

## Analyzing the State Budget for FY 2019

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## OVERVIEW

With the national economy in the ninth year of an economic recovery, budget writers in Massachusetts were able this year to provide modest increases in funding for early education, local aid, and several other important investments. This new funding does not, in many cases, reverse the budget cuts imposed after the tax cuts of the late 1990s and early 2000s. After accounting for increases in this year's budget (and inflation) state spending on early education and care is down 17 percent since 2001. Funding for Local Aid is down 40 percent. And funding for Environment and Recreation programs is down 30 percent. The cost of tax cuts and the long-term trend in health care costs have limited the Commonwealth's ability to make investments in education, infrastructure, and other building blocks of healthy communities and a strong economy.

The Fiscal Year (FY) 2019 Budget (officially called the General Appropriations Act or GAA for short) includes several new initiatives, including the following:

- A restructuring and funding increase for adult mental health services. The reforms are aimed at providing more coordinated, standardized, and consistent treatment that will better align with health care systems, and will be more comprehensive, particularly for people who also have substance use disorders.
- An increase in the state Earned Income Tax Credit (EITC), from 23 percent of the federal credit amount to 30 percent. Research has shown that – in addition to encouraging people to work and helping families to make ends meet – the EITC improves health outcomes for mothers and children, and boosts children's academic performance and lifelong earnings.
- A new process to provide greater scrutiny and reporting on “tax expenditures,” which are special tax exemptions, deductions, credits, or other rules that result in forgone revenue with the intention of advancing other policy goals. The state will begin to evaluate the administration, fiscal impact, and cost-effectiveness of the Commonwealth's tax expenditures on a rotating schedule. For procedural reasons this section was ultimately enacted separately from the budget.

While the Legislature overrode virtually all of the Governor's vetoes, one significant reform didn't survive the veto process: a proposal by the Legislature to remove a restriction that bars families from receiving Department of Transitional Assistance (DTA) benefits for a child conceived while the family was receiving public assistance.

The rest of this *Budget Monitor* describes the final funding levels and significant policy initiatives in each major section of the budget. Links from the Table of Contents below allow readers to jump to specific sections. Each section also provides links to our online 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*.

## EDUCATION

### Early Education & Care

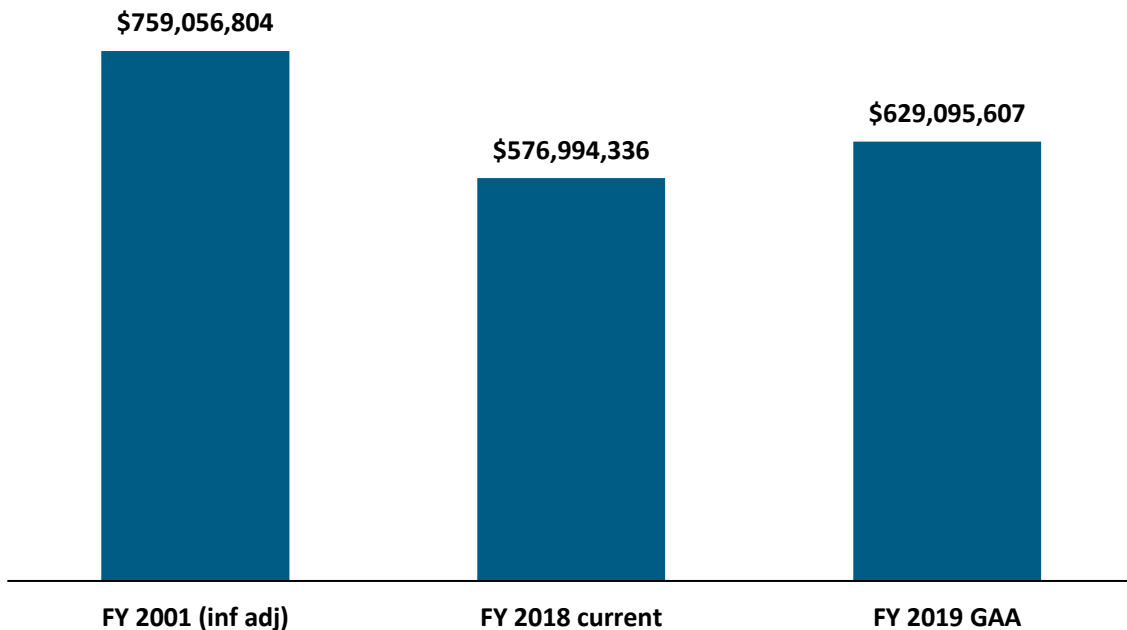
High quality early education and care helps prepare young children in Massachusetts for success throughout their education and allows them to thrive. Early education also provides critical support for working parents with young children by offering safe and reliable care for kids while parents provide for their families.

The Fiscal Year (FY) 2019 budget includes \$629.1 million in support for early education and care. This is a significant increase of \$52.1 million (9.0 percent) above current FY 2018 levels.

Due to higher than expected tax revenue projected to be available for FY 2019, total early education funding in the FY 2019 budget is \$8.4 million (1.4 percent) higher than the proposed House budget and \$31.8 million (5.3 percent) higher than the Senate’s proposal. All programs are at or near the highest level proposed by the two branches.

While the increases to early education funding in the FY 2019 budget are likely to facilitate greater support for young children across Massachusetts, this budget does not reverse the long-term cuts to these programs since tax cuts in the late 1990s and early 2000s. Despite the increases for FY 2019, funding for early education and care would still be \$130.0 million (17.1 percent) below FY 2001 levels, adjusting for inflation. The FY 2019 budget is unlikely to end significant waitlists in early education and care, which contained over 19,100 children in July of 2018.

### Early Education Funding Down 17 Percent Since 2001



The FY 2019 budget includes \$20.0 million (33.3 percent more than current levels) for [Center-Based Child Care Rate Increases](#) to improve early education quality by increasing the rates paid by the state to child care providers. That funding should aid in increasing salary, benefits, and professional development for early educators. The FY 2019 budget builds off the rate increases that took place in FY 2018 and increases funding to provide a full year of these higher reimbursements. For more detail, see [Analyzing the State Budget for FY 2018](#). Larger allocations in the main subsidy accounts and the rate increase included in the FY 2019 budget will likely promote improvements in program quality for young children and their families.

The FY 2019 budget provides \$5.0 million for the [Commonwealth Preschool Partnership Initiative](#), \$4.8 million above current FY 2018 levels. This funding would help existing preschool providers, including school districts, expand access to services, particularly for three-year-olds and those with greater needs.

The FY 2019 budget provides \$270.1 million for [Income Eligible Child Care](#), \$14.7 million (5.8 percent) above current levels. Income Eligible Child Care provides subsidies for low- and moderate-income families not eligible for other child care assistance. With insufficient funding to meet child care needs across the state, the waitlist for subsidies contained more than 19,100 kids in July of 2018.

The FY 2019 budget provides \$235.8 million for [Supportive and TANF Child Care](#), \$13.7 million (6.2 percent) above current FY 2018 levels. Supportive and TANF Child Care provides subsidies to children under the care of the Department of Children and Families and those receiving Transitional Aid to Families with Dependent Children (limited cash assistance along with work training programs for low-income families).

A new line item, **EEC Provider Higher Education Opportunities**, is funded at \$10.0 million in the FY 2019 budget. This initiative is focused on professional development for early educators facilitated by Massachusetts community colleges. The aims include promoting teacher recruitment, training, advancement, and retention, as well as stakeholder collaboration in the early education field.

An Outside Section of the FY 2019 budget would create an **Early Education and Care Workforce Council** pursuing similar aims as the newly proposed line-item described above. This council would be comprised of appointees from the Legislature, early education providers, and industry groups. The council would focus on improving professional development with a goal of a helping advance and sustain a stable, professional early education workforce.

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

## [K-12 Education](#)

Providing an excellent education to all children in Massachusetts supports future generations in the Commonwealth while contributing to a strong economy over the long term. Chapter 70 education aid is the main program for delivering state support to local schools, ensuring districts across Massachusetts have sufficient resources to serve all students.

Due to higher than expected revenue projected to be available for Fiscal Year (FY) 2019, total K-12 education funding in the FY 2019 budget is \$19.0 million above the Senate's FY 2019 proposal and \$78.2

million above the House proposal. Many programs are at or near the highest level proposed by the two branches, and several are higher than either proposal.

The state's FY 2019 budget increases **Chapter 70 Aid and Reserves** by \$160.6 million (3.4 percent) to \$4.92 billion. This is somewhat larger than the 2.9 percent increase from FY 2017 to FY 2018. The FY 2019 budget also includes \$15.0 million in the **Chapter 70 Reserve** intended to support districts that had an influx of 2,400 students from Puerto Rico and the U.S. Virgin Islands after natural disasters. This would provide supplemental aid in FY 2019 in the same manner as the current FY 2018 budget. These students should be accounted for in FY 2020 Chapter 70 calculations if they remain enrolled.

In determining the Chapter 70 allocations to cities and towns for FY 2019, the Legislature accounted for several updates to last year's calculations. The FY 2019 Chapter 70 allocation includes an annual inflation factor of 2.6 percent, as determined under Chapter 70 law, more than twice the FY 2018 rate. This Chapter 70 proposal also estimates that statewide student enrollment will effectively remain level in FY 2019.

Additionally, the FY 2019 Chapter 70 allocation guarantees a minimum increase of \$30 per student for districts that would not otherwise receive additional aid at a cost of roughly \$12 million. Finally, the FY 2019 Chapter 70 allocation reduces the required local contributions of districts that are above their contribution targets by 100 percent of the excess amount.

The Legislature's FY 2019 Chapter 70 budget takes steps towards implementing two recommendations of the 2015 Foundation Budget Review Commission (FBRC), which found that schools across the state are significantly under-resourced, limiting the capacity of schools to help all children succeed. This is because components of the Chapter 70 formula fail to reflect actual costs and student needs in several areas, especially supports for English Language Learners (ELL) and low-income kids, as well as employee health care and special education. For details on implementing changes to Chapter 70 in all of the areas highlighted by the FBRC, see MassBudget's [Building an Education System That Works for Everyone](#).

The FY 2019 budget partially addresses two areas discussed by the FBRC: employee health care and support for ELL students. On health care, the FY 2019 budget increases allotments for employee benefits by between 6 and 15 percent depending on grade level and student category, more than the standard 2.6 percent inflation factor used in the rest of the formula. The changes proposed by the Legislature for FY 2019 would collectively implement 29 percent of the FBRC's health care related recommendations. At that rate, it would take five more years for these changes to be fully phased in. The FY 2019 budget addresses a second area of the FBRC recommendations in its FY 2019 budget, related to ELL students. This budget proposes converting the additional funding in Chapter 70 for ELL students from being an entirely separate rate (which takes the place of other funding categories such as elementary, middle school etc.) to an increment on top of these other rates. This is similar to how the Chapter 70 formula calculates additional funding for low-income students. Contrary to current practice, the FY 2019 budget also applies this ELL increment to vocational students.

In line with the FBRC recommendation, the FY 2019 budget makes the various increments for ELL students more uniform, ranging from roughly \$1,530 for vocational students to \$2,354 for middle school students. This compares to a current range between no additional funding for vocational, through \$2,331 for middle school. Overall, the Legislature implements 65 percent of the ELL changes proposed by the FBRC.

FY 2019 will be the third year that Massachusetts has used the **Economically Disadvantaged** metric for calculating the number of students in or near poverty across the state. In this process, the number of kids considered economically disadvantaged is determined by certifying kids through their enrollment in other public services, including MassHealth, TANF (limited cash assistance and work training for low-income families), SNAP (food stamps), and if they meet other criteria such as being in foster care.

Implementation of this process initially caused a drop in the statewide poverty count compared to prior years. To offset that drop, the FY 2017 and FY 2018 budgets increased the amount of funding directed to each economically disadvantaged student. The Department of Elementary and Secondary Education (DESE) and other agencies have made significant progress in identifying more students participating in various public programs. The FY 2019 budget has a count of over 339,000 students in poverty, up 7.8 percent from FY 2018. Identifying additional students tends to increase aid. However, the Legislature's FY 2019 budget reverses some of the policy changes from the prior two years by lowering the amount of funding included for each economically disadvantaged student by around 5 percent (about \$200 per student). This counteracts some potential aid increases from improved identification of low-income kids. The FY 2019 budget, like in FY 2018, has \$12.5 million in funding dedicated to assisting a handful of districts receiving less aid than they otherwise would have as a result of the change to the student poverty measure.

