

Conference Preview: Differences between the Senate and House Budgets for FY 2018

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With a Conference Committee of three Representatives and three Senators meeting to meld the proposals of the two branches into a final budget to present to the Governor, we are entering the final stages of the annual budget debate. The House and Senate proposals have a lot in common: both modestly increase funding for K-12 education and both make new investments in early education (although in different ways); both take steps to address the cost increases borne by the state as the result of fewer employees getting health care coverage from their employers; and both increase funding for affordable housing to help reduce homelessness. Both branches also incorporate revenue from the Governor's initiatives to require larger on-line retailers to collect state sales taxes.

There are also significant differences that will need to be worked out in conference: the Senate provides more funding for higher education and raises modest amounts of additional revenue by taxing on-line rentals through services such as Airbnb and by changing the way taxes are calculated on hotel rooms booked on-line; the House funding levels are higher than the Senate in several areas including MassHealth and the Municipal Regionalization and Efficiencies Incentive. The Senate also included a proposal that was not in the House budget to begin a process of examining the costs and benefits of tax expenditures. The state loses over a [billion dollars a year](#) in revenue as a result of various special business tax breaks that are part of our tax code and not regularly evaluated. In the sections below, this *Budget Monitor* describes all of the major differences

between the House and Senate budget proposals in each section of the budget.

While the May tax revenue numbers came in a little above projections, overall tax revenue for the year is \$439 million below projections with one month to go. The good news is that revenue from income tax withholding has been reasonably strong – and that is a good measure of current economic circumstances. The big drop we saw in April was due mostly to payments with returns when people filed their 2016 taxes. Part of that drop may have been due to taxpayers with significant business and investment income anticipating federal income tax cuts in 2017 and shifting income from 2016 to 2017 (such as by waiting to sell stocks that had increased in value). But while there are some positive signs, tax revenue this year is below projections and there is always the danger that our national economy will weaken. Thus it will be important for the 2018 budget to be as structurally balanced as possible. The budgets enacted by the two branches of the Legislature both rely on over \$500 million in temporary solutions. This is considerably more than the amount relied on in the Governor’s budget because he had proposed addressing the state costs of fewer employees getting health care coverage from their employers by enacting a permanent assessment on employers who don’t meet certain benchmarks for providing coverage. That plan would have raised \$300 million in FY 2018 and more in future years. The House and Senate plans would raise only \$180 million in FY 2018 and nothing after two years.

The rest of this *Budget Monitor* describes the major amendments adopted during the Senate budget debate and examines the differences between the House and Senate proposals. Links from the Table of Contents below allow readers to jump quickly to specific sections. Each section also provides links to our on-line budget tools including our [Budget Browser](#) (which provides funding information for every line item in the state budget going back to FY 2001) and, where applicable, to our [Children’s Budget](#) and [Jobs & Workforce Budget](#). When the proposals track prior recommendations closely, we also provide links to the detailed descriptions of those proposals in our previous *Budget Monitors*.

EDUCATION

Early Education & Care

During its debate on the Fiscal Year (FY) 2018 budget, the Senate added \$500,000 to early education and care initiatives. The Senate amendments primarily provided targeted support to several local programs. These changes bring the final Senate FY 2018 budget proposal to \$587.1 million for early education, much the same as (0.6 percent above) the House proposal.

The House budget proposal for FY 2018 provides \$20.0 million for a [Center-Based Child Care Rate Increase](#), compared to \$10.0 million in the Senate budget. Salary and benefit increases, along with professional development for early educators are critical to improving the quality of care available for preschool age kids. In the current FY 2017 budget, \$12.5 million was available for this purpose through a similar [Early Education and Care Provider Rate Increase](#).

The Senate budget for FY 2018 proposes \$15.1 million for the [Commonwealth Preschool Partnership Initiative](#) to help communities expand access to early education, primarily for 3-year-old kids. The House did not provide funding for this purpose in its budget. For more detail on this Senate proposal, see [Analyzing the Senate Ways and Means Budget for FY 2018](#).

An amendment to the FY 2018 Senate budget would commission a study of the early education workforce to be undertaken by the University of Massachusetts at Boston. Another amendment would provide \$250,000 to [Reach Out and Read](#), supporting efforts of doctors to promote reading and literacy with children and families. The House proposed \$750,000 more in funding for this program than the Senate.

For full details on the differences between the final House and Senate budgets for early education, see the table below.

For information on funding for early education programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

EARLY EDUCATION AND CARE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
1599-0042	EEC Provider Rate Increase	12,500,000	0	10,000,000	10,000,000	*incl. adj.
3000-1000	Department of EEC Admin.	5,641,766	5,736,618	5,761,617	24,999	
3000-1020	Quality Improvement	32,396,637	30,712,455	31,862,455	1,150,000	
3000-1042	Center-Based EEC Rate Increase	0	20,000,000	0	(20,000,000)	*incl. adj.
3000-2050	Children's Trust Fund Operations	1,077,989	1,102,494	1,172,494	70,000	
3000-3060	Supportive and TANF Childcare	219,416,837	223,198,540	223,298,540	100,000	
3000-4060	Child Care Access	252,453,572	255,389,342	255,389,495	153	
3000-5000	Grants to Head Start Programs	9,100,000	9,100,000	9,500,000	400,000	
3000-6025	Comm. Preschool Partnership Initiative	200,000	0	15,100,000	15,100,000	
3000-6075	EEC Mental Health Services	0	2,500,000	0	(2,500,000)	
3000-7000	Children's Trust Fund	14,478,731	14,382,149	14,500,000	117,851	
3000-7050	Services for Infants and Parents	13,441,999	13,541,999	13,442,000	(99,999)	
3000-7070	Reach Out and Read	0	1,000,000	250,000	(750,000)	

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

K-12 Education

During floor debate on the Fiscal Year (FY) 2018 budget, the Senate added \$9.2 million for K-12 education line items. Overall, the Senate provides somewhat more funding than the House for K-12 programs including grant programs and Chapter 70 aid.

In its FY 2018 proposal, the Senate provides \$4.76 billion in **Chapter 70 Education Aid**, \$9.9 million (0.2 percent) more than the House proposal (including the **Education Reform Reserve**). Additionally, the Senate provides \$16.6 million (2.7 percent) more for K-12 grant programs.

The Senate budget includes an amendment that would implement the recommendations of the 2015 Foundation Budget Review Commission (FBRC). Some of the prominent changes would increase rates within Chapter 70 for special education students, English Language Learners, and educator health care

costs. This Senate proposal would also increase the rate of additional funding provided for low-income students and increase these amounts sharply as the concentration of kids in poverty rises. The proposal would result in the doubling of the low-income rate in the highest poverty cities and towns to \$8,500 per-student compared to \$4,200 in the other FY 2018 budget proposals. The Senate amendment includes a measure to have the Legislature agree to a multi-year implementation schedule for the reforms.

A Senate amendment to [Afterschool and Out-of-School Time Grants](#) would create a \$100,000 fund to increase access to high-quality afterschool and summer learning opportunities. The same amendment would provide \$100,000 to a data sharing pilot that would help school districts collaborate with community-based providers in evaluating the outcomes of afterschool programs.

The House FY 2018 proposal provides more support than the Senate for several small grants including:

- \$1.0 million for [Programs for English Language Learners in Gateway Cities](#), which is \$500,000 more than the Senate proposal. This program primarily funds grants for summer academies that seek to improve the English language skills of middle and high school students in Gateway Cities.
- \$700,000 for [Statewide College and Career Readiness](#), which is not funded in the Senate proposal. This program provides academic support to students in order to promote college and workforce success and to reduce remediation in higher education.

Conversely, the Senate FY 2018 proposal provides more support in several other programs including:

- \$294.4 million for [Special Education Circuit Breaker](#), which is \$13.1 million (4.7 percent) more than the \$281.3 million proposed by the House. The circuit breaker reimburses schools districts for a portion of their costs for educating students with severe disabilities.
- \$83.5 million for [Charter School Reimbursements](#), which is \$3.0 million more than the House. This program reimburses a percentage of the tuition school districts pay when students leave to attend charter schools. For additional detail on charter school funding and the impact of recent underfunding of the reimbursement formula, see [Charter School Funding Explained](#) and [Analyzing the Senate Ways and Means Budget for FY 2018](#).
- \$30.8 million for [Adult Basic Education](#), which is \$1.8 million (6.3 percent) more than the House.

For full details on the differences between the final House and Senate budgets for K-12 education, see the table below. For information on funding for all education programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

K-12 EDUCATION LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
1233-2401	Chapter 40S Education Payments	250,000	250,000	500,000	250,000	
7009-1700	Education Information Technology Costs	17,746,158	18,341,906	18,741,906	400,000	
7009-6379	Executive Office of Education	2,074,758	2,079,318	2,079,317	(1)	
7009-6400	Programs ELL in Gateway Cities	0	1,000,000	500,000	(500,000)	
7009-9600	Inclusive Concurrent Enrollment	1,166,235	1,416,235	1,143,979	(272,256)	*incl. adj.
7010-0005	Dept. of Education	12,473,413	13,459,864	12,769,863	(690,001)	
7010-0012	METCO	20,642,582	21,142,582	22,000,000	857,418	
7010-0020	Bay State Reading Institute	133,333	400,000	250,000	(150,000)	*incl. adj.
7010-0033	Literacy Programs	1,620,000	1,749,389	1,950,000	200,611	*incl. adj.
7027-0019	School to Career Connecting Activities	2,998,750	2,950,000	3,285,000	335,000	
7027-1004	English Language Acquisition	1,743,981	881,953	881,954	1	
7035-0002	Adult Basic Education	28,824,073	28,982,378	30,800,000	1,817,622	
7035-0006	Regional School Transportation	61,021,000	62,021,000	62,271,000	250,000	
7035-0035	AP Math and Science Programs	2,700,000	2,672,999	2,673,000	1	
7053-1925	School Breakfast Program	4,421,322	4,666,445	4,416,446	(249,999)	
7061-0008	Chapter 70 Aid	4,628,013,618	4,734,405,553	4,756,814,887	22,409,334	
7061-0011	Education Reform Reserve	0	12,548,162	0	(12,548,162)	
7061-0012	Special Education Circuit Breaker	277,281,180	281,281,181	294,390,396	13,109,215	
7061-0029	Office of Ed. Quality and Accountability	890,322	890,323	890,322	(1)	
7061-0033	Public School Military Mitigation	1,300,000	500,000	1,300,000	800,000	
7061-9010	Charter School Reimbursement	80,500,000	80,500,000	83,500,000	3,000,000	
7061-9011	Innovation Schools	0	0	315,000	315,000	
7061-9200	Education Technology Program	770,481	788,087	788,088	1	
7061-9400	Student and School Assessment	34,471,782	31,094,275	27,094,275	(4,000,000)	
7061-9401	Assessment Consortium	0	0	400,000	400,000	
7061-9406	College and Career Readiness	233,334	700,000	0	(700,000)	
7061-9408	Targeted Intervention	7,391,120	7,307,165	7,457,168	150,003	
7061-9611	After-School and Out-of-School Grants	2,240,001	2,955,000	3,745,000	790,000	
7061-9626	Youth-Build Grants	2,000,000	2,000,000	2,250,000	250,000	
7061-9634	Mentoring Matching Grants	500,000	500,000	600,000	100,000	
7061-9810	Regionalization Bonus	110,000	56,920	65,000	8,080	
7061-9812	Child Sexual Abuse Prevention	150,000	0	150,000	150,000	

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

Higher Education

During debate on the Fiscal Year (FY) 2018 budget, the Senate added \$989,000 for higher education through several amendments. These additions mostly focused on specific initiatives at several campuses, including workforce development and scholarship programs. Overall, the Senate proposal provides greater resources for higher education than the House. The Senate budget for FY 2018 would

provide \$1.20 billion for higher education, which is \$29.9 million (2.5 percent) more than the House. Generally, the Senate budget for FY 2018 provides greater funding to the direct line items of public higher education campuses. Higher amounts in these areas could reduce increases to tuition and fees at public campuses in FY 2018.

A Senate amendment to the FY 2018 budget would create a new line item, **Brewer Center for Civic Learning and Community Engagement** at **Mount Wachusett Community College** and provide \$100,000 in funding. This center would be focused on increasing service learning and volunteerism in central Massachusetts. Another amendment would provide \$100,000 to create a veterans educational services center at **Bristol Community College**, joining other similar facilities at other community colleges.

The table below details appropriations to the three campus types (the University of Massachusetts, state universities, and community colleges). MassBudget funding totals in the tables below make two adjustments to facilitate accurate across-year comparisons of higher education spending. Since FY 2001, different policies have determined when public higher education campuses must remit back to the state different categories of tuition revenue they receive. When this revenue is remitted, it is not available for campus operations and has the same effect as reduced state funding. To allow for more accurate comparisons of state support to campuses over time, MassBudget deducts the amount of tuition revenue remitted to the state from the direct appropriations for the affected campuses.

Also, MassBudget adds collective bargaining accounts and initiatives located at particular campuses that are funded through separate line items to their respective campus totals. Higher education programs that are system-wide or within multiple branches (including state administration, scholarships, and tuition waivers) are included in overall higher education totals, but are not in the campus-specific amounts.

HIGHER EDUCATION FUNDING TO THE THREE CAMPUS TYPES

Campus Type	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
Community Colleges	274,815,277	280,286,395	280,873,040	586,645
State Universities	246,393,186	248,620,847	257,661,316	9,040,469
UMass	515,330,447	519,410,371	539,447,688	20,037,317
Total, all campuses	1,036,538,910	1,048,317,613	1,077,982,044	29,664,431

For full details on the differences in funding between the FY 2018 House and Senate budgets for higher education, see the tables below.

