology Costs. The FY 2011 Senate budget funds environmental data processing within centralized data processing for Geographic and Environmental Information (1790-0150). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2000-1700). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total for the Senate budget adds \$70,000 in funding back into environmental administration, and removes it from centralized information technology.

2210-0105: Toxics Use Retained Revenue. The FY 2011 budgets fund the Toxics Use Reduction Institute in an account at the Department of Environmental Protection (2210-0105). In FY 2010, the Toxics Use Reduction Institute had been funded within the University of Massachusetts (7100-0200). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted totals add \$1.7 million in funding for the institute back into the University of Massachusetts, and removes it from the environmental protection account.

PUBLIC HEALTH

4590-0915: Public Health Hospitals. The FY 2011 budgets fund a program for homeless individuals at the Lemuel Shattuck Hospital in the Homeless Individuals Assistance account (7004-0102) within the Department of Housing and Community Development. In FY 2010, this program had been funded with the Public Health Hospitals account (4590-0915) within the Department of Public Health. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds funding (\$1 million) for

this program back into the public health hospital account, and removes it from the homeless individuals assistance account.

STATE EMPLOYEE HEALTH BENEFITS

1108-5200: Group Insurance Premiums and Plan Costs. The FY 2011 budget includes funding in the Group Insurance Premiums account for county sheriff, MBTA and Massachusetts Turnpike Authority employees. In the FY 2010 budget, these health insurance costs were included elsewhere in the budget or were paid for by authorities that are off-budget. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total subtracts from the Group Insurance total the costs of the county sheriff employees (\$36.6 million), and adds this amount to County Correctional Programs (8900-0000). The FY 2011 adjusted totals also subtracts the costs of health insurance for MBTA and Turnpike Authority employees from the Group Insurance total (\$31.7 million). (This amount is not added back elsewhere into the budget, since in FY 2010, these costs were carried “off-budget” by the authorities. This particular adjustment reduces the appropriations total in the Senate budget by \$31.7 million.)

HOUSING AND COMMUNITY DEVELOPMENT

7004-0102: Homeless Individuals Assistance. The FY 2011 budget funds a program for homeless individuals at the Lemuel Shattuck Hospital in the Homeless Individuals Assistance account (7004-0102) within the Department of Housing and Community Development. In FY 2010, this program had been funded with the Public Health Hospitals account (4590-0915) within the Department of Public Health. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds funding (\$1 million) for this program back into the public health hospital account, and removes it from the homeless individuals assistance account.

TRANSPORTATION

1595-6368: Massachusetts Transportation Trust. The FY 2011 budget funds a portion of the costs of Massachusetts Turnpike Authority debt in the Massachusetts Turnpike Authority Contract Assistance debt service account (1599-1970). In FY 2010, these costs had been funded within the Massachusetts Transportation Trust. In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds \$100 million back into the Transportation Trust, and removes it from the debt service account.

PRISONS, PROBATION AND PAROLE

8910-0000: County Correctional Programs. The FY 2011 budget includes funding in the Group Insurance Premiums account (1108-5200) for county sheriff employees. In the FY 2010 budget, these health insurance costs were included in the County Correctional Programs account (8910-0000). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total adds this funding (\$36.6 million) back into the County Correctional Programs, and removes it from the Group Insurance account.

DEBT SERVICE

1599-1970: Massachusetts Turnpike Authority Contract Assistance. The FY 2011 budget funds a portion of the costs of Massachusetts Turnpike Authority debt in the Massachusetts Turnpike Authority Contract Assistance debt service account (1599-1970). In FY 2010, these costs had been funded within the Massachusetts Transportation Trust. In order to allow for accurate year-to-year

comparisons, the FY 2011 adjusted totals add \$100 million back into the Transportation Trust, and removes it from the debt service account.

OTHER

1790-0150: Geographic and Environmental Information. The FY 2011 Senate budget funds environmental data processing within centralized data processing in the Information Technology Division (1750-0150). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2000-1700). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total for the Senate budget adds \$70,000 in funding back into environmental protection, and removes it from centralized information technology.

1790-0151: Data Processing Service Fee Retained Revenue. The FY 2011 Senate budget funds environmental data processing within centralized data processing in the Information Technology Division (1750-0151). In FY 2010, this had been funded within an account at the Office of Energy and Environmental Affairs (2001-1001). In order to allow for accurate year-to-year comparisons, the FY 2011 adjusted total for the Senate budget adds \$55,000 in funding back into environmental administration, and removes it from centralized information technology.