A new problem could arise in FY 2019 if economically disadvantaged counts begin to decline because people in some communities in the Commonwealth, particularly immigrant families, become less likely to enroll in programs for which they are eligible. This is a reasonable possibility due to attempts at the federal level to vastly expand the connection between participation in public benefits (potentially including those for eligible United States citizen children and work supports such as the EITC) and some immigration processes such as applying to obtain or adjust legal status.

The FY 2019 budget does not include a Senate proposal that could have addressed this specific issue as well as the overall challenges of counting kids in poverty accurately in schools. The Senate's proposal would have allowed districts in FY 2020 to revert to the prior system where schools certified income levels through standard state-based forms where families reported their income. This change could have simplified the process of counting low-income kids for some schools, and would also address the undercounting of kids who are ineligible or unenrolled in public benefit programs, despite being low-income.

The **Massachusetts School Building Authority** (MSBA) has \$882.1 million in funding in the FY 2019 budget to support district construction and renovation projects across the state. This amount is \$35.5 million (4.2 percent) above current FY 2018 levels. Due to higher than expected revenue for FY 2019, this amount is also \$19.5 million more than both the Senate and House proposed.

The FY 2019 budget provides \$90.0 million for **Charter School Reimbursements** \$7.0 million (8.4 percent) above current FY 2018 levels. When fully-funded this program is intended to reimburse 100 percent of the increased ongoing funding in the first year when students leave districts to attend charter schools and 25 percent of this amount for each of the following five years.

According to recent projections from DESE, however, the FY 2019 budget will cover only 50 percent of charter school reimbursements, leaving an \$89.9 million gap. Despite increased funding to this line item in FY 2019, this gap has grown relative to FY 2018, when the formula was 53 percent funded and

had a \$74.8 million gap. The amount of underfunding in this formula in FY 2019 will likely fluctuate based on enrollment as additional seats are added or reduced, and districts claim their reimbursements from the fund. For additional detail on charter school funding and the recent gaps, see [Charter School Funding, Explained](#).

Apart from Chapter 70 aid and charter reimbursements the FY 2019 budget increases funding for other state reimbursement programs for local school districts:

- \$319.3 million in support for the [Special Education Circuit Breaker](#), \$25.6 million (8.7 percent) above current levels. The circuit breaker reimburses school districts for a portion of their costs for educating students with severe disabilities.
- \$68.9 million in support for [Regional School Transportation](#) which is \$7.4 (12.0 percent) above current levels.

The FY 2019 budget would create several new line items with relatively small amounts of funding for specific K-12 education purposes including:

- **Early College Programs** funded at \$1.8 million. This combined effort of DESE and the Department of Higher Education supports high school youth pursuing structured educational programs bridging high school and college coursework.
- **Educational Improvement Project Grants** funded at \$1.6 million. This initiative provides small grants to a diverse array of local education projects across the Commonwealth, including school safety, student wellness, enrichment, facilities, and technology improvement efforts.
- **Rural School Aid** funded at \$1.5 million. This grant would provide aid to rural school districts facing budget challenges, largely driven by declining enrollment. Rural districts receiving these grants would also be required to present plans to regionalize or pursue other efficiencies.
- **Summer Learning** funded at \$500,000. This competitive grant supports evidence-based summer learning opportunities, particularly for disadvantaged kids, that have the potential to prevent summer backslides in academic skills. The programs include academic support, college preparation, and career readiness activities.

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

## [Higher Education](#)

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$1.22 billion for higher education – \$45.3 million (3.9 percent) more than the FY 2018 budget total.

The vast majority of this funding – 87.8 percent – goes directly to campuses within the three “segments” of the Massachusetts public higher education system: community colleges, state universities, and the University of Massachusetts (UMass). Compared with the FY 2018 budget, the FY 2019 GAA increases funding to **community colleges** by 4.3 percent and to **state universities** by 4.9

percent. Funding for **UMass** increases by just 1.1 percent, which won't be enough to keep up with inflation.

After direct funding to the campuses, most of the remaining higher education appropriation funds scholarships. FY 2019 GAA funding for scholarships is up \$7.5 million (7.8 percent) from FY 2018. This additional funding goes towards a new program called **MassGrant Plus**, which will help cover tuition and fees for lower-income community college students.

For a list of funding for higher education by category in the FY 2019 budget, please see the table below.

**FUNDING FOR HIGHER EDUCATION**

Category	FY 2018 Current	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Current)	Notes
Community Colleges	275,578,064	287,498,957	11,920,893	*
State Universities	247,353,738	259,413,609	12,059,871	*
University of Massachusetts	518,245,371	523,867,080	5,621,709	*
State Scholarships	96,353,324	103,886,798	7,533,474	
Other	36,153,461	44,319,843	8,166,382	
<b>Total</b>	<b>1,173,683,958</b>	<b>1,218,986,287</b>	<b>45,302,329</b>	

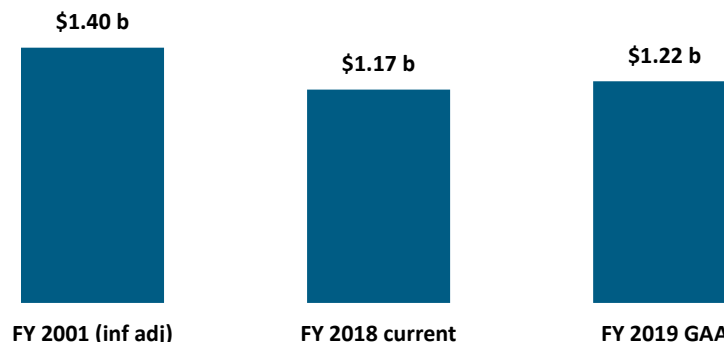
\*MassBudget totals subtract tuition remitted by campuses back to the General Fund from their state appropriation. This is undertaken because tuition sent back to the state is not available for campus operations and has the same effect as reduced state funding.

The FY 2019 GAA is 13.2 percent below FY 2001 levels, after adjusting for inflation. This is only a slight improvement from the FY 2018 budget, which was 14.5 percent below FY 2001 levels.

As detailed in MassBudget's March 2018 report, [Educated and Encumbered](#), which looked at funding through FY 2018 and accounted for increased enrollment, state higher education spending *per student* is down 32.3 percent since FY 2001. (We don't yet have the most recent enrollment figures to calculate the per student change through FY 2019.)

Public colleges' and universities' revenue comes almost entirely from state funding, tuition and fees. As state spending has dropped, students and their families have faced steadily increasing tuition and fees, which they have borrowed – in ever-increasing amounts – to afford.

**Higher Education Funding is Down 13.2 Percent Since FY 2001**





The roots of this problem lie in a series of cuts to the state income tax phased in from 1998 to 2002, which has led to a loss of over \$3 billion annually (for more detail, read [Income Tax Cuts and the Budget Deficit in Massachusetts](#)). Voters could have had the chance this November to add \$2 billion in revenue starting in FY 2020 – some of which may have gone to help make higher education more affordable – by amending the state constitution to increase taxes on incomes above \$1 million. In June 2018, however, the Supreme Judicial Court ruled that the proposed amendment could not proceed to the ballot box.

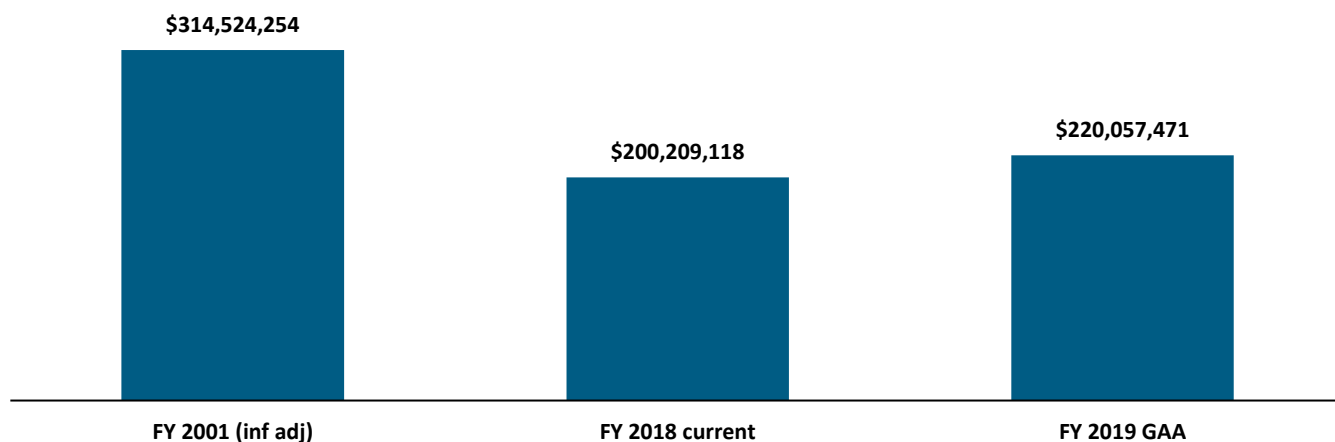
For information on funding for all higher education line items going back to FY 2001, please see MassBudget’s *Budget Browser* [here](#).

## 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. The Fiscal Year (FY) 2019 budget spends \$220.1 million on environment and recreation programs, an increase of \$19.8 million above the FY 2018 budget. When he signed the budget, the Governor vetoed \$4.5 million, which largely funded specific environment and recreation projects located throughout the state. The Legislature overrode those vetoes.

Because tax revenues came in higher than expected in FY 2018, the state budget increases funding for environment and recreation programs by almost 10 percent above the FY 2018 budget. Even with this increase, funding for these programs is 30 percent below the inflation-adjusted amount provided FY 2001, after the state implemented a series of cuts to the income tax.

### Environment & Recreation funding down 30% since FY 2001



Some highlights in the FY 2019 budget for Environment and Recreation programs include:

- \$2.2 million for **climate change resiliency** which is \$2.0 million more than the FY 2018 current budget. The Executive Office of Energy and Environmental Affairs will use this funding to develop strategies, in coordination with other state agencies and municipalities, to help plan for and adapt to climate change.

- \$29.1 million for **Department of Environmental Protection (DEP) administration** which is \$4.4 million more than the FY 2018 budget. This amount could allow DEP to hire additional staff to help with environmental planning, permitting, compliance, and other activities. In 2016 over 100 employees left DEP as part of the state’s early retirement program which has strained the department’s ability to fulfill its mission.
- \$68.3 million in total funding for **state parks** (see table below) which is \$8.7 million more than the FY 2018 budget. The FY 2019 budget transferred \$3.0 million from the street lighting account to the primary state parks account to pay for and snow and ice removal on state parkways. The budget also includes a new account for state parks special projects which provides funding to specific state parks.

**FUNDING FOR STATE PARKS**

Line Item #	Line Item Name	FY 2018 Current	Transfers in FY 2019 GAA	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Current)
2810-0100	State Parks and Recreation	37,163,712	3,000,000	40,250,000	3,086,288
2810-0122	State Parks Special Projects	0		5,020,000	5,020,000
2810-2042	DCR Retained Revenue	20,022,185		20,000,000	(22,185)
2820-2000	Streetlighting	2,414,838	(3,000,000)	3,000,000	585,162
<b>Total</b>		<b>59,600,735</b>		<b>68,270,000</b>	<b>8,669,265</b>

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

**HEALTH CARE**

**MassHealth (Medicaid) and Health Reform**

The Commonwealth subsidizes health insurance for about 1.8 million people, including about half of the state’s children. In addition, the state budget funds payments to health providers – such as hospitals that serve large numbers of low-income patients and nursing homes – to help pay for care provided to patients with publicly subsidized health insurance.

The Fiscal Year (FY) 2019 budget does not include major health reforms or cost-cutting initiatives. During budget debate, the Governor introduced budget language proposing significant health reforms. The House did not include health reform proposals in its budget language, but had separately introduced health reform legislation earlier in the year. The Senate introduced language including some reform initiatives, particularly to hold down pharmaceutical costs. However, the FY 2019 budget passed by the Legislature and presented to the Governor for signing did not contain major health policy initiatives. Separately, the House and Senate tried to reconcile differences in their health reform proposals outside of the budget process, but they were not able to agree on a separate health reform legislative package before the end of the legislative session.