HIGHER EDUCATION LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
1599-4417	Collins Center for Public Management	0	0	250,000	250,000
1599-7114	UMass Center at Springfield	500,000	250,000	0	(250,000)
1599-7115	Medical School Integrated Health	0	1,000,000	0	(1,000,000)
7066-0000	Department of Higher Education	4,244,105	2,836,684	4,354,762	1,518,078
7066-0009	New England Board of Higher Education	183,250	367,500	0	(367,500)
7066-0016	Foster Care Financial Aid	1,075,299	1,075,299	1,151,236	75,937
7066-0019	Dual Enrollment Grant and Subsidies	1,050,000	1,000,000	1,200,000	200,000
7066-0021	Foster Care and Adopted Fee Waiver	4,530,949	4,530,949	5,259,403	728,454
7066-0036	STEM Starter Academy	4,750,000	4,750,000	0	(4,750,000)
7066-0040	Adult College Transition Services	250,000	250,000	385,000	135,000
7066-1400	State University Incentive Grants	2,477,908	2,502,686	2,589,509	86,823
7070-0065	Massachusetts State Scholarship Program	95,632,559	96,599,324	96,854,000	254,676
7077-0023	Tufts Veterinary Medicine Program	5,000,000	5,000,000	4,000,000	(1,000,000)
7100-0200	University of Massachusetts	508,292,447	513,460,371	534,472,688	21,012,317
7100-0700	Office of Dispute Resolution	750,000	750,000	1,000,000	250,000
7100-0801	Innovation Commercialization Seed Fund	338,000	0	1,025,000	1,025,000
7100-0900	UMass Medical School Medical Research	250,000	250,000	0	(250,000)
7100-0901	Innovation Voucher Program Fund	0	2,000,000	0	(2,000,000)
7100-4000	Massachusetts Community Colleges	2,695,864	2,814,638	2,949,104	134,466
7109-0100	Bridgewater State University	42,888,565	43,324,133	44,865,480	1,541,347
7110-0100	Fitchburg State University	28,334,519	28,625,380	29,654,652	1,029,272
7112-0100	Framingham State University	27,325,333	27,601,481	28,778,687	1,177,206
7113-0100	MA College of Liberal Arts	15,906,676	16,068,125	16,562,198	494,073
7113-0101	MCLA Gallery #51/Berkshire Cultural Center	75,000	0	75,000	75,000
7114-0100	Salem State University	43,098,923	43,538,610	45,094,532	1,555,922
7115-0100	Westfield State University	26,278,750	26,497,285	27,441,749	944,464
7116-0100	Worcester State University	25,763,413	26,026,887	26,959,242	932,355
7117-0100	Massachusetts College of Art	17,899,354	18,078,201	18,711,090	632,889
7118-0100	Massachusetts Maritime Academy	16,344,745	16,358,059	16,929,177	571,118
7502-0100	Berkshire Community College	10,604,258	10,804,691	11,027,987	223,296
7503-0100	Bristol Community College	20,182,066	20,544,546	20,947,565	403,019
7504-0100	Cape Cod Community College	11,846,928	12,061,578	12,301,412	239,834
7505-0100	Greenfield Community College	10,190,490	10,419,985	10,623,280	203,295
7506-0100	Holyoke Community College	19,088,106	19,489,900	19,935,255	445,355
7507-0100	Massachusetts Bay Community College	15,414,927	15,710,410	16,039,515	329,105
7508-0100	Massasoit Community College	20,317,641	20,749,702	21,227,902	478,200
7509-0100	Mount Wachusett Community College	14,000,178	14,265,792	14,711,717	445,925
7510-0100	Northern Essex Community College	19,140,954	19,494,902	19,889,650	394,748
7510-0200	Northern Essex CC Expansion Programs	1,000,000	1,000,000	0	(1,000,000)
7511-0100	North Shore Community College	20,652,648	21,134,295	21,587,561	453,266

HIGHER EDUCATION LINE ITEMS WITH FUNDING DIFFERENCES CONTINUED

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
7512-0100	Quinsigamond Community College	20,019,024	20,472,867	20,973,321	500,454
7514-0100	Springfield Technical Community College	24,357,023	24,833,976	25,364,244	530,268
7515-0100	Roxbury Community College	10,335,444	10,520,818	10,747,534	226,716
7516-0100	Middlesex Community College	22,720,670	23,167,921	23,652,778	484,857
7518-0100	Bunker Hill Community College	25,069,213	25,620,531	26,229,372	608,841
7518-0120	PACE Initiative	0	200,000	0	(200,000)
7590-0101	Brewer Center for Civic Engagement	0	0	100,000	100,000

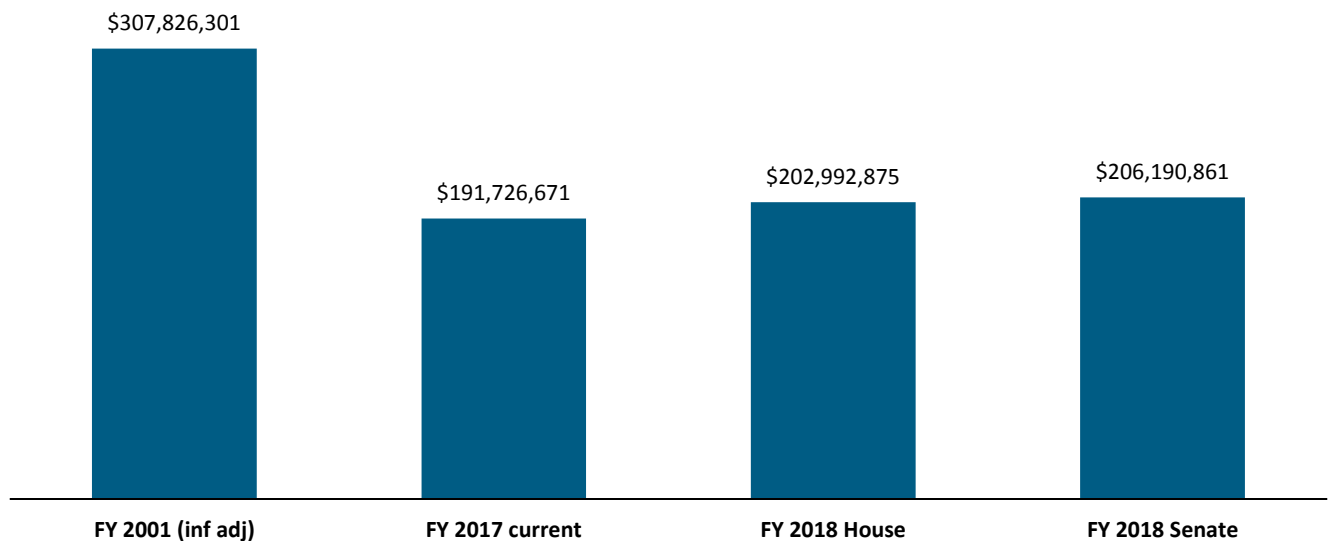
For information on funding for higher education programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

ENVIRONMENT & RECREATION

The state budget funds programs that keep our air, water, and land clean, maintain fish and wildlife habitats, and staff and maintain our parks, beaches, pools, and other recreational facilities. During its floor debate, the Senate added \$5.0 million to parks and recreation programs for a total of \$206.2 million for Fiscal Year (FY) 2018. This amount is slightly (1.6 percent) more than the amount proposed by the House.

The House and Senate both increase funding for environment and recreation programs above the amount provided in FY 2017. Despite these slight increases, funding for environment and recreation programs has fallen by about 30 percent since FY 2001 after adjusting for inflation.

Environment & Recreation budget down by 30% since FY 2001



Most of the differences between the House and the Senate budgets are relatively small with the exception of funding for **state parks and recreation facilities**. The Senate budget provides \$39.9 million

for the primary account for parks and recreation facilities, which is \$3.0 million more than the House. To help pay for this increase, the Senate budget proposes transferring a portion of unspent funds from the Race Horse Development Fund to the Department of Conservation and Recreation (DCR). (For additional discussion of this transfer, please see the Non-Tax Revenue portion of the Revenue section of MassBudget’s *Budget Monitor* on the Senate Ways and Means Budget [here](#).) Both the House and the Senate follow the Governor’s proposal to allow DCR to keep \$20.0 million of the revenue it raises in parking and entry fees to help pay for upkeep of parks and recreation facilities. This is an increase of \$2.3 million above the current fiscal year budget.

For a full list of all funding differences between the two budgets that will be settled in a House/Senate Conference Committee, see the table below.

ENVIRONMENT & RECREATION LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
2000-0100	Exec. Office of Energy & Environment	7,265,020	9,046,322	10,846,402	1,800,080
2000-0101	Climate Change Adaptation & Preparedness	150,000	156,286	200,000	43,714
2000-1700	Energy and Environment IT Costs	10,985,010	10,928,193	10,628,193	(300,000)
2030-1000	Environmental Law Enforcement	10,094,353	10,082,934	10,078,434	(4,500)
2200-0100	Dept. of Environmental Protection	24,405,437	24,958,940	26,025,000	1,066,060
2200-0102	Wetlands Permitting Fee Retained Revenue	650,150	650,150	650,151	1
2250-2000	Safe Drinking Water Act	1,230,839	2,793,531	2,918,531	125,000
2260-8881	Hazardous Waste Site Cleanup	378,666	377,840	375,000	(2,840)
2300-0100	Department of Fish and Game Admin.	924,280	2,043,879	983,878	(1,060,001)
2300-0101	Riverways Protection Restoration	553,889	905,156	580,577	(324,579)
2310-0200	Div. of Fisheries & Wildlife	14,864,184	15,106,053	15,111,569	5,516
2310-0300	Natural Heritage & Endangered Species	150,000	250,000	150,000	(100,000)
2310-0306	Hunter Safety Program	459,926	455,034	466,630	11,596
2330-0100	Division of Marine Fisheries Administration	5,954,873	6,472,281	6,382,282	(89,999)
2511-3002	Integrated Pest Management Program	57,553	58,722	58,725	3
2800-0100	Dept. of Conservation & Recreation (DCR)	4,226,626	4,712,773	4,507,773	(205,000)
2800-0101	Watershed Management Program	954,975	982,526	962,526	(20,000)
2800-0401	Stormwater Management	415,854	444,542	419,542	(25,000)
2800-0501	DCR Seasonals	15,261,436	15,666,544	15,566,544	(100,000)
2800-0700	Office of Dam Safety	373,295	645,361	648,295	2,934
2810-0100	State Parks and Recreation	36,227,842	36,913,728	39,863,728	2,950,000
2810-2042	DCR Retained Revenue	17,700,000	20,025,000	20,000,000	(25,000)
2820-0101	State House Park Rangers	1,791,291	1,794,107	1,794,106	(1)
2820-2000	Streetlighting	3,000,000	3,000,000	2,500,000	(500,000)
7006-1001	Residential Conservation Service Program	224,111	274,111	224,111	(50,000)
7006-1003	Dept. of Energy Resources Assessment	3,651,232	3,786,091	3,786,092	1

For information on funding for Environment and Recreation programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

HEALTH CARE

MassHealth (Medicaid) and Health Reform

The House and Senate Fiscal Year (FY) 2018 budget proposals for MassHealth (Medicaid) and Health Reform do not differ greatly. During floor debate, the Senate added just \$1.5 million to their budget proposal for these programs, bringing their total funding to \$17.42 billion. This is less than one-third of one percent below the House proposal of \$17.47 billion, a \$47.2 million difference. For a list of line items with funding differences that will have to be resolved by the legislative Conference Committee, see the table below. There are many language differences between the House and Senate budget proposals, and the Conference Committee will have to resolve these as well.

Health Care Cost Containment, Health Coverage, and Employer Contributions

When the Governor released his budget, he [proposed](#) a new assessment on employers based on the share of employees who do not receive a certain minimum of health insurance coverage from that employer. The Governor's assessment would generate \$300.0 million for FY 2018. The House also proposed the creation of an employer assessment, but left most of the details of the assessment to be determined after a public hearing, and specified that this assessment would be temporary. The House anticipated their assessment would generate \$180.0 million. Similarly, the Senate budget proposes two choices for a temporary assessment, also with the expectation that either one of these alternatives would generate \$180.0 million for the FY 2018 budget. One of the Senate's options would be for the Secretary of Administration and Finance (in consultation with several other agencies) to increase the existing Employer Medical Assistance Contribution (EMAC) rate. The other option for an assessment as outlined in the Senate proposal would broadly follow the Governor's proposal, but with some details more closely defined, and some parameters yet to be determined. In the Senate proposal, private employers who do not provide a minimum level of health insurance (equivalent to an employer-sponsored group insurance plan to be determined) for a share of their employees (that share to be determined) would be assessed a certain amount, based on a variety of other factors. In particular, that assessment would be "tiered" based on the size of the employer, with larger employers presumably paying a larger amount.

There are other initiatives included in the Senate budget (but not in the House proposal) that are also intended to address health care coverage and health care costs, although none of these would necessarily generate budget savings in FY 2018. The Senate budget proposes that:

- The Commonwealth Health Insurance Connector ("Connector") establish a public awareness campaign to encourage small businesses to use the Connector to find affordable health insurance for their employees. There is no funding targeted for this.
- The Connector, together with the Office of Medicaid, report on the feasibility of establishing a premium sharing plan for small businesses. The intent of this program would be so that small employers of people under 138 percent of the poverty level would share in the costs of MassHealth coverage for those employees.
- The state create a task force to explore group purchasing cooperatives for health insurance.

- The state create a task force to explore savings that could be realized by state agencies using bulk purchasing of non-MassHealth prescriptions. Similarly, the Senate budget recommends that the Office of Medicaid consider a multistate Medicaid bulk purchasing program, also to save on prescription costs.

The House included language requiring the Executive Office, in conjunction with the Department of Transitional Assistance, to report to the Legislature by January 1, 2018 on the feasibility of creating a **common application** for MassHealth and for Supplemental Nutrition Assistance Program (SNAP, or “food stamps”), Emergency Aid to Elders, Disabled and Children (EAEDC), and Transitional Assistance to Families with Dependent Children (TAFDC, or cash assistance). The Senate does not include this language.

On the other hand, the Senate directs the Administration to pursue federal funding for the development of an integrated electronic eligibility system between MassHealth and other benefits programs. The Senate budget further requires that by March 2018, the Administration publish a plan to implement coordinated enrollment and a common application for benefits from the Health Insurance Connector, MassHealth, the Department of Transitional Assistance, the Department of Early Education and Care, and the Department of Housing and Community Development.

MassHealth Program and Administration

The Senate adopted amendments adding \$1.5 million to MassHealth funding bringing the total to \$16.46 billion, with \$16.30 billion for the MassHealth program, and \$162.7 million for program administration. The House proposal includes \$16.35 billion for the MassHealth program and \$163.8 million for program administration, bringing the House total to \$16.51 billion (see table). Although both the House and Senate build their budgets based on slightly lower MassHealth enrollment assumptions than the Governor, the Administration assumes that MassHealth enrollment will stay at around 1.9 – 2.0 million members in FY 2018.

MassHealth (Medicaid) and Health Reform

MASHEALTH	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
MassHealth Programs	15,251,403,833	16,349,866,317	16,299,266,317	(50,600,000)
MassHealth Administration	153,776,087	163,777,734	162,727,732	(1,050,002)
TOTAL	15,405,179,920	16,513,644,051	16,461,994,049	(51,650,002)

The Senate MassHealth budget proposal is less than House totals in several areas. These are “gross” savings in that they do not account for reductions to federal reimbursements that would result from reductions to spending. Since the federal government reimburses the state for half of spending on MassHealth (or more), the state would not realize the full amount of savings associated with these MassHealth budget reductions:

- The Senate budget does not include \$14.8 million in supplemental payments to pediatric hospitals;

- The Senate budget includes a provision that would allow optometrists to provide certain services that until now could only be provided by ophthalmologists. The Senate estimates that this could generate savings of approximately \$10.0 million (\$5.0 net of federal revenue);
- The Senate budget does not include an \$8.0 million increase in home health care and foster care rates that were in the House budget.
- The Senate budget does not include a \$15.0 million increase in nursing home rates and \$2.8 million in performance incentives for nursing homes that were in the House proposal.

Other Payments to Providers, Health Subsidies, and Related Spending

The FY 2018 budget proposals also include funding for other supplemental payments to health safety net providers, funding for other subsidized health programs, and other administrative and operational supports (see table.)