APPENDIX B: Budget by Program Area

BUDGET BY CATEGORY AND SUBCATEGORY

BUDGET BY CATEGORY SUMMARY <small>(Numbers in Millions)</small>	FY 2010		FY 2011 ²				FY 2011 Senate (Adjusted) Compared to		
	GAA	Current ¹	Governor (Adj.)	House (Adj.)	SWM (Adj.)	Senate (Adj.)	FY 2010	FY 2011 Gov.	FY 2011
							Current	House	House
Budgeted Appropriations	28,820.1	29,379.2	31,070.3	30,747.3	30,819.3	30,868.4	1,489.2	(201.9)	121.1
<i>Line-Item Appropriations</i>	27,386.2	27,863.3	28,086.4	27,789.1	27,861.1	27,910.2	46.9	(176.2)	121.1
<i>Transfers and Adjustments*</i>	1,433.9	1,515.9	2,983.9	2,958.2	2,958.2	2,958.2	1,442.2	(25.7)	(0.0)
Pre-Budget Transfers	2,873.1	2,828.8	1,827.8	1,812.1	1,778.3	1,788.3	(1,040.5)	(39.4)	(23.7)
Total Appropriations and Transfers	31,693.2	32,208.0	32,898.0	32,559.4	32,597.6	32,656.7	448.7	(241.3)	97.3