**MassHealth (Medicaid) and Health Reform**

	FY 2018 Current	FY 2019 GAA
<b>MassHealth</b>		
MassHealth Programs	15,832,933,552	16,451,942,329
MassHealth Administration	159,582,373	161,535,714
<b><i>SUBTOTAL</i></b>	<b>15,992,515,925</b>	<b>16,613,478,043</b>
<b>ConnectorCare and the Health Connector</b>		
Tobacco Excise Revenue Transfer	109,506,838	128,534,805
Operating Transfer to Commonwealth Care Trust	0	45,772,939
Health Insurance Exchange Operations	15,000,000	15,000,000
Admin. Costs of EMAC	2,925,694	1,775,216
<b><i>SUBTOTAL</i></b>	<b>127,432,532</b>	<b>191,082,960</b>
<b>Spending to Trusts</b>		
Medical Assistance Trust	747,100,000	452,450,000
Safety Net Provider Trust	0	167,640,000
Delivery System Transformation Initiative	186,649,333	0
Substance Abuse Trust	47,000,000	0
<b><i>SUBTOTAL</i></b>	<b>980,749,333</b>	<b>620,090,000</b>
<b>Other Health Subsidies</b>		
Prescription Advantage	16,929,054	16,939,784
<b><i>SUBTOTAL</i></b>	<b>16,929,054</b>	<b>16,939,784</b>
<b>Other Administration and Operations</b>		
Center for Health Info. & APCD	28,306,406	28,181,406
Information Technology	124,870,082	102,736,495
Health Information Trust	19,153,272	10,000,000
Other Health Finance	9,541,494	9,980,724
<b><i>SUBTOTAL</i></b>	<b>181,871,254</b>	<b>150,898,625</b>
<b>TOTAL</b>	<b>17,299,498,098</b>	<b>17,592,489,412</b>

***MassHealth***

Funding for MassHealth (the state's Medicaid program) in the FY 2019 General Appropriations Act (GAA) totals \$16.61 billion, with \$16.45 billion for the MassHealth program, and \$161.5 million for program administration (see table). (These totals differ from the totals presented by the Administration, as MassBudget's totals continue to include the costs of the Community Choices program – \$228.2 million – which the Administration now includes in its funding totals for the Department of Elder Affairs.)

For payments to health care providers, the FY 2019 MassHealth budget includes:

- \$14.8 million to increase the rates paid to specific hospitals to support their increased costs for specialized pediatric care. The Governor had vetoed a portion of this funding, but the Legislature overrode the veto.

- \$12.8 million increase over FY 2018 totals for nursing home providers, with a \$10.0 million increase in rates for nursing home providers, and a \$2.8 million increase for wages for direct care staff.
- \$4.0 million total in rate increases for adult foster care and adult day health. The Governor had vetoed this increase, but the Legislature overrode the veto.
- \$4.0 million in funding for increased rates to align payments for outpatient and diversionary adult behavioral health to providers in the fee-for-service system payments with rates paid to providers in the managed care system.
- \$2.0 million in additional funding for increased rates for children’s behavioral health.

Moreover, the MassHealth budget in the GAA includes \$1.0 million to cover the costs of the first month of expanding adult dental coverage to include periodontics (starting June 2019).

The budget includes language directing the Executive Office of Health and Human Services (EOHHS) to continue to develop and implement a common client identifier, in order to improve coordination among various agencies.

### *ConnectorCare and the Health Connector*

ConnectorCare is funded through the Commonwealth Care Trust. The budget includes a total transfer of \$174.3 million to this trust, including \$128.5 million from tobacco excise revenue (see table). One of the other funding sources for ConnectorCare is what is known as the Employer Medical Assistance Contribution, or EMAC. Other than employers who are specifically exempt, an employer who contributes to unemployment insurance also must make a contribution to support health insurance provided by the Connector, which includes health coverage for people receiving unemployment insurance. The EMAC in FY 2019 is anticipated to bring in about \$158.6 million to support the operations of the Health Connector. Starting in 2017, the Legislature added a temporary (two-year) supplement to the EMAC. This is an assessment on employers with employees covered under either MassHealth or receiving subsidized commercial coverage through ConnectorCare. This increase brings in about \$259.9 million, and goes to the General Fund to help support the MassHealth program. The FY 2019 GAA includes language allowing for employers to apply for a “hardship waiver” due to the liability for this increased EMAC contribution.

The Governor’s budget in January had proposed moving 140,000 low-income adults off MassHealth coverage and into subsidized commercial coverage on the Health Connector (“ConnectorCare”). This plan required federal approval, and the federal Centers for Medicare and Medicaid Services refused to approve that coverage transfer.

### *Other Health Spending*

The FY 2019 budget includes payments to health safety net providers through a variety of trusts, funded by a combination of operating transfer appropriations, re-distributed assessments on providers, and federal reimbursements. For example, with the roll out of Accountable Care Organizations this year, funding for the Delivery Systems Transformation Trust is no longer needed. The GAA repeals this trust and creates a new trust, the Safety Net Provider Trust, funded with \$167.6 million to provide

supplemental payments to health care providers based on a new initiative in the Commonwealth's most recent Medicaid waiver agreement with the federal government. The timing of operating transfers into the Medical Assistance Trust, partly funded by provider assessments and federal revenues, does not align with the state fiscal year. The apparent large difference between FY 2018 and FY 2019 is simply due to the timing of the transfers. There will likely not be a significant difference in spending from this trust for FY 2019 compared to FY 2018.

Although not within EOHHS funding totals, the budget appropriates \$150,000 to the Health Policy Commission for the Academic Detailing Program. This program provides information to prescribers from unbiased academic or non-commercial educators. This program is designed to provide an alternative to the information provided by pharmaceutical salespeople about the efficacy of prescription medications. Although not a new program, there had not been funding for this in the current FY 2018 budget. This program last received funding in the Department of Public Health in FY 2014.

Throughout the FY 2019 GAA there are new initiatives to implement expanded and improved behavioral health and expanded substance use disorder prevention and treatment. In FY 2018, the state dedicated \$47.0 million to a new trust fund to support substance use treatment, supported by federal reimbursement for the MassHealth program. The Administration has stated that they plan to spend \$30.0 million from this fund in FY 2019. The Administration also expects that with this year's implementation of the restructuring of MassHealth into Accountable Care Organizations, care coordinators will be responsible for fully integrating and aligning behavioral health services with medical care.

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

## [Mental Health](#)

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$876.0 million for the services of the Department of Mental Health (DMH), in order to help ensure that people in the Commonwealth struggling with and recovering from mental illness are able to become healthy, and live and work successfully in the community. This is a substantial increase over FY 2018 projected spending – \$108.7 million more, or an increase of 14.2 percent. DMH provides supports to approximately 26,000 people – children as well as adults – through a network of inpatient facilities, residential treatment programs, and community support services.

Throughout the FY 2019 budget, there are initiatives that strengthen the state's supports for behavioral health services and the treatment and prevention of substance misuse disorders. The budget includes funding for a variety of initiatives at DMH, as well as targeted funding within the MassHealth program, at the Department of Public Health, in funding for public schools, and funding at the Department of Correction.

The budget increases funding for **adult mental health services** at DMH by \$99.2 million compared to the FY 2018 current budget, an increase of 22.2 percent (see table). At least \$84 million of this increase goes towards restructuring and expanding the primary adult services program (formerly known as Community Based Flexible Services) into a different model called Adult Community Clinical Services (ACCS). The Administration states that this new model will provide more coordinated, standardized,

and consistent treatment that will better align with health care systems, and will provide more comprehensive treatment, particularly for people who also have substance use disorders. This funding also includes \$3.0 million (an increase of \$1.0 million over FY 2018) for a crisis intervention team within a jail diversion program. (See also comment below about the portion of this funding directed to Juvenile Court Clinics.)

#### FUNDING FOR ADULT MENTAL HEALTH SERVICES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference FY19 GAA - FY19 Current
5046-0000	Adult Support Services	387,080,579	488,735,614	101,655,035
5046-0006	Adult Community-Based Placements	4,000,000	0	-4,000,000
5046-2000	Statewide Homelessness Supports	22,727,689	22,727,689	0
5046-4000	CHOICE Program Retained Revenue	125,000	125,000	0
5047-0001	Emergency and Mental Health Svcs.	24,101,834	24,103,309	1,475
5055-0000	Forensic Services	9,232,517	10,797,407	1,564,890
<b>TOTAL</b>		<b>447,267,619</b>	<b>546,489,019</b>	<b>99,221,400</b>

The FY 2019 budget includes \$92.9 million for [Child and Adolescent Mental Health](#). This is \$1.1 million above FY 2018 budget totals. The budget includes \$3.9 million for the **Massachusetts Child Psychiatry Access Project** (MCPAP), an innovative program that improves access to treatment for children with behavioral health needs by making psychiatrists available to provide consultation for primary care providers across Massachusetts. Of the funding for MCPAP, \$675,000 would help expand the program to include consultation on services addressing mental health concerns of pregnant and postpartum women. Language in the budget also directs MCPAP to expand services to provide consultation on substance use disorders in pregnant and postpartum women. The FY 2019 budget also includes \$3.5 million for **Juvenile Court Clinics** as an “earmark” (specially designated funding) in the Forensic Service line item (part of the adult mental health services total above).

Funding for the **Juvenile Court Mental Health Advocacy Project** is not included in DMH funding but rather is in the state’s funding for Family Resource Centers at the Dept. of Children and Families and included in the “Child Welfare” section of this *Budget Monitor*. This program receives \$50,000 to increase access to mental health treatment for at-risk children and youth involve in or diverted from the juvenile court system.

For information on funding for **Bridge Programs** that provide in-school supports for children who are returning to school after a prolonged mental health hospitalization, see the “Public Health” section of this *Budget Monitor*.

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

## [Public Health](#)

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$657.6 million for the state’s public health infrastructure, \$37.8 million more than the FY 2018 total. The Department of Public Health (DPH) oversees a variety of prevention and treatment services, improves access to health care,

and ensures the safety of our food, water, and land. As detailed below, the FY 2019 funding total also includes some new public health initiatives not administered by DPH, but that are closely aligned with existing public health programs.

A new line item in FY 2019 funds the **Office of Health Equity**, located within the Executive Office of Health and Human Services, receiving \$100,000. This office has been in existence since FY 2009 when it received \$250,000 as an “earmark” (specially-designated funding within a larger total), but there has been no designated funding since then. Moreover, the FY 2019 budget includes extensive language creating the office and directing its work. The focus of this office will be to “eliminate racial and ethnic health and health care disparities” in order to “address the social factors that influence health inequality.” The office will hold hearings across the state and prepare an annual report on health disparities.

Overall, the budget reflects a continuing commitment to prevent and treat substance misuse with new funding initiatives throughout the budget, including funding within MassHealth, the Department of Mental Health, funding within the public schools, and funding at the Department of Correction. However, the state’s initiatives at DPH are central to efforts for preventing and treating addictions. Combined, the public health funding for substance abuse and misuse services in DPH is \$164.2 million, a \$15.8 million increase over FY 2018 budgeted totals (see table). This total includes an anticipated \$3.0 million from casino revenue that will be dedicated to a new Public Health Trust Fund to support the prevention and treatment of substance misuse and addiction and problems associated with gambling. The budget also includes \$50,000 for a new line item that directs the Department of Elder Affairs and the University of Massachusetts Medical School to review the impact of opioid use on grandparents and other kin raising related children.

#### FUNDING FOR SUBSTANCE MISUSE PREVENTION AND TREATMENT

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference FY19 GAA - FY18 Current
1070-0841	Marijuana Public Awareness Campaign	2,000,000	0	(2,000,000)
4512-0200	Bureau of Substance Addiction Services	132,575,888	141,863,457	9,287,569
4512-0201	Substance Abuse Step-Down Recovery Services	4,908,180	4,908,180	0
4512-0202	Secure Treatment Facilities for Opiate Addiction	1,940,000	5,000,000	3,060,000
4512-0203	Substance Abuse Family Intervention and Care Pilot	1,440,450	1,440,450	0
4512-0204	Nasal Narcan Pilot Expansion	970,000	1,020,000	50,000
4512-0205	Substance Abuse Grants	980,000	3,784,000	2,804,000
4512-0211	Recovery High Schools	3,600,000	0	(3,600,000)
4590-2010	Grandparents Raising Grandchildren Opioid Comm.	0	50,000	50,000
7061-9607	Recovery High Schools	0	3,100,000	3,100,000
	Public Health Trust Fund	0	2,998,712	2,998,712
<b>TOTAL</b>		<b>148,414,518</b>	<b>164,164,799</b>	<b>15,750,281</b>

The FY 2019 GAA increases funding to address **gambling and other compulsive behavior** by \$250,000 to a total of \$1.5 million. Although not part of the FY 2019 budget process, in May the Legislature passed additional funding for FY 2018 providing \$2.0 million for a marijuana public awareness campaign, run by DPH in consultation with the state’s new Cannabis Control Commission. This campaign informs the public about responsible marijuana use, in particular to reduce marijuana usage by young people.