MassHealth (Medicaid) and Health Reform	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
Supplemental Payments to Providers				
Medical Assistance Trust	736,154,225	452,400,000	452,400,000	0
Delivery System Transformation Initiative	196,252,001	189,149,333	189,149,334	1
Total	932,406,226	641,549,333	641,549,334	1
Other Health Subsidies				
Commonwealth Care Trust	40,083,939	119,104,830	119,104,830	0
Prescription Advantage	17,771,922	17,179,054	17,179,054	0
Total	57,855,861	136,283,884	136,283,884	0
Other Administration and Operations				
Center for Health Info. & APCD	28,131,406	28,631,406	28,631,406	0
Information Technology	116,776,778	127,723,292	130,060,702	2,337,410
Health Information Trust	8,853,272	8,853,272	13,853,272	5,000,000
Community Hospital Reinvestment Trust Fund	0	3,000,000	0	(3,000,000)
Other Health Finance	9,542,285	9,541,494	9,691,494	150,000
Other Trusts	0	0	0	0
Total	163,303,741	177,749,464	182,236,874	4,487,410

The totals for the Medical Assistance Trust show budgeted appropriations current as of this moment. The timing of operating transfers into this trust, which are made up of provider assessments and federal revenues, do not align with the state fiscal year. The apparent large difference between FY 2017 and FY 2018 is simply due to the timing of the transfers. There will likely not be a significant difference in spending from this trust for FY 2018 compared to FY 2017.

Other differences between the Senate and House budget proposals include:

- \$5.0 million more in the Senate in funding for the Health Information Trust; the Senate proposes \$13.9 million and the House proposes \$8.9 million;

- \$3.0 million in the House budget for the Community Hospital Reinvestment Trust, while the Senate does not include this funding. The trust receives funds (“off-budget”) from the Center on Health Information and Analysis to support hospitals that provide health care for low-income populations. Both the Senate and House budgets direct an additional \$17.0 million in payments from the fund to support care that was provided by hospitals in FY 2017.

MASHEALTH (MEDICAID) AND HEALTH REFORM LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
1450-1266	Academic Detailing Program	0	0	150,000	150,000	
1595-1069	Health Information Technology Trust Fund	8,853,272	8,853,272	13,853,272	5,000,000	
1595-1310	Community Hospital Reinvestment Trust	0	3,000,000	0	(3,000,000)	
4000-0014	Edward Kennedy Community Health Center	0	0	100,000	100,000	
4000-0300	Exec. Office of Health & Human Services	99,976,087	103,777,734	102,527,732	(1,250,002)	
4000-0328	State Plan Amendment Support	50,000	0	100,000	100,000	
4000-0600	MassHealth Senior Care	3,509,766,093	3,760,610,443	3,752,610,443	(8,000,000)	*incl. adj.
4000-0640	MassHealth Nursing Home Supp. Rates	345,100,000	362,900,000	345,100,000	(17,800,000)	*incl. adj.
4000-0700	MassHealth Fee-for-Service Payments	2,351,838,433	2,664,848,930	2,639,047,224	(25,801,706)	
4000-0940	ACA Expansion Populations	2,147,410,368	2,239,691,278	2,240,692,984	1,001,706	
4000-1700	Health and Human Services IT Costs	116,776,778	127,723,292	130,060,702	2,337,410	

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for MassHealth (Medicaid) going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

Mental Health

The Fiscal Year (FY) 2018 Senate budget proposes funding mental health services at \$777.1 million, \$2.9 million more than the \$774.2 million proposed by the House. During floor debate, the Senate added amendments totaling \$1.5 million for mental health. For a list of line items with funding differences, see the table below.

One of the differences between the House and Senate mental health budget proposals is in the funding for [child and adolescent health services](#). The Senate added \$200,000 to the funding for this line item to fund particular local programs, bringing the total to \$91.6 million, \$2.4 million (2.7 percent) more than proposed by the House. Within the funding for this line item, the Senate budget includes \$100,000 more than the House (for a total of \$3.7 million) for the Massachusetts Child Psychiatry Access Project (MCPAP). The Senate proposal directs MCPAP to establish a pilot program to increase care coordination for children with behavioral health needs.

The Senate proposal for **forensic services** is \$10.7 million, \$1.5 million (16.2 percent) more than the \$9.2 million proposed in the House. The Senate proposal includes in this total \$3.5 million designated for juvenile court clinics, a \$600,000 increase over current funding.

MENTAL HEALTH LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
5011-0100	Department of Mental Health Admin.	27,408,942	27,527,468	27,527,407	(61)
5042-5000	Child & Adolescent Mental Health Services	88,650,618	89,206,786	91,581,786	2,375,000
5046-0000	Adult Mental Health and Support Services	379,754,252	388,380,579	388,380,580	1
5046-2000	Statewide Homelessness Support Services	22,038,690	22,942,690	22,942,689	(1)
5055-0000	Forensic Services Program	9,147,474	9,232,520	10,732,520	1,500,000
5095-0015	Inpatient Facilities & Community Based	207,398,658	208,188,392	207,188,392	(1,000,000)

For information on funding for Mental Health going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

Public Health

The Fiscal Year (FY) 2018 Senate budget includes \$622.6 million for public health programs, just under the \$623.4 million proposed by the House. During floor debate, the Senate added \$6.0 million to their proposal, which brought the Senate funding level close to the House total. Even so, there are many line items with funding differences that will have to be resolved by the budget Conference Committee. See table below for a list of line items with funding differences. Much of the funding added to the Senate budget during debate would provide targeted support for specific local public health programs, such as violence prevention and youth engagement programs, community health center programs, substance abuse programs, or health promotion and prevention programs.

Some of the more significant differences between the House and Senate public health budget proposals are:

- The House proposes \$2.1 million more than the Senate for **substance abuse services**. The House budget for these services totals \$146.2 million, and the Senate proposes \$144.1 million. The Senate proposal is a 1.0 percent increase, not even enough to cover costs associated with inflation compared to FY 2017, and the House proposal is a 3.2 percent increase over funding in FY 2017.
- The Senate proposes \$1.3 million more than the House for the programs in the budget that provide community-based activities and supports for young people to keep them engaged and ultimately reduce violence. Together, the Senate funds these programs at \$11.9 million, compared to House funding of \$10.6 million. For example, the [Safe and Successful Youth Initiative](#) targets high-risk young men in communities across the Commonwealth and provides a public health approach to reducing gun-related violence. The Senate added \$1.0 million to this program during floor debate, bringing the total to \$7.5 million, \$1.5 million more than the House proposal of \$6.0 million for this program.
- The Senate added \$500,000 to funding for **HIV/AIDS prevention and treatment**, bringing their total to \$31.3 million, \$945,000 more than the House proposal of \$30.3 million.

- The Senate proposes \$800,000 more than the House for the [Pediatric Palliative Care](#) program, for a total of \$2.6 million. The House proposed \$1.8 million. The Senate states that this additional funding should eliminate the wait list for these wraparound services for terminally ill children and their families.
- After adding \$500,000 during floor debate, the Senate proposes \$1.5 million, or \$400,000 more than the House proposal of \$1.1 million for **community health centers**. The Senate proposal is a \$219,000 increase and the House proposal a \$181,000 decrease compared to FY 2017 funding of \$1.3 million.
- During floor debate, the Senate proposed \$200,000 for the [postpartum depression pilot program](#). The House did not propose funding for this program, and the program lost funding in FY 2017 after mid-year budget cuts.
- The Senate proposes \$2.2 million for [Dental Health Services](#), \$500,000 more than the \$1.7 million proposed by the House. This program provides oral health care for people who have challenges in getting access to a dentist, including adults with disabilities and school-aged children in low-income communities.

The House includes budget language in an Outside Section (74C) that would establish a special commission to study and report on **childhood vision and eye health**, but the Senate budget does not include this language.

There is a new provision in the Senate budget that would increase the tax on flavored cigars in order to provide \$7.0 million in ongoing revenue for the (off-budget) Prevention and Wellness Trust Fund. The Fund supports partnerships among community organizations, health providers, and local governments to promote healthier living. Projects funded by the Trust are intended to help communities reduce health disparities, reduce preventable health conditions, and increase healthy behaviors among their residents.

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
4000-0005	Safe and Successful Youth Initiative	6,500,000	6,025,000	7,545,000	1,520,000	
4510-0110	Community Health Center Services	1,323,773	1,142,354	1,542,354	400,000	
4510-0112	Postpartum Depression Pilot Program	0	0	200,000	200,000	
4510-0600	Environmental Health	3,838,554	3,798,322	3,918,321	119,999	
4510-0710	Div. of Health Care Quality	10,584,252	11,403,176	10,903,176	(500,000)	
4510-0712	Div. of Health Care Quality Facility Fee	2,128,302	2,878,302	2,128,302	(750,000)	
4510-0810	Sexual Assault Nurse Examiner (SANE)	4,630,449	4,828,855	4,728,855	(100,000)	
4510-3010	Down Syndrome Clinic	0	0	150,000	150,000	
4512-0103	HIV/AIDS Prevention Treatment	32,217,113	30,334,416	31,279,279	944,863	
4512-0200	Bureau of Substance Abuse Services	124,258,987	128,750,888	124,875,888	(3,875,000)	*incl. adj.
4512-0203	Substance Abuse Family Interv. & Care	1,500,000	1,485,000	1,500,000	15,000	
4512-0205	Substance Abuse Grants			1,255,000	1,255,000	
4512-0211	Recovery High Schools	3,100,000	3,100,000	3,600,000	500,000	
4512-0500	Dental Health Services	1,669,647	1,672,529	2,172,529	500,000	
4513-1000	Family Health Services	5,529,707	5,751,509	5,711,509	(40,000)	
4513-1026	Suicide Prevention	4,130,748	4,230,748	4,390,051	159,303	
4513-1098	Services to Survivors of Homicide Victims	100,000	200,000	100,000	(100,000)	
4513-1111	Health Promotion and Disease Prevention	3,599,010	4,010,977	3,760,977	(250,000)	
4513-1121	Stroke Treatment and Ongoing Prevention F	-280,000	0	630,000	630,000	
4513-1130	Domestic Violence and Sexual Assault Prev	30,722,153	31,530,559	32,010,559	480,000	
4516-1000	State Laboratory and Communicable Disea:	12,282,648	12,520,173	12,570,173	50,000	
4516-1037	Mobile Integrated Health Retained Rev.		1,000,000	0	(1,000,000)	
4516-1039	Health Care Industry Plan Review Retained Rev.		400,000	0	(400,000)	
4590-0250	School-Based Health Programs	11,932,830	12,069,396	12,144,395	74,999	
4590-0915	Public Health Hospitals	154,091,360	157,070,732	155,920,732	(1,150,000)	
4590-0925	Prostate Cancer Research Program	300,000	550,000	300,000	(250,000)	
4590-1503	Pediatric Palliative Care	1,804,578	1,806,334	2,606,334	800,000	
4590-1507	Youth At-Risk Matching Grants	2,100,000	3,240,000	3,025,000	(215,000)	

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for all public health programs going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

State Employee Health Insurance

The Fiscal Year (FY) 2018 budget proposals from the House and the Senate for state employee health insurance are essentially the same at \$1.61 billion, with only small funding differences in a few line items (see table), so there will be little to resolve in the Conference Committee. The Senate did not pass any amendments to state employee health insurance during floor debate.

STATE EMPLOYEE HEALTH INSURANCE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
1108-5350	Retired Govt. Employees Group Insur. Premiums	179,411	165,271	127,271	(38,000)
1750-0300	State Contribution to Union Dental and Vision Insur.	30,911,194	31,661,194	31,061,194	(600,000)
1599-6152	State Retiree Benefits Trust Fund	440,000,000	440,000,000	440,569,153	569,153

Please note that MassBudget's totals for state employee health insurance include adjustments that allow for better across-year comparisons (see table). MassBudget removes from budget totals the amounts each year that are simply pass-throughs of funding for municipal health insurance. Municipalities have the option of taking advantage of the state's purchasing power by using the state's Group Insurance Commission (GIC) to purchase their employees' health insurance. Municipalities reimburse the state for the costs of this insurance, so there is no cost to the state for adding these municipal employees to the GIC membership rolls.

STATE EMPLOYEE HEALTH INSURANCE LINE ITEM ADJUSTMENTS

Line Item	Line Item Name	FY 2018 House with MassBudget Adjustment	FY 2018 Senate	MassBudget Adjustment	FY 2018 Senate with MassBudget Adjustment
1108-5200	Group Insurance Premiums	1,092,810,272	1,701,048,734	(608,238,462)	1,092,810,272
1108-5400	Retired Muni. Teachers	0	52,342,714	(52,342,714)	0

State Retiree Benefits

The state has adopted a schedule to move towards full funding of health and other non-pension post-employment benefits ("OPEB") for retirees. The Commonwealth funds the current and future costs of OPEB through a variety of transfers to **the State Retiree Benefits Trust**. The House budget proposal includes \$440.0 million in an operating transfer directed to the State Retiree Benefits Trust, and the Senate proposal includes a slightly larger transfer of \$440.6 million. In order to fully fund the cost of future retirees' benefits, in FY 2012 the state decided to dedicate an increasing share of its annual Master Tobacco Settlement award to the State Retiree Benefits Trust. The intent was to use 60 percent of the award in FY 2018, which would be \$154.5 million.

However, instead of transferring \$154.5 million (or 60 percent), both the House and Senate propose transferring an amount equivalent to just 10 percent of the Tobacco Settlement award – \$25.8 million – into the State Retiree Benefits Trust to fund OPEB. Language in the budget proposals state that this transfer would come from unexpended debt payments reverted to the General Fund or, if those reversions are insufficient, from the Master Tobacco Settlement money deposited into the General Fund. This total is \$128.8 million less than the amount indicated for FY 2018 in the statute.

The House budget allows for this transfer to come from unexpended debt service appropriations that are paid from the Commonwealth Transportation Fund (see the "Transportation" section of this *Budget Monitor*), but the Senate budget restricts these transfers to debt service paid out of the General Fund.

In FY 2017, the General Appropriation Act included similar language that would have funded the State Retiree Benefits Trust with either debt reversions or funds from the Tobacco Settlement, and also at 10 percent of the Tobacco Settlement – an amount lower than specified in the statute. However, the Governor vetoed this language in the budget, and proposed alternate language. The Governor expressed concern that funding the Trust at a level of only 10 percent of the Tobacco Settlement was risky for the state’s bond rating. The Legislature has not yet moved forward on the Governor’s alternate language which would have increased the transfer to 30 percent. Since there has not yet been alternate language enacted for FY 2017, the transfer into the fund for FY 2017 reverts to the amount currently in statute – 50 percent – until otherwise amended. Although it is certainly likely that the Legislature will act on this transfer before the end of FY 2017, and in fact is currently considering legislation that would fund the State Retiree Benefits Trust for FY 2017 at the level of 10 percent of the Tobacco Settlement, the numbers in this *Budget Monitor* reflect the current status of FY 2017 funding, an amount that is \$103.0 million more than the amount proposed by the Legislature for FY 2017, and \$51.5 million more than had been proposed by the Governor.