BUDGET BY CATEGORY DETAIL <small>(Numbers in Millions)</small>	FY 2010		FY 2011 ²				FY 2011 Senate (Adjusted) Compared to		
	GAA	Current ¹	Governor (Adj.)	House (Adj.)	SWM (Adj.)	Senate (Adj.)	FY 2010	FY 2011 Gov.	FY 2011
							Current	House	House
Education	6,711.4	6,651.2	6,732.8	6,467.5	6,527.1	6,559.1	(92.1)	(173.8)	91.5
Chapter 70	4,042.0	4,042.0	4,048.3	3,926.5	3,926.5	3,926.5	(115.6)	(121.9)	0.0
Early Education and Care	537.3	520.8	520.8	517.6	506.7	511.7	(9.1)	(9.1)	(5.8)
Elementary and Secondary Education	447.8	431.6	436.9	434.0	423.3	448.1	16.5	11.2	14.1
Higher Education	1,077.2	1,076.6	1,071.8	945.2	1,026.3	1,028.5	(48.1)	(43.3)	83.3
School Building	607.1	580.1	655.0	644.3	644.3	644.3	64.2	(10.7)	(0.0)
Environment and Recreation	199.7	202.8	185.7	186.0	186.7	186.8	(16.0)	1.1	0.8
Agriculture	16.0	16.1	16.1	16.1	16.1	16.1	(0.0)	0.0	0.0
Environmental Administration	17.5	16.5	20.6	15.2	15.7	15.3	(1.2)	(5.3)	0.0
Environmental Protection	65.8	62.9	59.4	58.5	58.6	59.1	(3.8)	(0.3)	0.6
Fish and Game	17.8	17.4	17.5	17.7	17.5	17.5	0.1	0.0	(0.2)
Parks and Recreation	82.7	89.8	72.2	78.5	78.9	78.9	(11.0)	6.7	0.4
Health Care*	12,658.7	12,978.4	13,775.5	13,759.5	13,728.0	13,743.1	764.7	(32.4)	(16.4)
MassHealth (Medicaid) and Health Reform ³	10,262.7	10,587.7	11,330.9	11,284.6	11,244.9	11,258.9	671.2	(71.9)	(25.7)
Mental Health	644.1	634.0	621.7	621.6	631.7	631.7	(2.3)	10.0	10.2
Public Health	506.1	506.6	492.3	494.7	501.5	502.6	(4.0)	10.3	7.9
State Employee Health Insurance*	1,245.9	1,250.2	1,330.6	1,358.6	1,349.8	1,349.8	99.7	19.2	(8.8)
Human Services	3,361.5	3,330.0	3,347.1	3,321.7	3,349.2	3,349.5	19.5	2.4	27.8
Children and Families	783.8	772.7	760.0	744.7	764.8	764.8	(7.8)	4.9	20.2
Developmental Services	1,260.4	1,252.6	1,268.4	1,257.1	1,262.0	1,262.0	9.4	(6.5)	4.8
Elder Services	221.1	219.6	219.5	219.5	225.3	225.4	5.8	5.9	5.9
Transitional Assistance	767.1	760.2	773.4	776.7	771.1	771.1	10.9	(2.3)	(5.7)
Other Human Services ⁴	329.2	325.0	325.8	323.6	326.0	326.2	1.2	0.4	2.5
Infrastructure, Housing & Economic Development	1,625.4	1,686.5	1,620.5	1,644.9	1,636.9	1,637.1	(49.3)	16.7	(7.8)
Economic Development	32.3	38.7	20.4	24.3	22.0	22.0	(16.7)	1.7	(2.2)
Housing and Community Development	248.4	315.5	270.4	276.6	279.0	279.3	(36.2)	8.9	2.7
Regulatory Entities	50.6	50.4	48.5	51.3	48.7	48.7	(1.8)	0.2	(2.6)
Transportation	1,254.0	1,224.1	1,242.2	1,242.2	1,242.2	1,242.2	18.1	(0.0)	0.0
Workforce and Labor	40.0	57.7	39.0	50.6	45.0	45.0	(12.7)	5.9	(5.7)
Law and Public Safety	2,142.0	2,408.3	2,299.1	2,295.3	2,296.2	2,307.0	(101.3)	7.9	11.7
Courts and Legal Assistance	607.0	635.4	600.1	608.6	598.6	598.7	(36.7)	(1.4)	(9.9)
Law Enforcement	330.1	334.1	336.3	324.5	322.1	328.7	(5.4)	(7.6)	4.2
Prisons, Probation and Parole	1,026.8	1,239.2	1,185.5	1,185.8	1,198.0	1,200.1	(39.1)	14.6	14.3
Prosecutors	132.5	132.6	132.2	131.5	130.9	131.1	(1.4)	(1.1)	(0.3)
Other Law and Public Safety	45.6	67.0	45.0	44.9	46.6	48.4	(18.7)	3.4	3.5
Local Aid	964.8	964.9	964.7	927.4	927.2	927.2	(37.7)	(37.5)	(0.2)
General Local Aid	936.4	936.4	936.4	899.0	899.0	899.0	(37.5)	(37.5)	(0.0)
Other Local Aid	28.4	28.4	28.2	28.4	28.2	28.2	(0.2)	0.0	(0.2)
Other	4,029.7	3,986.0	3,972.6	3,957.1	3,946.2	3,946.9	(39.1)	(25.7)	(10.1)
Constitutional Officers	71.4	83.6	75.4	75.3	73.8	74.0	(9.6)	(1.4)	(1.3)
Debt Service	2,088.4	2,040.6	1,956.0	1,955.4	1,955.4	1,955.4	(85.2)	(0.6)	(0.0)
Executive and Legislative	58.9	59.2	58.5	59.1	60.0	60.0	0.8	1.5	0.9
Libraries	25.0	24.7	21.1	21.1	21.1	21.1	(3.5)	0.0	0.0
Pensions	1,376.6	1,376.6	1,441.8	1,441.8	1,441.8	1,441.8	65.2	0.0	0.0
Other Administrative	409.4	401.3	419.7	404.3	394.0	394.6	(6.7)	(25.1)	(9.8)
Total Appropriations and Transfers*	31,693.2	32,208.0	32,898.0	32,559.4	32,597.6	32,656.7	448.7	(241.3)	97.3

* To better compare across fiscal years, this total does not include health benefit costs for municipalities joining the Group Insurance Commission.

NOTES:

1. The FY 2010 Current total includes funding in the GAA plus any supplementals passed during the year, funding from the American Recovery and Reinvestment Act (ARRA), and less October cuts.

2. FY 2011 totals include American Recovery and Reinvestment Act (ARRA) funding. Governor (Adjusted) includes March 5 revisions. Governor (Adj.), House (Adj.) and Senate (Adj.) adjust Environment, Health Care, Infrastructure, Law and Public Safety and Other to allow for year-to-year comparisons given proposed reorganizations.

3. Includes a variety of state health programs including the elder pharmacy program, costs associated with health care finance, the Health Safety Net, and other costs associated with health reform.

4. Includes Veterans Affairs, Commission for the Blind, Mass. Rehabilitation Commission, Commission for the Deaf and Hard of Hearing, Soldiers' Homes, Dept. of Youth Services, and certain programs within the office of the Executive Office of Health and Human Services.