There is additional funding for substance misuse treatment and prevention scattered throughout the state budget that is not included in the total above. (Funding for Recovery High Schools, included in the table above, has historically been within DPH, although funding in FY 2019 moves over to the Department of Elementary and Secondary Education in a new line item there. These therapeutic high schools offer specialized programming for students struggling with or recovering from substance misuse disorders. Funding for these schools is included in the public health totals in this *Budget Monitor*.) In FY 2018, the state dedicated \$47.0 million to a new trust fund to support substance use treatment, supported by federal reimbursement for the MassHealth program. The Administration has stated that it plans to spend \$30.0 million from this fund in FY 2019. (See the “MassHealth and Health Reform” section of this *Budget Monitor*). The Administration also expects that with this year’s implementation of the restructuring of adult mental health services, care will be better coordinated for individuals with both mental health diagnoses and substance misuse disorders (see the “Mental Health” section of this *Budget Monitor*).

The FY 2019 budget also increases funding for domestic violence and assault prevention. [Domestic Violence and Sexual Assault Prevention](#) receives \$37.3 million, a \$6.0 million increase over FY 2018 budget totals. Funding for the [Sexual Assault Nurse Examiner](#) program is \$5.1 million, \$440,000 more than FY 2018 spending. The [Healthy Relationships](#) grant program, which received \$50,000 in FY 2018, triples in FY 2019 to \$150,000.

There are several programs in the budget that together are designed to provide community-based activities and supports for young people to keep them engaged and ultimately reduce violence (see table). Together, these programs are funded at \$15.1 million, a 21.7 percent increase over the FY 2018 budget. For example, the [Safe and Successful Youth Initiative](#) provides young people with a public health approach to reducing gun-related violence. This program receives \$8.1 million in the FY 2019 budget, 11.3 percent above the FY 2018 total.

**Funding for Youth Violence Prevention and Youth Engagement Programs**

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference FY19 GAA - FY18 Current
4000-0005	Safe and Successful Youth Initiative	7,320,000	8,145,000	825,000
4590-1506	Violence Prevention Grants	1,337,124	2,000,000	662,876
4590-1507	Youth At-Risk Matching Grants	3,765,000	4,978,151	1,213,151
<b>TOTAL</b>		<b>12,422,124</b>	<b>15,123,151</b>	<b>2,701,027</b>

Maternal and child health programs overall receive \$69.9 million in the GAA, \$1.8 million more than FY 2018 budget totals. This total includes:

- \$11.9 million for the state supplement for the [WIC \(Women, Infants, and Children\) Program](#), level with FY 2018. WIC provides access to healthy food and nutrition counseling during pregnancy and in the early years of life.
- \$29.3 million for the [Early Intervention Program](#), level with FY 2018. This funding supports community-based programs for infants and toddlers with developmental delays, or who are at risk for developmental delay.



- \$200,000 for the [Postpartum Depression Pilot Program](#). This program received \$50,000 in FY 2018 to support community health workers at a handful of health centers who work with women who have been identified with postpartum depression.

The GAA funds the state's anti-smoking efforts in DPH through the [Tobacco Cessation and Prevention](#) program with \$4.2 million. This is a \$500,000 increase over to the FY 2018 funding level. At one time, Massachusetts led the nation with its successful public health campaign to reduce smoking. In FY 2001, for example, the state budgeted over \$90 million (adjusted for inflation) to support anti-smoking efforts. This funding was cut dramatically in the next year, and has dwindled away over the subsequent decade and a half.

The FY 2019 budget increases funding for [School-Based Health Programs](#), bringing the total to \$12.8 million, \$772,000 above FY 2018 budget totals. This funding includes \$250,000 to support the development of school-based **Bridge programs** to help students who have had prolonged absences from school due to hospitalization for physical or mental health stay on track to graduate.

The department's **oral health programs** receive \$2.9 million, essentially level with FY 2018 totals. [Dental Health Services](#) receives essentially level funding of \$2.0 million, and the [SEAL](#) sealant and fluoridation program also receives essentially level funding of \$894,000.

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) 2019 General Appropriations Act (GAA) includes a total of \$1.59 billion to cover the costs of health insurance for state employees. The total includes coverage for current employees as well as retirees (discussed more below). In this year's budget, funding for retired municipal employees and retired teachers that previously were in separate line items have been consolidated into the primary Group Insurance Premiums line item (see table).

In order to more accurately reflect health insurance costs, MassBudget's totals for state employee health insurance include adjustments that allow for better across-year comparisons. 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 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 FUNDING WITH MUNICIPAL PASS-THROUGH ADJUSTMENT

Line Item	Line Item Name	FY 2018	MassBudget Adjustment	FY 2018 with MassBudget Adjustment	FY 2019 GAA	MassBudget Adjustment	FY 2019 GAA with MassBudget Adjustment
1108-5200	Group Insurance Prem.	1,683,153,734	(608,238,462)	1,074,915,272	1,701,053,589	(624,045,388)	1,077,008,201
1108-5350	Retired Govt. Employees	127,271	(127,271)	0	0	0	0
1108-5400	Retired Muni. Teachers	51,376,567	(51,376,567)	0	0	0	0
<b>SUBTOTAL</b>		<b>1,734,657,572</b>	<b>(659,742,300)</b>	<b>1,074,915,272</b>	<b>1,701,053,589</b>	<b>(624,045,388)</b>	<b>1,077,008,201</b>

*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 GAA includes \$441.2 million in an operating transfer directed to the State Retiree Benefits Trust.

Moreover, 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 70 percent of the award in FY 2019, which would be \$175.9 million.

However, instead of transferring \$175.9 million, the FY 2019 GAA transfers an amount equivalent to just 10 percent of the Tobacco Settlement award – \$25.1 million – into the State Retiree Benefits Trust to fund OPEB. Language in the budget states that this transfer would come from unexpended debt payments reverted to the General Fund or, if those reversions are insufficient, the funding would come from Master Tobacco Settlement money deposited into the General Fund. The budgeted FY 2019 transfer total is \$150.7 million less than the amount indicated for FY 2019 in the statute.

The GAA also transfers an additional \$4.4 million from excess capital gains tax revenue initially transferred into the Stabilization Fund to support the State Retiree Benefits Trust (see also “Revenue” section of this *Budget Monitor*).

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 state’s Fiscal Year (FY) 2019 budget provides \$1.01 billion for child welfare services, which are designed to protect children at risk of neglect or abuse. This amount is \$30.5 million (3.1 percent) more than the FY 2018 budget.

The FY 2019 budget provides the same level of funding for most child welfare accounts, with some exceptions:

- \$15.1 million for [Department of Children and Families \(DCF\) Family Resource Centers](#), which make it easier for families to access different public services in one place. This amount is \$5.3 million (54.7 percent) more than FY 2018.
- \$6.7 million for the [DCF Local and Regional Management of Services](#). This amount is \$1.3 million (24.7 percent) more than in FY 2018.
- \$102.8 million for **DCF Clinical Support Services and Operations**. This amount is \$4.4 million (4.5 percent) more than FY 2018.
- \$50.5 million for [Family Support and Stabilization](#), which funds programs that try to keep families intact where possible. This amount is \$2.9 million (6.0 percent) more than FY 2018.
- \$750,000 for [Foster Care Parent Outreach](#), a campaign to recruit new foster parents. This amount is \$500,000 more than FY 2018.

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

## [Disability Services](#)

The Fiscal Year (FY) 2019 budget provides \$2.01 billion for disability services, which include job training programs and community-based supports for people with disabilities and their families. This amount is \$53.7 million (2.7 percent) more than FY 2018.

The Governor had vetoed two items from the Legislature's proposal for disability services. He vetoed \$50,000 from the **Department of Development Services (DDS) Coordination and Administration** account, intended for the University of Massachusetts' Center for Autism and Neurodevelopmental Disorders and its medical school programs. He also vetoed \$25,000 from the **Community Day and Work Programs** account, intended for Opportunity Works, an organization that offers employment supports, clinical and therapeutic services, and day habilitation therapy for people in the Merrimack Valley Region. The Legislature overrode both of these vetoes and restored this funding.

Some notable increases in FY 2019 for disability services include:

- **Autism Omnibus Services**, which is funded at \$18.1 million. This is \$4.7 million (35.6 percent) more than in FY 2018. The Autism Omnibus law established these services when it was passed in 2014. It includes several provisions: to require MassHealth coverage of necessary treatments for individuals younger than 21 who have autism spectrum disorders; to encourage special education teachers to deepen their knowledge about autism spectrum disorders; and to create tax-free savings accounts to help families cover disability-related services for those with autism spectrum disorders or other disabilities.
- **Community Services for the Blind**, which are funded at \$6.7 million, \$2.5 million (60.7 percent) more than FY 2018.

- **Community Residential Services for the Developmentally Disabled**, which is funded at \$1.19 billion, \$27.3 million (2.3 percent) more than FY 2018.
- The **Turning 22 Program**, which is funded at a combined \$39.2 million, \$1.9 million (5.2 percent) more than FY 2018. This includes funding across three different departments – Massachusetts Commission for the Blind (MCB), Massachusetts Rehabilitation Commission (MRC), and DDS – and pays for a portion of services offered during the transition year when the eligible young adults turn 22.

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

## [Elder Services](#)

The Fiscal Year (FY) 2019 state budget funds elder services at \$301.0 million, \$15.0 million (5.2 percent) more than FY 2018. Elder services promote independence, safety, and wellbeing among the state’s older adults.

The Governor vetoed \$35,000 from the **Elder Home Care Purchased Services** account intended for a one-year pilot program “for the demonstration of the community network aging in place” in Brookline, Nauset, and Reading. The Legislature overrode the veto, however, and restored this funding.

The budget also requires the Department of Elder Affairs to develop a training program on prevention and elimination of discrimination on the basis of sexual orientation, gender identity, and gender expression. The program will include training on how to improve access for elders and caregivers who identify as lesbian, gay, bisexual, and transgender. Staff members who work with clients of the state’s elder service programs or whose services are certified by the Department of Elder Affairs will be required to complete this training within 12 months of beginning employment.

Some notable increases to elder service accounts for the FY 2019 budget include:

- **Grants to Councils on Aging**, which is funded at \$17.8 million. This is \$3.5 million (24.8 percent) more than in FY 2018. Councils on Aging help elders access services like transportation, food programs, health screenings, and education.
- **Elder Home Care Case Management and Administration**, which is funded at \$59.0 million, \$6.7 million (12.8 percent) more than FY 2018.
- **Elder Protective Services**, which is funded at \$31.6 million, \$2.9 million (10.3 percent) more than FY 2018.

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

## Juvenile Justice

The state General Appropriations Act (GAA) budget for Fiscal Year (FY) 2019 includes \$178.3 million for juvenile justice programs, run by the Department of Youth Services (DYS). This amount is \$2.1 million (1.2 percent) less than FY 2018.

In the FY 2019 budget, most juvenile justice accounts receive slightly more than they did in FY 2018 with the exception of two programs, which make up a large share of the state's juvenile justice budget. The FY 2019 budget decreases funding for **Residential Services for Committed Population** by \$3.7 million (3.1 percent) and level funds the **DYS Teacher Salaries** account, which funds enhancements to educator salaries at DHS state- and provider-operated residential programs. These funding trends reflect the [drop in DHS caseloads](#), which fell by 43.9 percent between January 2012 and January 2016. Among other reforms, the state in 2013 raised the age of juvenile court jurisdiction to include 17-year-olds. Despite inclusion of this new population, there continues to be a downward trend.

The Governor had vetoed \$500,000 from the **Residential Services for Detained Population** account, intended for the Robert F. Kennedy Children's Action Corps, Inc. to coordinate a program that diverts youth away from court involvement, but the Legislature overrode that veto.

In juvenile justice accounts outside of DHS, the FY 2019 budget increases funding for the **Juvenile Court** and a **Juvenile Justice Pilot**.

The budget funds the Juvenile Court at \$21.3 million. This is \$2.5 million (13.4 percent) more than FY 2018. It funds the Juvenile Justice Pilot program, a pilot for multidisciplinary approaches such as youth mentoring and assistance for families to navigate the legal system, at \$350,000. This amount is \$100,000 (40 percent) more than FY 2018.

Both of these accounts, 0337-0002 and 0339-1005, are housed by the Trial Court. For more information about overall funding for courts, see the Law & Public Safety section of this *Budget Monitor*.