For information on funding for State Employee Health Insurance going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

HUMAN SERVICES

Child Welfare

The Senate’s Fiscal Year (FY) 2018 budget proposal for child welfare services is \$988.4 million, \$13.0 million (1.3 percent) more than the \$975.4 million from the House. During floor debate, the Senate added an additional \$1.1 million to the appropriation for [Services for Children and Families](#), with the added money going to support specific local programs, bringing the total to \$292.5 million, just slightly over the amount proposed by the House. See table below for a list of line items with funding differences that will need to be resolved during Conference Committee deliberations.

The largest funding difference is due to the Senate’s proposal to continue funding for the Department of Children and Families (DCF) “[lead agencies](#).” These are local and regional offices that contract for child welfare services throughout the Commonwealth. The Senate proposed \$6.0 million for these agencies, while the House did not include this funding.

The Senate proposes more funding than the House for community-based supports for families. The vast majority of children connected to DCF are not in foster care, but rather live with their families with supports and services provided by, or coordinated with, DCF. The House proposed \$47.4 million for [Family Support and Stabilization](#), while the Senate proposed \$50.0 million. The Senate proposed \$12.2 million for [Family Resource Centers](#), \$4.4 million more than the House proposal of \$7.8 million. The Senate total includes new funding (\$50,000) for the Juvenile Court Mental Health Advocacy Project, a program to increase access to mental health services for at-risk youth diverted from juvenile courts. The Senate also includes \$1.0 million for Family Resource Centers in the Executive Office of Health and Human Services (see the “Other Human Services” section of this *Budget Monitor*).

The Senate proposed \$275,000 to support [Foster Care Parent Outreach](#), an initiative to encourage more families to open their homes to foster children. This is \$25,000 more than proposed by the House. Unlike the House, however, the Senate does not fund what is known as the [Grandparents](#)

[Commission](#), which focuses on concerns of grandparents with primary responsibility for raising grandchildren. The House proposed \$112,000.

CHILD WELFARE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0950-0030	Commission on the Status of Grandparents	100,000	111,714	0	(111,714)
4800-0030	DCF Local and Regional Management	6,000,000	0	6,000,000	6,000,000
4800-0038	Services for Children and Families	286,094,395	292,423,782	292,531,283	107,501
4800-0040	Family Support and Stabilization	46,892,955	47,392,955	50,000,000	2,607,045
4800-0041	Congregate Care Services	269,443,597	280,439,700	280,464,507	24,807
4800-0058	Foster Care Parent Outreach	250,000	250,000	275,000	25,000
4800-0200	DCF Family Resource Centers	9,978,898	7,781,116	12,161,116	4,380,000

For information on funding for Child Welfare programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

Disability Services

The state budget supports a range of programs for individuals with disabilities, including targeted job training programs that help people participate in the workforce as well as community-based supports to assist people and their families more broadly. During its budget debate, the Senate provided \$380,000 in additional funding to disability services above the Senate Ways and Means Committee budget. In total, the House and the Senate for Fiscal Year (FY) 2018 both propose \$1.98 billion for programs for individuals with disabilities. These budget proposals are about 4 percent over the FY 2017 current budget.

Unlike the House, the Senate proposes to fund the **Aging with Developmental Disabilities** program and [Transitions to Work](#), each at \$150,000 for FY 2018. The Aging with Developmental Disabilities program provides direct support for older adults with developmental disabilities, staff training for identifying age-related conditions, and data collection on the effectiveness of support and training. Transitions to Work provides a range of job training and placement services to young adults with disabilities.

The Senate and House proposals are in line with each other with the exception of modest differences. For a full list of these funding differences that will be settled in a House/Senate Conference Committee, see the table below.

DISABILITY SERVICES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
4110-1000	Community Services for the Blind	4,175,682	4,350,682	4,500,000	149,318
4120-0200	Independent Living Centers	6,130,018	6,130,018	6,630,018	500,000
4120-1000	Mass. Rehab. Commission	346,486	354,814	354,813	(1)
4120-2000	Vocational Rehabilitation for the Disabled	10,095,476	10,370,186	10,370,187	1
4120-4000	Independent Living Assist. for the Multi Disable	9,423,606	9,481,551	9,681,551	200,000
4120-5000	Home Care Services for the Multi Disabled	4,313,482	4,320,430	4,320,431	1
4120-6000	Head Injury Treatment Services	15,898,807	16,183,512	16,333,512	150,000
4125-0100	Mass. Commission for the Deaf & Hard of Heari	5,411,403	5,598,262	5,904,674	306,412
5911-1003	DDS Service Coordination and Administration	69,893,991	69,797,141	69,847,140	49,999
5920-2010	State Operated Residential Services	218,453,948	216,612,361	216,792,361	180,000
5920-3025	Aging with Developmental Disabilities	0	0	150,000	150,000
5930-1000	State Facilities for the Developmentally Disabl	109,353,183	106,970,644	106,220,644	(750,000)
7003-0607	Comm. Corp. Transitions to Work	0	0	150,000	150,000

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

Elder Services

The state budget supports older adults in Massachusetts through a range of services that promote independence, safety, and well-being. The House and the Senate propose similar levels of Fiscal Year (FY) 2018 funding for elder services. The House budget proposal provides \$287.8 million, while the Senate proposal provides \$288.3 million, which includes \$172,000 added during Senate floor debates.

The major difference between the House and Senate proposals is \$1.2 million more that the Senate would provide for **Elder Home Care Purchased Services**. This additional funding is dedicated for new elder applicants of the home care over-income cost-sharing program, which expands eligibility for home care services to applicants whose adjusted incomes are just above the income cutoff. The Senate also proposes studying the cost-effectiveness of the home care program, including the over-income cost-sharing program. The FY 2017 budget required that the Executive Office of Elder Affairs prepare a plan for expanding income eligibility for elders. The Senate's funding would accommodate the projected enrollments for this program for FY 2018.

ELDER SERVICES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
9110-0100	Department of Elder Affairs Administration	2,076,565	2,087,777	2,087,778	1	
9110-1630	Elder Home Care Purchased Services	110,840,066	117,729,509	118,929,510	1,200,001	Incl.adj.
9110-1636	Elder Protective Services	28,048,120	29,457,919	29,207,919	(250,000)	
9110-1660	Elder Congregate Housing Program	2,059,798	2,069,880	2,019,880	(50,000)	
9110-1700	Elder Homeless Placement	186,000	261,000	186,000	(75,000)	
9110-1900	Elder Nutrition Program	7,256,375	7,257,795	7,270,169	12,374	
9110-9002	Grants to Councils on Aging	14,160,000	14,565,000	14,190,000	(375,000)	

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for all elder services programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

Juvenile Justice

The House and the Senate propose similar levels of Fiscal Year (FY) 2018 funding to juvenile justice programs, which are run by the Department of Youth Services (DYS). The House budget proposal provides \$182.0 million, while the Senate proposal provides \$182.7 million, which includes \$500,000 added during Senate floor debates.

A major difference between the House and Senate proposals is an additional \$500,000 that the Senate would dedicate for a [Detention Diversion Advocacy Program](#) in the [Residential Services for Detained Population](#) account. This program aims to prevent young people entering the court system from advancing further into the juvenile justice.

The Senate also proposes \$149,000 more than the House proposed for the [Non-Residential Services for Committed Population](#) account, which funds programs and services to youths in DYS custody who reside in the community.

JUVENILE JUSTICE PROGRAM LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
4200-0010	DYS Admin. & Operations	4,375,287	4,375,985	4,438,985	63,000
4200-0100	Non-Residential Services for Committed Pop.	23,179,824	23,530,858	23,680,136	149,278
4200-0200	Residential Services for Detained Pop.	27,633,139	28,529,665	29,029,665	500,000
4200-0300	Residential Services for Committed Pop.	115,713,492	119,987,020	119,987,019	(1)

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for all juvenile justice programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

Transitional Assistance

Transitional assistance programs help low-income individuals and families meet their basic needs and improve their quality of life when faced with an emergency. During its budget debate, the Senate provided \$1.4 million in additional funding to transitional assistance programs above the Senate Ways and Means Committee budget. In total, the Senate proposal provides \$635.3 million, which is \$9.0 million or 1.4 percent above the House proposal.

The Senate proposes funding **Transitional Assistance for Families with Dependent Children** (TAFDC) at \$166.7 million, \$5.8 million above the House budget proposal. Both proposals for TAFDC are below current 2017 spending - by \$24.5 million in the Senate and by \$30.2 million in the House. The decreases assume a drop in caseloads, which one would expect with an improving economy that enables more people to secure employment and improve their circumstances rather than seek this assistance. However, current caseload reduction may partially result from new administrative changes that make it harder for clients to maintain their benefits.

The Senate budget proposes increasing the back-to-school **clothing allowance** available to TAFDC recipients from \$250 to \$300, which is \$100 more than the House proposal. The **rent allowance** remains at \$40 per month in both budget proposals.

For food assistance programs, the Senate proposes funding [Supplemental Nutrition Assistance Program \(SNAP\) Administration](#) at \$4.4 million, \$1.4 million above the House proposal. This account funds programs designed to increase the participation of residents eligible, but not currently signed up, to receive SNAP (formerly Food Stamps). Also, the Senate proposes to fund the [Supplemental Nutrition Program](#), which supplements the federal SNAP program, at \$1.2 million, which is \$900,000 above the House proposal.

Finally, the Senate proposes to fund the [Employment Services Program](#) at \$14.7 million. This is \$1.0 million above the House proposal and \$2.1 million above current FY 2017 levels.

For a full list of all funding differences between the two budgets that will be settled in a House/Senate Conference Committee, see the table below.

TRANSITIONAL ASSISTANCE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
4405-2000	State Supp. to Supplemental Security Income	223,885,904	222,400,139	222,400,140	1
4400-1000	Dept. of Transitional Assist. Admin. & Operati	63,690,035	63,321,110	63,346,109	24,999
4400-1001	SNAP Administration	3,026,983	3,097,232	4,447,232	1,350,000
4401-1000	Employment Services Program	12,619,060	13,673,659	14,673,659	1,000,000
4403-2000	TAFDC Grant Pmt	191,215,716	160,976,574	166,729,366	5,752,792
4403-2007	Supplemental Nutritional Program	700,000	300,000	1,200,000	900,000

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for all transitional assistance programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

Other Human Services

The Senate budget proposal for Fiscal Year (FY) 2018 includes \$207.7 million for other human services, just \$1.7 million more than the House proposal. This funding includes allocations for veterans' services, food banks, and some cross-agency initiatives. During floor debate, the Senate added a total of \$1.6 million for other human services. For a list of the specific line items with funding differences between the two proposals that will need to be resolved in the Conference Committee, see the table below.

The Senate budget includes \$500,000 for the **Citizenship for New Americans Program** in the Office for Refugees and Immigrants, \$100,000 more than the House proposal. This program assists legal permanent residents in becoming citizens.

The Senate proposed \$1.0 million to support the [Family Resource Centers](#) through the Executive Office of Health and Human Services. These centers work in conjunction with resource centers funded through the Department of Children and Families (see "Child Welfare" section of this *Budget Monitor*) and are intended to help at-risk children and families. The House did not include any funding for these centers in the Executive Office and they are not funded in the FY 2017 budget.

During floor debate, the Senate added \$1.1 million to the [Emergency Food Assistance Program](#), bringing the total to \$17.6 million, which is \$85,000 less than proposed by the House because a particular food assistance program funded in the House budget is included in the Senate budget in the funding for state parks.

The Senate budget included a total of \$147.2 million for **veterans' services**, including an addition of \$459,000 in amendments to support particular local programs. This total is essentially level with the amount proposed by the House. Included in the Senate proposal is a new allocation of \$100,000 to support the administration of a tax credit to encourage businesses to hire and retain veterans.

OTHER HUMAN SERVICES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
1410-0010	Veterans' Services Administration and Ope	3,762,497	3,529,629	3,759,629	230,000
1410-0012	Veterans' Outreach Centers Including Home	3,795,641	4,306,641	4,594,641	288,000
1410-0015	Women Veterans' Outreach	110,000	112,152	150,000	37,848
1410-0022	Veterans' Workforce Program	0	0	100,000	100,000
1410-0024	Veteran Service Officer Training and Certifi	350,000	352,829	352,783	(46)
1410-0250	Assistance to Homeless Veterans	3,202,655	3,232,655	3,202,655	(30,000)
1410-1616	War Memorials	400,000	110,000	150,000	40,000
2511-0105	Emergency Food Assistance Program	17,000,000	17,685,000	17,600,000	(85,000)
4000-0051	Family Resource Centers	0	0	1,000,000	1,000,000
4003-0122	Low-Income Citizenship Program	400,000	400,000	500,000	100,000

For information on funding for Other Human Services programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

INFRASTRUCTURE, HOUSING & ECONOMIC DEVELOPMENT

Transportation

The state supports an array of transportation systems, including roads, bridges, rail, buses, airports, and ferries that enable people and goods to travel where they need to go. Much state funding for transportation takes place through dedicated revenue sources and a separate capital budget process. For a chart and description of funding for transportation operations and debt service, see MassBudget's fact sheet, "[What Does Massachusetts Transportation Funding Support and What Are the Revenue Sources.](#)"

The House and Senate budget proposals for Fiscal Year (FY) 2018 differ little in the levels of spending they would allocate for particular programs, but propose a largely different set of policy measures and studies for the Department of Transportation and the Massachusetts Bay Transportation Authority.

The Senate proposes \$83.0 million for the state's 15 **Regional Transit Authorities** (RTAs), which would be an increase of \$1.0 million, though still below the anticipated rate of inflation. The amount is \$2.0 million more than proposed by the House. The Senate – but not the House – proposes to target \$250,000 to the Montachusett regional transit authority for the so-called "Athol-Orange shuttle."

Both the House and Senate follow the Governor's proposal to reduce **Massachusetts Bay Transportation Authority** (MBTA) operating assistance to \$127.0 million, a reduction of \$60.0 million compared to the FY 2017 budget, with an expectation of an increase in capital funding of the same amount. Anticipating this shift, the Department of Transportation's draft capital plan last month included \$60.0 million in the state bond cap [allocation](#) that had not been in the earlier draft. This allocation would be for "Supplemental capital funding for state of good repair and modernization projects across the system including signal upgrades and station improvements." Unlike the House, the Senate proposal includes language to require the MBTA to provide quarterly reports accounting for how future operating assistance funds are spent, as well as requiring the authority to report the level of

funding they expect to request through 2021. The proposal also stipulates that the MBTA would be required to include this funding in their future presentations of the structural deficit – instead of presenting a structural deficit that omitted this funding.