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

## Transitional Assistance

The state's final budget for Fiscal Year (FY) 2019 provides \$668.6 million for transitional assistance programs, which help low-income individuals and families meet their basic needs. This amount is \$15.0 million (2.3 percent) more than the FY 2018 budget, but \$418.0 million less than FY 2001 after adjusting for inflation.

Through this budget process, a notable item was the proposed **removal of a restriction that has barred families from receiving benefits** from the Transitional Aid to Families with Dependent Children (TAFDC) program for a child conceived while the family was receiving public assistance. This policy currently restricts the program from providing benefits for nearly 9,000 children in low-income families.

While the Legislature’s budget would have repealed this restriction (described as “lifting the cap on kids”), the Governor asserted that removing this restriction without accompanying changes could have “the perverse effect of reducing incentives for TAFDC recipients to get back to work, and cause existing inequities in the TAFDC program to persist and expand.” To address this, the Governor proposed language **to count adult Supplemental Security Income when determining eligibility and benefit levels for TAFDC**. This new criterion could result in benefits cuts for almost 7,000 children, based on an FY 2018 estimate. The Legislature rejected this new cut in benefits and again enacted its proposal to lift the cap on kids without making the changes proposed by the Governor. The Governor vetoed this change so the restriction remains in law.

The Governor did not veto any of the amounts that the Legislature proposed for transitional assistance. The final FY 2019 budget funds the TAFDC account at \$201.6 million. This amount is \$13.1 million (6.9 percent) more than the FY 2018 budget.

The final FY 2019 budget for TAFDC also:

- Raises **the TAFDC assets cap** from \$2,500 to \$5,000, which would allow families to save money as they return to work.
- Will not count any of a working recipient’s earned income for the first six months of employment or when the recipient starts receiving TAFDC benefits (as long as total income does not exceed 200 percent of the federal poverty level). After these initial six months, half of the recipient’s earnings will be disregarded in determining benefits.
- Increases the annual **back-to-school clothing allowance** for TAFDC recipients from \$300 to \$350, as proposed by the Senate.

The final budget includes \$7.3 million for the SNAP Participation Rate account, \$4.0 million of which is for the **Healthy Incentives Program (HIP)**. HIP enables people to purchase local fruits and vegetables at farmers’ markets and community-supported agriculture farm share programs.

The budget also provides \$1.5 million in funding to a new account – **the SNAP Employment and Training Transportation program** – which will cover transportation costs of SNAP clients participating in job training programs.

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 Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$208.1 million for other human services, \$4.2 million less than the current FY 2018 budget. This funding includes allocations for veterans’ services, food banks, and some cross-agency initiatives such as the rate increases held in a reserve account for a variety of health and human services providers that we include in this subcategory of this *Budget Monitor* (see discussion below).

The FY 2019 GAA includes \$18.4 million for the [Emergency Food Assistance Program](#), 4.0 percent above FY 2018 current funding. This funding supplements federal funding to support the statewide network of food banks that provide food to families struggling to make ends meet.

In addition to funding for Family Resource Centers within the Department of Children and Families, (see the “Child Welfare” section of this *Budget Monitor*), the budget includes \$500,000 for **Family Resource Centers** within the Executive Office of Health and Human Services. This is the same funding level as in FY 2018. This funding is allocated to support coordination among the network of child and family service programs across the Commonwealth, in particular for children at risk of entering the foster care system.

The GAA also includes a total of \$148.4 million for **veterans’ services**, \$4.0 million below FY 2018 budget totals. The biggest difference is due to a one-time payment to Gold Star families in FY 2018.

The FY 2019 budget includes \$500,000 for the **Low-Income Citizenship Program** in the Office for Refugees and Immigrants, \$100,000 above FY 2018 budget totals. This program helps legal permanent residents become citizens.

Included in the total for “Other Human Services” is \$38.5 million for legally required **Chapter 257 rate increases**. Chapter 257 standardizes rates paid to various types of human service providers in order to make the system more efficient and fair. The amount included in the Chapter 257 reserve account funds the planned rate increases for providers across many human and social service programs. For more information on the rate standardization and the timing of the implementation across state agencies, see the state’s [Chapter 257 update](#). This reserve contains the amounts for the initial increases, and over the course of the year, those funds are then distributed to the individual agencies to fund their providers’ rate adjustments. In subsequent years, the rate increases would be included in the totals of the agencies that received the funds, and included in the budget totals in other sections of this *Budget Monitor*.

For information on funding for all 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, ferries, and paths for biking and walking that enable people and goods to travel where they need to go. Much of state funding for transportation comes from multiple dedicated revenue sources outside the state budget process, and a separate capital budget process funded through the issuance of state bonds and with targeted federal dollars. The annual budget process nonetheless plays an important role.

The Fiscal Year (FY) 2019 budget directs \$1.62 billion for transportation programs, \$42.4 million more than FY 2018 estimated spending, a 2.6 percent increase.

The largest change is due to higher anticipated sales tax revenues, a portion of which are transferred to the Massachusetts Bay Transportation Authority (MBTA) by formula. The MBTA is expected to receive \$1.04 billion in this support in FY 2019 funding from the **MBTA State and Local Contribution Trust**

**Fund.** The amount is 3.1 percent above the FY 2018 transfer and \$6.6 million more than had been anticipated at earlier stages of the budget process. While this rate of increase is approximately double the 1.5 percent average growth rate over the past twenty years, it is nonetheless on par with the “worst case scenario” set out by the 2007 Transportation Finance Commission that sought to establish dedicated sales taxes as a primary and dependably growing source of support for the transit authority. To read more about sales taxes revenues dedicated to the MBTA, the formula that determines their amount, and their trends over time, read MassBudget’s report, [“How Slow Sales Tax Growth Causes Funding Problems for the MBTA.”](#)

A total of \$358.5 million is provided to support the **Massachusetts Transportation Trust Fund (MTTF)**. The MTTF contributes to highways, transit, intercity rail, small airports, the Massachusetts Turnpike, and the Motor Vehicle Registry. The MTTF receives funds from tolls, federal transportation sources, and the state’s Commonwealth Transportation Trust Fund. The FY 2019 amount is \$2.9 million more than the FY 2018 transfer to this account (as of the most recent July 26<sup>th</sup> data). The FY 2019 budget continues the longstanding practice of funding snow and ice control below anticipated amounts, and then providing supplemental funding to the MTTF later in the year for clean-up from winter storms.

The budget provides \$88.0 million to support the Commonwealth’s 15 **Regional Transit Authorities (RTAs)** in FY 2019, \$7.6 million more than the FY 2018 budget. Adjusted for inflation, the FY 2019 total is about the same as in Fiscal Year 2016. The budget also allows the Massachusetts Department of Transportation (MassDOT) to require RTAs to annually report on ridership, customer service, asset management, and financial performance. Moreover, a task force will be established to determine best practices for RTAs. Of the total \$88.0 million transfer, \$4.0 million was set aside to be distributed to RTAs, conditioned upon their agreement to adhere to best practices and file regular reports with MassDOT. Similarly, \$2.0 million of the total is set aside for RTAs that agree to remedial plans with MassDOT to use performance indicators to eliminate unfunded deficits within three years.

The budget transfers \$127.0 million in FY 2019 to support **operation of the MBTA**, which is \$27.0 million less than was proposed by the House. The House had proposed the additional sum to enable the MBTA to comply with the 2013 Transportation Reform law’s requirement that the costs of long-term employees be covered through the operating budget rather than the capital budget by FY 2019, as a way to free up capital funds for repairs and improvements. Instead, the legislature agreed to change the law to allow the MBTA to continue paying these long-term employees from the capital budget. The law newly requires the MBTA to define criteria for categorizing employees under the capital budget, that the MBTA post detailed information on their website about the payment of employee salaries through capital funds, and that information be verified through a third-party auditor.

**TRANSPORTATION LINE ITEMS**

Line Item #	Line Item Name	FY 2018 Estimated Spending	FY 2019 GAA	Difference (FY 2019 GAA minus FY 2018 Estimated Spending)
1595-6368	Massachusetts Transportation Trust Fund	355,686,175	358,546,448	2,860,273
1595-6369	MBTA Operating Transfer	127,000,000	127,000,000	0
1595-6370	Regional Transit Authorities	80,400,000	88,000,000	7,600,000
1595-6379	Merit Rating Board	9,404,567	9,768,209	363,642
T103400	Sales Tax Transfer to MBTA	1,006,809,769	1,038,400,000	31,590,231
	<b>TOTAL</b>	<b>1,579,300,511</b>	<b>1,621,714,657</b>	<b>42,414,146</b>



Debt payments for capital projects are the largest component of FY 2019 General Fund support for transportation, and they are separate from the line items detailed above. Like a household that pays a mortgage over many years to finance the purchase of a home, the Commonwealth finances long-term capital investment projects such as reconstructing bridges or ordering new train vehicles by issuing bonds – that is, borrowing – and paying interest, principal, and other costs related to these bonds over future years. Debt payments are not negotiated as part of the budget process because they are dictated by the bond agreements. A total of \$1.36 billion in FY 2019 is scheduled to be transferred to the **Commonwealth Transportation Fund (CTF)** to make transportation-related debt payments. (That total does not include some other transportation debt payments, including from separate entities such as the MBTA or MassPort.) For FY 2019 these payments include:

- \$200.9 million for debt incurred to finance the largely completed Accelerated Bridge Program and the Rail Enhancement Program.
- \$1.10 billion transfer to the Commonwealth Transportation Fund (CTF) as part of Consolidated Long Term Debt Service, a line item that pays for for several sources of state debt. Payments to the CTF constitute just over half of all such long-term debt service.
- \$56.9 million for debt incurred from funding shortfalls for the “Big Dig” – the Central Artery/ Third Harbor Tunnel project.

For a chart and description of funding flows for transportation debt service and operations together, see MassBudget’s fact sheet, “[What Does Massachusetts Transportation Funding Support and What Are the Revenue Sources?](#)” To read about different areas of federal support for state transportation programs in Massachusetts, see MassBudget’s “[How Vulnerable is Massachusetts Transportation to Federal Spending Cuts?](#)”

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

## [Housing](#)

Making sure that Massachusetts has an adequate supply of affordable housing for low- and moderate-income adults and children is an important component of improving the health and quality of life of the Commonwealth’s residents while also investing in our state’s long-term economic success. The state budget funds programs that provide shelter and affordable housing assistance to families and individuals with low incomes. Because state tax revenues significantly exceeded projections in Fiscal Year (FY) 2018, the FY 2019 budget modestly increases funding for many of these programs, most notably in affordable housing as noted below. The Legislature also overrode the small amount (\$110,000) in vetoes made by the Governor when he signed the budget. The state budget for FY 2019 provides \$480.7 million in housing and homelessness assistance, an increase of \$20.1 million (4.4 percent) above the FY 2018 budget.

### **Homelessness Assistance**

Well over half of the FY 2019 housing budget, \$279.2 million, goes to providing shelter and short-term housing supports to low-income families and individuals who are homeless or at risk of becoming homeless.

The FY 2019 budget includes \$161.7 million for [Emergency Assistance](#) (EA), which provides shelter and services to low-income families with children who are homeless and meet certain guidelines for the shelter program. As of May 2018, slightly more than 3,500 homeless families were living in EA-supported shelters. While the FY 2019 appropriation for EA is \$13.4 million less than the FY 2018 budget, the state estimates that the funding could be sufficient to fund EA for the full year because the Department of Housing and Community Development (DHCD) is trying to help more low-income, homeless families secure housing. Because EA provides shelter for low-income homeless families who are eligible, the state may have to provide supplemental funding for the program in FY 2019 should the current funding levels be insufficient to meet need.

In addition to shelter, the state budget provides funding for short-term housing assistance to low-income families who are homeless or at risk of becoming homeless. The [HomeBASE](#) program, which gives housing assistance to low-income families who are eligible for the EA program, receives an increase of \$1.9 million. [Residential Assistance for Families in Transition](#) (RAFT) programs, which helps low-income families avoid homelessness altogether, receives a \$5.0 million increase. In past budgets RAFT has often run out of money before the end of the fiscal year. With this increase, it is likely that the program will be fully funded in FY 2019. The FY 2019 budget also sets aside \$3.0 million of RAFT funds to help elders, youth, and people with disabilities.