The **Massachusetts Transportation Trust Fund (MTTF)** contributes to highways, transit, intercity rail, small airports, the Massachusetts Turnpike, and the Motor Vehicle Registry. The MTTF receives funds from tolls and federal transportation sources as well as a transfer from the Commonwealth Transportation Fund. The Senate would decrease the anticipated transfer from the Commonwealth Transportation Fund to the MTTF to \$315.2 million, a \$13.9 million decline compared to the current FY 2017 budget and \$9.6 million less than proposed by the House. The Senate decrease is due to \$30.0 million less provided for addressing ice and snow costs. If snow and ice removal costs eventually exceed the Legislature’s allotment next winter, additional funds will need to be appropriated in a supplementary budget. The House proposes to fund a list of specific local projects that includes several local traffic improvements, a commuter shuttle, and a walking path. The Senate identifies its own list of \$880,000 in local projects that include repair of a bridge, replacing a local culvert, and various local sidewalk and traffic improvements. The only common item identified by both chambers is senior van service in Maynard and Acton.

Like the budgets by the House and Governor, the Senate proposal also assumes increased transportation funding through measures that would add to sales tax revenues available in FY 2018, and thereby increase the dedicated portion of those sales taxes to the MBTA. These changes are described in the “Revenue and Budget Balance” section of this *Budget Monitor*. With these changes and a growing economy, the Senate joins the Governor’s and House budgets in anticipating that sales tax revenues will increase enough to yield \$1.02 billion in dedicated sales tax revenue for the MBTA, an increase of \$23.7 million over the current FY 2017 amount.

TRANSPORTATION LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
1595-6368	Mass Transportation Trust Fund	329,085,302	324,772,095	315,191,545	(9,580,550)
1595-6370	Regional Transit Authorities	82,000,000	81,000,000	83,000,000	2,000,000

In addition to proposed spending through particular line items, the Senate approved a set of studies, commissions, and other policy amendments that do not appear in the House budget proposal. These included:

- **Needs/revenue assessment study** – Would require the Secretary of Transportation to prepare a report to analyze and assess current capacity constraints, safety conditions and the state of good repair of the Commonwealth’s surface transportation system, and to consider the baseline of revenues available through fiscal year 2028, with recommendations for new sources.
- **Updated tolling study** – Would require the Massachusetts Department of Transportation to update the 2013 comprehensive tolling plan, taking into consideration potential changes to federal rules, electronic tolling, regional toll equity; and the feasibility of placing tolls on the state borders, mileage-based user fees, congestion pricing; and dynamic pricing.

- **Pittsfield-New York City seasonal rail study** – Would require the Department of Transportation to convene a working group to evaluate establishing direct seasonal weekend passenger rail service between New York City and Pittsfield between Memorial Day and Columbus Day weekends modeled on the CapeFLYER passenger rail.
- **Stipulations on a North-South Rail Link study** – Would require that any study conducted by the Department of Transportation on the proposed North South Rail Link assess certain technological options, an updated ridership model, quantification of several kinds of potential benefits – while requiring an independent peer review when the study is 25 percent complete.
- **Springfield-Boston high-speed rail study** – Would require the Massachusetts Department of Transportation to conduct a study on the feasibility of high-speed rail between Springfield and Boston.
- **MBTA pension fund sustainability commission** – Would create a commission to recommend ways to increase the sustainability of the MBTA pension fund to ensure payment of future pension obligations.
- **MBTA privatization procedures** – Would require good-faith labor negotiations before outsourcing core transportation service or maintenance functions.
- **Safeguards against EZ pass fines amassing without driver knowledge** – Would require the Department of Transportation to contact holders of EZ pass accounts with more than \$100 in outstanding fees and fines amassed on unpaid tolls.
- **Westfield-Lee interchange study** – Would require the department to conduct a feasibility study on establishing a highway interchange on Interstate 90 between the existing interchanges located in the towns of Westfield and Lee.

Likewise, the House approved policy measures and a study that does not appear in the Senate proposal. These include:

- **Local “value capture” local revenue option** – Would allow a municipality or a group of municipalities to help fund a new transportation project by leveraging some of the increase in property values that can result from a transportation improvement nearby, such as a new train station or repaired on-ramp. Localities would designate a special district around a proposed transportation project undertaken by the MBTA, a regional transit authority, or the Massachusetts Department of Transportation, and then use the additional property tax revenue generated within the district as a result of the project to provide some funding for the project.
- **Annual report on use of employee salaries as capital expenditures** – Would require the Department of Transportation to annually report on how much capital expenditures are used to match federal projects, a detailing of departmental employee salaries included in capital expenditures, and the impact of including these salaries as capital expenditures.

Both the House and Senate include a few common proposals, which also parallel proposals from the Governor. One proposal would increase the value of real estate that the Massachusetts Department of Transportation is allowed to sell without a competitive bidding process. Currently, the Department can sell real estate without a competitive bidding process only if the value is less than \$5,000. The House would raise this threshold to \$100,000 and the Senate at \$50,000. Similarly, both chambers, like the

Governor, propose to enable, but not require, the Pension Reserves Investment Management Board to manage the investment of the MBTA Retirement Fund, if the MBTA agrees.

Housing

Our state budget supports affordable housing programs and provides shelter and services to low-income homeless families and individuals. During its budget debate, the Senate added \$1.4 million to housing programs for a total of \$468.3 million in Fiscal Year (FY) 2018. The Senate's final budget is \$16.4 million more than the budget approved by the House. The difference between the two budgets, discussed in more detail below, is largely because the Senate provides more funding to the Emergency Assistance shelter program for low-income homeless families. Please see the chart at the end of this section for a list of all differences in housing funding that will have to be settled by the House/Senate Conference Committee.

The [Emergency Assistance](#) (EA) program provides shelter and assistance to low-income families who are homeless. The Senate provides EA with \$166.1 million which is \$10.2 million more than the House. Because EA provides shelter to low-income families who qualify, the state is obligated to provide sufficient funding to meet demand. In recent years, the final budgets have underfunded this account, requiring the Legislature to provide supplemental funding over the course of the fiscal year. This year the Senate budget appears to provide adequate funding to meet projected caseloads in FY 2018. In its budget, the Senate also includes language that requires EA to provide assistance to families who, without shelter, would have to live in a places not fit for human habitation, like an emergency room, car, or public park. The House budget does not include this language.

A number of other notable differences between the House and Senate budgets include:

- The House budget provides \$250,000 for the **New Lease Program**, which matches homeless families, living in hotels and motels, with housing and provides support services to help these families remain housed.
- The Senate provides \$32.6 million, which is \$1.5 million more than the House, for the [HomeBASE](#) program, which helps families living in EA shelter to move into housing or to help families avoid homelessness altogether. The Senate budget also recommends increasing the amount of assistance a family can receive to \$10,000 each year. Current law and the House budget provide families with up to \$8,000 each year.
- The House provides \$65.5 million for [public housing authorities](#) which is \$1.0 million more than the Senate. Besides the Massachusetts Rental Voucher Program, discussed below, public housing is an important way the state can provide permanent housing to very low-income families.
- The Senate provides [Residential Assistance for Families in Transition](#) (RAFT) with \$18.5 million, which is \$3.5 million more than the House. RAFT currently provides funding to help low-income families who might not be eligible for EA shelter or assistance through HomeBASE and who are at risk of becoming homeless, to remain housed. The Senate budget also includes a provision, not in the House budget, that would provide \$2.0 million of these funds to expand assistance to elders, persons with disabilities, and unaccompanied youth.

- The Senate provides \$2.5 million for a program that provides shelter and services to [unaccompanied homeless youth](#) up to age 25 who are not in the care of a parent or a guardian. This amount is \$2.0 million more than the House budget.
- The Senate budget provides \$800,000 for the **Secure Jobs Connect** program which is \$300,000 more than the House. The program provides employment and housing stabilization services to low-income families who receive housing assistance through the Department of Housing and Community Development (DHCD).

Both the House and the Senate budgets provide a significant increase (15.6 percent) in funding for the [Massachusetts Rental Voucher Program](#) (MRVP), one of the two most important programs that provide long-term, affordable housing to very low-income families, including those moving out of EA shelters. Both budgets recommend providing MRVP with \$100.0 million, which is \$13.5 million more than the current year's budget and \$2.5 million more than the amount the Governor proposed in his FY 2018 budget. Both chambers estimate that this will allow the state to create 350-400 new vouchers in FY 2018. The House and Senate also adopted language included in the Governor's budget that allows renters to keep their MRVP vouchers until their income exceeds 80 percent of Area Median Income (AMI). Under current law, renters must give up their vouchers once their income exceeds 50 percent of AMI. This income level is often not sufficient to allow renters to afford market-based rents in areas with high housing costs, like Greater Boston. The two budgets also allow DHCD to target up to three quarters of the new vouchers for very low-income renters earning 30 percent of the Area Median Income.

For information on funding for Housing programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

HOUSING LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0940-0101	Fees & Federal Reimbursement Ret. Rev.	2,985,910	3,100,000	2,468,211	(631,789)
4000-0007	Unaccompanied Homeless Youth	2,000,000	540,000	2,500,000	1,960,000
4400-1020	Secure Jobs Connect	0	500,000	800,000	300,000
7004-0099	DHCD Admin	6,417,921	7,823,468	7,768,469	(54,999)
7004-0100	Operation of Homeless Programs	5,200,355	5,160,331	5,345,122	184,791
7004-0101	Emergency Assistance	176,000,222	155,883,948	166,091,546	10,207,598
7004-0104	Home and Healthy for Good Program	2,000,000	2,200,000	2,000,000	(200,000)
7004-0106	New Lease for Homeless Families	0	250,000	0	(250,000)
7004-0108	HomeBASE	31,943,664	31,079,696	32,579,696	1,500,000
7004-3036	Housing Services and Counseling	2,291,992	2,291,992	2,971,992	680,000
7004-3045	Tenancy Preservation Program	500,000	750,000	500,000	(250,000)
7004-9005	Public Housing Authorities	64,500,000	65,500,000	64,500,000	(1,000,000)
7004-9007	Public Housing Reform	800,000	1,172,132	1,100,000	(72,132)
7004-9030	Alternative Housing Voucher Program	4,600,000	5,000,000	5,500,000	500,000
7004-9316	RAFT	13,000,000	15,000,000	18,500,000	3,500,000

Economic Development

Economic development programs aim to strengthen our state's workforce, support community investments, and stimulate economic activity. During its budget debate, the Senate provided \$7.9 million in additional funding to economic development above the Senate Ways and Means Committee budget. In total, the Senate proposal provides \$145.8 million, which is \$179,000 below the House proposal. Both proposals are about 15 percent above FY 2017 current spending.

Unlike the House, the Senate does not seek renewed investment to the **Big Data Innovation and Workforce Fund** and the **Massachusetts Manufacturing Extension Partnership** (MassMEP). The House proposes funding these programs at \$2.0 million each. The Administration eliminated funding for them during emergency budget reductions in December. (To learn more about such cuts, read MassBudget's brief, [What Are 9C Cuts?](#)) The Big Data Innovation and Workforce Fund brings the public and private sectors together to prepare workers for big data careers and help identify and solve technology-based issues in transportation, public health, energy, and other areas. MassMEP, also a collaboration of government, business, and academic partners, helps manufacturers in the state plan and implement strategies for increased competitiveness.

Conversely, unlike the Senate, the House does not seek to fund the [Re-Entry Demonstration Workforce Development Program](#), which provides workforce development and supportive services to individuals transitioning from a correctional facility. The Senate proposes funding the program at \$400,000.

For other workforce development programs, Senate proposes funding [Learn to Earn](#) at \$1.0 million, which is \$750,000 above the House proposal. This program was introduced in the Governor's budget proposal and aims to train and place unemployed and underemployed individuals in jobs in high-demand fields through partnerships between public agencies, businesses, community-based organizations, and career centers. Also, the Senate proposes funding [YouthWorks](#), the summer jobs program for at-risk youth, at \$12.5 million, \$1.8 million above the House and \$2.5 million above current FY 2017 spending.

For the arts, the Senate proposes to fund the [Mass Cultural Council](#) at \$16.5 million, which is \$4.5 above the House proposal. Also, the Senate seeks to establish a **Mass. Public Art Program** (MPAP), which would provide for the creation, acquisition, conservation, and maintenance of public art. Funding for construction and renovation of this program would come from 1 percent of all state fund appropriations for capital improvements. It also creates a **Public Art Commission**, which would administer the MPAP and establish a process for the projects.

For travel and tourism, the Senate added \$3.8 million in amendments to the **Mass. Office of Travel and Tourism** (MOTT) bringing funding to \$8.1 million, which is \$2.6 million below the House proposal. For the **Regional Tourism Council Grants**, the Senate seeks to distribute funds from the Tourism Trust Fund to the regional tourism councils by September 1 of each fiscal year as well as to require an annual report of its cost-effectiveness. Both Senate and House propose to fund regional tourism councils at \$6.0 million.

Finally, the Senate seeks to create a **Special Commission Relative to the Modernization of the Taxi Cab Industry in Massachusetts**, which would study the current industry climate of the Commonwealth’s taxi cab industry, such as rules and regulations, industry viability, competitive issues facing the industry, financial burden, cost and financing of medallions and vehicle related issues.

For a full list of all funding differences between the two budgets that will be settled in a House/Senate Conference Committee, see the table below.

ECONOMIC DEVELOPMENT LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0640-0300	Massachusetts Cultural Council	14,299,000	12,075,699	16,525,000	4,449,301
2511-0100	Dept. of Agricultural Resources Admin.	5,479,445	5,817,651	5,892,651	75,000
7002-0010	Executive Office of Housing and Economic Dev.	2,094,996	2,366,244	2,491,244	125,000
7002-0012	Summer Jobs Program for At Risk Youth	10,050,000	10,725,000	12,525,000	1,800,000
7002-0017	Housing and Economic Development IT Costs	3,078,974	3,241,918	3,141,918	(100,000)
7002-0020	Workforce Development Grant	1,450,000	1,450,000	1,625,000	175,000
7002-0032	Innovation Institute	500,000	3,000,000	2,670,000	(330,000)
7002-0033	International Trade	0	0	100,000	100,000
7002-0035	Military Base Promotion	125,000	125,000	0	(125,000)
7002-0036	Urban Agenda Economic Development Grants	1,500,000	1,500,000	0	(1,500,000)
7002-0040	Small Business Technical Assist. Grant Program	1,000,000	1,000,000	2,500,000	1,500,000
7002-1075	Workforce Competitiveness Trust Fund	2,200,000	1,250,000	4,000,000	2,750,000
7002-1080	Learn to Earn	0	250,000	1,000,000	750,000
7002-1502	Transformative Development Fund	0	500,000	0	(500,000)
7002-1508	Mass. Tech. Collaborative Tech and Innovation En	0	1,550,000	330,000	(1,220,000)
7002-1509	Entrepreneur in Residence Pilot Program	100,000	100,000	0	(100,000)
7002-1512	Big Data Innovation and Workforce Fund	0	2,000,000	0	(2,000,000)
7003-0100	Executive Office of Labor and Workforce Dev.	780,972	736,544	996,544	260,000
7003-0150	Demonstration Workforce Dev. Program	250,000	0	400,000	400,000
7003-0200	Department of Labor Standards	2,539,216	3,363,066	3,263,066	(100,000)
7003-0500	Department of Industrial Accidents	19,412,000	20,133,943	20,308,835	174,892
7003-0606	Mass. Manufacturing Extension Partnership	0	2,000,000	0	(2,000,000)
7003-0803	One Stop Career Centers	3,762,600	3,960,051	4,025,000	64,949
7003-1206	Massachusetts Service Alliance	1,450,000	3,025,000	1,705,000	(1,320,000)
7007-0150	Regional Economic Development Grants	400,000	0	600,000	600,000
7007-0300	Mass. Office of Business Development	1,550,050	1,489,838	1,589,388	99,550
7007-0800	Small Business Development Center at UMass	1,186,222	1,186,222	1,386,222	200,000
7007-0952	Commonwealth Zoological Corporation	4,000,000	4,600,000	4,500,000	(100,000)
7007-1202	Mass. Tech. Collab. Computer Science Education	0	1,700,000	0	(1,700,000)
7008-0900	Massachusetts Office of Travel and Tourism	5,332,666	10,732,068	8,124,361	(2,607,707)

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

For information on funding for economic development programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

LAW & PUBLIC SAFETY

Overall, funding levels provided by the Senate and the House for Fiscal Year (FY) 2018 for Law and Public Safety programs are very close – the Senate's total budget of \$2.77 billion is \$27.9 million (1.0 percent) higher than the House's proposal and \$54.3 million (2.0 percent) higher than current FY 2017 spending levels. Most of the differences between the House and Senate proposals are explained by the Senate more fully funding county sheriff departments and related accounts. Overall, there are roughly seventy-five Law & Public Safety accounts funded at different levels in the Senate and House budgets. For a list of the specific line items with funding differences between the two proposals that will need to be resolved in the Conference Committee, see the tables below.