The state budget increases funding for programs that provide shelter and services for homeless individuals and creates a new rapid rehousing program. The two programs that provide shelter and assistance for homeless adults receive a combined increase of \$2.8 million. The budget also provides significantly more funding for the [program that helps homeless youth](#) up to 25 who are not accompanied by a parent or guardian. The FY 2019 budget creates a new **supportive-housing** account with \$5.0 million to provide short-term housing assistance, long-term supportive housing, and other services to homeless individuals.

For a full list of funding for homelessness assistance and short-term housing programs in the FY 2019 budget, please see the table below.

#### FUNDING FOR HOMELESSNESS ASSISTANCE

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Current)	Notes
4000-0007	Unaccompanied Homeless Youth	675,000	3,300,000	2,625,000	See text
4400-1020	Secure Jobs Connect	650,000	1,000,000	350,000	
7004-0100	Operation of Homeless Programs	5,090,311	5,367,719	277,408	
7004-0101	Emergency Assistance Family Shelters and Services	175,142,903	161,745,706	(13,397,197)	See text
7004-0102	Homeless Individuals Assistance	45,770,000	48,180,000	2,410,000	See text
7004-0104	Home and Healthy for Good Program	2,040,000	2,390,000	350,000	See text
7004-0106	New Lease for Homeless Families	0	250,000	250,000	
7004-0108	HomeBASE	30,147,305	32,000,000	1,852,695	See text
7004-0202	Homeless Individuals Rapid Re-Housing Program	0	5,000,000	5,000,000	See text
7004-9316	Residential Assistance for Families in Transition	15,000,000	20,000,000	5,000,000	See text
<b>Total</b>		<b>274,515,519</b>	<b>279,233,425</b>	<b>4,717,906</b>	

## Affordable Housing

The FY 2019 budget provides \$201.4 million for affordable housing programs, an increase of \$15.4 million above FY 2018. Of this increase, almost half (\$7.3 million) goes to the [Massachusetts Rental Voucher Program](#) (MRVP), bringing total funding to \$100.0 million in FY 2019. In recent years the Legislature has increased funding for MRVP in part to help low-income families move out of EA shelter and into permanent housing.

The FY 2019 budget also creates a new program that provides \$2.7 million in grants **to improve or create accessible affordable housing units for renters with disabilities**. The budget directs DHCD to prioritize improvements for units that can accommodate renters who qualify for the **Alternative Housing Voucher Program** (AHVP), which provides rental subsidies to low-income renters with disabilities. The FY 2018 budget provides AHVP with \$6.2 million which is \$1.2 million more than FY 2018.

The budget also includes \$2.6 million to cover the **expansion of housing courts** to every part of the Commonwealth. This is \$1.6 million more than the FY 2018 budget and will pay for increased personnel working at these courts. (Note: This amount is not included in the total for housing funding, since MassBudget includes it in the Courts subcategory of the Law & Public Safety category.)

For a list of all affordable housing programs funded in the FY 2019 budget, please see the table below.

### FUNDING FOR AFFORDABLE HOUSING

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Current)	Notes
0940-0101	Fees and Federal Reimbursement Ret. Rev.	3,500,000	3,500,000	0	
7004-0099	DHCD Administration	8,358,469	7,681,204	(677,265)	
7004-0107	Local Housing Programs	0	1,180,000	1,180,000	
7004-3036	Housing Services and Counseling	2,221,992	3,000,000	778,008	
7004-3045	Tenancy Preservation Program	500,000	1,300,000	800,000	
7004-4314	Service Coordinators Program	350,401	350,401	0	
7004-9005	Subsidies to Public Housing Authorities	64,500,000	65,650,000	1,150,000	
7004-9007	Public Housing Reform	950,000	1,000,000	50,000	
7004-9024	Massachusetts Rental Voucher Program	92,734,677	100,000,000	7,265,323	See text
7004-9030	Alternative Housing Voucher Program	5,000,000	6,150,000	1,150,000	See text
7004-9031	Accessible Affordable Housing Grants	0	2,698,841	2,698,841	See text
7004-9033	Rental Subsidy Program for DMH Clients	5,548,125	6,548,125	1,000,000	
7004-9315	Low-Income Housing Tax Credit Fee Ret. Rev.	2,369,399	2,369,399	0	
<b>Total</b>		<b>186,033,063</b>	<b>201,427,970</b>	<b>15,394,907</b>	

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

## Economic Development

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$171.0 million for economic development – \$27.8 million (19.4 percent) more than the FY 2018 budget total. Governor Baker vetoed \$10.0 million in economic development funding but the Legislature overrode all of these vetoes.

## Workforce Development

The GAA triples funding **to train and place unemployed and underemployed workers** in jobs in high-demand fields, to \$6.0 million in FY 2019 from \$2.0 million in the current FY 2018 budget. Specifically, the GAA:

- Increases funding for the **Workforce Competitiveness Trust Fund (WCTF)** to \$5.8 million (across two line items), up \$4.0 million from the current FY 2018 budget. This increase includes a \$750,000 transfer from the \$1.0 million **Learn to Earn** line item.
- Directs the remaining \$250,000 in **Learn to Earn** funding to new programs that **address barriers to sustained employment, such as child care and transportation costs**.

### WORKFORCE COMPETITIVENESS TRUST FUND AND LEARN TO EARN FUNDING

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Transfers*	FY 2019 GAA adjusted	Difference: (FY 19 GAA adjusted-FY 18 Current)
1595-1075	Workforce Competitiveness Trust Fund	1,000,000	5,000,000		5,000,000	4,000,000
7002-1075	Workforce Competitiveness Trust Fund	750,000	0	750,000	750,000	0
7002-1080	Learn to Earn	250,000	1,000,000	(750,000)	250,000	0
<b>TOTAL</b>		<b>2,000,000</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>4,000,000</b>

\*Budgets sometimes transfer the allocation of funding among line items from one year to the next. The chart above presents these line items in both the FY 2019 GAA's structure and the prior FY 2018 funding structure to make comparisons easier. Also see text above for an explanation of the \$750,000 from Learn to Earn (7002-1080) to Workforce Competitiveness Trust Fund (7002-1075).

In other workforce development programs, the GAA provides:

- \$24.0 million for the **Workforce Training Fund** – 2.0 percent below current FY 2018 funding.
- \$12.8 million for **YouthWorks**, a summer jobs program for at-risk youth – \$1.8 million (16.8 percent) above current funding.
- \$4.1 million for **One-Stop Career Centers**, which help job seekers, particularly those receiving unemployment insurance, improve their skills and navigate the job search process. This is 2.5 percent above current funding.
- \$500,000 for the **Re-Entry Demonstration Workforce Development Program**, which provides workforce development and supportive services to individuals transitioning from a correctional facility. This is more than triple the current FY 2018 funding level of \$150,000.

## Business and Industry

- The FY 2019 GAA recommends \$2.0 million for **Small Business Technical Assistance Grants**, which are competitive grants awarded to economic development organizations to provide technical assistance or training programs to businesses with 20 or fewer employees. This is more than twice the current FY 2018 funding level of \$750,000.
- The GAA reinstates \$2.0 million in funding for the **Massachusetts Manufacturing Extension Partnership** (MassMEP), a collaboration of government, business, and academic partners, to help manufacturers plan and implement strategies for increased competitiveness. MassMEP is unfunded in the current FY 2018 budget.
- The GAA provides \$2.5 million to fund the **Innovation Institute** of the Massachusetts Technology Collaborative (MassTech), up 150 percent from \$1.0 million in the current FY 2018 budget. The Innovation Institute “partners and invests with academic, research, business, government, and civic organizations” to develop the state’s innovation economy.

## Travel and Tourism

The FY 2019 GAA provides \$10.8 million to fund travel and tourism promotion in Massachusetts — \$8.6 million (44.5 percent) below the current FY 2018 budget.

In most years, the majority of funding for tourism promotion comes via transfers from the **Massachusetts Tourism Trust Fund** to the **Massachusetts Office of Travel and Tourism (MOTT)** and **Regional Tourism Councils**. The Tourism Trust Fund is itself funded from \$10.0 million in hotel excise taxes plus one percent of gambling taxes. Per statute, 40 percent of Tourism Trust Fund money goes to MOTT and 60 percent to the Regional Tourism Councils. Budget appropriations provide additional funding to MOTT in some years.

- The GAA provides just \$163,000 in **additional funding above the statutorily guaranteed transfers**. This is significantly less than the additional funding amount of \$9.4 million allocated in FY 2018.
- The GAA provides the statutorily required **40 percent transfer from the Tourism Trust Fund to MOTT**, which comes to \$4.2 million in FY 2019. The additional \$163,000 brings total MOTT funding to \$4.4 million. This is \$9.0 million (67.1 percent) below the current FY 2018 budget.
- The GAA allocates the statutorily required **60 percent transfer from the Tourism Trust Fund to the Regional Tourism Councils**, which comes to \$6.4 million in FY 2019.

## FUNDING FOR TRAVEL AND TOURISM PROMOTION

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Transfers*	FY 2019 GAA Adjusted	Difference: (FY 19 GAA adjusted-FY 18 Current)
7008-0900	MA Office of Travel and Tourism	13,403,337	163,176	4,239,897	4,403,073	(9,000,264)
7008-1000	Regional Tourism Councils Grants	6,000,000	0	6,359,845	6,359,845	359,845
T10-1305	MA Tourism Trust Fund	0	10,599,742	(10,599,742)	0	0
<b>TOTAL</b>		<b>19,403,337</b>	<b>10,762,918</b>	<b>0</b>	<b>10,762,918</b>	<b>(8,640,419)</b>

\*These are statutorily required transfers from the Massachusetts Tourism Trust Fund. The amounts shown in the FY 2019 GAA columns reflect additional appropriations above and beyond the transfers. The FY 2018 current budget includes the transfers plus additional appropriations.

In addition, the GAA provides:

- \$17.4 million for the **Massachusetts Cultural Council**, which funds and supports artists, local cultural programming, and education in the arts and humanities. This is \$3.4 million (24.4 percent) above current FY 2018 funding. (The Governor vetoed \$2.1 million in Massachusetts Cultural Council funding but the Legislature restored all of this money.) The Massachusetts Cultural Council is allotted 2 percent of gambling tax revenue, which is expected to come to \$1.2 million in FY 2019.
- \$3.2 million for the **Massachusetts Service Alliance**, which serves as the state commission on service and volunteerism. This is 5.2 percent above current FY 2018 funding.
- \$50,000 to restart the **Massachusetts Office for Employee Involvement and Ownership (MASSEIO)**. From 1989 to 2008, MASSEIO's mission was to help "expand and enhance employee involvement and ownership" in the state, but in October 2008 it was shut down "due to the fiscal crisis confronting state government." A [recent report](#) issued by the Massachusetts Senate Task Force on Strengthening Local Retail included employee ownership as one option for bolstering the state's small retail businesses and noted that "[m]any retailers advocated that the state re-establish the Massachusetts Office for Employee Involvement and Ownership to provide technical assistance for companies that wish to convert to this model."
- \$11.4 million in earmarks – language in a line item specifying the use of a certain amount of that line item's spending – for **local economic development projects**. The Governor vetoed \$6.9 million from this line item but the Legislature restored all of this funding.

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

## LAW & PUBLIC SAFETY

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) includes \$2.93 billion for law and public safety – \$100.7 million (3.6 percent) more than current FY 2018 spending. The Law & Public Safety budget includes the courts; legal defense for those unable to afford it themselves; law enforcement; the Departments of Correction and Probation; sheriffs; and prosecutors. Please see the table below for FY 2019 GAA funding by category.

## FUNDING FOR LAW &amp; PUBLIC SAFETY

Category	FY 2018 Expected Spending	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Expected Spending)
Courts	516,058,745	543,718,260	27,659,515
Legal Assistance	255,416,122	268,491,384	13,075,262
Law Enforcement	390,718,305	399,965,768	9,247,463
Prisons, Probation & Parole	1,445,005,866	1,478,134,708	33,128,842
Prosecutors	167,606,077	181,645,553	14,039,476
Other Law & Public Safety	56,136,882	59,711,539	3,574,657
<b>Total Law &amp; Public Safety</b>	<b>2,830,941,997</b>	<b>2,931,667,212</b>	<b>100,725,215</b>

## Courts

The FY 2019 GAA provides \$543.7 million for the **courts** – a \$27.7 million (5.4 percent) increase over estimated FY 2018 spending.