In the area of Prisons, Probation & Parole, the Senate provides \$21.5 million more than the House budget proposal. A majority of the proposed increases in this budget area go to specific **county sheriff's departments**. Also, both the House and the Senate provide a sizeable increase to the **Department of Corrections (DOC)**, as compared to FY 2017 current spending. Some of this increase is tied to the monitoring of recent significant [reforms](#) made at the **Bridgewater State Hospital**, a medium-security prison and mental health facility.

PRISON, PROBATION & PAROLE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0339-1001	Commissioner of Probation	136,155,625	145,559,838	146,859,838	1,300,000
0339-1003	Office of Community Corrections	21,132,834	21,036,094	20,903,499	(132,595)
1599-1500	Justice Reinvestment Reserve	0	3,500,000	0	(3,500,000)
8900-0001	Department of Correction Facility Operations	582,339,345	617,829,903	617,864,903	35,000
8900-1100	Re-Entry Programs	250,000	375,000	500,000	125,000
8910-0102	Hampden Sheriff's Department	70,957,484	72,376,634	72,046,553	(330,081)
8910-0105	Worcester Sheriff's Department	45,465,337	46,374,644	49,863,241	3,488,597
8910-0107	Middlesex Sheriff's Department	66,708,720	68,042,894	68,275,072	232,178
8910-0108	Franklin Sheriff's Department	15,112,242	15,614,487	16,145,203	530,716
8910-0110	Hampshire Sheriff's Department	13,704,424	13,978,512	14,344,504	365,992
8910-0145	Berkshire Sheriff's Department	17,561,543	17,912,744	17,813,281	(99,463)
8910-0446	Pittsfield Schools Retained Revenue	325,000	325,000	300,000	(25,000)
8910-0619	Essex Sheriff's Department	53,257,829	54,322,986	63,476,504	9,153,518
8910-1010	Hampden Sheriff Regional Mental Health Stab U	1,087,493	1,087,493	1,103,117	15,624
8910-1020	Hampden Sheriff Inmate Transfers	542,605	542,605	549,370	6,765
8910-1030	Western Mass Regional Women s Correction	3,570,434	3,570,434	3,628,767	58,333
8910-1101	Middlesex Sheriff Mental Health Stab Unit	887,144	887,144	1,103,117	215,973
8910-8200	Barnstable Sheriff's Department	27,780,507	28,336,117	28,386,872	50,755
8910-8300	Bristol Sheriff Department	43,314,526	44,180,817	47,244,170	3,063,353
8910-8400	Dukes Sheriff's Department	2,886,788	2,944,524	2,976,247	31,723
8910-8500	Nantucket Sheriff's Department	765,348	780,655	765,348	(15,307)
8910-8600	Norfolk Sheriff's Department	30,331,946	30,938,585	33,468,139	2,529,554
8910-8700	Plymouth Sheriff's Department	53,510,618	54,580,830	57,633,087	3,052,257
8910-8800	Suffolk Sheriff's Department	103,447,423	105,516,371	106,886,348	1,369,977

In the area of Courts & Legal Assistance, the Senate provides a net of \$10.0 million more than the House. The main differences include more robust proposed funding for the **Indigent Persons Fees and Courts** account, with the Senate providing \$5.2 million more than the House, though the Senate's funding level remains below the current FY 2017 spending levels. There is also \$3.5 million allocated for the implementation of the recommendations set forth by the **Council of State Governments Criminal Justice Review**, including the establishment of new programs and expansion of existing programs targeted at recidivism reduction. The Senate budget, unlike the House's FY 2018 proposal, recommends providing \$1.0 million to expand the **housing court system** to cover all regions of the state.

COURTS & LEGAL ASSISTANCE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0320-0003	Supreme Judicial Court	8,762,149	9,124,393	9,200,255	75,862
0320-0010	Suffolk County Supreme Judicial Court Clerks Office	1,567,735	1,646,712	1,661,783	15,071
0321-1510	Private Counsel Compensation	127,244,965	98,906,090	100,000,000	1,093,910
0321-1520	Indigent Persons Fees and Court Costs	22,570,976	14,951,982	20,189,970	5,237,988
0321-2000	Mental Health Legal Advisors Committee	1,106,887	1,147,955	1,323,900	175,945
0321-2205	Suffolk County Social Law Library	1,831,200	1,961,200	1,831,200	(130,000)
0330-0300	Administrative Staff	239,872,058	233,210,689	234,183,469	972,780
0330-0344	Veterans Court Program Admin and Transportation	99,000	76,911	79,720	2,809
0330-0500	Trial Court Video Teleconferencing	247,500	249,975	247,500	(2,475)
0330-0601	Specialty Drug Courts	3,229,651	3,261,947	3,232,881	(29,066)
0330-0612	Mental Health and Substance Abuse Model Project	300,000	0	98,923	98,923
0330-0613	Council of State Governments Reserve	0	0	3,500,000	3,500,000
0331-0100	Superior Court	31,497,680	33,343,118	32,839,737	(503,381)
0332-0100	District Court	66,054,290	69,722,810	69,029,761	(693,049)
0333-0002	Probate and Family Court	29,248,259	30,900,169	30,340,165	(560,004)
0334-0001	Land Court	3,880,887	3,980,625	4,115,296	134,671
0335-0001	Boston Municipal Court	13,440,992	13,904,193	13,765,998	(138,195)
0336-0002	Housing Court	8,036,644	8,333,964	8,159,903	(174,061)
0336-0003	Housing Court Expansion	0	0	1,000,000	1,000,000
0337-0002	Juvenile Court	18,992,783	18,547,462	18,357,883	(189,579)
0339-1005	Juvenile Justice Pilot	200,000	202,000	250,000	48,000
0339-2100	Jury Commissioner	2,774,337	2,917,390	3,020,420	103,030

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

In the area of Law Enforcement, the House and Senate provide nearly identical overall levels of funding, though there are several differences at the line-item level. The Senate provides \$7.0 million (or \$1.0 million more than the House) for the [Shannon Grant Gang Prevention Program](#). The Senate also provides \$3.6 million less than the House to support the **Department of State Police** as well as the hiring and training of **new state police recruits**.

LAW ENFORCEMENT LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
8000-0105	Office of the Chief Medical Examiner	9,643,380	9,889,905	9,920,323	30,418
8100-0012	Special Event Detail Retained Revenue	1,050,000	2,200,000	2,887,906	687,906
8100-0111	Gang Prevention Grant Program	6,000,000	6,000,000	7,000,000	1,000,000
8100-0515	New State Police Class	0	2,860,000	1,600,000	(1,260,000)
8100-1001	Department of State Police	278,438,141	282,251,103	279,922,693	(2,328,410)

The House provides \$3.1 million more for Prosecutors than does the Senate. The most notable difference is the Senate proposing less funding than the House for **District Attorneys' offices** around the state. Under the Senate's proposal, most offices would receive around 3 percent less funding than proposed by the House, though the Senate levels are still above current FY 2017 spending. The Senate also sets aside \$200,000 to establish a **Victims of Human Trafficking Trust Fund**.

PROSECUTORS LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0340-0100	Suffolk District Attorney	18,916,992	19,862,842	19,290,288	(572,554)
0340-0200	Northern (Middlesex) District Attorney	16,248,754	17,061,192	16,611,540	(449,652)
0340-0300	Eastern (Essex) District Attorney	9,931,887	10,428,481	10,129,575	(298,906)
0340-0400	Middle (Worcester) District Attorney	10,885,878	11,430,172	11,106,979	(323,193)
0340-0500	Hampden District Attorney	9,501,819	10,226,910	9,676,289	(550,621)
0340-0600	Northwestern District Attorney	6,098,538	6,281,493	6,231,014	(50,479)
0340-0700	Norfolk District Attorney	9,591,791	10,071,381	9,768,422	(302,959)
0340-0800	Plymouth District Attorney	8,841,265	9,283,328	9,007,869	(275,459)
0340-0900	Bristol District Attorney	8,777,329	9,216,195	8,957,165	(259,030)
0340-1000	Cape and Islands District Attorney	4,218,362	4,429,280	4,290,813	(138,467)
0340-1100	Berkshire District Attorney	4,184,794	4,394,034	4,251,865	(142,169)
0340-2100	District Attorneys Association	1,976,693	2,038,778	1,961,110	(77,668)
0840-0100	Victim and Witness Assistance Board	492,531	492,531	592,506	99,975
0840-0101	Domestic Violence Court Advocacy Program	990,453	990,453	1,000,458	10,005
8950-0002	Victim and Witness Assistance Program	216,587	214,421	216,587	2,166
O-VHT	Victims of Human Trafficking Trust Fund	0	0	200,000	200,000

In other areas of Law & Public Safety, the House provides \$1.0 million for the **Boston Regional Intelligence Center (BRIC)**, an operation located within the Boston Police Department and funded in part by the U.S. Department of Homeland Security, while the Senate provides no funding for this item. The Senate does provide \$2.2 million more for the **Department of Fire Services** than the House for FY 2018.

OTHER LAW & PUBLIC SAFETY LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House	Notes
8000-0650	Illegal Tobacco Task Force	600,000	1,194,999	600,000	(594,999)	*Incl. adj.
8000-1001	Boston Regional Intelligence Center	250,000	1,000,000	0	(1,000,000)	
8311-1000	Department of Public Safety and Inspections	3,030,730	2,878,819	2,802,410	(76,409)	*Incl. adj.
8000-0600	Executive Office of Public Safety	2,959,307	3,660,465	3,648,464	(12,001)	
8324-0000	Department of Fire Services Administration	24,308,381	22,691,576	24,881,575	2,189,999	
8315-1024	Licensure for Pipefitters	569,750	567,944	712,258	144,314	*Incl. adj.
8324-0500	Boiler Inspection Retained Revenue	0	77,962	727,512	649,550	*Incl. adj.

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

The Senate also approved an amendment to eliminate fees that people released from prison onto parole are currently charged to defray the cost of administering parole. The Senate projects that eliminating these fees will forgo \$600,000 in lost revenue that would have been generated if these fees were continued.

For information on funding for law and public safety programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

LOCAL AID

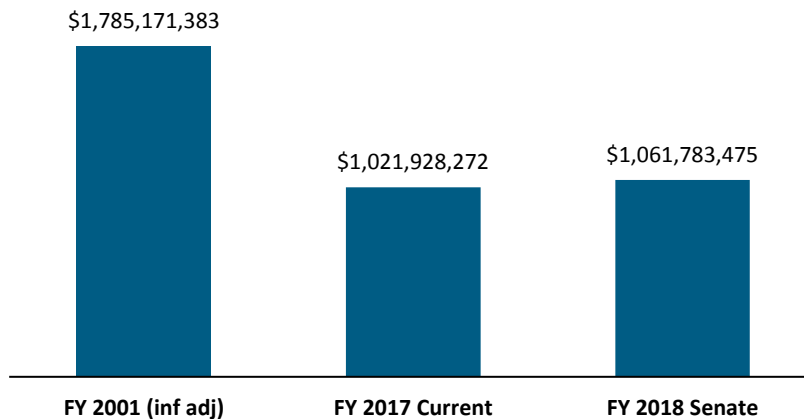
Unrestricted Local Aid

General local aid helps cities and towns fund vital local services such as police and fire protection, parks, and public works. For more information on general local aid, please see [Demystifying General Local Aid in Massachusetts](#).

Both the House and Senate propose \$1.06 billion for **Unrestricted General Government Local Aid** for the Fiscal Year (FY) 2018 budget. These proposals to Unrestricted General Government Local Aid (also known UGGA or “general local aid”) match the Governor’s proposal and would be an increase of \$39.9 million over current FY 2017 levels, an increase of 3.9 percent.

The Commonwealth’s capacity to fund general local aid has been hindered by a series of significant state-level tax cuts during the 1990’s and 2000’s combined with the Great Recession. While over the past several years, general local aid funding has increased in step with or slightly above inflation, it still remains 40.5 percent below FY 2001 levels, when adjusted for inflation.

General Local Aid



Outside sections of the Senate budget are also relevant to general local aid. One proposal would require the Office of the Comptroller and the Department of Revenue to provide more extensive information to municipalities on all forms of financial assistance provided by the Commonwealth to cities and towns. An amendment approved by the Senate also would create a commission to study the distribution of general local aid and lottery aid and to make recommendations for more equitable distribution.

Other Local Aid

The Commonwealth provides other sources of local aid to cities and towns for more specific purposes. The largest form of local aid is for K-12 education, which is discussed separately in the K-12 Education section. Aid for libraries is also discussed in its own section in this *Budget Monitor*.

Senate amendments added \$650,000 to the **Municipal Regionalization and Efficiencies Incentive Reserve**, bringing the proposed total to \$4.0 million. This amount is approximately half the \$8.1 million proposed by the House, and \$2.2 million below current FY 2017 spending levels. Most funding in the Senate proposal would be dedicated to a competitive public safety grants program for populous communities with low per-capita police funding, with the remainder to targeted local projects. Senate amendments added local projects for a community pavilion, an outdoor park, reconstruction of a regional facility, a snow removal plow, and education and outreach for an opioid task force pilot project.

Each legislative chamber proposed a different approach to buttressing funding for the **Community Preservation Act (CPA) Trust Fund**. The CPA Trust Fund provides state matching funds to municipalities that vote to introduce a targeted property tax increment that funds their own local account dedicated to preserving open space, restoring historical buildings, creating affordable housing, or developing outdoor recreation facilities. State Registry of Deeds filing fees fund the CPA Trust Fund. During the first years of the CPA, the state fund matched 100 percent of the revenue municipalities raised themselves, but that portion has fallen sharply in recent years. The fund may face additional strains because eleven new municipalities, including Boston, voted in November to adopt the CPA. The Senate adopted an amendment to more than double the Registry of Deeds fee, which supports the Fund from \$20 to \$45. The House included language to provide the Community Preservation Act (CPA) Trust Fund with up to \$10.0 million in state surplus at the end of FY 2017, if any consolidated net surplus occurs. This possible surplus would otherwise be transferred to the Commonwealth Stabilization Fund.

LOCAL AID LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
1599-0026	Municipal Regionalization & Efficiencies Incentive Reserve	6,225,000	8,100,000	4,000,000	(4,100,000)

For information on funding for all local aid items going back to FY 2001, see MassBudget's *Budget Browser*, [here](#).

OTHER

Libraries

The state budget supports public libraries and library programs in communities throughout the state. During its budget debate, the Senate did not provide additional funding to library programs above the Senate Ways and Means Committee budget. The Senate proposes spending \$26.7 million on library programs, which is about in line with the House budget and \$1.5 million more than the FY 2017 current budget. Even with this slight increase, library funding has been cut by about 45 percent since FY 2001, after adjusting for inflation. For a full discussion of library funding, please see MassBudget's *Budget Monitor* on the Senate Ways and Means budget [here](#).

The differences in funding between the House and Senate budgets that will have to be settled by the House/Senate Conference Committee are listed in the table below. For a full listing of all library programs going back to FY 2001, please see MassBudget's *Budget Browser* [here](#).

LIBRARIES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
7000-9101	Board of Library Commissioners	1,077,431	1,088,205	1,225,000	136,795
7000-9401	Regional Libraries Local Aid	9,883,482	10,182,317	10,383,482	201,165
7000-9402	Talking Book Program Worcester	441,715	496,131	450,115	(46,016)
7000-9501	Public Libraries Local Aid	9,000,000	9,500,000	9,750,000	250,000
7000-9506	Library Technology	2,076,564	2,197,330	2,297,330	100,000
7000-9508	Center for the Book	200,000	200,000	0	(200,000)

Pensions

The Senate budget follows the House (and Governor's) recommended increase in the state's contribution to the Pensions Reserves Investment Trust (PRIT) Fund, raising the annual contribution by \$196.4 million over Fiscal Year (FY) 2017, to a total of \$2.39 billion. Based on the recent update by the Secretary of Administration and Finance to the state's five-year pension contribution schedule, the Senate budget also specifies the increased contribution amounts to be made in FY 2019 and FY 2020. (To read more about how PRIT contributions are calculated and about the current schedule for paying down the state's unfunded pension liabilities, see MassBudget's, "[Analyzing the Governor's Budget for FY 2018](#)."

Assets held and managed within the PRIT are used to fund future state employee retirement costs. The funds in the PRIT come from three sources: employee pension contributions, the state's contributions toward employee pensions, and the investment returns generated from the PRIT. To learn more about the Massachusetts state pension system in general, see MassBudget's report "[Demystifying the State Pension System.](#)"

For information on funding for all pension items going back to FY 2001, see MassBudget's *Budget Browser*, [here](#).

Other Administrative

In its Fiscal Year (FY) 2018 budget, the Senate anticipates generating \$50.0 million in administrative savings, an amount built into their budget numbers. In order to achieve these savings, the Senate budget would create a salary bonus program for certain state employees, aimed at soliciting ideas that would result in "demonstrable cost savings for the Commonwealth and enhance(d) government services." The savings must result from administrative or operational efficiencies rather than through the elimination of jobs or other personnel reductions. Employees who offer successful suggestions will receive "a percentage of demonstrable cost-savings produced, not to exceed \$10,000 per recipient." Suggestions must be submitted not later than March 1, 2018.

For a full list of all funding differences between the two budgets that will be settled in a House/Senate Conference Committee, see the table.

OTHER ADMINISTRATIVE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0640-0010	State Lottery Commission - Advertising	4,500,000	5,000,000	4,500,000	(500,000)
0910-0200	Office of the Inspector General	2,552,995	2,598,525	2,721,785	123,260
0910-0220	Bureau of Program Integrity	396,000	475,000	450,000	(25,000)
0910-0300	Inspector General MassDOT Office	420,750	475,000	450,000	(25,000)
0920-0300	Office of Campaign and Political Finance	1,586,196	1,647,058	1,633,781	(13,277)
0930-0100	Office of The Child Advocate	800,000	808,001	810,000	1,999
0940-0100	Mass. Commission Against Discrimination	3,048,657	3,048,656	3,433,199	384,543
0950-0000	Commission on the Status of Women	115,950	145,000	150,000	5,000
0950-0080	Commission on the Status of Asian Americans	50,000	50,499	75,000	24,501
1100-1100	Office of Secretary of Administration & Finance	3,083,157	3,129,591	3,129,590	(1)
1100-1201	Performance Accountability & Transparency	388,828	387,139	367,139	(20,000)
1100-1700	Administration and Finance IT Costs	30,247,591	29,963,755	29,113,755	(850,000)
1102-1128	State House Accessibility	142,386	141,921	143,346	1,425
1102-3199	Office of Facilities Management	9,768,113	9,160,033	8,606,075	(553,958)
1102-3309	Bureau of the State House	2,428,201	2,565,408	2,617,120	51,712
1107-2501	Disabled Persons Protection Commission	3,043,391	3,231,654	3,281,655	50,001
1120-4005	George Fingold Library	861,925	864,798	864,748	(50)
1201-0100	Department of Revenue	75,483,573	78,621,998	79,667,252	1,045,254
1201-0122	Low Income Tax Clinics	0	0	150,000	150,000
1201-0160	Child Support Enforcement Division	29,371,521	29,170,466	29,170,467	1
1231-1000	Water & Sewer Rate Relief Payments	500,000	1,100,000	0	(1,100,000)
1232-0100	Underground Storage Tank Reimbursements	7,000,000	7,000,000	6,500,000	(500,000)
1232-0200	Underground Storage Tank Admin. Review Board	1,218,313	1,240,874	1,240,875	1
1310-1000	Appellate Tax Board	1,861,143	2,077,931	2,057,931	(20,000)
1599-0015	Intergovernmental Secretariat Budget Savings Reserve	0	0	-50,000,000	(50,000,000)
1599-0999	Organizational Transformation Reserve	480,281	480,281	0	(480,281)
1599-2003	Uniform Law Commission	0	0	125,000	125,000
1599-3856	Massachusetts IT Center Operational Expenses	500,000	500,000	0	(500,000)
1599-4445	Quarter Point CB Reserve	11,288,298	8,110,781	0	(8,110,781)
1750-0100	Human Resources Division	2,681,537	3,018,811	2,918,811	(100,000)
1775-0124	Human Services Provider Overbilling Recovery Retained	150,000	150,000	100,000	(50,000)
1775-0700	Reprographic Services Retained Revenue	53,000	58,300	53,000	(5,300)
1775-0900	Federal Surplus Property Retained Revenue	25,000	25,000	22,000	(3,000)
1790-0100	IT Division	3,225,786	3,222,634	3,052,634	(170,000)
7004-0001	Indian Affairs Commission	121,722	127,655	127,654	(1)
8315-1025	Building Code Training	358,035	214,196	203,783	(10,413)

*Budget proposals sometimes shift the allocation of funding among line items. The chart above presents those proposals in the FY 2017 funding structure to make comparisons easier.

Additional Line Item Differences

In addition to the spending accounts discussed above in the *Budget Monitor*, the House and Senate Conference Committee will also need to reconcile spending differences detailed in the tables below. These tables are organized in the following MassBudget subcategories: *Commercial & Regulatory Entities*, *Constitutional Offices*, and *Executive & Legislative*.

COMMERCIAL AND REGULATORY ENTITIES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0610-0050	Alcoholic Beverages Control Commission	2,271,489	2,488,091	2,911,971	423,880
0610-0060	ABCC Investigation and Enforcement	145,849	147,307	145,849	(1,458)
1599-0840	Cannabis Costs Reserve	300,000	4,000,000	2,000,000	(2,000,000)
2100-0016	Steam Distribution Oversight	100,404	102,888	102,889	1
7006-0010	Division of Banks	16,493,118	18,362,384	18,612,384	250,000
7006-0011	Loan Originator Administration	2,350,000	1,650,000	2,350,000	700,000
7006-0020	Division of Insurance	13,612,080	13,762,080	14,130,740	368,660
7006-0071	Dep't of Telecommunications & Cable	2,933,926	2,987,004	2,987,005	1

CONSTITUTIONAL OFFICES LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0511-0000	Secretary of the Commonwealth	6,319,269	6,532,422	6,669,269	136,847
0511-0230	State Records Center	35,304	35,118	35,304	186
0517-0000	Public Document Printing	504,187	503,090	503,089	(1)
0526-0100	Massachusetts Historical Commission	932,724	932,724	1,032,724	100,000
0540-0900	Essex Registry of Deeds-Northern District	1,224,208	1,236,449	1,236,450	1
0540-1100	Franklin Registry of Deeds	616,755	622,923	622,922	(1)
0540-1500	Middlesex Registry of Deeds-Southern Dist	3,145,081	3,176,531	3,176,532	1
0540-1900	Suffolk Registry of Deeds	1,788,227	1,906,109	1,806,110	(99,999)
0610-0000	Office of the Treasurer and Receiver-Gener.	9,388,911	9,388,910	9,388,911	1
0610-0010	Financial Literacy Programs	810,000	435,000	495,000	60,000
0710-0002	Tax Expenditure Audit Unit	0	0	100,000	100,000
0710-0200	Bureau of Special Investigations	1,747,108	1,764,579	1,765,479	900
0710-0225	Medicaid Audit Unit	1,152,276	1,163,799	1,164,638	839
0710-0300	Enhanced Bureau of Special Investigation	446,599	451,065	451,832	767

EXECUTIVE AND LEGISLATIVE LINE ITEMS WITH FUNDING DIFFERENCES

Line Item #	Line Item Name	FY 2017 Current	FY 2018 House	FY 2018 Senate	Difference: Senate minus House
0411-1000	Office of the Governor	5,251,346	5,251,345	5,251,346	1

REVENUE

The revenue provisions of the House and Senate budget proposals are similar overall, with each relying on a variety of temporary measures that will not be available for future budgets. Both the House and Senate follow the Governor in relying on \$125 million in one-time revenue from moving forward remittance of sales tax and room-occupancy tax payments that would have otherwise occurred in the next fiscal year. Both also both rely on \$59 million in net additional tax revenue, largely from measures to improve compliance. The Senate budget relies on an additional \$46 million in ongoing annual revenue from additional tax modernization measures, a tightening of rules on the Film Tax Credit, and higher taxes on flavored cigars.

The most significant non-tax revenue proposal in both the House and Senate budgets is a temporary \$180 million assessment on employers to help address a shift from employer-sponsored health insurance to MassHealth (Medicaid). The details of this assessment are different in the two proposals, and will have to be resolved in during legislative Conference Committee deliberations. The Governor had also proposed a new employer assessment, although the Governor's proposal would have been permanent, and was estimated to generate \$300 million in revenue for Fiscal Year (FY) 2018.

The House and Senate budgets save money by underfunding accounts that will likely require supplementary funding later in the year, by providing less to the state's Stabilization Fund than was required by prior law, and by underfunding the State Retiree Benefits Trust Fund.

Both the House and the Senate budgets rely on over \$500 million worth of budget-balancing strategies that are temporary in nature. This means that the budget that comes out of conference will not likely provide lasting solutions to the Commonwealth's ongoing fiscal challenges. The House and Senate budgets rely on significantly more temporary solutions than the Governor had proposed primarily because of differences in how they treat the health care cost shift issue described above. The House and Senate reduce by \$120 million the FY 2018 revenue from the assessment proposed by the Governor (and rely on some new temporary strategies to make up most of that money) and they also both make the new revenue temporary by sun-setting the assessment after two years.

FY 2018 REVENUE AND TEMPORARY BUDGET SAVINGS PROPOSALS (\$ millions)

	Governor		House		Senate	
	Ongoing	Temp.	Ongoing	Temp.	Ongoing	Temp.
TAX REVENUES						
Sales & room-occupancy tax daily remittance		125		125		125
Cap life sciences credit program		5		5		5
Sales tax from out-of-state online retailers	30		30		30	
Require 1099s for additional individuals & small business owners	20		20		20	
Apply occupancy tax to certain short-term rentals	12				18	
Tighter Film tax credit eligibility & salary cap					14	
Reduced EITC for part-time residents; separate filing for living apart due to domestic abuse			10		10	
Collect occupancy tax on full price of online room rentals					7	
Higher taxes on flavored cigars					7	
Veterans tax credit for employers			(1)		(1)	
SUBTOTAL	62	130	59	130	105	130
NON-TAX REVENUES						
Employer health contribution	300			180		180
Transfers from trusts				15		15
Revenue from sale of abandoned property		10		10		10
Reimbursement for payments to community health centers	43		43		43	
Public health fees	3		2		1	
SUBTOTAL	346	10	45	205	44	205
OTHER BUDGET BALANCING STRATEGIES						
Depositing less than required in State Retiree Benefits Trust		129		129		129
Underfunding capital gains tax deposit to the Stabilization Fund	51		51			51
Underfunding snow and ice appropriations				20		30
Underfunding emergency assistance (shelter)				9		
Underfunding sheriffs appropriations				45		21
Underfunding public counsel				54		47
SUBTOTAL	51	129	51	257	0	278
TOTAL	459	269	155	592	149	613

Tax Revenue

The Senate FY 2018 budget proposal is similar to proposals by the House and the Governor in terms of underlying revenue assumption and specific tax policy proposals. All three proposals are based on the same Consensus Revenue Estimates (CRE), as required by law. The "[Revenue](#)" section of MassBudget's "Analyzing the Senate Ways and Means Committee Budget Proposal for FY 2018" compares proposals for tax modernization, deposits, and rules for the Stabilization Fund, and a proposed Tax Expenditure Review Commission.

In addition, the Senate adopted an amendment that would reduce the cost of the Film Tax Credit by capping the amount of an individual's salary eligible for the program at \$1 million and also increasing – from 50 percent to 75 percent – the portion of a production company's filming time or its budget that must be spent in Massachusetts in order to qualify for the credit. The change is projected to save the Commonwealth \$14 million annually. For background, see MassBudget's fact sheet, "[The Massachusetts Film Tax Credit](#)."

The Senate also adopted an amendment that would increase the tax on flavored cigars to the same level as chewing tobacco in order to provide \$7 million in ongoing revenue directed to the Prevention and Wellness Trust Fund. The Fund creates partnerships between community organizations, health providers, and local governments to promote healthier living and help residents to reduce tobacco usage, and avoid falls, injuries, and hypertension.