- This includes a new \$5.0 million line item for **community-based re-entry programs**, intended “to reduce recidivism by providing transitional housing, workforce development and case management to individuals returning to the community from county jails and state prisons.” Governor Baker vetoed \$2.5 million in community-based re-entry program funding but the Legislature restored all of it.
- The GAA provides \$5.7 million for **specialty drug courts**, which provide supervised probation and treatment as an alternative to incarceration for people with mental health and substance misuse issues. This is \$2.5 million over FY 2018 spending.
- The GAA also significantly increases funding for the state’s **housing courts** (which you can read about in the Housing section of this *Budget Monitor* and **juvenile courts** (which you can read about in the Juvenile Justice section).

## Legal Assistance

Massachusetts funds legal assistance for those who cannot afford it. The FY 2019 GAA provides a \$13.1 million (5.1 percent) increase in such funding.

- The **Committee for Public Counsel Services (CPCS)** provides legal defense for those who cannot afford it in “[criminal, delinquency, youthful offender, child welfare, mental health, sexually dangerous person, and sex offender registry cases](#).” CPCS provides representation via a combination of 500 attorneys employed directly by CPCS (known as “public defenders”) and about 3,000 private attorneys (known as “bar advocates”). Bar advocates are paid by the hour.

The GAA provides a \$9.6 million (4.1 percent) increase to CPCS over FY 2018 spending. This includes \$3.0 million in salary increases for public defenders. Section 49 of the GAA increases the hourly rate paid to bar advocates who handle non-homicide cases in Superior Court from \$60 to \$68 – an increase of 13.3 percent. Section 50 increases the hourly rate for bar advocates

who handle sex offender registry and mental health cases from \$50 to \$53 – an increase of 6.0 percent.

The remaining legal assistance funding is distributed across three line items, each of which sees significant increases in the FY 2019 GAA over FY 2018 spending:

- **Massachusetts Legal Assistance Corporation (MLAC)** is a nonprofit that funds civil legal defense to low-income Massachusetts residents in cases involving, among other things, child welfare, domestic violence, housing, employment, immigration, health care, and government benefits. The GAA increases MLAC's funding by \$3.0 million (16.9 percent) over FY 2018. The legal aid programs MLAC funds have had to turn away about two-thirds of eligible residents who seek legal assistance – [45,000 low-income people each year](#).
- **Prisoners Legal Services (PLS)** is a nonprofit that provides civil legal defense to, and advocates on behalf of, people incarcerated in Massachusetts prisons and jails, with particular focus on health care, assaults by correctional staff, conditions of confinement, and segregation (which includes solitary confinement). The GAA increases PLS's funding by \$291,000 (18.1 percent) over FY 2018. Currently there are [over 3,000 prisoners for every PLS attorney](#).
- **Mental Health Legal Advisors Committee (MHLAC)** is a branch of the Massachusetts Supreme Judicial Court that provides advocacy and legal representation to low-income people with mental health concerns. The GAA increases MHLAC's funding by \$166,000 (12.3 percent).

#### FUNDING FOR LEGAL ASSISTANCE

Line Item #	Line Item Name	FY 2018 Expected Spending	FY 2019 GAA	Difference: (FY19 GAA - FY18 Expected Spending)
0321-1500	Committee for Public Counsel Services	58,896,643	65,493,432	6,596,789
0321-1510	Private Counsel Compensation	153,519,973	155,353,380	1,833,407
0321-1520	Indigent Persons Fees and Court Costs	22,036,141	23,184,600	1,148,459
<b>COMMITTEE FOR PUBLIC COUNSEL SERVICES TOTAL</b>		<b>234,452,757</b>	<b>244,031,412</b>	<b>9,578,655</b>
0321-1600	Massachusetts Legal Assistance Corporation	18,000,000	21,040,000	3,040,000
0321-2000	Mental Health Legal Advisors Committee	1,353,900	1,519,972	166,072
0321-2100	Prisoners' Legal Services	1,609,465	1,900,000	290,535

## Law Enforcement

The FY 2019 GAA funds law enforcement at \$400.0 million – \$9.2 million (2.4 percent) above estimated FY 2018 spending. The Governor vetoed \$4.4 million in law enforcement spending – including \$3.1 million in spending for local projects – but the Legislature overrode all of these vetoes. The law enforcement budget includes:

- \$8.0 million for [Shannon Grants](#), which fund anti-gang and youth violence prevention efforts, receive \$8.0 million in the FY 2019 GAA – a 34.7 percent increase over FY 2018 spending.



- \$16.4 million in funding for the **Chief Medical Examiner (CME)** – a 27.5 percent increase over FY 2018 spending. The CME has faced an increasing caseload due to the statewide opioid epidemic. [Massachusetts had the 8<sup>th</sup>-highest death rate from drug overdoses in the United States in 2016.](#)

The FY 2019 GAA addresses two areas of concern with state police department operations: payroll fraud, and recruitment and hiring practices.

- This past spring, [payroll fraud scandals emerged in the Department of State Police](#); so far six troopers have been charged with falsifying records to make it look like they worked overtime when they hadn't. Section 23 of the GAA creates a new **special audit unit to “prevent, detect and correct fraud, waste and abuse in the expenditure of public funds” on the part of the State Police.** The new unit would be established under the auspices of the state's inspector general.
- Section 78 of the GAA establishes a **special commission “to review the hiring and promotion policies and practices of the state police.”** Specifically, the commission will examine the “the relevancy of testing requirements to essential job functions; preferential treatment on the competitive examinations for initial enlistment and promotion; preferential treatment based on personal contacts; the impact of any criminal record on an applicant's candidacy; the collection, analysis and sharing of data on race, gender, gender identity and sexual orientation; and the role of the affirmative action office in hiring practices.” The commission's members will come from legislative leadership, certain executive offices, and various groups representing women and people of color working in law enforcement. (Notably, the FY 2019 GAA includes no funding at all for **training a new state police class** – a \$2.8 million cut from FY 2018 spending.)

Outside the GAA, a new law signed in July 2018 creates a **new \$2 surcharge on car rentals.** Up to \$10.0 million of the revenues generated from this fee will go to the **Municipal Police Training Fund (MPTF)** created in the new criminal justice reform law enacted this session. This fee will go into effect on January 1, 2019 – halfway through FY 2019.

## Prisons, Probation & Parole

The FY 2019 GAA provides \$1.48 billion for prisons, probation, and parole – 2.3 percent over FY 2018 spending. This includes \$663.9 million for the **Department of Corrections** (2.4 percent over FY 2018 spending) and \$615.9 million for **sheriffs** (1.4 percent over FY 2018 spending).

The **Massachusetts Alcohol and Substance Abuse Center**, housed within the Plymouth County Correctional Facility, receives \$10.8 million in the FY 2019 GAA – \$1.0 million over FY 2018 spending.

## Prosecutors

The FY 2019 GAA budgets \$181.6 million for prosecutors – \$14.0 million (8.4 percent) over FY 2018 spending.

- The GAA includes a \$4.0 million reserve fund to bring minimum **salaries for assistant district attorneys** up to \$46,000 in 2019. A [2014 Massachusetts Bar Association report](#) found that Massachusetts assistant district attorneys were “grossly underpaid, earning far less than their

counterparts in comparative jurisdictions across the country,” leading to a “revolving door of prosecutors.”

- The **Attorney General’s** office receives an increase of \$1.6 million (6.8 percent) over FY 2018 spending.

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

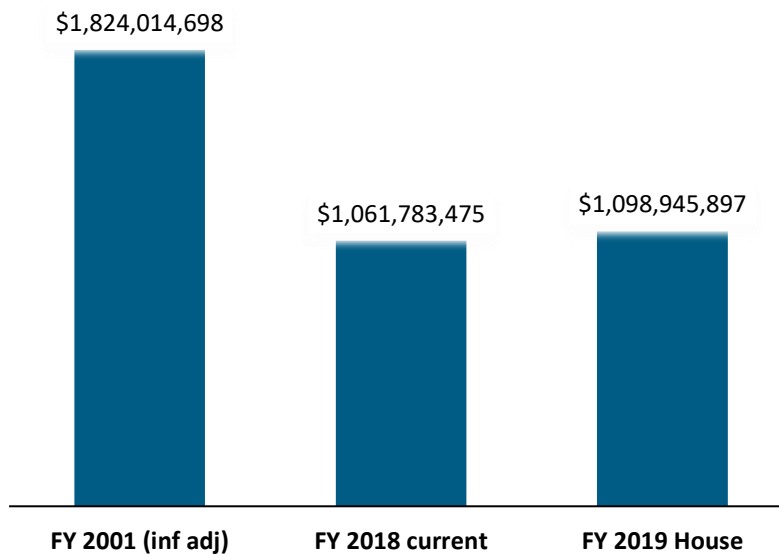
## LOCAL AID

### Unrestricted Local Aid

The Fiscal Year (FY) 2019 budget provides \$1.10 billion for general local aid, formally known as “Unrestricted General Government 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](#).

The FY 2019 amount is \$37.2 million (3.5 percent) over current FY 2018 levels. 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 general local aid funding has increased in step with or slightly above inflation over the past several years, it remains 39.8 percent below FY 2001 levels, when adjusted for inflation.

#### General Local Aid Has Declined 40% Since 2001, Adjusted for Inflation



## Other Local Aid

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

The FY 2019 budget provides \$10.9 million to the **Municipal Regionalization and Efficiencies Incentive Reserve**. This reserve is distributed to several local targeted projects and the following grants or incentive programs:

- Approximately \$4.0 million of this amount for a competitive **public safety grants** program for populous communities with low per-capita police funding.
- \$500,000 for a competitive grants program for transitional or one-time costs associated with regionalization or other efficiency initiatives.
- \$2.0 million for a local incentive program to for localities following best practices determined by the Community Compact Cabinet.
- \$2.8 million distributed through the District Local Technical Assistance Fund administered by the Division of Local Services.

The FY 2019 budget provides \$28.5 million for **local payments in lieu of taxes** to communities with state-owned land that is not subject to local property taxes. This amount is \$1.7 million more than FY 2018 spending for this program.

### OTHER LOCAL AID LINE ITEMS

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference: FY 2019 GAA minus FY 2018 Current
1050-0140	Payments to Cities Towns for Local Share Racing Tax	721,350	721,350	0
1233-2400	Reimbursement in Lieu of Taxes on State Land	26,770,000	28,478,131	1,708,131
1599-0026	Municipal Regionalization & Efficiencies Reserve	11,450,000	10,935,000	(515,000)

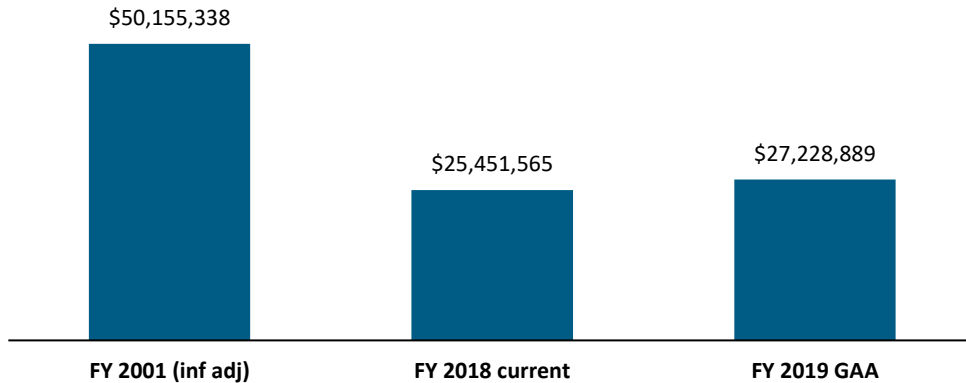
For information on funding for Local Aid programs going back to FY 2001, please see MassBudget’s Budget Browser [here](#).

## OTHER

### Libraries

The state budget supports local libraries, the Boston Public Library, which serves as the primary research and reference service for the Commonwealth, and other library programs in Massachusetts. The Fiscal Year (FY) 2019 budget provides \$27.2 million for public libraries which is \$1.8 million more than the FY 2018 budget. Even with this increase, inflation-adjusted funding for libraries has fallen by almost 46 percent after the state enacted a series of income tax cuts in the late 1990s and early 2000s.

## Library funding dropped 45.7% since FY 2001



The FY 2019 budget increases funding for many library programs above the FY 2018 level. For a full list of funding for these programs, see the table below.