Another major difference between the Senate and House proposals that will need to be reconciled in Conference Committee is the Senate's proposal to establish a commission, housed within, but independent of, the Office of the State Auditor that would be responsible for reviewing state "tax expenditures," also commonly referred to as tax breaks. This seven-member commission would be charged with developing a schedule for the rolling review of each tax expenditure, and then would assess each tax break to determine its "purpose, intent and goal...and whether the expenditure is an effective means of accomplishing those ends." The commission would consider past and future fiscal and economic impacts of each expenditure, both to the state and to municipalities. The commission would provide an annual report to the Legislature compiling the commission's activities and findings. This report would include a recommendation for each expenditure the unit has reviewed as to whether the expenditure should be continued, amended, or allowed to end. The SWM budget provides \$100,000 to support staffing of the commission in FY 2018. (For a longer discussion of tax breaks--and particularly special business tax breaks--provided by the Commonwealth, see MassBudget's [report](#) on this issue.)

For a list of other revenue measures in the final Senate proposal that were in the Senate Ways and Means Committee proposal, see MassBudget's ["Revenue"](#) section in the Senate Ways and Means Committee *Budget Monitor*.

Department of Revenue Administration

Among its other activities, the Department of Revenue (DOR), through its Office of Tax Administration, makes sure that taxpayers are paying taxes they legally owe to the state. These activities are funded through two primary accounts including the DOR administrative account (1201-0100) and the Additional Auditors Retained Revenue account (1201-0130). DOR hires auditors and collectors who identify taxes legally owed to the state that have not yet been paid, and works with taxpayers to collect these unpaid taxes.

Senate amendments did not change funding for these DOR tax activities. The Senate proposes a combined \$107.6 million, which is \$1.0 million more than the House proposal, and \$4.2 million more than current FY 2017 funding levels. The Senate proposal for funding these activities remains 39.3 percent below the 2001 level, when adjusting for inflation. The DOR's lower funding levels in recent years partly reflect large numbers of employees who have taken part in the Commonwealth's early retirement program. Large staff reductions can have implications for DOR's ability to identify and collect all the taxes owed to the Commonwealth, such as those that lead to large tax settlements. If vacated positions are not filled in future years (which will require reversing some or all of the recent cuts), there is a danger that the cuts not only could reduce permanently the Commonwealth's ability to collect unpaid taxes that are legally owed to the state, but also that such cuts could engender greater levels of tax evasion. If sophisticated, well-financed taxpayers come to view DOR's audit and collection

capacities as permanently degraded, some of these taxpayers could see this as an opportunity to reduce their tax payments through increased levels of tax evasion or other forms of non-compliance.

You can see historical funding levels for administration of the DOR at MassBudget's *Budget Browser* [here](#).

Non-Tax Revenue

There do not appear to be major differences in non-tax revenues between the Senate and House Fiscal Year (FY) 2018 budget proposals. Both rely on approximately \$17.8 billion in non-tax revenues. These include federal revenues, which are mostly reimbursements from the federal government for state spending on Medicaid (MassHealth and related costs); departmental revenues, which are fees, assessments, fines, tuition, and similar receipts; and what are known as "transfer" revenues, which include lottery receipts, revenues from the newly-licensed gambling facilities, and funds that the state draws from an assortment of non-budgeted trusts.

The House and Senate both rely on \$15 million transferred out of trusts, with the Senate proposal counting specifically on \$15 million from the **Race Horse Development Fund** to support operations at the Department of Agricultural Resources and the Department of Conservation and Recreation.

Because of slightly different spending assumptions, the House assumes \$2 million from new public health fees, while the Senate assumes \$1 million from those fees. The budgets both appear to rely on:

- \$10 million in transfers to the General Fund from the liquidation of stocks and mutual funds held by the Commonwealth as "abandoned property";
- \$43 million in federal reimbursement for health safety net payments to community health centers.

Employer Health Assessment

Over the past several years, the state's health care costs have grown as increasing numbers of private sector employees have received health insurance through MassHealth, rather than receiving health insurance through their employers. Both the House and Senate include language authorizing a new assessment on employers to help offset this shifting of costs. Depending on the design of the assessment, it could also create an incentive for more employers to offer affordable health insurance. In both the House and Senate proposals, the assessment is temporary as they both include language to sunset the assessment after only two years. The House and Senate differ in how the assessment might be administered, but both recommend that the Administration design the assessment to generate \$180 million in FY 2018. The Governor had proposed a new and permanent assessment on employers that would have generated \$300 million in FY 2018.

Other Budget-Balancing Strategies

The Senate and House, like the Governor, balance their budgets partially with savings by not making the full amount of a statutorily required contribution towards funding for health insurance for state retirees (see the "State Employee Health Insurance" section of this *Budget Monitor* for an explanation).

Depositing less in the State Retiree Benefits Trust than required by statute is essentially a “savings” of \$129 million.

Similarly, the House and Senate both obtain temporary “savings” from underfunding accounts relative to anticipated costs. These accounts – which include funds for snow and ice removal for winter storms, sheriffs, public counsel, and (by the House) emergency shelter assistance – often receive far less funding in the final, adopted budget than they eventually require during the coming fiscal year. Since there is a legal right to shelter and indigent defendants have a legal right to counsel in Massachusetts, and since the Department of Transportation is statutorily allowed to spend beyond budget to pay contractors for addressing snow and ice removal, inadequate funding of these accounts is typically made up for with substantial supplementary funding during the year. Underfunding these accounts as part of the initial appropriations process, however, creates a sizeable, though hidden hole in the budget from the outset, one that will have to be filled as the fiscal year moves ahead.

The Conference Committee will need to reconcile important differences related to deposits into the Commonwealth’s Rainy Day Fund (stabilization fund). The House budget includes a proposal from the Governor’s budget to change how much capital gains tax revenue is required to be deposited into the stabilization fund. Under current law, all capital gains tax revenue collected in excess of a statutorily-defined threshold (set at \$1.169 billion for FY 2018) is to be deposited into the Rainy Day Fund. The Governor proposed reducing the requirement to one-half of the estimated excess capital gains revenue anticipated during the coming fiscal year (he also includes provisions that strengthen the requirement that this money actually be deposited). This and related stabilization fund proposals by the Governor are described in details in MassBudget’s [“Analyzing the Governor’s Proposed FY 2018 Budget.”](#) This new approach to distributing capital gains tax revenue would deliver \$51 million to the Rainy Day Fund in FY 2018. This amount is less than would be made under current law – if current estimates for FY 2018 capital gains tax collections are met, a deposit of \$102 million would be made. The Senate proposes the same deposit into the rainy day fund, but does not propose changing the law to reduce permanently the required deposit of excess capital gains tax revenue. From a technical perspective, this means that the Senate’s use of some excess capital gains tax revenue to balance the budget is a temporary solution while the same isn’t true of the House and Governor’s budgets. But that is only because those budgets propose a permanent reduction in the amount of capital gains tax revenue that would be required to be deposited into the rainy day fund. The Senate proposal would keep the requirement that when the state is receiving capital gains tax revenues at levels that are likely unsustainable, all of those excess amounts should be deposited into the stabilization fund rather than used to balance the budget.

TOTAL BUDGET BY CATEGORY AND SUBCATEGORY

In order to allow for more accurate comparisons from year to year and to better include all appropriated spending, MassBudget makes certain adjustments to the way budget data are presented by the Administration and Legislature.

The totals in the **FY 2018 Senate**, **FY 2018 House**, and **FY 2018 Governor** columns show the proposals in the structure of the FY 2017 budget in order to allow for more accurate across-year comparisons. The **FY 2017 Current** column shows the budgeted General Appropriation Act as enacted in July 2016, and as amended by mid-year 9c cuts and by supplemental budget legislation. For other explanatory information, see details below the chart.

The FY 2017 total for State Employee Health Insurance reflects current budgeted totals that may be artificially high because of a budgeting glitch that is likely to be fixed. In fact, the Legislature is currently considering legislation that would fund the State Retiree Benefits Trust for FY 2017 at the level of 10 percent of the Tobacco Settlement, which would reduce the FY 2017 State Employee Health Insurance funding level in this table by \$103.0 million. For more explanation, see the “State Employee Health Insurance” section of this *Budget Monitor*.

BUDGET BY CATEGORY AND SUBCATEGORY (\$ millions)	FY 2001 Final Adjusted for Inflation to FY18	FY 2017 Current	FY 2018 Governor	FY 2018 House	FY 2018 Senate
Education	7,519.4	7,798.2	7,924.0	7,977.4	8,037.4
Early Education & Care	742.9	567.6	568.0	583.5	587.1
Higher Education	1,371.2	1,162.4	1,172.5	1,175.1	1,205.0
K-12: Chapter 70 Aid	4,245.5	4,628.0	4,719.4	4,747.0	4,756.8
K-12: Non-Chapter 70 Aid	698.4	605.5	602.5	610.2	626.8
K-12: School Building	461.4	834.7	861.6	861.6	861.6
Environment & Recreation	307.8	191.7	199.6	203.0	206.2
Environment	137.1	83.5	89.1	87.7	90.3
Fish & Game	24.9	27.5	28.0	30.0	28.4
Parks & Recreation	145.8	80.8	82.4	85.4	87.5
Health Care	10,276.0	19,616.5	20,512.3	20,473.0	20,427.8
MassHealth (Medicaid) & Health Reform	7,748.2	16,558.7	17,542.2	17,469.2	17,422.1
Mental Health	845.7	763.9	773.2	774.2	777.1
Public Health	772.3	604.4	612.1	623.4	622.6
State Employee Health Insurance	909.8	1,689.4	1,584.9	1,606.1	1,606.0
Human Services	3,795.3	4,160.2	4,256.8	4,256.2	4,282.2
Child Welfare	788.4	947.6	985.6	975.4	988.4
Disability Services	1,376.8	1,900.7	1,978.7	1,978.7	1,979.8
Elder Services	266.8	274.6	287.0	287.8	288.3
Juvenile Justice	169.1	176.3	182.2	182.0	182.7
Transitional Assistance	1,063.5	657.5	616.8	626.3	635.3
Other Human Services	130.7	203.4	206.5	206.0	207.7
Infrastructure, Housing & Economic Development	2,072.8	2,245.7	2,233.2	2,225.9	2,233.6
Commercial Regulatory Entities	61.3	58.4	63.7	63.9	62.9
Economic Development	300.2	126.9	133.1	146.0	145.8
Housing	354.3	454.7	453.7	451.9	468.3
Transportation	1,357.0	1,605.7	1,582.6	1,564.1	1,556.5
Law & Public Safety	2,651.0	2,715.9	2,827.1	2,742.3	2,770.2
Courts & Legal Assistance	803.1	739.2	756.0	715.8	725.8
Law Enforcement	387.6	390.6	394.7	397.4	395.5
Prisons, Probation & Parole	1,249.7	1,363.8	1,452.6	1,400.8	1,422.3
Prosecutors	163.9	166.7	170.6	172.4	169.2
Other Law & Public Safety	46.7	55.6	53.1	56.0	57.3
Local Aid	1,813.0	1,056.1	1,099.4	1,097.4	1,093.3
General Local Aid	1,785.2	1,021.9	1,061.8	1,061.8	1,061.8
Other Local Aid	27.8	34.1	37.6	35.6	31.5
Other	4,782.9	5,424.3	5,644.8	5,638.8	5,578.5
Constitutional Officers	111.6	83.6	75.0	75.9	76.2
Debt Service	2,259.4	2,636.2	2,658.3	2,658.3	2,658.3
Executive & Legislative	86.1	74.4	74.4	74.4	74.4
Libraries	49.1	25.2	25.4	26.2	26.7
Pensions	1,476.6	2,198.1	2,394.5	2,394.5	2,394.5
Other Administrative	800.1	406.8	417.1	409.5	348.4
Total Budget	33,218.1	43,208.6	44,697.2	44,614.0	44,629.1

MassBudget's totals include the "**pre-budget transfers**" of funds. Statutes require that the Legislature transfer portions of revenue prior to the appropriation process to support certain functions. Although these transfers function no differently from appropriations, the Governor and Legislature do not reflect these expenditures in their budget totals; instead, they are shown as amounts deducted or transferred from revenue prior to the budgeting process. To better reflect total state funding, MassBudget includes these pre-budget transfers in appropriation totals. In FY 2018, these add \$4.43 billion to the total: tax revenues dedicated to the MBTA and school building assistance, cigarette excises dedicated to the Commonwealth Care Trust Fund, the state contribution to the pension system, a transfer to the State Retiree Benefits Trust, and transfers to the Workforce Training Trust.

MassBudget's totals include annual appropriations into **non-budgeted ("off-budget") trusts**. The transfer of funds from the General Fund or another budgeted fund into a non-budgeted trust is a form of appropriation, and should be treated as any other appropriation. Prior to FY 2011, the budget authorized these transfers in Outside Section budget language. Starting in FY 2011, a new section of the budget, Section 2E, systematically accounted for the transfer of funds into off-budgeted trusts. MassBudget's totals include these operating transfers in all budget years.

When spending that is now included in the budget was previously "off-budget," MassBudget's totals include the prior years' "off-budget" spending totals in order to reflect more accurate **year-to-year comparisons**. For example, funding directed to health care providers as partial reimbursement for uncompensated care was previously funded by a transfer of federal revenue directly into the off-budget Uncompensated Care Trust Fund. This spending was brought on-budget in FY 2009, and incorporated into the state's budgeted health care appropriations. MassBudget health care budget totals include the off-budget spending for these services in order to reflect a more accurate across-year comparison.

MassBudget reduces **State Employee Health Insurance** totals to exclude spending on health insurance for municipal employees and retired teachers for which the state is fully-reimbursed by municipal government.

MassBudget reduces funding for the community colleges, state universities, and University of Massachusetts campuses by the amount of tuition that these campuses remit to the state treasury each year. These adjusted totals more accurately reflect the "net" appropriations available to the campuses to support operations, and allow for more consistent comparisons across the years, since the policies about **tuition remission** have varied from year to year and from campus to campus. For example, until FY 2003, all the University of Massachusetts (UMass) campuses were required to remit to the state treasury all tuition from all students. From FY 2004 to FY 2011, UMass Amherst (only) remitted only in-state tuition, and retained tuition from out-of-state students. Starting in FY 2012, the remaining UMass campuses were also allowed to retain tuition from out-of-state students. Starting in FY 2017, UMass retained all tuition revenue, remitting none. The MassBudget adjustments make it possible to make meaningful comparisons of appropriations to these campuses even with these policy changes.

MassBudget's totals include budgeted funding paid for out of **anticipated reversions**. Reversions are unspent appropriations that are typically returned to the General Fund at the end of the fiscal year. For example, a portion of funding for health care for retired state employees has in some years come from anticipated reversions of appropriated debt service funds.

MassBudget's totals reflect legislatively-approved "**prior appropriation continued**" (PAC) amounts. In most instances, MassBudget shifts the PAC amount from the year in which the funding was first appropriated into the year in which the Administration expects to spend the totals.

Because MassBudget totals reflect budgeted appropriations and not actual spending, there can be apparent fluctuations in the MassHealth and Health Reform totals that are simply due to the **timing of payments** to certain off-budget trusts. These budget variations may not reflect real differences in spending.