### FUNDING FOR LIBRARIES

Line Item #	Line Item Name	FY 2018 Current	FY 2019 GAA	Difference: (FY 19 GAA-FY 18 Current)
7000-9101	Board of Library Commissioners	1,077,431	1,275,000	197,569
7000-9401	Regional Libraries Local Aid	9,982,317	10,282,140	299,823
7000-9402	Talking Book Program Worcester	491,715	454,966	(36,749)
7000-9406	Talking Book Program Watertown	2,512,772	2,588,155	75,383
7000-9501	Public Libraries Local Aid	9,090,000	9,612,700	522,700
7000-9506	Library Technology and Sharing Networks	2,097,330	2,815,928	718,598
7000-9508	Center for the Book	200,000	200,000	0

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

## REVENUE

The Fiscal Year (FY) 2019 budget anticipates significantly higher revenue than the earlier FY 2019 Consensus Revenue Estimate, and includes several policy changes. It increases the state match to the federal Earned Income Tax Credit (EITC) and creates a permanent commission to examine and report on the effectiveness of the state’s special tax breaks.

### Tax Revenue

Encouraged by FY 2018 revenues that were \$1.135 billion dollars over the benchmark set in January, the Legislature increased its FY 2019 revenue estimates by \$667.3 million. This recognizes higher than expected revenues last fiscal year, while also acknowledging that some of that increase is likely the one-time result of individuals and corporations merely adjusting the *timing* of their taxable income in

connection with changes in the federal tax law. (For instance, estimated taxes – which individuals and corporations have greater discretion over than other tax payments – increased by \$711 million over benchmark in FY 2018, a jump of 29.3 percent). For FY 2019, personal income taxes are anticipated to contribute the largest component of additional revenue (\$402.8 million), followed by corporate taxes (\$121.2 million). Of this total increase in tax revenue, a projected \$300.7 million in capital gains taxes will automatically be deposited in the Commonwealth’s Stabilization Fund, as discussed below.

Supplemental legislation as part of the budget process creates a standing independent commission to provide greater scrutiny and reporting on “tax expenditures.” These are special tax exemptions, deductions, credits, or other rules that result in forgone revenue with the intention of advancing other policy goals. For instance, the Commonwealth forgoes over \$1 billion annually in special business tax breaks meant to spur economic development (see MassBudget’s report, [“The Growing Cost of Special Business Tax Spending”](#)). The new commission will evaluate the purpose of each tax expenditure on a rotating schedule, its past and future fiscal impact for state and local taxing authorities, its economic impact, and its cost-effectiveness.

While it will not impact this year’s budget amounts, the FY 2019 budget changes current policy to expand the state’s **Earned Income Tax Credit** (EITC) by increasing the state match of the federal EITC from 23 percent to 30 percent. This is a refundable tax credit for low-income workers to increase the after-tax rewards from work. It is available only to tax filers with earned income and provides benefits primarily to workers with children. The increased state match begins January 1, 2019, meaning workers will see higher credits when they file their taxes in 2020. The annual cost for the increase will be about \$65 million when fully implemented. Research has shown that, in addition to helping families make ends meet and encouraging people to work, the EITC improves health outcomes for children and their mothers, and improves children’s academic performance and lifelong earnings (see MassBudget’s [“A Credit to Health: The Health Effects of the Earned Income Tax Credit”](#) for more information).

The FY 2019 budget includes a \$2 million increase to the total amount of **Dairy Farmer tax credits**.

### 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: 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.

For these DOR tax activities, the FY 2019 budget provides a combined \$107.0 million, which is 0.5 percent more than current FY 2018 funding levels, but remains 40.9 percent below the 2001 level, when adjusting for inflation. The amount includes \$200,000 to support the Tax Expenditure Commission described above, and an additional \$20,000 to support a local volunteer income tax assistance (VITA) program. VITA sites provide free tax preparation assistance using volunteers who have been certified by the IRS. The programs can bring additional federal funds to the Commonwealth by boosting the number of eligible taxpayers who apply for the federal Earned Income Tax Credit and the Child Tax Credit.

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 permanently reduce 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

The Fiscal Year (FY) 2019 General Appropriations Act (GAA) relies on a variety of 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.

There are several notable non-tax revenues in the FY 2019 GAA, including:

- \$2.9 million in anticipated new fees from licensing marijuana establishments.
- Up to \$114.4 million in gambling revenues. Of this total, the FY 2019 GAA uses \$98.2 million to fund specific programs throughout the budget, such as transportation and other capital projects, local aid, education, and workforce development programs. The remaining \$16.2 million in gambling revenue goes to "pre-budget" transfers to support a variety of other specific programs described in relevant sections of this *Budget Monitor*, such as the Massachusetts Cultural Council, substance misuse services, and debt service.

## Temporary Budget-Balancing Strategies

FY 2019 TEMPORARY BUDGET-BALANCING MEASURES (\$ millions)	GAA
<b>TAX REVENUES</b>	
Corporate Dividend Repatriation	65.0
<b>SUBTOTAL</b>	<b>65.0</b>
<b>NON-TAX REVENUES</b>	
Employer health assessment	259.9
Sale of state-owned property	29.5
<b>SUBTOTAL</b>	<b>289.4</b>
<b>OTHER SAVINGS OR BUDGET STRATEGIES</b>	
Underfunded: State Retiree Benefits Trust	150.7
<b>SUBTOTAL</b>	<b>150.7</b>
<b>TOTAL</b>	<b>505.1</b>

A budget-balancing strategy is “temporary” when it is a revenue initiative with only a short-term impact, or a decision to temporarily postpone budgeting for anticipated necessary spending. Using temporary revenue strategies to balance the budget can lead to long-term fiscal problems. Temporary revenue sources are useful for balancing the budget only in the current fiscal year, which often adds to the challenge of balancing the budget in future years. Temporary budget-balancing strategies in the FY 2019 GAA include:

- **\$65.0 million from corporate dividend repatriation.** As a result of the new federal tax law, the state will receive \$65.0 million in new, one-time tax revenue from the accumulated profits of the foreign subsidiaries of U.S.-based corporations. While these subsidiaries’ foreign profits were subject to U.S. taxation when they were “repatriated” in the form of dividend payments back to the U.S. parent company, over \$2 trillion has been held (for tax purposes) abroad. The new federal law deems these profits to have been repatriated and applies a discounted federal tax rate – thus creating a one-time increase in revenue. Under existing state law, a small share of these repatriated profits attributed to Massachusetts will be subject to taxation.
- **\$259.9 million from an assessment on employers to help cover the costs of health care.** The GAA relies on revenue from a temporary assessment on employers to cover the costs of health care. This assessment will expire at the end of December 2019. See MassHealth (Medicaid) and Health Reform section of this *Budget Monitor* for discussion.
- **\$29.5 million from the sale of state-owned property.** The GAA includes anticipated revenue from the sale of the Sullivan Courthouse in East Cambridge. There had been delays with this sale, but the Administration expects the sale will close in FY 2019. This is a non-recurring revenue source because once sold, that property will no longer belong to the state.

- **\$150.7 million from underfunding deposits to the State Retiree Benefits Trust.** In order to put aside enough money to fund the health care costs of retired state employees in FY 2019, current statute states that the budget should transfer \$175.9 million (70 percent) of the revenue from the Master Tobacco Settlement to the State Retiree Benefits Trust. Instead of this amount, the GAA transfers only \$25.1 million. The budget states that this funding for these “other post-employment benefits” (OPEB) would be paid from unspent funds appropriated to pay for debt service (“reversions”). However, if there is not \$25.1 million in unspent debt service appropriations, the state would make this deposit using the Tobacco Settlement funds. Regardless of the source of the funds, this payment is \$150.7 million less than statutorily required, and is essentially a postponement of necessary spending (see “State Employee Health Insurance” section of this *Budget Monitor* for additional discussion.)

### The Stabilization (“Rainy Day”) Fund

Dollars set aside in the state’s Stabilization (“Rainy Day”) Fund are particularly important when an economic recovery period comes to an end, tax revenues drop, and the state needs to support increased costs associated with unemployment benefits and to fill other shortfalls.

Due to expected higher capital gains tax revenue in the revised FY 2019 tax estimates (see above), the FY 2019 GAA anticipates a deposit of \$389.2 million into the state’s Stabilization Fund. This amount is \$300.7 million more than the amount estimated earlier in the budget debate process. State law requires that all capital gains tax revenue over approximately \$1.21 billion in FY 2019 be automatically deposited into the Stabilization Fund. Moreover, the budget directs \$4.4 million of that total into the state pension fund, and \$4.4 million into the State Retiree Benefits Trust.

In addition, the GAA deposits \$6.0 million from gambling revenues and \$3.7 million from the liquidation of state property into the Stabilization Fund.

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

## TOTAL BUDGET BY CATEGORY AND SUBCATEGORY

**FY 2018 Current** column shows the budgeted General Appropriation Act (GAA) as enacted in July 2017, and as amended by supplemental budget legislation. The **FY 2019 GAA** column shows the General Appropriations Act as enacted in August 2018, including vetoes and overrides.

For other explanatory information, see details below the chart.



**BUDGET MONITOR**

BUDGET BY CATEGORY AND SUBCATEGORY (\$ millions)	FY 2001 Final Adjusted for Inflation to FY 2019	FY 2018 Current	FY 2019 GAA
<b>Education</b>	<b>7,683.0</b>	<b>7,978.8</b>	<b>8,335.0</b>
Early Education & Care	759.1	577.0	629.1
Higher Education	1,403.6	1,173.7	1,219.0
K-12: Chapter 70 Aid	4,337.9	4,762.0	4,922.6
K-12: Non-Chapter 70 Aid	711.0	619.6	682.2
K-12: School Building	471.5	846.6	882.1
<b>Environment &amp; Recreation</b>	<b>314.5</b>	<b>200.2</b>	<b>220.1</b>
Environment	140.1	84.7	95.2
Fish & Game	25.4	30.5	30.2
Parks & Recreation	149.0	85.0	94.6
<b>Health Care</b>	<b>10,497.7</b>	<b>20,271.2</b>	<b>20,720.0</b>
MassHealth (Medicaid) & Health Reform	7,916.8	17,299.5	17,592.5
Mental Health	864.1	772.5	876.0
Public Health	789.1	619.8	657.6
State Employee Health Insurance	927.8	1,579.4	1,594.0
<b>Human Services</b>	<b>3,877.9</b>	<b>4,264.4</b>	<b>4,372.2</b>
Child Welfare	805.5	976.9	1,007.3
Disability Services	1,406.8	1,955.1	2,008.8
Elder Services	272.6	286.1	301.0
Juvenile Justice	172.8	180.5	178.3
Transitional Assistance	1,086.7	653.7	668.6
Other Human Services	133.5	212.3	208.1
<b>Infrastructure, Housing &amp; Economic Development</b>	<b>2,117.9</b>	<b>2,194.9</b>	<b>2,340.8</b>
Commercial Regulatory Entities	62.7	64.2	67.4
Economic Development	306.7	143.2	171.0
Housing	362.0	460.5	480.7
Transportation	1,386.5	1,527.0	1,621.7
<b>Law &amp; Public Safety</b>	<b>2,708.7</b>	<b>2,749.9</b>	<b>2,931.7</b>
Courts & Legal Assistance	820.6	711.1	812.2
Law Enforcement	396.0	392.1	400.0
Prisons, Probation & Parole	1,276.9	1,422.0	1,478.1
Prosecutors	167.5	167.7	181.6
Other Law & Public Safety	47.7	57.0	59.7
<b>Local Aid</b>	<b>1,852.4</b>	<b>1,100.7</b>	<b>1,143.0</b>
General Local Aid	1,824.0	1,061.8	1,098.9
Other Local Aid	28.4	38.9	44.0
<b>Other</b>	<b>4,887.0</b>	<b>5,720.6</b>	<b>5,936.6</b>
Constitutional Officers	114.1	76.7	87.1
Debt Service	2,308.6	2,628.3	2,674.8
Executive & Legislative	87.9	74.4	75.2
Libraries	50.2	25.5	27.2
Pensions	1,508.7	2,394.5	2,612.9
Other Administrative	817.5	521.2	459.4
<b>Total Budget</b>	<b>33,939.1</b>	<b>44,480.8</b>	<b>45,999.4</b>

- MassBudget’s totals include the “**pre-budget transfers**” of funds. Statutes require certain automatic appropriations of revenue to support certain functions independent of the annual budget. Although these transfers function no differently from other 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 2019, these transfers add \$4.70 billion to the total. These transfers are: tax revenues dedicated to the Massachusetts Bay Transit Authority (MBTA) and school building assistance, cigarette excises dedicated to the Commonwealth Care Trust Fund, state contributions to the pension system, transfers to the State Retiree Benefits Trust, transfers to the Workforce Training Trust, and statutory allocations of gambling revenues.
- 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’s 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 participating municipal governments.
- 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 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, all UMass campuses 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 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.